



Annual Report 2023

◆ **Accomplishing
more together**

Focusing on realising the energy transition

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Reading guide

In this annual report, we take you on a tour of 2023. You can read how we fulfilled our societal task as a regional grid operator: ensuring that electricity and gas are delivered to households and businesses. You will see our goals and the results that we achieved. And you can get an idea of the dilemmas that we faced in 2023.

We aim to make our annual report as relevant as possible for you. That is why the emphasis lies on topics that are important for our customers, employees, and other stakeholders - people like you - and that have an impact on our organisation.

Based on our strategy (in which we focus on realising the energy transition), we have determined three primary goals and four supporting goals. Our annual report is structured around these goals. You will find these goals and results in various sections, linked to the topics that are relevant for our stakeholders and organisation.

CHAPTER: **Together towards a future-proof energy system**

Strategic goal: **We aim for optimal choices for society**

- ◆ Sustainable energy supply
- ◆ Affordable energy supply
- ◆ Influencing policy
- ◆ Effective market facilitation

CHAPTER: **Working on increasing grid capacity**

Strategic goal: **We offer access to energy for everyone at all times**

- ◆ Reliable and accessible energy grid
- ◆ Safe energy grid
- ◆ Information security

CHAPTER: **Communicating transparently about what is possible**

Strategic goal: **Customers can rely on us**

- ◆ Customer-oriented services

CHAPTER: **Working safely and strengthening each other**

Supporting goal: **Working safely**

Supporting goal: **Strengthening each other**

- ◆ Safe and healthy working environment
- ◆ Employment and skilled employees

CHAPTER: **Making a sustainable impact**

Supporting goal: **Making a sustainable impact**

- ◆ Sustainable energy supply

CHAPTER: **Remaining financially sound**

Supporting goal: **Remaining financially sound**

- ◆ Financially sound
- ◆ Efficient business operations

2023 at a glance



CONDUCTING A DIALOGUE WITH LARGE-VOLUME BUSINESS CUSTOMERS ABOUT THE ENERGY SYSTEM OF THE FUTURE



BUSINESSES ARE TESTING HEAT INNOVATIONS AT THE NEW HEAT GRID FIELDLAB THE GREEN VILLAGE



VECHTDAL COLLEGE AND ENEXIS INTRODUCE NEW ELECTIVE SUBJECT UTILITIES



FIRST IT'S OUR FUTURE EVENT



COLLABORATION AGREEMENT FOR THREE COMPANIES IN ZWOLLE



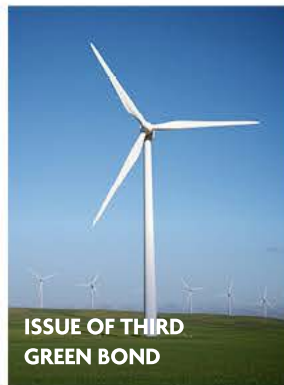
UPGRADED MID-VOLTAGE STATION IN WAALWIJK



FIRST CONTRACT FOR AVOIDING PEAK HOURS



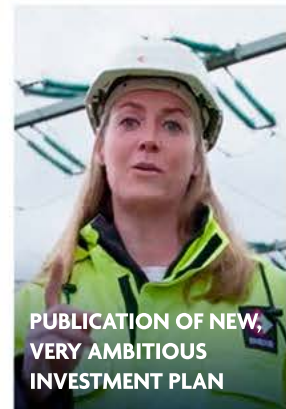
CONVERSATIONS WITH HOUSING CORPORATIONS ABOUT GRID-AWARE SUSTAINABILITY



ISSUE OF THIRD GREEN BOND



DISTRICT APPROACH FOR UPGRADING THE LOCAL LOW-VOLTAGE GRIDS



PUBLICATION OF NEW, VERY AMBITIOUS INVESTMENT PLAN



ENEXIS AS THE BEATING HEART OF GLOW EINDHOVEN



MILESTONE: 1 MILLION CUSTOMERS WITH SOLAR PANELS IN OUR SERVICE AREA



FIRST HOMES IN WAGENBORGEN CONNECTED TO GREEN HYDROGEN GRID

DISCUSSING THE ENERGY SYSTEM OF THE FUTURE WITH LARGE-VOLUME BUSINESS CUSTOMERS

We organised meetings with large enterprises in the north and south of the Netherlands in March. These meetings focused on the developments in connection with the energy system of the future and our joint role in this system. We discussed grid expansion plans, congestion management (creating extra capacity on the electricity grid) and innovative developments for future energy systems. During an interactive meeting, we discussed how we could further improve our collaboration.



VECHTDAL COLLEGE AND ENEXIS INTRODUCE UTILITIES AS AN ELECTIVE SUBJECT

In order to facilitate the energy transition, we urgently need technical personnel. And it is exactly where technical talent is concerned that we have a dire shortage in the Netherlands. Therefore, it is important to work together with educational institutions. For example, we developed an elective Utilities course together with the Vechtdal College. In this manner, we enable students to become acquainted with our work. There was also a follow-up of the pilot launched in 2022, when we introduced the elective subject Producing & Installing Energy (PIE) for third-year students. They were able to familiarise themselves with our work in energy technology in our vocational training centre in Hoogeveen. We gave guest classes at various schools in 2023. With the additional practical classes in our vocational training centre, we were able to ensure that theory and practice were well-aligned for our technicians in training.



BUSINESSES ARE TESTING HEAT INNOVATIONS AT THE NEW HEAT GRID FIELDLAB THE GREEN VILLAGE

The new heat grid at The Green Village in Delft was opened in June by the Delft Municipal Councillor for Sustainability Maaïke Zwart. Together with grid companies Alliander and Stedin, we offer businesses the opportunity to discover the heat grid. In the fieldlab The Green Village, new heat innovations and heat grids can be tested in an environment with few rules and restrictions. For instance, heat sources and heat storage, operating heat grids, connecting to the heat grid and feeding back into the grid in combination with solar thermal or hybrid connections. In addition, The Green Village has an electricity and hydrogen grid, so that research into system integration and integral grid management is also possible in the fieldlab. The heat grid in The Green Village is powered by the heat grid of the nearby Delft University of Technology (TU Delft). In the short term, the energy feed will come from a sustainable geothermal source that is also located on the TU Delft premises.





ISSUE OF THIRD GREEN BOND

In June, we successfully issued a third € 500 million green bond with an interest rate of 3.625%. With the issue of this bond, we again succeeded in tying a group of sustainable investors to Enexis. As was the case for the previous two green bonds, we will use this green bond to finance extra investments in the share of renewable energy in our grids. The money will go towards projects for expanding and upgrading the grid for wind farms and solar parks, smart distribution automation, installation of smart meters, and sustainable buildings. The total of the issued green bonds now amounts to € 1.5 billion.

FIRST CONTRACT FOR AVOIDING PEAK HOURS

The electricity grid is reaching the limit of its capacity in more and more areas for both large-volume producers and large-volume consumers of electricity. The most effective solution is expansion of the electricity grid. We are working hard on expanding the grid; however, the reality is that these projects take several years to complete. More efficient use of the existing electricity grid is the only way to free up more capacity in the short term. We concluded our first capacity limiting contract (CBC) with Eneco in 2023. As Eneco feeds less electricity back into the grid during peak hours, there is more capacity for other customers. This manner of avoiding peak hours is referred to as congestion management. The contract between Enexis and Eneco has no fixed expiry date. The contract will continue until the electricity grid in this area has been upgraded. We concluded a second CBC contract in the fall, in this case with E.J. Bos Diervoeding. This company has a large solar park in Vianen (Noord-Brabant). At our request, the solar park will feed in less electricity on sunny days. The solar park will make 5.2 megawatt flexible capacity available.



[WATCH VIDEO](#) →



DISTRICT APPROACH FOR UPGRADING LOCAL LOW-VOLTAGE GRIDS

More and more solar panels, charging stations for electric vehicles, and heat pumps for homes are being installed in the Netherlands. To be able to transmit all of this electricity, we are upgrading and expanding the electricity grid. In the coming years, we will lay 16,000 kilometres of the highest capacity cables in our service area. This will result in excavation work in one out of three streets. In addition, we will install thousands of new transformers in districts and upgrade thousands of existing transformers. To be able to carry out this work, we have opted for a proactive district approach. We are also entering into long-term agreements with contractors to obtain extra execution capacity. To this end, we also put out a tender in 2023 for contractors for the provinces Groningen, Drenthe, and Overijssel. This tender is the first one based on our new contracting strategy with a total value of € 2.5 billion euro for the coming eight years. As the contractors are not only taking over the execution but the preparatory work as well, our own workforce has more capacity for large-scale upgrading projects. This new way of working with contractors was launched in July 2023 in Sappemeer (Groningen), with a project that is being carried out and coordinated by Visser & Smit Hanab.

FIRST IT'S OUR FUTURE EVENT

Data is crucial to keep the energy transition feasible and affordable. Therefore, Enexis joined forces with Essent and Team Rockstars IT. During the first IT's Our Future Event in Noord-Brabant, we showed why data is such an important asset and how ICT innovations accelerate the energy transition. Team Rockstars IT talked about the art of converting data into insights and the evolution in data engineering. They also explained how AI products such as ChatGPT and GitHub Copilot can transform the productivity of software development. The cloud experts also discussed the challenges of building flexible and scalable ICT infrastructure.

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COLLABORATION AGREEMENT FOR THREE COMPANIES IN ZWOLLE

Three companies in the business park Hessenpoort in Zwolle entered into a customised version of a collaboration agreement with Enexis in the beginning of October. With this pilot, we are working towards a customised group transmission agreement (group TO) with one collective connection agreement with the grid operator. The companies enter into agreements with each other regarding who may feed-in or consume electricity when. Such a group TO is not yet permitted by law; however, we are eager to facilitate our customers. In this manner, we can still provide a solution. Therefore, the companies will still keep their own contracted transmission capacity (GTV) at Enexis for the time being. Only when the Netherlands Authority for Consumers & Markets (ACM) has granted approval for the group TO, after a code amendment proposal by the grid operators, will we be able to revoke the individual GTVs. In addition, we are working on an energy hub together with the municipalities involved, the local entrepreneurs' organisation and the province of Overijssel. With an energy hub, energy consumption and feeding energy back into the grid can be coordinated in a smarter way which will reduce the congestion problem.

PUBLICATION OF NEW VERY AMBITIOUS INVESTMENT PLAN

We presented the initial version of our most ambitious investment plan ever in the beginning of November. In this plan, we set out where we will be carrying out expansions, replacements or maintenance of our gas and electricity grids in the coming ten years. For instance, we are investing € 3 billion over a three-year period, we are building an additional 125 high-voltage stations, and we will be building dozens of extra stations of this type, and we envisage an important role for heat, green gas and green hydrogen. The new investment plan also provides insight into the "feasibility gap". This is the share of the work that the market demands, but that we unfortunately are unable to carry out. Depending on the future scenario, this gap is a maximum of 27% in 2030. In the years following 2030, we will close this gap as fast as possible.

[WATCH VIDEO →](#)





FIRST HOMES IN THE RESIDENTIAL DISTRICT WAGENBORGEN ON GREEN HYDROGEN GRID

Enexis regards green hydrogen as an essential energy carrier for the energy transition. This is why we are working together with housing association Groninger Huis, Intergas Verwarming, Energiewacht, Essent, Baas, and Eelshuis Energie in the pilot WaterstofWijk Wagenborgen. We reached a significant milestone in November 2023: we connected the first homes to the newly developed green hydrogen grid of WaterstofWijk Wagenborgen in the village Wagenborgen in Groningen. The houses in this 1970s residential district will now be heated by a hybrid heat pump that runs on hydrogen and will be supplied with warm tap water using hydrogen. We are the first grid operator in the Netherlands to do this. 33 homes are switching from natural gas to green hydrogen. Green hydrogen is being delivered to their homes from the Hydrogen Receiving Station [Waterstof Ontvangst Station (WOS)] at Eelshuis Energie in Siddeburen.

In the pilot, we are learning how we can distribute green hydrogen safely via existing gas pipelines, with both low and high pressure for households and industries. We expect that green hydrogen will initially mainly be used in the industrial and heavy transport sectors. In the future, it can be used as seasonal storage, and it can also play a role in the built environment for homes and non-residential construction. It is an especially suitable solution in areas where no sustainable alternatives are available for natural gas.

ENEXIS AS THE BEATING HEART OF GLOW EINDHOVEN

In 2023, Enexis contributed to the light art festival GLOW Eindhoven that took place from 11 - 18 November. The theme was The Beat. During the route, we lit up various transformer stations as the beating heart of GLOW. All the energy was transmitted to the right spot via our stations, cables, and pipelines. In the 'It's possible with energy' photo booth, visitors could photograph their own energy. Enexis participated in the GLOW route for the first time because we wanted to showcase our company as an interesting employer in the region.

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UPGRADED MID-VOLTAGE STATION IN WAALWIJK

We completed our modernised mid-voltage station in Waalwijk in 2023. We modernised and expanded this station together with TenneT in order to take a next step in future-proofing the electricity grid in Noord-Brabant. As a result of the expansion, we were able to provide new or upgraded connections to various large-volume customers in the region. Additional expansions in the high-voltage grid are necessary to be able to use the full capacity of the modernised station.



CONVERSATIONS WITH HOUSING CORPORATIONS ABOUT GRID-AWARE SUSTAINABILITY

We organised two meetings with housing corporations from the north and south of the Netherlands in November. The general theme of these meetings was collaboration in the challenging energy transition and our joint role in this. We discussed, for example, the current situation of the electricity grid and the impact this has on housing corporations, the district approach, and the collaboration between housing corporations and Enexis. The growing congestion on the electricity grid is leading to longer waiting times. By integrating heat buffers in the energy system, less powerful connections are sufficient for homes. This usually does not require an upgrade of the grid, so that houses can be connected to the grid faster in many areas.

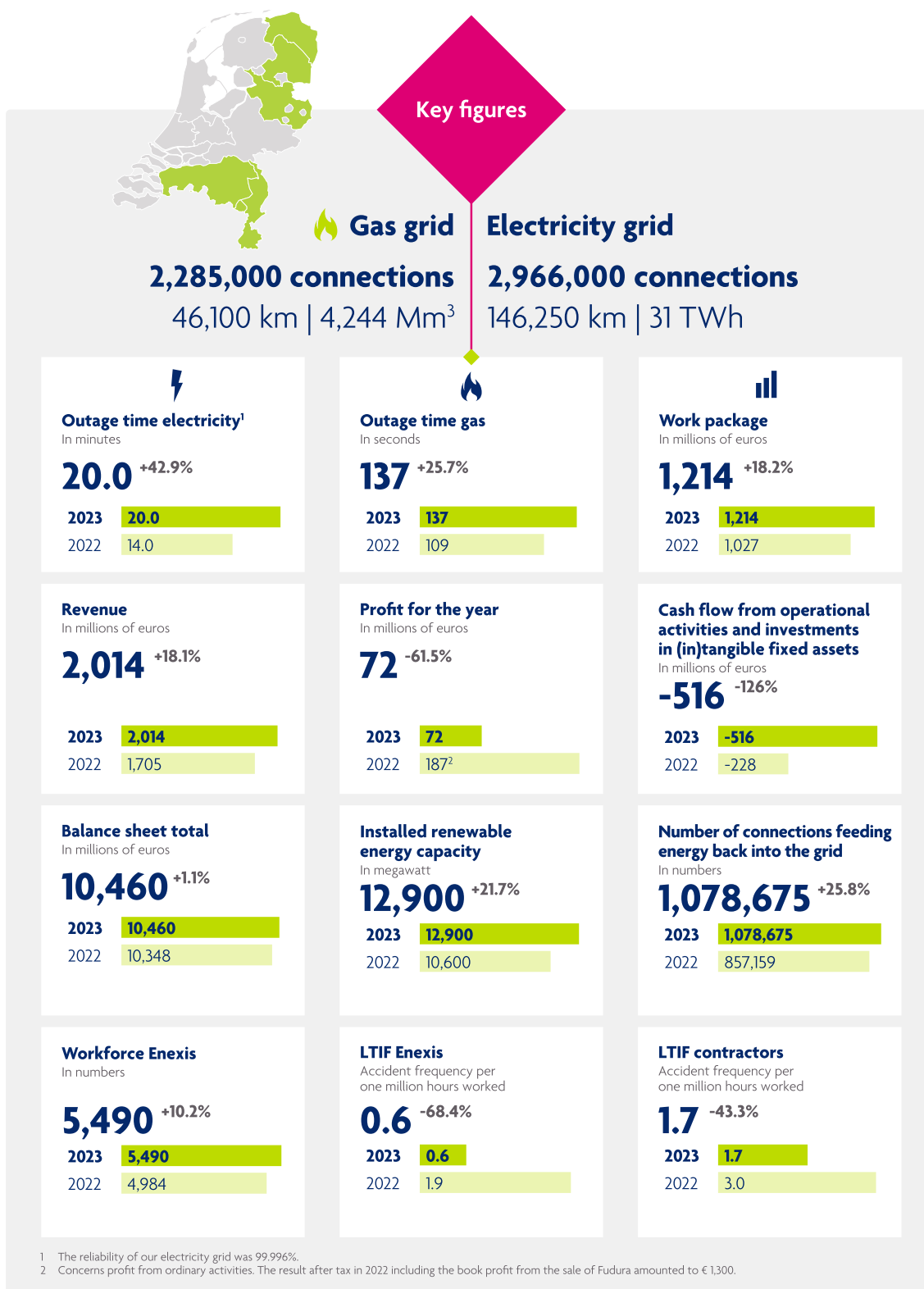
MILESTONE: 1 MILLION CUSTOMERS WITH SOLAR PANELS IN OUR SERVICE AREA

Ten years ago, there were still only about 55,000 customers who were pioneering with solar panels. The number of customers with solar panels on their roofs has been increasing strongly for years. This number has even exploded since 2022. In the summer of 2023, we counted 1 million customers with a small or larger solar installation on their roofs. It is a great milestone; however, unfortunately this historical growth also has a downside: the local electricity grid cannot always handle this. There are about two million houses in Enexis's service area that are suitable for solar panels. Half of these now have a solar installation; therefore, there is still significant growth potential. We are doing everything in our power to ensure that our electricity grid can continue to facilitate this growth.





2023 in figures



Foreword by the Executive Board



THINKING DIFFERENTLY, DOING MORE

The energy transition is changing our energy system. Companies are transitioning from natural gas to electricity and eventually also to hydrogen. Households are switching to (hybrid) heat pumps, electric vehicles, and induction cooking. This change leads to the largest renovation of the energy system in our generation: from a system based on fossil sources to one based on sustainable sources. We therefore focus on expanding the electricity grid.

We anticipated an increase in demand for electricity. However, the pace of that growth was unforeseen by anyone. The acceleration has come much sooner and is much greater than expected. Not in the least due to the enormous rise and uncertainty about the gas price, as a result of the war in Ukraine, and the national incentives for sustainability. These factors have increased the urge to transition to sustainable energy for many companies and households. As a result of these developments, the gap between what is needed and what we can build has widened rather than narrowed.

As a consequence, in 2023, we had to inform large business customers that unfortunately, it will take a long time before we can offer them a new or upgraded connection. Sometimes as long as five to ten years. This is a tough message that we deeply regret because it means these entrepreneurs have to postpone their plans or find other solutions.

Additionally, it became clear in the sector last year that if we do not take drastic measures now, households and businesses with smaller connections will also be affected in the near future. This is because we cannot connect new homes or carry out upgrades without long waiting times.

RECORD EXPANSION OF OUR NETWORKS

At the same time, in our consultations with large business customers, the national government, municipalities and provinces, we see a growing awareness that electricity grid congestion is a new reality in the energy transition. A reality that requires Enexis to continue to invest huge amounts in the expansion and upgrading of our infrastructure. And that is exactly what we are doing. Thanks to the unprecedented efforts of our employees, we added another record amount of capacity, 2,180 megawatts, in the past year, and we will continue to do so steadfastly in the coming decades.

In November, we announced in our investment plan that we are expanding all of our 125 high-voltage stations and building a large number of new stations. In the next three years, we will lay 6,860 kilometres of cables and invest in 4,140 transformers and other components. In the coming years, we plan to double the capacity of our electricity grid, that we built during the past fifty years.

We are working on more transparency for, especially, large business customers, so they know what to expect. To this end, we make use of waiting list maps that provide insight per station into how many large business customers are on the waiting list and how much capacity they require. We supplement this information with the expected delivery times of our own stations and those of TenneT.

AWARENESS ABOUT THE CHANGING ENERGY SYSTEM

The changing energy system forces us to adopt a new perspective on energy usage. It requires all users to handle electricity differently than they are used to. That households and businesses primarily consume electricity when there is ample energy available from wind or solar sources. This is a significant adjustment. In 2023, we prepared a campaign aimed at raising awareness among all our customers about the congested power grid. What will they notice, and above all: what can they do themselves?

We are constantly engaged in exploring innovative ways to make the energy supply more efficient and to better utilize the capacity of our grid. We are looking into various possibilities, ranging from technical solutions to new contract forms. In this context, we concluded a so-called 'peak avoidance contract' with one of our customers, Eneco, in August 2023. To avoid overloading the grid, Eneco will deliver less wind energy during peak hours. We can take these kinds of measures because through digitization, we have a good understanding of current usage and can make predictions about future usage of our grid.

Furthermore, we expect a lot from the measures that the Dutch government announced in October, such as stimulating the charging of electric vehicles during off-peak hours. We are also pleased that the government has made € 166 million available in the form of new initiatives to stimulate establishing energy hubs. In these hubs, businesses coordinate their own electricity demand and supply locally. As a result, they require less capacity on the energy grid. We make this possible by intelligently combining available data and then making it transparently accessible to our customers

And our gas grids? We continue to work on maintaining the safety and reliability of our gas grids during all our construction activities. The gas grids still remain necessary, and not only for natural gas. They can also be adapted to accommodate alternative energy carriers such as green gas and hydrogen. These new energy carriers are an integral part of the solutions to reduce pressure on the electricity grid. Therefore, we invest in projects with which we can enable an increase of the share of green gas and hydrogen.

PROACTIVELY WORKING ON EXPANDING GRID CAPACITY

In the meantime, congestion is also increasing in local low-voltage grids in residential districts. Electrification and the installation of (hybrid) heat pumps are leading to an overload in more and more areas. Together with contractors, we are going through our regions from district to district to proactively prepare our low-voltage grids for the future. This may result in us not immediately resolving individual voltage problems everywhere. As a result, households may sometimes have to wait longer for their problems to be resolved. On the other hand, in this manner, we are expanding our grids faster for the future and we are preventing new problems.

We start in the municipalities where the (technical) congestion areas are greatest. Partly due to sensors in our network, we have a good understanding of that. During this district approach, we aim to prepare everything, from permits to spatial integration, together with the municipalities, so that we can start work immediately. How we want to shape this was presented, together with the other network operators, in the National Execution Agenda. Over the next few months, we will make agreements with social partners and governments on the implementation of this agenda and what is needed to further accelerate our production.

MORE TECHNICIANS ON BOARD

Another important prerequisite for scaling up our production is to attract enough technicians. As in many sectors, the shortage of skilled technical personnel is a major challenge. But despite the tight labour market, we made great progress with regard to the recruitment of new personnel in the past year. Already early in November, we achieved our goal for the whole year: no less than 370 FTEs technical personnel started working at Enexis in 2023. This is the result of an enormous effort by our recruiters, a successful labour market and referral campaign, and higher wages for technical personnel. We made a huge effort to train these employees to become skilled and safety-aware professionals - also through our own training programmes and facilities.

Nevertheless, we still need more people. Therefore, we are intensifying our collaboration with contractors. For example, in July, together with other infrastructure companies, we awarded a huge € 2.5 billion work package contract to construction partners in the Netherlands and abroad. This concerns a contract for no less than eight years for carrying out energy, drinking water and telecommunications work in the northeast of the Netherlands. As a result of the large scale and long duration of this contract, these companies are assured of work and can thus safely invest in skilled personnel. We are also outsourcing more tasks than we usually do - not only the construction work itself, but, for example, also the preparations for this work. In this manner, we make working for Enexis a lot more interesting for these partners.

INVESTMENTS CONTINUE TO GROW

The unprecedented task to prepare the energy grid for the future requires huge investments. Our total investment level amounted to over € 1.1 billion in 2023, a growth of 27%. These investments are refunded with a delay via our tariffs. In 2023, we spent about € 1.5 million a day more on the energy transition than we received via the tariffs. Unfortunately, this shortage will increase in the coming years.

Enexis has a solid financial position with strong credit ratings at Moody's and S&P. Both credit ratings were revised upward due to the likely future support of shareholders. These upward revisions support the funding of the energy transition and contribute good access to financial resources.

We realised a net profit of € 72 million from ordinary activities in 2023. Compared to 2022, this represents a profit decrease of € 115 million (not including the proceeds of the sale of Fudura in 2022). This decrease is mainly attributable to higher purchasing costs for transmission services and distribution losses, and higher operating expenses.

RELIABILITY REMAINS STABLE, SIGNIFICANT IMPROVEMENT IN SAFETY AT WORK

We are not only expanding our network. We also ensure that it continues to function well during the renovation. As in previous years, the reliability of our networks in 2023 was around 99.996 percent. However, unfortunately, we scored above our own norm of 17.5 minutes of outage. On average, our customers were without electricity for 20.0 minutes and without gas for 137 seconds. This is the result of four major outages that lasted long and affected many households. We are now carefully investigating the cause to understand why these disruptions occur and what we can do to prevent them. Because although our emergency teams are still able to solve problems at the same speed, there is a possibility that the number and duration of outages will increase in the future. This is a consequence of the fact that we are pushing the limits of our network to create as much space as possible for our customers.

We accomplish more work together, and the best news is that we do it increasingly safely. In 2023, we had the lowest number of accidents resulting in absenteeism in years. Not only at Enexis, but also among our contractors, this number was significantly lower than in 2022. A wonderful achievement that we are proud of. However, every accident is still one too many. That's why, in case of incidents and accidents, we examine exactly what happened and what lessons we can learn from them. Because the safety of our people and the environment is our top priority in everything we do.

OUR PEOPLE GO ABOVE AND BEYOND FOR THE CUSTOMER

Talking about our people. We would like to thank our employees for their exceptional commitment and dedication in 2023. Our colleagues did their utmost to provide the best possible service to our customers. This is something they have always done, but they redoubled their efforts in the past year. With a considerable amount of frustration that we are not able to fulfil all our customers' wishes at present, but with extra motivation to offer a better perspective to customers as soon as possible. We value this greatly.



Sadly, we saw that chairman Evert den Boer had to resign from his position due to health reasons. Fortunately, a new chairman and a temporary chief operating officer were quickly appointed. With renewed energy, we joined forces with this team.

Together with all those involved and skilled colleagues and partner contractors, Enexis will be taking bigger steps at an even faster pace. This way we are able to help households, businesses, and the climate move forward.

Executive Board Enexis Holding N.V.

Rutger van der Leeuw

Mariëlle Vogt

Jeroen Sanders

Liesbeth Kaashoek

About Enexis



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- Our contribution to the Sustainable Development Goals
- Our objectives and our performance
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We are Enexis

With nearly 5,500 internal colleagues and over 1,500 external employees, we strive to ensure that energy flows through our grids safely and reliably day and night. We are delivering more and more renewable energy to our customers.

Enexis is a regional grid operator. Our most important responsibility is the transmission of electricity and gas to the right destination: households and businesses in the Dutch provinces Groningen, Drenthe, Overijssel, Limburg and Noord-Brabant.

Based on this core task, we work together with governments, businesses, and households to facilitate the energy transition in our service area. We believe that it is important that we work together on building the energy system of the future. Everyone contributes in their own way: by making homes more sustainable, building wind farms and solar parks, and investing in electric mobility and sustainable industry. With our energy grids, we are laying the foundation for a further increase in sustainability. And we are contributing to achieving the goal of a CO₂-neutral society in 2050.

What is the energy system of the future?

An energy system is a network that connects the production, storage, transmission, and consumption of energy. The energy system in the Netherlands must be CO₂ neutral by no later than 2050. It may then no longer have a negative impact on the climate. The government, companies, and societal organisations agreed this in the Dutch Climate Agreement. This goal can be achieved if we switch to renewable energy sources, such as green gas, hydrogen, district heating, and electricity from solar and wind energy. And if we can coordinate the demand and supply of energy in a flexible manner. Moreover, by no longer using natural gas, the Netherlands can become independent from other countries for its energy supply in an affordable manner.

A lot of preparatory work must be carried out now to ensure that the energy system is CO₂ neutral in 2050. And that the CO₂ emissions are 55% lower in 2030 than in 1990, as agreed in the Coalition Agreement of the Dutch government in 2021. We have to decide, for example, how and when we will transform or expand our grids. This is difficult, because we do not know exactly which choices governments, businesses, and households are going to make in the coming years - and therefore what the energy system of the future will look like. It is crucial to decide timely when and where new infrastructure for electricity, gas, and heat must be installed. We aim for optimal energy choices for society.



SAFETY IS OUR TOP PRIORITY

The transmission of electricity and gas and working on our grids entails risks for our environment and our employees. Safety is therefore first and foremost in everything that we do. To avoid incidents, we carefully monitor what is going on in our grids. We also work in accordance with strict safety standards, and we take precautionary measures to limit risks for our employees and our environment.

Our organisation

Enexis Holding N.V. has various business units, each with their own specific areas of focus. The organisation is led by the Executive Board. Our shareholders are mainly provinces and municipalities within our service area.



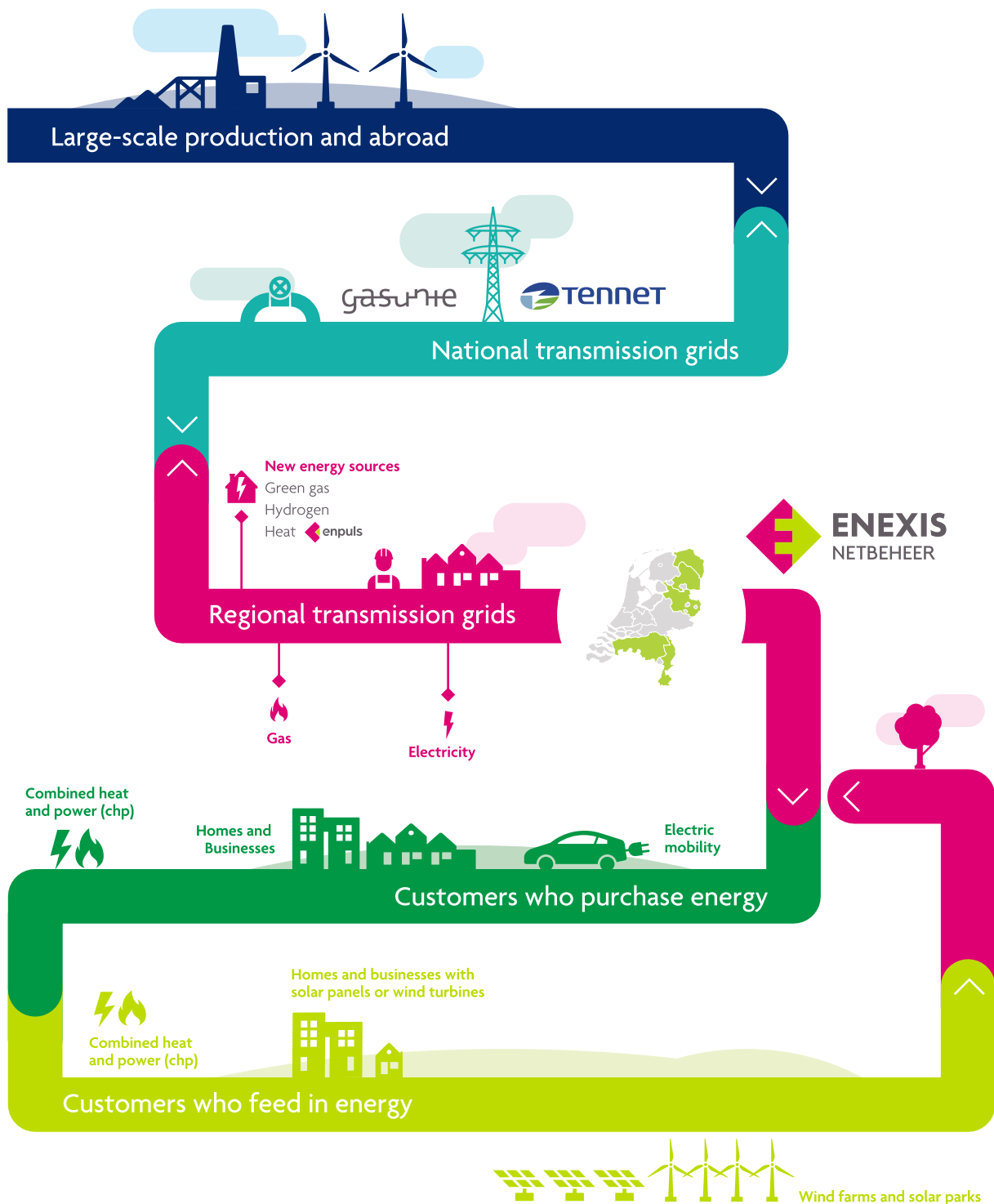
We focus on the optimal execution of our core tasks. These core tasks consist of five activities:

- We connect customers in our service area to our energy grids as fast as possible.
- We maintain, upgrade, and replace these grids and resolve outages.
- We expand the transmission capacity of the grids (see section [Working on increasing grid capacity](#))
- Together with provinces, municipalities, businesses, and other stakeholders, we make **energy choices that are optimal for society** (choices in which we take into account, for example, reliability, affordability, feasibility, and public support). We help build and design the energy system of the future.
- We facilitate a **free energy market** in which customers can choose which supplier they wish to purchase their gas and electricity from.

Our business unit Enpuls Warmte Infra focuses on the development, construction, and management of district heating systems. We believe that heat, just like hydrogen and green gas, will play an important role in the energy system of the future.

Our role in the energy chain

Enexis is an essential link in the energy supply chain: all the energy in our regions comes together in our electricity and gas grids. We develop, build, manage, and maintain these grids. This concerns the low- and medium-voltage grids for electricity and the regional grids for gas.



Energy that flows through the grid safely - the whole year through, day and night. That is our goal. The largest share of this energy comes from large power plants, wind farms and solar parks in the Netherlands and abroad. TenneT and Gasunie transmit this energy via their national grids to our regional grids. We also receive part of this electricity from our customers. More and more households and businesses are generating their own electricity from the wind, the sun, waste, and combined heat and power systems and are feeding this electricity back into our grid. For instance, in July, we reached the milestone of one million customers with solar panels in our service area.

We are constantly looking into how we can make the energy supply more efficient and sustainable, and how we can make better use of the capacity of our grids. In this context, we are looking at, on the one hand, technical solutions, alternative contract types and the role of energy hubs. On the other hand, we are also examining how digitalisation of our grids and data analysis can help. This way we can expand the grid capacity more efficiently, obtain insight into the energy consumption of customers, and stimulate customers to use energy mainly during off-peak hours.

The electricity and gas grids in the Netherlands

The **electricity grid** in the Netherlands transmits the electricity of power plants and large wind farms and solar parks to businesses and households. This takes place via various grids.

- Electricity that is generated in power plants in the Netherlands and abroad and large wind farms and solar parks is first channelled into the **extra-high-voltage grid** and then into the **high-voltage grid**. These grids are operated by the national grid operator, TenneT.
- From the high-voltage grid, electricity is transmitted to the **medium-voltage grids**. From there, electricity is distributed to, for example, transformer stations in districts. The mid-voltage grids are managed by regional grid operators, such as Enexis.
- Electricity is transmitted from the transformer station to the **low-voltage grid**. The low-voltage grid transmits electricity to households and small businesses in a district. The low-voltage grids are also managed by regional grid operators, such as Enexis.
- More and more households and businesses are also generating their own energy. They generate electricity from, for example, the wind and the sun. They feed this growing amount of excess energy back into our mid-voltage and low-voltage grids.

The structure of the Dutch gas grid is similar to that of the electricity grid.

- After extraction of the gas in the Netherlands and abroad, the gas first flows into the **main transmission grid**. This national grid is managed by Gasunie.
- From the main transmission grid, the gas goes into the **regional gas grids** that transport the gas to businesses, households, and other local connections. The regional gas grids are managed by regional grid operators, such as Enexis.

Dutch households and businesses are switching from natural gas to energy from renewable sources. However, this does not mean that the gas grid will disappear. Large sections of the gas grid can be reused in the future, for example, for the distribution of green gas, which has qualities that are comparable to natural gas. The gas grid can also be made suitable for the distribution of hydrogen. In the project WaterstofWijk Wagenborgen, Enexis and housing association Groninger Huis are examining which adjustments would be necessary for this.

Our role in society

As a regional grid operator, we prioritise the interests of society in our work. Everything that is going on in society has an immediate impact on our work. Therefore, we pay close attention to important trends and developments, because these have an effect on our strategy. In this manner, we can react timely and anticipate.



The transition to renewable energy takes place faster

The transition from fossil to renewable energy is taking place faster than anticipated. This is also due to geopolitical developments, the stimulation of CO₂ reduction by governments and the limited availability of gas. More and more people are generating renewable energy themselves. A growing number of households and businesses are switching to electricity. The number of electric vehicles is also increasing. Whether and to what degree the recent shift in the political arena in the Netherlands will have an effect on this is still uncertain.



The rising costs of the energy supply

Insulation, heat pumps, solar panels, adaptation of the energy infrastructure - the energy transition demands large investments by governments, businesses, and consumers. In the meantime, it is becoming increasingly difficult to forecast energy prices due to the limited availability of gas, geopolitical developments, and fluctuating production levels of renewable energy. Energy fairness and household livelihood security are important societal and political issues.



Shortages are hindering the execution of the energy transition

The work package of the grid operators has grown significantly in the past few years. Further scaling up is becoming increasingly difficult due to shortages in various areas: skilled technical personnel and availability of space and materials. Thousands of skilled technical employees are necessary for the energy transition, for instance, technicians, supervisors, engineers, and IT personnel. However, these specialists are very hard to come by. This is also due to the ageing of the Dutch population. In addition, fewer young people are opting for a technical education. Regionally, there are large differences in the shortages on the labour market for the personnel necessary for the energy transition. Due to the shortage of raw materials and the large demand, materials are not always available. In addition, space is an increasingly important issue for grid operators as the infrastructure requires more and more land and space and this is only available to a limited extent. Governments are making an effort to ensure that laws and regulations are speeding up the work instead of slowing it down.



Digitalisation offers convenience and risks

AI and generative AI and virtual and augmented reality provide more insight and lead to better decisions and more efficient and effective service provision. At the same time, everyone is becoming more dependent on data and systems that are interconnected in a complex manner. The threat of cyberattacks is increasing worldwide.

Our strategy describes how we deal with the challenges in the changing energy system. Due to the current acceleration, the pressure on the organization is increasing, and waiting lists for a new or upgraded connection are growing. That is why Enexis's strategy focuses on three strategic objectives as we will explain in the section [Our strategy in the energy transition](#).

Our strategy in the energy transition

Businesses and households want to switch to renewable energy faster. That is good news. In order to keep up with the pace, Enexis is concentrating on carrying out the energy transition. We are doing everything in our power to accelerate the transformation of our energy system and expansion of our grids.

The Netherlands must be CO₂-neutral in 2050. The government, businesses and societal organisations agreed this in the Dutch Climate Agreement. Therefore, we are already preparing our grids for the transmission of higher volumes of energy from renewable sources, such as solar and wind energy. We are transforming and expanding our grids. But businesses and households are switching faster to renewable energy than we can keep up or could have foreseen.

The question is how can we accelerate the process given the fact that we are also being confronted with a shortage of employees. And how can we keep the cost of the transformation of our grids within limits, so that the energy transition remains affordable for everyone. In our strategy, we describe how we plan to deal with these challenges.

OUR STRATEGY

Our strategy is based on three pillars and four supporting objectives and forms the basis in this annual report for the various sections.





We aim for optimal choices for society

We are helping to design the energy system of the future and develop and realise a sustainable system that is reliable, affordable, and feasible. To this end, we work together with businesses, governments, and other stakeholders. We will discuss this in detail in the section [Together towards a future-proof energy system](#).



We offer access to energy for everyone at all times

We are working on a safe energy infrastructure that is accessible for everyone while maintaining a high reliability of supply at the lowest possible costs. In order to ease the pressure on the electricity grid, we are focusing on the expansion of our grid, more efficient use of the existing grid, and closer collaboration with partners and customers. We will discuss this in more detail, in the section [Working on increasing grid capacity](#).



Customers can rely on us

We help customers and market parties in a transparent, predictable, and efficient manner. We connect customers on the requested date. If this date is not feasible, we make clear arrangements for an alternative date. We will discuss this in more detail in the section [Communicating transparently about what is possible](#).

THE FOUNDATION UNDER THE PILLARS

In order to actually implement our strategy successfully, we need many skilled, vigorous, and flexible employees and a strong organisation. Therefore, we ensure that we have skilled employees who work safely and support each other (see section [Working safely and strengthening each other](#)). In addition, we also aim to make a sustainable impact as an organisation (see section [Making a sustainable impact](#)) and to ensure that we remain financially sound (see section [Remaining financially sound](#)). Together, these activities form the foundation under the pillars of our strategy.

Our core values

Three core values are central in our work at Enexis: clarity, inclusiveness, and continuous learning. Only when we work in accordance with our core values will we be able to implement our strategy successfully in a rapidly changing environment.

The energy transition is posing huge challenges for Enexis and for society. The biggest challenge is how to build and transform the infrastructure when we do not know exactly what the sustainable energy system of the future will look like and the debate in society about this topic is still ongoing. What we do know is that time is running short. Our grid is becoming overloaded, and we have to start excavation work in many areas. But there is a shortage of people and materials to do the work, and the requests for new and upgraded connections continue to pour in.

Therefore, we have to accelerate in times of uncertainty and scarcity. The need to accelerate was already visible in our annual plan for 2023. With over € 1.2 billion, our work package was bigger than ever. Our work package increased by 18% in one year. However, we have to do a number of things differently in order to further increase our production.

The new way of working and acceleration that are required to realise our strategy, demand a different approach and leadership within Enexis. Therefore, we work in accordance with the following core values:

CLARITY

In the coming years, we have to double the electricity grid that we built over the past fifty years. Therefore, it is important that there is clarity regarding what we expect from employees and what employees can expect from each other. That we are clear about what is going well and what isn't, and that we discuss this openly. We must make courageous choices, even though it is unnerving, and we do not know exactly how a decision will turn out. Being clear makes us more productive. Because we do not have to second guess, but we know exactly what colleagues mean and what we can expect from each other. This does not only apply internally. We also think it is important to be clear to our customers and stakeholders.

INCLUSIVENESS

The energy transition demands from us that we solve problems. That is why we work inclusively. We believe that bringing together different perspectives from within and outside Enexis leads to innovative solutions. No one within Enexis has all the answers, so every opinion counts. We actively seek and strengthen forms of collaboration with colleagues throughout our organisation as well as externally. We really listen to each other. 'Working inclusively' also means that we want to be a good representation of society. Everyone is welcome, irrespective of age, origin, sexual orientation, religion or belief.

CONTINUOUS LEARNING

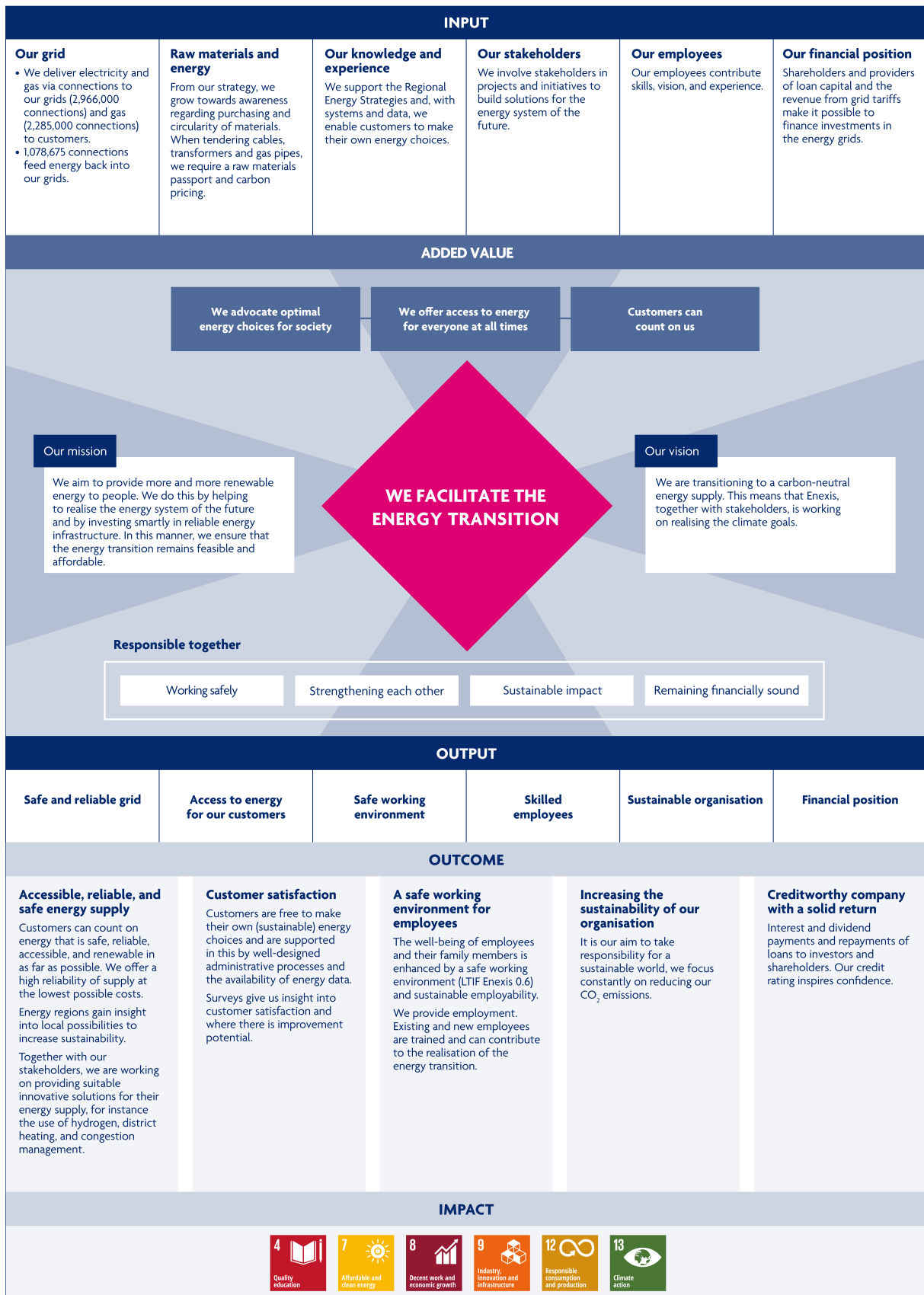
We give employees the opportunity to learn, reflect, experiment, and strengthen each other. In this manner, as an organisation, we are better able to learn from our mistakes and celebrate our successes. We continue to grow every day and achieve better results, which is exactly what the energy transition demands from us. To this end, we rely on each other, and we are open to feedback. Continuous learning also means that we ask questions, dare to experiment, and are not afraid to make mistakes - with respect for the safety of our working environment. Continuous learning requires curiosity and a desire to learn or know something.

Our value creation model

Our resources and people enable us to provide value to society. In our value creation model, we show how we do this.

With our energy grids, employees, and financial resources, we aim to contribute to the advancement of society. In other words: we provide added value to society. We do this by contributing to the Sustainable Development Goals (SDGs) of the United Nations. Our value creation model shows the way in which we add value. In this model, we show:

- Which resources (input) we use to achieve our goals, such as energy grids and employees.
- How we make use of these resources to add value to society (added value).
- What this value consists of exactly (output).
- What we achieve for our customers, employees, and other stakeholders (outcome)
- How we thus contribute to the SDGs of the United Nations.



Our stakeholder dialogue and our material topics

We designate the topics that our stakeholders consider important and which we have a large impact on as material topics.

The last time that we determined these topics was in 2021 and they form the input for this reporting year. In preparation for the European Corporate Sustainability Reporting Directive in 2024, we reviewed our material topics in 2023. In addition, we also started working on the double materiality assessment.




OUR STAKEHOLDER DIALOGUE

Stakeholders are external and internal parties with whom Enexis is in contact regularly. We have divided these stakeholders into eight groups (see overview). We discuss topical issues and longer-term developments in society with these parties such as the United Nations Sustainable Development Goals (SDGs) and our contribution to these goals. These dialogues focused mainly on topics that pertain to our daily work: affordable and clean energy (SDG 7), and industry, innovation, and infrastructure (SDG 9).

Below, we provide a list of important topics of discussion in the stakeholder overview. (Please note: this is not an exhaustive list). We have formulated the most important topics in the form of material topics.

OUR COLLABORATIONS

It is essential that we work together in order to realise the energy transition. For example, in 2023, we worked together with provinces, industrial companies, and universities on innovative scalable solutions that benefit all of the parties. We are also combining forces within the energy sector to increase our social impact. We are members of, for example, Netbeheer Nederland, MVO Nederland, Dutch Power, Nederlandse Vereniging Duurzame Energie (NVDE), European Distribution System Operators (E.DSO), KVGn, Groene Netten and GD4S (Gas Distributors For Sustainability), employers' organisation WENB (for companies in the sectors energy, telecom, recycling and the environment), Energie Data Services Nederland (EDSN), Marktfaciliteringsforum (MFF) and the Beheerder Afsprakenstelsel (BAS).

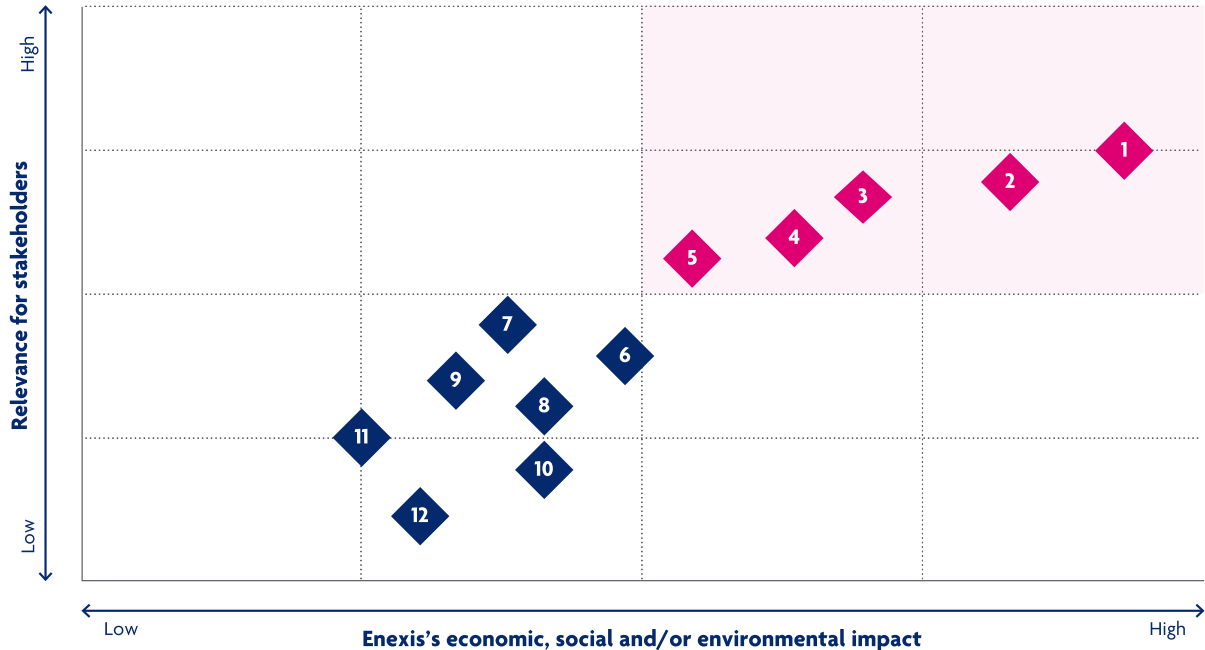
Stakeholder group	 Our stakeholders	 Most important stakeholder dialogue items¹	 Interaction with Enexis
Customers	Low-volume customers (consumers and SMEs), high-volume customers (corporates)	Customer-oriented services, reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply	Periodic customer satisfaction surveys, customer service, account managers
Employees	Works Council, trade unions	Safe and healthy working environment, employment and skilled employees, efficient business operations, employment conditions, strategy	Internal media, work consultations, consultation Works Council and Executive Board and directors/managers of the business units concerned
Shareholders	Provinces and municipalities in the role of shareholders	Financially sound, strategy, lobby	Annual General Meeting of Shareholders, Shareholders' Committee meets with the Executive Board 5 times a year, Strategic dialogue
Energy market parties	Energy suppliers, Independent Service Providers (ODAs), start-ups	Reliable and accessible energy grid, efficient market facilitation, information security, influencing policy	Periodic consultations within the MFFBAS (Market Facilitation Forum), via account managers
Financial parties	Investors, banks, rating agencies	Financial value and creditworthiness of Enexis	Green Finance Framework, Impact & Allocation report, investor relations presentations, annual report
Chain partners	Contractors, suppliers, infrastructure companies, technology companies	Reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security	Periodic Cables and Pipelines consultation
Policymakers	Political parties, the Dutch Ministry of Economic Affairs and Climate Policy, the Netherlands Authority for Consumers and Markets (ACM), State Supervision of the Mines, the Dutch Data Protection Authority, Uneto-VNI and KVGn, provinces and municipalities (governments)	Reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security	Consultations, Public Affairs, periodic consultation with supervisors
Local energy transition partners	Municipalities, energy cooperatives, water boards, project developers, housing associations	Reliable and accessible energy grid, sustainable energy supply, effective market facilitation	Regional teams, stakeholder managers, regional scouts, FD Energy debate

¹ This concerns our own interpretation of what has come to the fore in various stakeholder dialogues.

DETERMINING OUR MATERIAL TOPICS

In our annual reports, we provide an account of our performance on topics that are relevant to our stakeholders and on which Enexis has a large economic, environmental and/or social impact. We refer to these topics as our material topics.

Every four years, we conduct an extensive stakeholder dialogue to determine the material topics. We do this each time before drafting a new strategic plan. The materiality matrix was revised in 2021 as preparation for our current strategic plan. This resulted in the topics and materiality matrix below.



- | | | |
|---------------------------------------|--|-------------------------|
| 1 RELIABLE AND ACCESSIBLE ENERGY GRID | 6 EFFECTIVE MARKET FACILITATION | 10 INFLUENCING POLICY |
| 2 SAFE ENERGY GRID | 7 SAFE AND HEALTHY WORKING ENVIRONMENT | 11 FINANCIALLY SOUND |
| 3 SUSTAINABLE ENERGY SUPPLY | 8 EMPLOYMENT AND SKILLED EMPLOYEES | 12 INFORMATION SECURITY |
| 4 AFFORDABLE ENERGY SUPPLY | 9 EFFICIENT BUSINESS OPERATIONS | |
| 5 CUSTOMER-ORIENTED SERVICES | | |

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 wishes and customer satisfaction form the point of departure for the service level and clear communication in the customer processes. This also includes environment management of infrastructure and other projects with regard to citizens and businesses.

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 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 behaviour, 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 transport, data storage, systems, and privacy-sensitive information are safeguarded by means of data security, privacy, and cybersecurity.

In this annual report, we report extensively about the top five material topics, as determined for 2021 and that therefore still applied for 2023. In our [connectivity table](#) in section About Enexis, we show how these topics, the strategic risks and opportunities, and our objectives and results are reflected in our contribution to the SDGs. Although CO₂ emissions and circularity of our business operations are not included in the top 5, we do report on this, in the section [Making a sustainable impact](#).

We validated our material topics in 2023 as preparation for the double materiality assessment that is required as from 2024 by the Corporate Sustainability Reporting Directive (CSRD), a new European directive for reporting on the environmental and social impact of business activities. It is clear from this validation that the material topics determined in 2021 are still relevant and are viewed as material by our stakeholders. The outcome of the 2023 validation can still change following the double materiality assessment in 2024.

You can read about the outcome of this materiality assessment in 2023 in the section [About this report](#).

Our connectivity table

In the connectivity table, we show how elements such as value, material topics, indicators, goals and results, strategy and the contribution to Sustainable Development Goals are related to one another.

We facilitate the energy transition

Material topics	Strategic opportunities and risks	Target and realisation 2023 ¹	Contribution to SDGs
We aim for optimal choices for society²			
Sustainable energy supply	Opportunity: Reducing the climate impact by developing the energy supply independently and in consultation with stakeholders. Risk: Limitations and uncertainties regulations and permit processes.		7.2 9.1 9.4 12.2 12.4 12.6 13.2
Effective market facilitation	Opportunity: A free energy market in which administrative processes are carried out smoothly for customers. Risk: Enexis is insufficiently agile to execute complex and profound changes.		9.1
Affordable energy supply	Opportunity: Expanding and managing the energy grid at costs that are acceptable for society.		7.1
Influencing policy	Opportunity: Adjusting to a changing world with relevant regulations. Risk: Limitations and uncertainties regulations and permit processes.		7.1 7.2
We offer access to energy for everyone at all times			
Reliable and accessible energy grid	Opportunity: Uninterrupted supply of energy for customers, access to an energy grid with sufficient capacity and well-functioning energy market. Risk: Large-scale interruptions of the energy supply + Customer demand cannot be met timely due to a shortage of personnel, materials, and/or grid capacity.	Technical realised grid capacity Target: ≥ 2,000 MW Realisation: 2,180 MW	7.1
Safe energy grid	Opportunity: Limiting risks for people and society. Risk: Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.	Annual outage time Target: ≤ 17.5 minutes Realisation: 20.0 minutes	
Information security	Opportunity: Development of processes and grids through innovations and digital technologies. Risk: Unauthorised use of data and/or systems not being available due to inadequate security measures.		9.1

Material topics	Strategic opportunities and risks	Target and realisation 2023 ¹	Contribution to SDGs
Our Customers can rely on us			
Customer-oriented services	<p>Opportunity: Customer needs and customer satisfaction as the basis for the development of our services and performance.</p> <p>Risk: Reputation damage because we do not react adequately to complaints and we are not able to offer customers an action perspective + Customer demand is not realised timely due to shortages of personnel, materials and/or grid capacity.</p>	<p>% Custom connections desired date Target: > 65% Realisation: 67%</p> <p>% Standard connections desired date Target: > 70% Realisation: 70%</p> <p>Quantitative progress year order book Target: ≥ € 1,340 million Realisation: € 1,214 million</p>	7.1
Working safely			
Safe and healthy working environment	<p>Opportunity: Limiting risks for employees and partners.</p> <p>Risk: Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.</p>	<p>Lost Time Injury Frequency Enexis Target: ≤ 1 Realisation: 0.6</p> <p>Lost Time Injury Frequency contractors Target: ≤ 2 Realisation: 1.7</p>	4.3 4.4 4.7 8.3
Strengthening each other			
Employment and skilled employees	<p>Opportunity: Providing work for employees, suppliers, and contractors and being able to respond timely to issues in the organisation and energy transition.</p> <p>Risk: Customer demand cannot be met timely due to a shortage of personnel, material and/or grid capacity.</p>	<p>Net inflow # of FTEs scarce technical personnel Target: ≥ 361 FTEs Realisation: 370 FTEs</p> <p>Employee Net Promoter Score Target: ≤ 35 Realisation: 33</p>	8.3 8.8
Making a sustainable impact²			
Sustainable energy supply	<p>Opportunity: Reducing the climate impact by means of developing the energy supply independently and in consultation with stakeholders.</p> <p>Risk: Limitations and uncertainties regulations and permit processes.</p>		7.2 9.1 9.4 12.2 12.4 12.6 13.2
Remaining financially sound			
Financially sound	<p>Opportunity: Create financial value for shareholders.</p> <p>Risk: Deterioration of our financial position due to price effects and effects of the energy transition and regulation method.</p>		8.1
Efficient business operations	<p>Opportunity: Development of business processes to respond timely to issues in the organisation and energy transition.</p> <p>Risk: Enexis is insufficiently agile to execute complex and profound changes.</p>	<p>Controllable costs and revenues Target: ≤ € 591 million Realisation: € 585 million</p>	9.1 9.4

¹ The indicator 'expanding transmission capacity' from 2022 was replaced in 2023 by the indicator 'Technical realised grid capacity'. With regard to the material topic customer-oriented services, the indicator regarding desired date was chosen instead of the 'Customer Effort Score' as in 2022. The objectives and performance correspond with the section 'Our objectives and performance'. In addition, changes occurred compared to 2022 in the location of the material topics within the main strategic objectives to ensure consistency with our objectives and performance.

² With regard to the strategic objectives 'We aim for optimal choices for society' and 'Making a sustainable impact', periodic monitoring takes place by means of measuring stakeholders' perception of Enexis's image and by means of measuring Enexis's CO₂ emissions, respectively. These strategic objectives are not included in the table objectives and performance.

Our contribution to the Sustainable Development Goals

With the work that we do, we contribute to achieving the SDGs of the United Nations. Our focus lies on affordable and clean energy (SDG 7) and industry, innovation and infrastructure (SDG 9).

The SDGs consist of seventeen goals and 169 sub-goals that must ensure that the world is 'a better place' in 2033. They form part of the 2030 Agenda that the United Nations launched in 2015 to put an end to poverty, inequality, and climate change.

We regard sustainable development as one of the major challenges of our time. Therefore, with our work and our ambitions, we wish to contribute directly to the SDGs.



WE CONTRIBUTE TO SIX SDGS

Our strategy is based on our core activities. It is aimed at ensuring that the energy supply remains safe and reliable, that we connect customers as quickly as possible, and that we build the energy system of the future. With this, we contribute directly to achieving SDG 7 (affordable and clean energy) and SDG 9 (industry, innovation and infrastructure). Our corporate social responsibility policy (CSR) is also aligned with our core activities and thus contributes to achieving these SDGs. We will discuss Enexis's CSR policy in more detail in section [Making sustainable impact](#).

Besides these two 'focus SDGs', there are four other SDGs that we contribute to with our business operations. These are SDG 4 (quality education), 8 (decent work and economic growth), 12 (responsible consumption and production), and 13 (climate action). With regard to the other SDGs, we adhere to a *no significant harm* principle: we aim to cause no harm.

In the illustration, the size of the circles indicates the size of the (positive or negative) impact.

The Environmental, Social and Governance topics (ESG) in the Corporate Sustainability Reporting Directive (CSRD) are an alternative categorisation to compare our contribution. We will use this categorisation in the future.

Our objectives and our performance

Strategic goal ¹	KPI	Target 2023	Realisation 2023	Target 2024	Target 2026
Always offering everyone access to energy	Technical realised grid capacity ²	≥ 2.000 MW	2.180 MW	≥ 2.000 MW	Annually ≥ 1.000 MW
	Created grid capacity by Flex ³	-	-	≥ 500 MW	-
	Annual outage time	≤ 17,5 min	20,0 min	≤ 17,5 min	≤ 17,5 min
Our customers know what they are getting from us	% Custom connections desired date ⁴	≥ 65%	67%	-	-
	% Standard connections desired date ⁵	≥ 70%	70%	-	-
	Date of standard connection in accordance with Code ⁶	-	-	≥ 65%	-
	Quantitative progress year order book ⁷	≥ € 1.340 mln	€ 1.214 mln	≥ € 1.450 mln	-
Working safely	Lost Time Injury Frequency Enexis ⁸	≤ 1	0.6	≤ 1	≤ 1
	Lost Time Injury Frequency contractors ⁸	≤ 2	1.7	≤ 2	≤ 2
Reinforce each other	Net inflow # FTEs scarce technical personnel ⁹	≥ 361 fte	370 fte	≥ 200 fte	-
	Employee Net Promoter Score ¹⁰	≥ 35	33	≥ 30	≥ 40
Remaining financially sound	Controllable costs and revenues ¹¹	≤ € 591 mln	€ 585 mln	≤ € 731 mln	-

1 With regard to the strategic objectives 'We aim for optimal choices for society' and 'Making a sustainable impact', periodic monitoring takes place by means of measuring stakeholders' perception of Enexis's image and by means of measuring CO₂ emissions, respectively. These strategic objectives are not included in the table.

2 The KPI measures the new HV/MV transformers realised by Enexis irrespective whether these have been connected by TenneT. The replacement of old transformers is not deducted from the score of this KPI.

3 Newly added as of 2024. This KPI relates to a more efficient grid usage due to applying flex solutions. Realisation consists of, amongst others, flex contracts with restrictive conditions. Examples relate to offering fixed windows of time, dynamix control (ZonBalans) and battery proposition.

4 Measurement consists of the total of realised connections in time in terms of 40 weeks standard or any date later in time as preferred by the customer. As of 2024, this KPI will no longer be on this card, because due to congestion management, less capacity is available for customers. As a result, the timeliness of realised connections becomes less relevant. In addition, we are awaiting the finalisation of the new Code decision by ACM.

5 Measurement consists of customer satisfaction with respect to date of connection. As of 2024, this KPI will be replaced by the new KPI 'Date of standard connection in accordance with Code'.

6 Newly added as of 2024. This KPI relates to the total Standard connections within 12, 18 or 52 weeks, as required by ACM.

7 Based on standard costs.

8 Indicator for employee safety during the performance of work expressed in the number of accidents resulting in absenteeism per 1 million hours worked.

9 From 2024 onwards, the definition has been amended. As from 2024, only the net inflow is measured instead of the gross inflow as in 2023. The target of 2024 has been adjusted to this. Target and realisation of 2023 calculated in accordance with the new definition are 152 and 161 FTE respectively.

10 The 2024 target is below realisation 2023. Considering the major challenge we are facing and the increasing pressure on employees, we consider the target of 30 to be realistic and ambitious. The 2024 target is above the benchmark of the energy sector from Effectory's research report.

11 From 2024 onwards, the definition has been amended. Amortisation of leases in connection with IFRS 16 will be included in the CCR, which are presented as depreciation in the Consolidated Income Statement. The CCR concerns the sum of the controllable costs and revenues from regulated activities (Enexis Netbeheer, including staff departments). Reference is made to the Glossary. Target and realisation of 2023 calculated in accordance with the new definition are € 628 and € 617 respectively.

We look back at 2023 with satisfaction. We are proud that we again succeeded in carrying out a record work package and expanding the grid capacity by more than 2 gigawatt. Despite the shortage in especially transmission capacity and technical personnel, in 2023, we succeeded in connecting 67% of the custom connections and 70% of the standard connections within the connection period desired by the customer. We are also proud that we reduced the number of accidents resulting in absenteeism in spite of a higher workload. Unfortunately, we did not achieve all our goals. For instance, we were unable to carry out all the infrastructural work that we had planned due to a shortage of capacity among contractors and the annual outage time was higher than foreseen.

We are investing significantly in the expansion of transmission capacity. To this end, we are coordinating the work that we have to carry out with TenneT, so that our stations are ready to be taken into use when TenneT has completed its expansions and we can then connect customers directly. We built 2,180 megawatt grid capacity in 2023. Our customers can continue to count on a reliable energy grid. Nevertheless, a number of incidents with a longer outage time resulted in an average annual outage time of 20.0 minutes, which exceeds our target of 17.5 minutes. However, this is below the national average.

Despite the expansion of the grid capacity and the execution of a record work package, we see that the market demands further scaling up. Unfortunately, our waiting lists are getting longer due to the increasing demand. We want to connect customers within the time frame that they desire. In 2023, we succeeded in doing this for 70% of the customers for standard connections and 67% for custom connections.

The safety of our employees improved during 2023, for instance, by working without voltage and gas and paying extra attention for safety in order to reach step 4 (of the 5) on the Safety Culture Ladder. This step on the ladder indicates the degree of safety awareness of the organisation in attitude, behaviour, and culture. The LTIF (Lost Time Injury Frequency) for Enexis was below the target of 1. The LTIF for contractors was below the target of 2. We welcomed 370 new technical colleagues in 2023 and our Enexis Net Promoter Score (ENPS) improved compared to 2022. Both contribute to limiting the shortage of technical colleagues, now and in the future. The growth of the work package and the corresponding growth of the organisation have resulted in higher costs. In addition, the shortage of materials and services is also pushing up prices. By working efficiently, we can carry out more work for our customers and also contribute to the affordability of the energy supply. In the period 2022 and 2023, we have saved a total of €106 million in expenses, partly through digitalization and more efficient execution of our work package.

When looking ahead towards 2024, it is clear that our targets are ambitious. Our planned work package has grown to nearly € 1.5 billion. We continue to focus on the recruitment of new colleagues and we offer contractors the opportunity to train technical colleagues at our training centres. In this manner, we strengthen the technical capacity in our sector and work together with contractors on working safely throughout the whole production chain. We expect to expand the grid capacity this coming year again by more than 2,000 megawatt. In addition, we are seeking to make better use of the existing electricity grid by applying flex solutions and we expect to be able to derive 500 megawatt extra capacity from the existing grid. When carrying out this work, we do not make any concessions with regard to reliability and safety. We further upped our target for the timely connection of customers for 2024 in accordance with the norm set by the ACM. We inform customers in a transparent manner about the expected connection waiting period and when planning the work we take into account the connection date that they desire.

We measure our impact

Our contribution to the goals is determined by measuring impact. Together with other grid operators, we are able to determine this increasingly precisely. We expanded our impact measurements in the focus area human capital in 2023 with the development of employees.

In our impact model, we show our impact in euros on these six categories of capital, in which a comparison is made between the realisation in the current year and the previous year. This model provides an integrated image of our value creation for our stakeholders and our contribution to the SDGs and thus forms a type of social annual report.

The work on and investments in the energy system of the future increased further in 2023, which has resulted in a decrease in financial capital. Furthermore, the well-being value of, in particular, gas transmission for consumers and the value of energy transmission for business customers rose as the willingness to pay has remained high despite price increases.

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. The capitals are explained in more detail below.

Our impact model

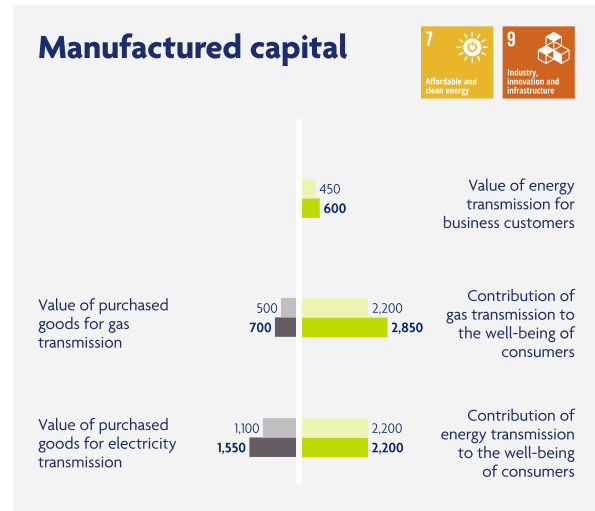
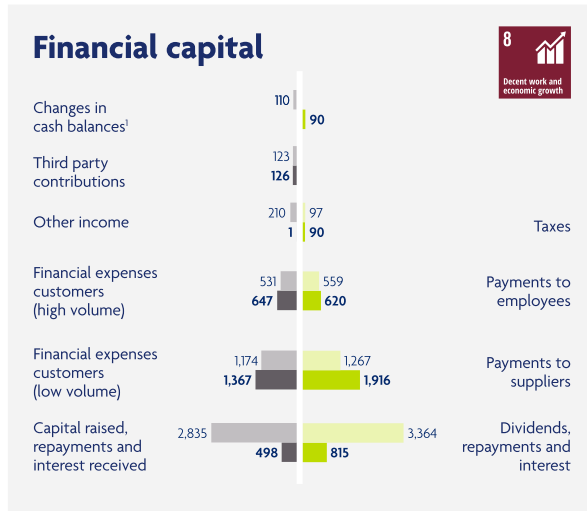
↓ Decrease in capital value

- Decrease in capital value 2022
- Decrease in capital value 2023

(In millions of euros)

↑ Increase in capital value

- Increase in capital value 2022
- Increase in capital value 2023



– No impact defined

¹ Total cashflows in 2023 amount to € 90 million negative (2022: € 110 million positive).

Amounts in Financial capital are rounded off to millions.

Amounts in Manufactured capital are rounded off to € 50 million with the exception of 'Ecological damage due to waste' (rounded off to hundred thousands) and 'Ecological damage due to purchase of materials' (rounded off to tens of millions).

Amounts in Human capital are rounded off to € 10 million, with the exception of 'Work-related absenteeism and accidents of employees' (rounded off to hundred thousands).

FINANCIAL CAPITAL

Our investments in the energy transition were again higher than last year. A large amount of financial capital is required to finance the energy system of the future, as it is not possible to recoup the current investments in the short term via the tariffs given the existing regulation method. Therefore, we have to pre-finance our activities. We issued a new green bond in 2023 and the proceeds from the sale of Fudura B.V. in 2022 were also used to finance our operational and investment activities.

Payments received from our customers in 2023 (€ 2.0 billion) increased compared to 2022 (€ 1.7 billion), mainly due to price increases, and together with the issued green bond (€ 0.5 billion) and the proceeds from the sale of assets in 2022, this resulted in an increase in financial capital.

Besides long-term value creation, our role and position in the energy chain also provide value for our stakeholders in the shorter term. Our employees receive a salary for their work and time (2023: € 0.6 billion; 2022: € 0.6 billion). We pay our suppliers for goods, services, equipment, and machinery (2023: € 1.9 billion; 2022: € 1.3 billion), 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

Enexis's contribution to the well-being value of gas transmission for consumers amounted to € 2.9 billion, which is higher than in the previous year (€ 2.2 billion). Revenue rose in 2023 due to higher tariffs (three-year average). The distributed volume of gas decreased with 10% compared to 2022.

Enexis's contribution to the well-being value of electricity transmission for consumers amounted to € 2.2 billion, which was equal to 2022. Revenue rose in 2023 mainly due to higher tariffs; however, this was partially offset by a slight reduction of the distributed volume of electricity (-2%).

The value of energy transmission for business customers amounted to € 0.6 billion in 2023 (2022: € 0.5 billion). The increase can mainly be attributed to price increases.

The value of purchased goods has been increased in 2023 for gas transmission as well as for electricity transmission and amounts respectively € 700 million (2022: € 500 million) and € 1,550 million (2022: € 1,100 million).

Within the contribution of electricity transmission to well-being, the impact of feeding electricity back into the grid that Enexis enables is taken into account. More and more consumers are feeding renewable electricity back into the grid. Within the contribution of electricity transmission to well-being, we also calculated a positive prosperity effect from households feeding solar energy back into the grid of nearly € 18 million. The well-being value for consumers was corrected for the effect of gas and electricity outages at Enexis in comparison to the average in the Netherlands. Our electricity grid was more reliable than the average in the Netherlands in 2023 with, on average, 0.23 unplanned outages and 20.0 minutes outage duration per household. At 137 seconds, the outage duration of our gas grid per household per year was higher than the average in the Netherlands.

NATURAL CAPITAL

The negative impact on the climate due to the emission of CO₂ by our activities was € 250 million in 2023. This impact equals that of last year, mainly because the transmitted volumes of gas were in line with 2022. Enexis is trying to reduce the negative impact by helping to accelerate the energy transition and by improving the impact of its own operations. We compensate the emissions, which we are unable to influence directly and which cannot be green purchased, with Gold Standard Certificates. Ecological damage due to waste and the purchase of materials rose in 2023. The increase in ecological damage as a result of the purchase of materials is largely due to the strategic increase of our materials inventory necessary to expand and upgrade the electricity grid. The ecological damage caused by waste has increased due to a higher ecological valuation of incineration.

You can read more about this in the section [Making a sustainable impact](#).

HUMAN CAPITAL

Enexis contributes to the well-being of employees through the work that the organisation offers them. The positive impact value amounted to € 60 million in 2023 (2022: € 50 million) and is increased mainly due to an increase in the number of employees compared to previous year. Employee satisfaction, measured based on the outcomes of the employee satisfaction survey in 2023, has a direct positive effect on well-being. Employee engagement scored 7.8 in 2023, which is the same as last year.

Safety and the prevention of work-related complaints have a high priority at Enexis. Despite this high priority, there were cases of long-term work-related absenteeism and safety incidents. This has a negative impact on the positive value of having a job and amounted to € 1.3 billion (2022: € 1.2 million). The higher impact is due to an increase in the number of accidents. The LTIF has improved compared to the previous year, as there were fewer accidents in proportion to the number of working hours in 2023.

The development of employees was included in our Impact Model for the first time in 2023. For the development of employees, we look at the creation of human capital as a result of experience gained and training. This is measured based on upward mobility opportunities within the organisation and the corresponding increases in salary. The total increase in human capital is attributed to Enexis and future employers based on age, retention percentages and retirement age. The positive impact in 2023 amounted to € 90 million (2022: € 50 million). The increase is mainly attributable to the fact that technical employees were placed in a higher scale in 2023 and have a better upward mobility prospect.

For the method and the most important criteria, reference is made to the section [About this report](#).



Together towards a future-proof energy system

STRATEGIC GOAL: WE AIM FOR OPTIMAL CHOICES FOR SOCIETY

Material topics:

Sustainable energy supply	
Affordable energy supply	
Influencing policy	
Effective market facilitation	

Highly material Material

DILEMMAS:

Realisation of Climate Goals versus value for society

For a long time, when making plans for renewable energy generation on land, the focus was on the Climate Goal to produce 35 terrawatt hours from solar and wind energy on land. A solar park in a remote area where there are hardly any electricity consumers has a low value for society, but it demands large investments in our grid. Enexis advocates solar projects in location where the grid is already being expanded due to a large growth in consumption.

How are we to prioritise customer connections without clear criteria?

The Netherlands Authority for Consumers & Markets (ACM) aims to make it possible to give priority to projects that solve or reduce congestion problems when allocating transmission capacity. Customer connections with a societal function – such as safety services, healthcare, or schools – can also be given priority. But how do we determine which customers should be given priority in the absence of clear, transparent, and objective criteria?

Together towards a future-proof energy system

Enexis is making an important contribution to the energy system of the future. We formulated views and standpoints on the various topics in 2023 to create this energy system. At the same time, the overloaded energy grid forces us to make clear and well-considered choices, together with partners and stakeholders.

In the Netherlands, we are in the middle of the transition from fossil fuels to renewable energy sources and are increasingly producing energy on a small scale and locally. In addition, the demand for electricity is growing. The existing energy system was not designed for this and has to be completely overhauled. We work hard every day on expanding our grid and we will continue to do so. However, to ensure that everyone continues to have access to energy, a plan for the long term is necessary. Together with the national government, provinces, municipalities, the ACM, market parties, and our customers, we have to make clear choices to ensure a smooth energy transition.

VIEWS ON TOPICS

As a grid operator, we would like to help shape this system by contributing our expertise and knowledge proactively to ensure that the right choices are made. Therefore, we have formulated a view on various topics with for each topic the expected and feasible vision of the future and a detailed step-by-step plan.



STANDPOINTS FOR A FEASIBLE ENERGY TRANSITION

Clear choices are required in the short term for each topic to make the energy transition possible. We have set this out in eight standpoints:

1. The period of one central electricity grid for everyone is over. There will be an increase in decentralised energy systems - for storage, generation, conversion, and transmission - that are interconnected. In this case, we will focus on **system efficiency** so that we can make better use of the available grid capacity and coordinate supply and demand.
2. We only want to build **solar parks** in places where there is a lot of demand for energy in the immediate vicinity. A solar park in a remote area requires too large an investment in grid capacity.
3. In the sector and together with stakeholders, we are looking into a **new tariff system** for customers and producers that stimulates efficient use of the grid.
4. Municipalities need to make their **district execution plans more concrete more quickly**. A district execution plan specifies for each district the preference for the heating system that is to replace gas. Without a district approach, we will not be able to realise the heat transition in the built environment on time. We provide support to municipalities by providing insight into the necessary grid adaptations. In addition, we are also preparing for a possible future role in district heating systems.
5. **Grid-aware charging** That means charging electric vehicles when there is sufficient capacity on the grid. By making efficient use of the available grid capacity, more vehicles can be charged.
6. Renewable gases are necessary for the energy system of the future, as they reduce the pressure on the energy grid. Therefore: make **green gas widely available**.
7. **Hydrogen is also an essential component**, but at present still scarce. We mainly see a role for green hydrogen in the industrial and transport sectors; as raw material and fuel and for the storage of energy for longer periods. We are seeing to it that the infrastructure and our organisation are prepared for this in 2028.
8. Large-scale battery storage makes the energy system more flexible. Batteries are charged when a lot of energy is being produced and discharge energy when the demand for electricity peaks. At the same time, we have to be careful that batteries do not lead to grid congestion. This occurs, for example, when a battery is being charged during peak demand. We connect large-scale batteries in a way that does not increase the transmission shortage. We call this grid-neutral connecting and offer customers flexibility contracts for this.
9. The energy transition and corresponding expansion of the grid have a huge impact on public space. This requires good **coordination with regard to the spatial integration** with municipalities and provinces. Only then will the necessary physical space be available in time.

DILEMMA: ACHIEVING CLIMATE GOALS VERSUS VALUE FOR SOCIETY

For a long time, generating renewable energy on land mainly focused on the target from the Climate Agreement, to produce 35 terawatt-hours of electricity from solar and wind parks on land by 2030, and much less on the social value. As far as we are concerned, this is no longer the case. In 2030 solar and wind energy on land must always contribute to a sustainable and affordable energy system. Moreover, we prefer to expand the grid if there is sufficient demand for energy in that area. This means that we rather not expand the electricity grid only for solar power generation unless there is also a demand for extra electricity.

Entrepreneurs still have many plans for on land energy production in remote areas. We expect that this will continue for the time being. As a regional grid operator, we advise provinces and municipalities on such initiatives. Contrary to the past, we now give priority to expansions that provide social value. That is also where we employ our technical personnel, resources, and materials. Therefore, it is attractive for governments to licence solar energy projects in locations where the electricity grid is already being expanded because the demand for electricity is growing.

Enexis is not in favour of large-scale solar parks. In the long term, this leads to a disproportionately costly energy system due to extra investments in grid capacity. We went public with our standpoints in 2023. This led to reactions and discussion with entrepreneurs, but also support for our views from the government.

PROGRAMMES AND ORIENTATIONS

LONG-TERM INSIGHT

We are working together with stakeholders and partners more and more intensively, for example, via the provincial energy boards. Together, we want to obtain a clear picture of the supply of and demand for energy in the long term. We give provinces, municipalities, and market parties insight into the capacity that we have now and can offer locally in the near future. They can then take our possibilities into account in a timely manner during the development of their plans. The earlier that we are informed of the plans, the greater the likelihood that we will also be able to accommodate these.

In the energy boards, there is a clear link with the Provincial Multi-Year Programme Infrastructure, Energy, and Climate (pMIEK), that contains a prioritisation of and plans for expansion investments of regional energy infrastructure.

PROVINCIAL MULTI-YEAR PROGRAMME INFRASTRUCTURE, ENERGY, AND CLIMATE.

In 2023, we worked together with provinces and municipalities on a Provincial Multi-Year Programme Infrastructure, Energy, and Climate (pMIEK). For each province, the pMIEK specifies which energy infrastructure projects have the highest priority for society. Together, we examine infrastructural solutions and consequences. In this manner, we help set priorities and assess projects in a broader perspective. At the same time, a pMIEK provides insight into the priorities within the province. This gives us an idea of the workload in the medium-long term (up to 2035).

Two of the five provinces where we are active laid down their priorities in a pMIEK in the first half of 2023. In the other three provinces, we jointly drew up an inventory of the necessary investment projects in the province. This is an important step. Additionally, steps still have to be taken to carry out the work faster, such as speeding up the permit process and securing the necessary land for infrastructure projects.

A (statutory) prioritisation framework is necessary in order to take the priorities in a pMIEK into account in our investment plans. The Ministry of Economic Affairs and Climate Policy established such a prioritisation framework in 2023. With this framework, we give priority in our investment plans to expansion projects that have a large societal impact. We did this in our investment plan for 2024. In 2024, all provinces will formulate their vision on the future energy landscape. As Enexis, we contribute to the formulation of these energy visions.

PROGRAMMING AND PRIORITIZING - SOCIETAL PRIORITISATION OF GRID EXPANSIONS

Should we expand the grid first for new homes, the solar park around the corner, or the data centre down the road? Until now, requests from customers were leading for building grid infrastructure. The law requires us to handle requests on a first come, first served basis. However, due to the very large demand for electricity this way of working is no longer tenable. We can no longer keep up with the rapidly growing demand for grid capacity for electricity consumption and feeding electricity back into the grid. As a result, not all large-volume customers can be connected to the electricity grid immediately, and this has far-reaching consequences for society and the economy.

As grid operators, we are developing a new way of collaborating, together with the national government, provinces, municipalities, and market parties: programme and prioritise. In a joint planning process, we ensure that the realisation of societal tasks and the development of the energy system are in alignment. Together, we make long-term plans for the energy system and the physical space that is necessary for this (programme) and we make choices to employ the limited human resources and grid capacity efficiently (prioritise). We are also explicitly looking at giving priority to projects with a societal function.

TO ACCELERATE IMPLEMENTATION

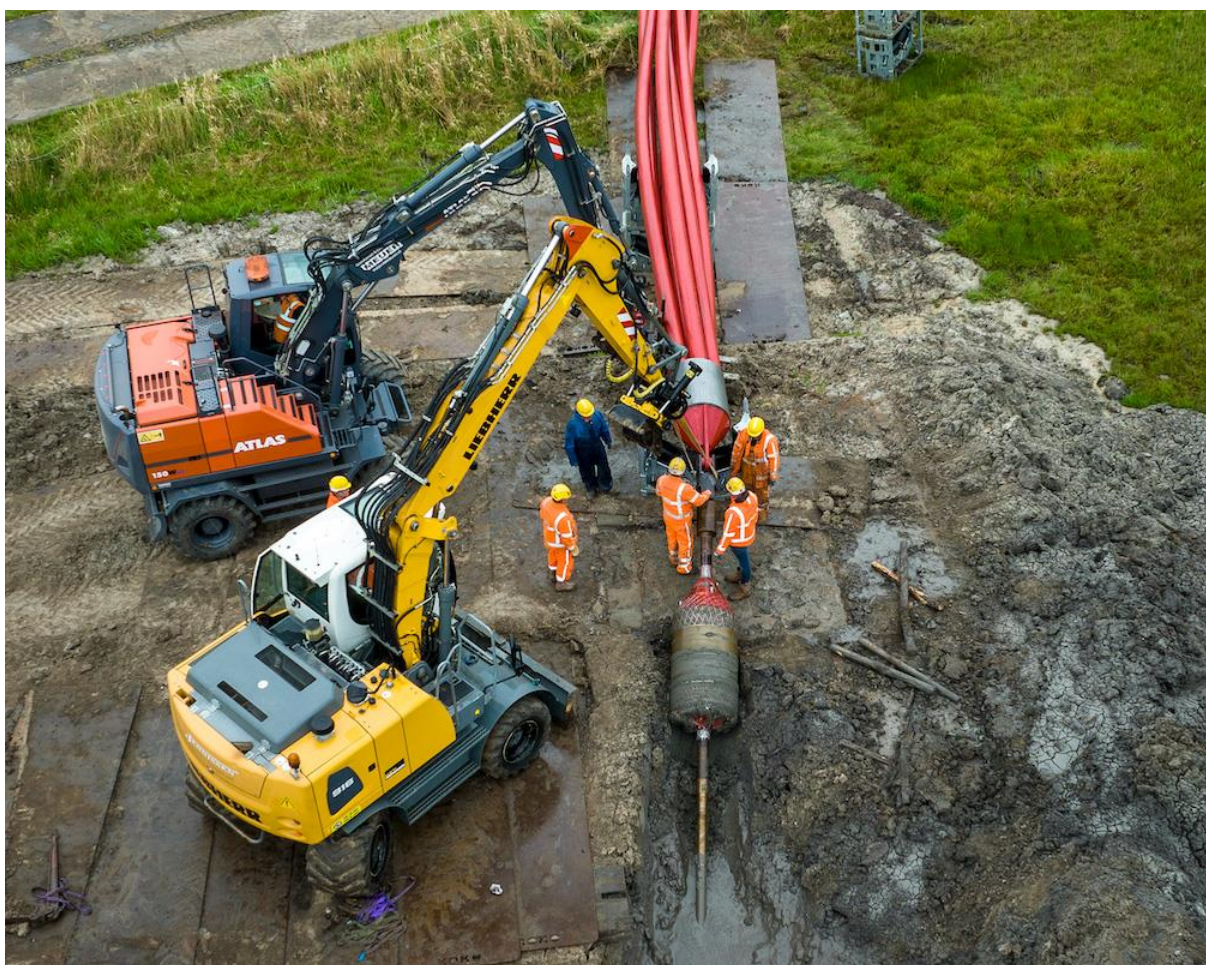
If we want to make a success out of this grand reconstruction of our network, then we need to fundamentally change how we collaborate in the execution. We will also have to speed up the pace. This demands an effort from (and has impact on) all of us: from grid operators, governments, and chain partners to industries, businesses, and households. In November, we presented the National Execution Agenda together with the other regional grid operators. With this execution agenda, we provide perspective on how we can achieve the maximum pace in the transformation of the regional energy system and the reinforcement and expansion of our grids from now until 2035-2040. We take a step forward with this document and provide insight into the approach for this enormous task.

In the execution agenda, we focus on three courses of action: building faster, flexibility, and spatial integration of energy infrastructure. Based on these courses of action, various initiatives have been launched, such as faster processes for granting permits and allocating space. This includes initiatives such as the district approach.

We will improve and fine-tune the execution agenda in the coming period in consultation with other parties. In 2024 we hope to conclude an execution agreement with relevant stakeholders. In doing so, we will try to connect with existing programmes and forms of collaboration, as for instance the National Action Programme Grid Congestion.

NATIONAL ACTION PROGRAMME GRID CONGESTION

Under the direction of the Ministry of Economic Affairs and Climate Policy, the government, ACM, grid operators, and market parties are working together in the National Action Programme Grid Congestion [Landelijk Actieprogramma Netcongestie (LAN)] on grid congestion solutions. The LAN is focusing on building faster, better coordination, and increasing the flexible capacity. The LAN put forth the proposal in 2023 to charge large-volume consumers a lower tariff for the use of the grid at times when the grid is less congested. The LAN is also working on a tool kit for energy hubs to make collaboration in energy hubs easier, lower the developments costs for initiators, and increase affordability. These and other initiatives will reduce the pressure on the energy grid; however, it is still not sufficient to put an end to the growing waiting lists. In 2024, the LAN will be expanded with the Action Agenda Network Congestion Low Voltage Networks.



RECONNAISSANCE OF THE ENERGY SYSTEM IN 2050

It is still uncertain what the energy system will look like in 2050. Nevertheless, we want to start preparing for this. In order to still be able to take concrete steps, we have, together with other grid operators and parallel to our own activities, - formulated future scenarios for 2050 under the name Integral Infrastructure Reconnaissance 2030-2050 (I13050) and calculated the impact on our grid. Will we be producing energy mainly for ourselves in the Netherlands, or are we dependent on import? Who makes these choices? Local governments or the national government? And will we be heating our country with electricity, green gas, district heating or hydrogen?

We calculated these scenarios together with the other grid operators to see what they mean for the energy consumption in the Netherlands and what impact they will have on our energy grids. Important insights came to the fore in these scenarios. For instance, in all scenarios, we have to install a lot of extra electricity cables and new transformers. Large peaks of solar power will put a lot of pressure on grids in the summer; reducing these peaks is desirable. In addition, a lot of flexibility is required, for example, for batteries. At the same time, we have to prevent these batteries from augmenting the peaks on our grids. A lot of work also has to be done on the gas grid to be able to transmit green gas and to make use of hydrogen.

With these insights, we can prepare ourselves as grid operators better for the challenges that we are facing. We will share data, analyses, and insights as much as possible with our environment and coordinate this with national and regional policy programmes. The I13050 study will be reviewed in 2025.

The I13050 study and scenarios are taken into account in our forecasts and investment plans. The government published the National Plan for Energy Systems (NPE) in 2023. The NPE provides insight into the choices that the government wants to make and helps us to determine our strategy within these various scenarios. For instance, the NPE indicates that the government would prefer to make use of green hydrogen for industry and heavy transport and would limit this as much as possible for the built environment. Furthermore, there is a strong emphasis on electricity and continued growth of renewable energy generation (on- and off-shore). The NPE provides confirmation that we are making the right choices now.

DILEMMA: SOCIETAL PRIORITISATION OF CUSTOMER CONNECTIONS

We are still following the principle of first come, first served (FCFS - as laid down in the Dutch Electricity Code) for the connection of customers. This can lead to undesirable situations in areas with limited transmission capacity. The Netherlands Authority for Consumers and Markets (ACM) published the Draft code decision prioritising capacity transmission requests. With this, the ACM aims to make it possible to give priority to projects that solve or reduce congestion problems when allocating transmission capacity. Projects with a societal function - such as safety services, healthcare or schools - can be given priority. The prioritisation framework can only be applied in a congestion area, when transmission capacity becomes available and we approach customers on the waiting list.

As grid operators, we think it is important that there is clarity regarding the basis on which we can give priority to customers. To this end, clear, transparent, and objective criteria must be formulated. As the draft code decision does not provide these criteria, we submitted a viewpoint in the beginning of October 2023. In this viewpoint, we explicitly indicated that, following a final code decision, we must be given the time to implement this way of prioritisation. It was still unclear at the end of 2023 what the final code will look like and when it will come into effect.

INNOVATION AND DEVELOPMENT

With our innovation strategy, we are taking on the challenges that Enexis is facing. We are setting priorities and taking into account the constantly changing context. In this manner, we are staying on track to also have a reliable and accessible energy system in the future. In 2023, the focus was on the following topics.

GREEN GAS BOOSTER

Green gas is being fed into the regional transmission grid in many places. This takes place under low pressure. Consequently, only households and businesses in the vicinity can use this gas. The demand for gas is low in the summer so there is a surplus of green gas. We want to pump this gas into the national gas grid. This is possible under high pressure via a green gas booster - a compressor. In this manner, all of the green gas can be used and producers have the certainty that they can deliver green gas throughout the year. Major steps were set in 2023 in the development of the first booster in Wijster.



HYDROGEN DISTRICT WATERSTOFWIJK WAGENBORGEN

33 houses in the village Wagenborgen in Groningen wanted to go natural-gas free by making use of hydrogen and other alternatives. The houses, dating from the 1970s, were equipped with a hybrid heat pump and a hydrogen boiler to heat the house. Enexis led this project. We made the existing gas pipelines suitable for hydrogen and connected the houses to the hydrogen grid. The first homes were connected to the hydrogen grid in 2023. In this project, we were able to learn in practice what is involved in the distribution of hydrogen in existing natural gas grids. We also wanted to demonstrate that hydrogen, in combination with home insulation and a hybrid heat pump, is a good alternative for natural gas.

ZONBALANS [SOLAR BALANCE]

How can we make more efficient use of the electricity grid? One of the possible solutions is ZonBalans [Solar Balance]. In this initiative, large-volume business customers only feed solar energy back into the grid when there is sufficient grid capacity. If the sun intensity is 50% or less, these customers can feed energy back into the grid. Feeding back into the grid is partially switched off above this percentage. With ZonBalans, customers can still feed back up to 70% of their unused generated solar energy on an annual basis.

GRID-AWARE CHARGING

The demand for charging stations for electric vehicles is growing strongly. We expect that we will have connected over 480,000 charging stations at peoples' homes in 2030 and over 140,000 public charging stations. All these charging stations take up grid capacity when vehicles are being charged. Grid-aware charging is a way to reduce the necessary grid capacity of charging stations, as you charge your vehicle at times that there is a lot of grid capacity, for example, at night when a lot of solar energy is being generated locally. Grid-aware charging is a standard item in contracts with municipalities for public charging stations. A grid-aware charging pilot is being run in Noord-Brabant.

Mijnwater Project in Limburg

Enexis is active in heating infrastructure via its subsidiary Enpuls. Enpuls is gaining experience via the participation in concrete heating projects, such as Mijnwater in Parkstad Limburg. In this project, old mine shafts are used for sustainable heating and cooling of homes and other buildings. Enexis (almost € 80 million) and the Province Limburg (€ 40 million) decided to invest further in Mijnwater phase 1 in 2023, so that Mijnwater can continue to grow and become a profitable and sustainable district heating grid. Mijnwater is being executed in three phases. At present, we are in phase 1 in which the heating infrastructure is being realised in Heerlen, followed by Kerkrade-West (phase 2) and Kerkrade-Centre (phase 3). Large-volume business consumers and low-volume consumers with energy-efficient homes are connected to the heating grid first. The concrete goal is that there is a district heating grid in 2023 with a capacity that equals the heat consumption of 16,000 homes and the cooling of 26,500 homes. In addition, through this project, we are learning how heat can be used in the energy system of the future.

LAWS AND REGULATIONS IN THE ENERGY TRANSITION

NEW LEGISLATION ON ITS WAY

Two legislative proposals were presented to the Dutch House of Representatives in 2023 that are important for the energy transition. The Municipal Instruments Heat Transition Act gives municipalities the possibility to impose local regulations for the transition from natural gas to renewable energy. In this [proposal](#), the municipality itself can determine whether districts must be switched off from gas at a certain time. It does not appear to be realistic that the act will be implemented before 2025.

The second legislative proposal concerns the Energy Act, which is set to replace the Electricity Act 1998 and the Gas Act. The Energy Act brings up to date the present legal framework for gas and electricity grids and provides a [framework](#) for new developments. These frameworks will be further elaborated in 2024. The Energy Act is expected to take effect as from 1 July 2025.

Finally, a new Heating Act, the Collective Heating Supply Act [Wet collectieve warmtevoorziening (Wcw)] is also being introduced. The Wcw has been submitted to the Dutch Council of State for advice. This act pertains to the district heating grids in the Netherlands of which more than 50% must be in public hands. The price that residents pay when they are connected to a district heating grid is now linked to the price of natural gas. The new act states that the tariffs must be based on the actual costs. The new [act](#) should also promote the installation of district heating grids and give the government more control over the installation of district heating grids.

Via our participation in various permanent consultative bodies, we are discussing these topics with the Ministry of Economic Affairs and Climate Policy and other relevant ministries, and we are contributing our knowledge and expertise. In addition, we also form coalitions with other stakeholders for a number of topics, such as the Wcw. We join forces to strengthen our message to politicians and the government. We also participate, for example, in technical briefings in the Dutch House of Representatives to explain our view on new legislation.

NITROGEN: WAITING FOR NEW LEGISLATION

A lot has changed with regard to nitrogen policy since 2022. We are waiting for new legislation that must provide room for the energy projects of grid operators. With electrification, we actually avoid nitrogen emissions from the burning of fossil fuels. Therefore, we are part of the solution, not part of the problem. In an opinion article in the summer of 2023 in the Dutch financial newspaper Het Financieele Dagblad, we advocated a nitrogen exemption for the electricity grid together with the other grid operators as otherwise the energy transition will come to a halt. This did result in public attention; however, unfortunately, this has not yet led to clarity in 2023 about a possible change in nitrogen legislation. Therefore, we must comply with the existing laws and regulations, and we have to take the impact of nitrogen emissions into account. Together with ministries and provinces, we are examining options and providing advice to governments on granting permission for energy infrastructure projects.



“Green gas and hydrogen are indispensable in the energy transition”

The energy transition will only be able to succeed with hydrogen and green gas. Marieke van Amstel, portfolio manager new energy carriers at Enexis, insists. “We have to be ready for when the production starts to speed up.”



The electrification of society is accelerating. But a society that runs completely on electricity is a utopia, according to Marieke. “Take, for instance, old monumental buildings in the city centre. These buildings are difficult to insulate and therefore can’t be heated with a heat pump. Increasing the sustainability of old buildings is often only possible by replacing grey gas by green gas.”

Green gas is also suitable as raw material in the industrial sector. “However, for high-temperature processes in heavy industries and logistics, such as maritime transport, green hydrogen is the most efficient and effective alternative to increase sustainability. You can also distribute green hydrogen via the existing gas grids and it is easy to store.”

POSITIVE IMAGE NECESSARY

There is still a long way to go for both green gas and green hydrogen. At present, around 250 million m³ of green gas is produced in the Netherlands. This will have to increase to 2 billion m³ in 2030, as agreed in the Dutch Climate Agreement. In order to realise this, laws and regulations have to be revised and the gas grid has to be adapted. Boosters have to be installed with which businesses can pump green gas into the national gas grid. Marieke: “One booster has been realised, a number of others are being developed. We expect that we need at least seven boosters in our service area.”

In addition, social acceptance is also important Marieke: “Green gas is produced locally. Manufacturers use fermentation and gasification processes for waste and residual flows, for example, from agriculture, the food industry, and water purification. Farmers can convert manure into green gas, which reduces the emission of methane, CO₂, and nitrogen. But people would rather not have a fermentation station in their neighbourhood. They’re afraid that it will smell, but the new fermentation facilities don’t smell at all. The image needs to change into a more positive one.”

LEARNED A LOT ABOUT HYDROGEN

Whereas green gas is already being produced on a larger scale, the production of green hydrogen has only just begun. Marieke: “There are pilots and many plans, but the production of hydrogen is still limited. Our goal is that we will be able to transport hydrogen safely and reliably via the existing gas pipelines in 2028.”

Enexis participates in the pilot project WaterstofWijk Wagenborgen in Groningen, where a residential neighbourhood is switching to hydrogen. “We are learning a lot about the distribution of hydrogen in this project. About adapting gas meters in homes, the knowledge that technicians require, and making gas pipelines suitable. When hydrogen becomes available on a large scale, we have to be ready.

Furthermore, it is important that production starts to speed up. We contribute to this by participating in pilots and by ensuring that the transportation of hydrogen will not form a bottleneck.”

NOSES IN THE SAME DIRECTION

Therefore, a lot still has to be done to make green gas and green hydrogen a success as an energy carrier. Marieke: “Significant steps have been taken in the past years. We have learned a lot about the distribution of green hydrogen and the first green gas booster has been realised. The Dutch government has introduced stimulation measures and the Netherlands Authority for Consumers & Markets is working on setting appropriate tariffs. Collaboration in the chain has also improved considerably - the noses of all parties involved are pointing in the same direction. This is an important precondition to achieve the goals.”



Farmers can convert manure into green gas, which reduces the emission of methane, CO₂, and nitrogen.”



Working on increasing grid capacity

STRATEGIC GOAL: WE OFFER ACCESS TO ENERGY FOR EVERYONE AT ALL TIMES

Indicators:	Result in 2023	Result in 2022	
Technically realised grid capacity	2,180 MW	1,670 MW	↗
Annual outage time electricity	20 minutes	14 minutes	↗
Annual outage time gas	137 seconds	109 seconds	↗
Number of upgraded electricity connections	42,718	40,700	↗
Number of connections that feed energy back into the grid	1,078,675	857,159	↗
Quantitative progress year order book	€ 1,214 million	€ 1,027 million	↗

↗ Increase ↘ Decrease ● Improved ● Deteriorated

Material topics:

Reliable and accessible energy grid	◆
Safe energy grid	◆
Information security	◆

◆ Highly material ◆ Material

DILEMMA:

Customisation versus standardisation in flex contracts

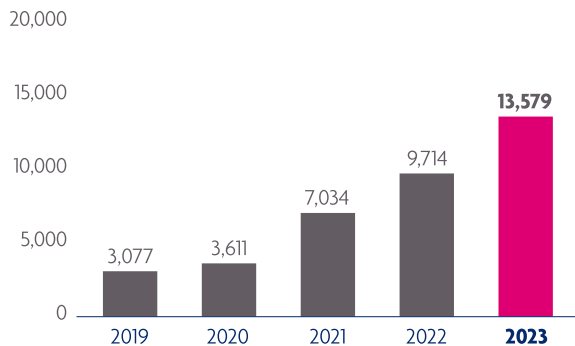
More efficient use of the grid requires a fundamentally different way of making use of the electricity grid. Therefore, we want to focus on offering standard flex contracts. However, customers prefer custom solutions that take up a lot of time.

Working on increasing grid capacity

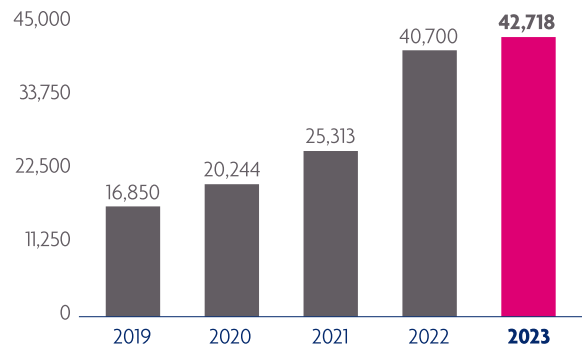
Providing energy to everyone, that is our core task. Unfortunately, access to the grid is no longer a certainty. We are being confronted with an overloaded electricity grid, transmission shortages, and waiting lists.

The demand for electricity has risen exponentially in recent years. Electric vehicles, buses, and trucks are becoming more popular, more and more households are opting for electric cooking and a heat pump and factories are switching to electric production processes. At the same time, the number of solar parks and wind farms are growing rapidly and more and more homeowners and businesses are installing solar panels on their roofs. Ambitious climate plans and rising energy prices are accelerating this process.

NUMBER OF REMOVED GAS CONNECTIONS

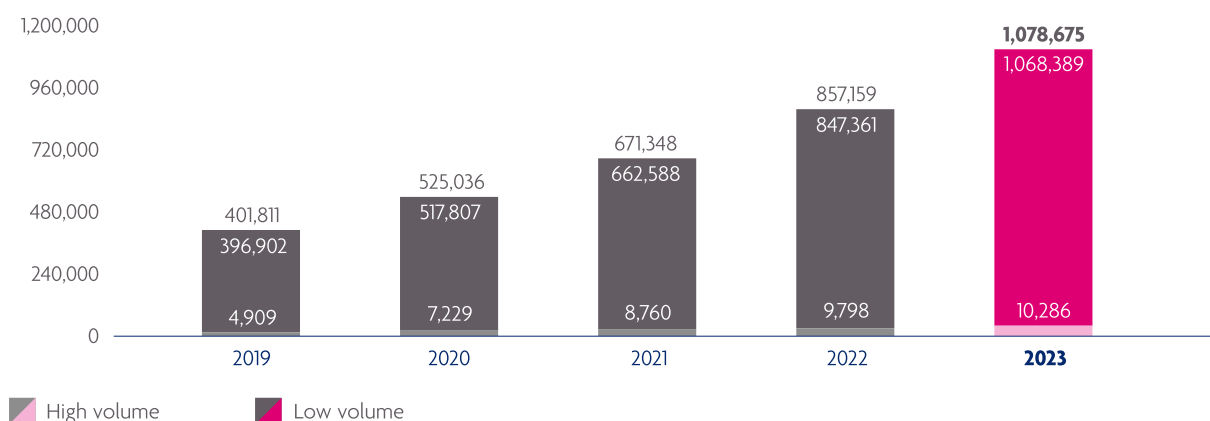


NUMBER OF UPGRADED ELECTRICITY CONNECTIONS



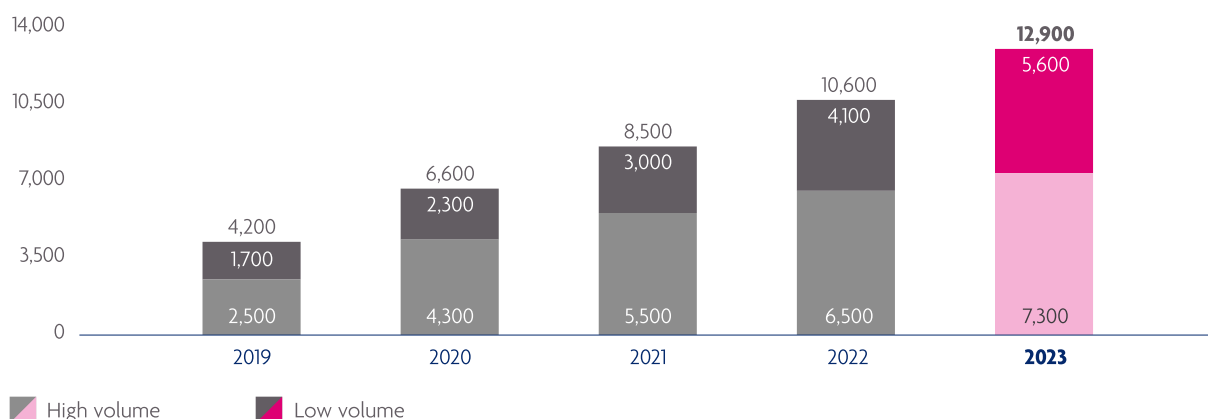
We removed 13,579 gas connections in 2023 (40% more than in 2022) and upgraded 42,718 electricity connections at customers; an increase of approximately 5% compared to the previous year.

NUMBER OF CONNECTIONS THAT FEED BACK INTO THE GRID

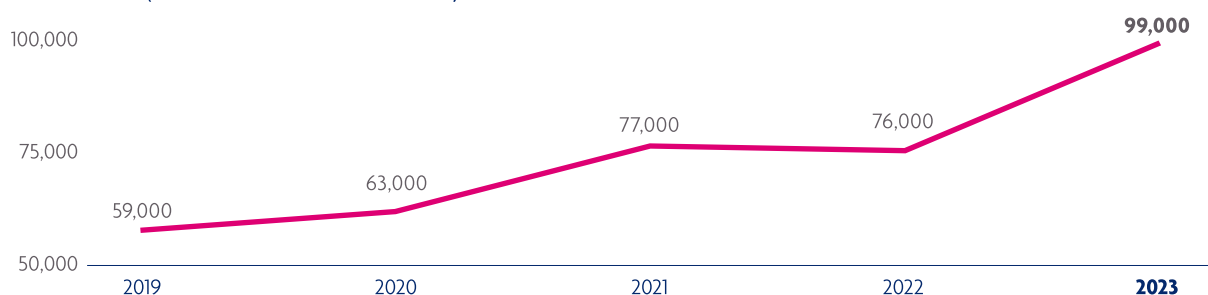




SUSTAINABLE INSTALLED CAPACITY (in megawatt)



GREEN GAS (Transmitted volumes in Mm³)



In addition, more and more businesses and households generated their own energy and fed part of this energy back into the grid. The number of connections that feed solar and wind energy back into the grid rose by over 26% to 1,078,675 connections (nearly equal to the 27% increase in 2022). The installed renewable capacity (the maximum capacity of all renewable energy sources) in our region increased in 2023 by 22%. The share of green gas that customers fed back into the grid increased by 30%. This is how we contribute to a sustainable energy supply.

WAITING LISTS CONTINUE TO GROW

The growing demand for energy and energy increasingly being fed back into the grid are leading to an overload of the electricity grid. There is too little capacity to transmit electricity in various areas. Access to the electricity grid and the corresponding transmission capacity is therefore no longer a certainty.

Large-volume business customers who want to have a new connection or an upgrade are placed on a waiting list. We think it will take five to ten years before the waiting list is a thing of the past. We realise that this has a huge impact. Businesses are unable to grow or become more sustainable.

Households are also increasingly being confronted with an overloaded grid. Their demand for electricity is rising rapidly, while feeding electricity back into the grid via solar panels is also increasing. As a result, the pressure on the electricity grid in residential districts is increasing. With as a consequence that households are having to deal with outages of transformers.

EXPANSION OF OUR GRID

INVESTING MORE THAN EVER

The most important solution for the transmission shortage is the expansion of the electricity grid. We are working hard on this. We expanded our grid capacity in 2023 by 2.18 gigawatt (including replacements and congestion management). We invested in total € 1,214 million in the expansion and maintenance of our grids, € 187 million more than in 2022. This increase is the direct consequence of the energy transition.

Work package

Groningen

Realised 2022

€ 161 million

Realised 2023

€ 240 million

Ambition 2024

€ 255 million

Drenthe

Realised 2022

€ 114 million

Realised 2023

€ 115 million

Ambition 2024

€ 180 miljoen

Noord-Brabant

Realised 2022

€ 386 million

Realised 2023

€ 435 million

Ambition 2024

€ 510 million

Overijssel

Realised 2022

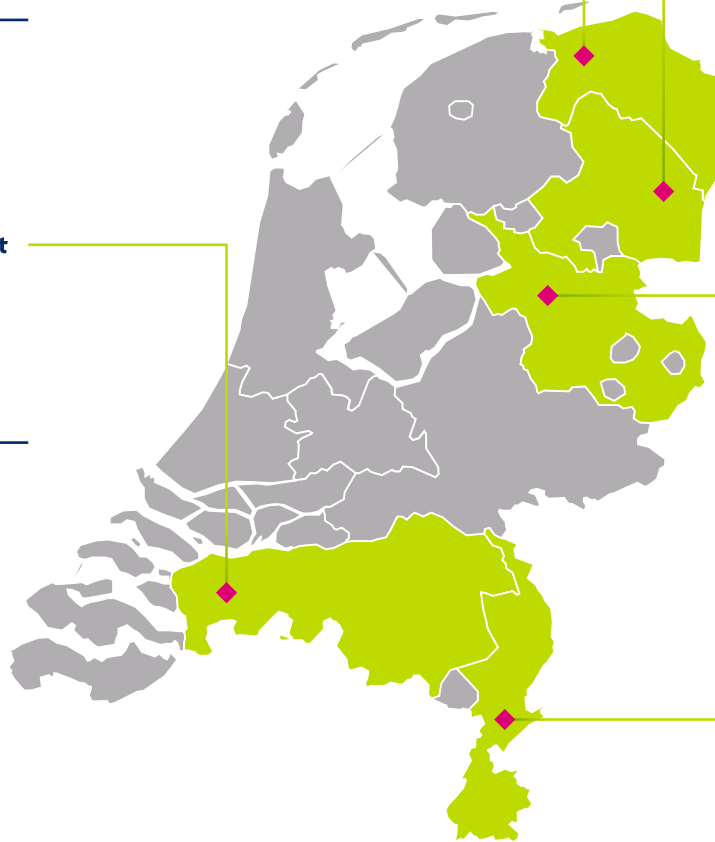
€ 178 million

Realised 2023

€ 197 million

Ambition 2024

€ 266 miljoen



Limburg

Realised 2022

€ 187 million

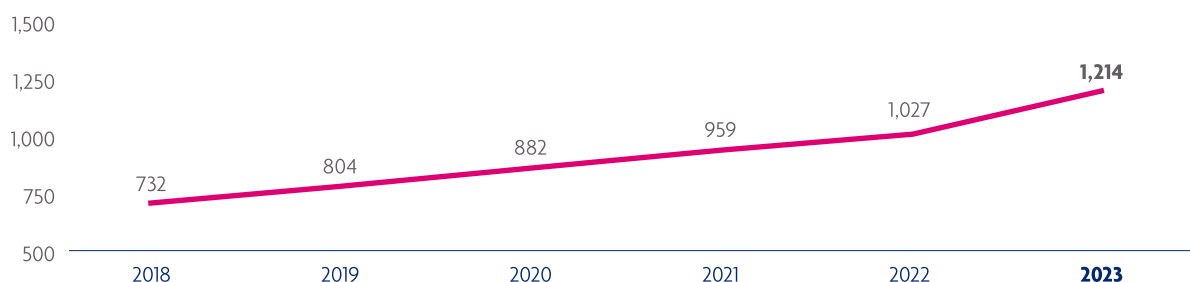
Realised 2023

€ 227 million

Ambition 2024

€ 270 million

WORK PACKAGE



Work package 2018-2023 based on standard costs.

The realisation is about € 126 million lower than the plan of € 1,340 million. The most important reason that we were unable to realise the original plan is the shortage of technical personnel. As a result, we were able to realise less maintenance and replacement work.

We presented the draft version of our investment plan for 2024 in November 2023. In the coming three years, we plan to invest € 3 billion in the expansion of our grids and about € 1.5 billion in maintenance and management of the existing infrastructure. The plan shows where we will be carrying out work in the coming ten years. We gathered the input for this plan from stakeholders, such as provinces, municipalities, and market parties. This is the first time that societal prioritised projects were included that provinces provided as input (via the pMIEKs). The plan also clearly shows that there is a considerable 'feasibility gap' up to and including 2026. This is the difference between the market demand and our execution capacity.

PRODUCTION CARAVANS

We are scaling up considerably and are building as much new infrastructure as possible. But more is required. We have to accelerate the execution. This is only possible by working in a different way together with grid operators, contractors, commissioners, and governments. In the Nationale Uitvoeringsagenda [National Execution Agenda], which we published together with other grid operators in November 2023, we explain how we aim to realise this acceleration up to 2035-2040.

In the coming years, we will expand all 125 existing high-voltage stations and we will build dozens of additional high-voltage stations. We will also install thousands of new transformers in residential districts, we will upgrade thousands of existing transformers, and we will lay in total 16,000 kilometres of the highest capacity cable. For this, one out of three streets will have to be dug up in the coming ten years.



We will do this work district for district with "production caravans". In production caravans, contractors carry out the engineering, preparation, and execution work independently. We started working according to this method in a district in Sappemeer in July 2023 and then we started in other locations.

The preconditions must be right to be able to work satisfactorily with a production caravan. For example, local residents should be involved in the planned reconstruction in advance. We also plan to work together more closely with partners for the training of technical personnel. Sufficient designated land for all of the infrastructure must be available on time at an acceptable land price in the areas where we are going to carry out work. Agreements have to be made about cable lines, spatial integration, and communication with the surrounding area. It is also important that permits and traffic plans are in place. In this manner, the production caravan can start quickly and continue to work at a high pace, without interruptions.

A new department within Enexis is responsible for the expansion of the number of high- and mid-voltage stations. In order to accelerate the building of these stations, we aim for standardisation and prefab construction. When making the plans, we also look at where there is physical space for energy infrastructure and how we can integrate infrastructure in the surrounding area.

ATTENTION FOR THE SURROUNDING AREA AND LOCAL RESIDENTS

A lot of land and space are necessary to realise all the expansions. Electricity stations are becoming bigger and bigger and the number of stations will increase strongly in the coming years. New low-voltage stations will be built in residential areas. This is a challenge, in particular, in densely built-up urban areas. Clear communication and good local area management are crucial for the execution of our projects and to accelerate permit procedures. We want to listen carefully to local residents and inform them about the inconvenience that they can expect during the work on our infrastructure. This is why we hold meetings with residents and consultations with municipalities. We have also set up and scaled up a special department Ruimte & Recht to ensure that permits and land are acquired timely.

ENERGY SUPPLY IS RELIABLE

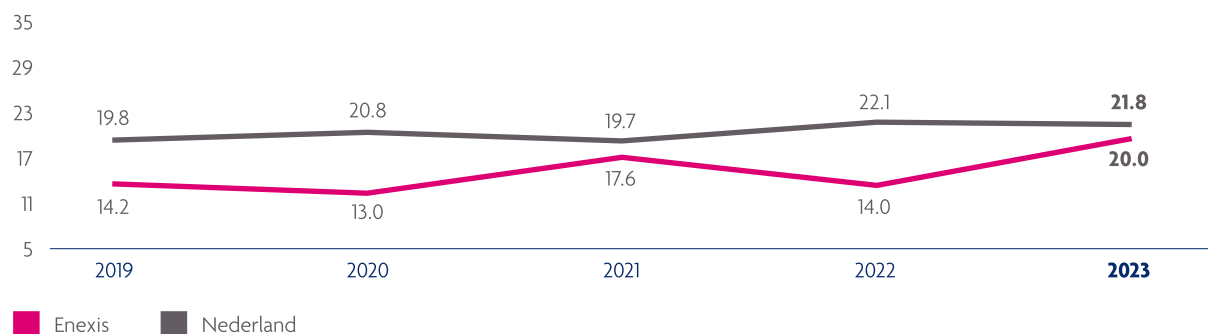
The shop will remain open as usual during renovation. We make sure that the reliability and safety of our grid - with more than two million customers - remain high. The figures show that we are succeeding in doing this: on average, our customers were without electricity for 20.0 minutes in 2023 (2022: 14 minutes). With this result, we have scored better than the national average already for a number of years. This is something that we are proud of. The high reliability of our grids is due to the huge investments in our grids and the use of innovative systems, such as Distribution Automation Light (DALI). This system quickly localises where there is an outage. On the other hand, the increase shows that we are reaching the limits of our grid, as a result of which the number of outages is increasing.

The gas supply was interrupted for 137 seconds in 2023 (2022: 109 seconds). The outage time for gas was higher than a year earlier due to four longer outages. This concerned three large outages in Limburg and one in Eindhoven, which together had more impact on the annual outage time than the total of all other outages in 2023 combined. Outages in the main line have an impact on a large number of users and a longer repair time.

Outage duration	Electricity (in minutes)	Gas (in seconds)
Groningen/Drenthe	25.2	72
Overijssel	23.8	80
Noord-Brabant Oost	14.8	117
Noord-Brabant West	18.7	71
Limburg	14.2	311
High voltage ¹	0.8	-
Average	20.0	137

¹ Unable to allocate geographically.

ELECTRICITY OUTAGE TIME¹ COMPARED TO THE NATIONAL AVERAGE



¹ Nestor electricity registration system.

HIGHER PERCENTAGE TRANSMISSION INDICATIONS ISSUED

We were able to issue a transmission indication for 93% of the requests in 2023 (2022: 79%). A transmission indication indicates that at the time that a request is submitted by a customer there is still capacity available on the electricity grid. With this indication, businesses that want to generate renewable energy and/or are working on reducing CO₂ emissions, can apply for an SDE++ subsidy. We received in total 1,000 requests. This is 40% less than in 2022; however, the total requested capacity was more than 40% higher. This means that the scale of the requested projects is increasing.

We were also able to issue a transmission indication in areas where there is grid congestion (see [congestion map](#)), because we have taken future investments into account in the upgrading of the grid when issuing transmission indications. A transmission indication is not a guarantee for the available capacity. The available capacity is only verified when we actually start processing a request.

NEW INVENTORY STRATEGY

We are carrying out more and more work for the energy transition, which requires a lot of material, for example, millions of metres of cable. We are building up large inventories to accelerate the work on our grids. So that we are better able to deal with shortages. Production problems at suppliers will have less of an impact on us and we will be able to deliver materials faster for the expansion of our grids.

This is also the case for reels. We had around 2,200 reels in stock in 2023, at the end of 2023 we had 4,000 reels and in 2026 we want to increase this number to 12,000 reels. We cannot store such large quantities of reels in our northern logistic operational centre in Hoogeveen. After a European tender, we selected Oegema Logistics+ as our logistic service provider. To help us increase our inventory capacity, this company invested significantly in its own premises. In a short period of time, two warehouse facilities of 130 metres were built. A new paved area was also installed. In this manner, we are expanding our storage capacity and we can deliver reels faster than ever in our whole service area.



MORE EFFICIENT USE OF THE GRID

NEW TYPES OF CONTRACTS PROVIDE EXTRA CAPACITY

During off-peak hours capacity is available on the electricity grid, for example at night. This capacity can be used, for instance, for charging electric cars and trucks. Besides grid expansions, we are therefore also looking at making smarter use of the electricity grid. To make this possible, as grid operators, we are working on contracts with alternative transmission rights and contracts in which we enter into transmission capacity agreements with various groups. Many changes are still required in laws and regulations for such contracts. We expect that we will be able to offer such contracts as from 2025.

ALTERNATIVE TRANSMISSION RIGHTS

By making use of contracts with alternative transmission rights (ATRs), we can connect more customers to the grid. Moreover, grid users that make use of alternative transmission rights benefit from a lower tariff. We distinguish two categories of ATRs: time-bound and dynamic contracts.

- With time-bound contracts, we agree a fixed window of time with the customer. The customer will then be given extra capacity, for example, at night.
- With dynamic contracts, we can limit the capacity for a maximum number of hours per year at times when we expect a peak in demand. Customers are informed no later than a day in advance in the event of such a limitation.

GROUP TRANSMISSION AGREEMENT

More and more businesses on business parks are forming an energy hub to make more efficient use of energy together. They coordinate energy production, consumption, and storage together. In this manner, they can increase their sustainability and expand their activities if necessary. Energy hubs also free up grid capacity. We would like to support energy hubs with group transmission agreements. In such an agreement, we agree a maximum to be used transmission capacity with the energy hub. Participants in the energy hub coordinate among themselves how they are going to use this capacity.

As far as energy hubs are concerned, there is still a lot to learn with regard to the technical, organisational, and legal aspects. Enexis is involved in pilots in Almelo, Zwolle, and Hapert. Together with the participating companies, we are looking into how they can make more efficient use of the grid by coordinating demand and supply.

CONVINCING CUSTOMERS

More efficient use of the grid requires a fundamentally different way of making use of the electricity grid. The reality is that, as yet, we have not been able to convince large-volume business customers of the merits of our flex solutions. Therefore, we are going to approach customers more actively to inform and convince them of the importance of this way of using electricity. In addition, we also want to increase the awareness among everyone, both businesses and households, that energy must be used at times that it is abundantly available.

DILEMMA: CUSTOMISATION VERSUS STANDARDISATION IN FLEX CONTRACTS

In the past year, we learned a lot from all the meetings we had with customers to discuss flex capacity. One of the lessons learned is that offering customised contracts to individual customers is not the solution given the scale of this problem. The ratio between the available flexible capacity and the number of meetings we conducted is disproportional. We benefit from simple, easily understandable contract forms for the customer, which we can offer in a relatively short period of time.

In 2023, we concluded a number of custom contracts to assist customers. We are drawing lessons from this on how to best shape the standard contracts. Additionally, we have started offering fixed time windows on a small scale where space is still available. We see that customers are open to this. The shift from customization to standardization when it comes to flexibility contracts is a trend that we also observe among other grid operators.

CLOSER COOPERATION AND DIGITALISATION

BETTER ALLOCATION OF ENERGY CONSUMPTION

We allocate the energy that is transmitted via our grid to energy companies on a daily basis. This is an important process: the more accurate the allocation, the better the balance on the grid and the fewer corrections afterwards. The allocation takes place based on consumption profiles. These no longer provide a correct portrayal of the changing demand for electricity, also due to own energy generation, the charging of electric vehicles, and the use of heat pumps. We have been working with dynamic profiles since April 2023 and a distinction between customers who feed energy back into the grid and who do not. These profiles result in a significantly better allocation of energy flows. As a result, we have to settle fewer differences with the energy companies afterwards; this volume has decreased from 300 gigawatt-hour to 30 gigawatt-hour per month.

Changes in the demand for energy are also leading to changes in the market. For instance, in 2023, energy supplier Vandebron decided to charge feed-in costs to customers with solar panels. The costs for feeding energy back into the grid are becoming higher and higher, and in this manner, the costs are being paid by customers who actually make use of this.

When the Energy Act comes into effect, we will be able to allocate energy even more accurately as we will then be allowed to make use of more information from smart meters. An estimate based on consumption profiles is then no longer necessary.

The problems in 2022 with reading the smart meters were solved completely in 2023. We thus now again satisfy the market agreements that were made.

MORE GRIP AND POSSIBILITIES THANKS TO DATA AND DIGITALISATION

Data-driven working and digitalisation help us in the energy transition. They make work processes more efficient and support us in the collaboration with partners and customers. We also make use of data and digital technology for congestion management and the training of new technical colleagues. With the HoloLens, for example, a form of extended reality (XR), we are taking a first step in the digitalisation of working and training. With the HoloLens, mentors can provide more flexible support to their trainees as trainees can work more independently to acquire certain skills.



Data and digitalisation also require a sound foundation and the management and control of risk (see box). In order to benefit from digitalisation in a responsible manner, we have translated views and policy into clear plans and we are working on the digital resilience and fitness of our organisation and employees, for example, by making people aware of the dangers of cybercrime. We plan to establish an AI Centre of Excellence in 2024, a central department with knowledge of AI that stimulates and monitors the use of AI, and takes action with regard to relevant laws and regulations.

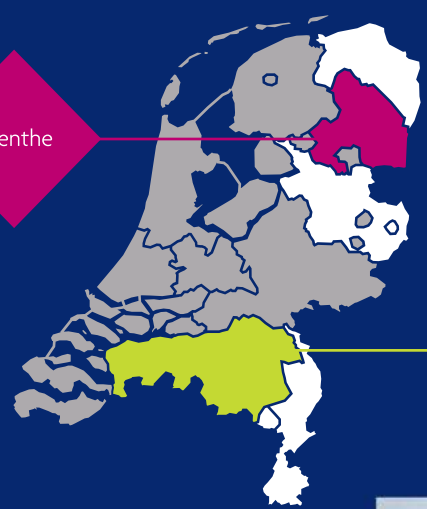
Together with the other grid operators, we formulated a view in 2023 on exchanging data. This has resulted in one data counter for all grid operators that handles data requests of partners in the energy transition centrally.

Safeguarding digital security

The threat of cyberattacks has been growing worldwide already for years. Digital security is therefore a top priority at Enexis. With an integral and proactive approach, we focus on technology, employees, and processes. We protect our vital infrastructure, ICT and personal data, train employees in digital resilience, and have adequate information security processes in place. Throughout the whole organisation, teams and employees are tasked with safeguarding digital security. We are also working together intensively with the government, chain partners, and parties within the energy sector. As a result, we are informed about current threats, incidents, and vulnerabilities in systems and we can take action quickly.



Working on our grids



CITY CENTRE ASSEN

The city centre of Assen is undergoing a major reconstruction since the end of 2023. This ambitious project is being carried out by Enexis, water supply company WMD, Ziggo, and a combined contractor. We are relocating cables and pipelines and replacing the low-voltage cable in order to facilitate the energy transition. This work is taking place in the narrow streets of Assen, often close to old and sometimes monumental buildings. Important attention points in this project are the accessibility of shops and the safety of the shopping public while the work is being carried out. Communication within the project team is taking place via the Construction App, that is managed by the contractor's site manager. Our civil engineering manager is supervising the work of our gas and electricity team.



PROJECT NIEUW-WEERDINGE

We replaced our District Station (DS) in 2023 in Nieuw-Weerdinge because it was difficult to access. We opted for a pilot project to install a new, modular prefab DS. The in- and outflow cables were already installed in advance. The reason why we initiated this pilot project is that installation after the foundation and the set has been installed requires a lot of effort on the part of our technicians and an uncomfortable working position.



UPGRADED MID-VOLTAGE STATION IN WAALWIJK

We completed our modernised mid-voltage station in Waalwijk in 2023. We modernised and expanded this station together with TenneT in order to take the next step in future-proofing the electricity grid in Noord-Brabant. As a result of the expansion, we were able to provide new or upgraded connections to various large-volume customers in the region. Additional expansions in the high-voltage grid are necessary to be able to use the full capacity of this modernised station.



GAS PIPELINE UNDER THE BERGSCHÉ MAAS

Enexis and the Dutch Department of Waterways and Public Works worked together in 2023 on the A27 motorway Houten-Hooipolder project. We carried out three important drillings to relocate gas pipelines and other utilities. The regulations for gas pipelines have been changed so that the gas pipeline may no longer be attached to the Keizersveer Bridge. Moreover, the pipeline runs partially under the planned expansion the A27 motorway. This is why we are drilling the gas pipeline under the Bergsche Maas to the new protection pipes that were installed in the road verge of the Keizer Napoleonweg. We will use advanced technology for the drilling to follow the drilling route exactly without causing a lot of inconvenience for shipping traffic or road users. To limit inconvenience, we are communicating extensively with the municipalities and the residents. Unexploded explosive could possibly be lying in Hank; therefore, we have rescheduled the drilling to the fall of 2024.

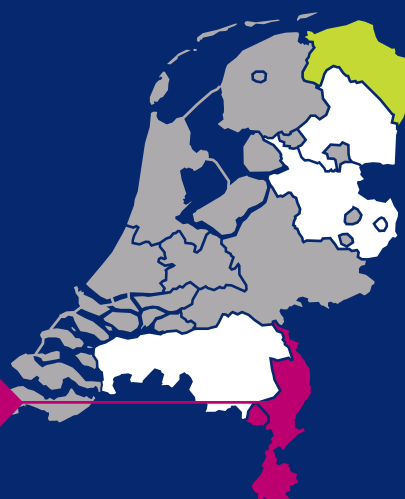


Working on our grids



UPGRADE FOR BRICK FACTORY IN BEEK

Enexis is drilling deep underground to upgrade the transmission station in Beek and Elsloo. We are doing this for the new, electric-powered drying rooms that the brick factory VanderSanden in Beek is building to save one million m³ of gas per year. From the high-voltage station located nearby, we are upgrading the transmission station over a distance of 3.3 kilometres. This is a major operation. Enexis is drilling horizontally over 1.9 kilometres of the planned route. We chose this solution in order to avoid inconveniencing the residents of Beek and Elsloo as much as possible. During the drilling, we have to take the cables for data and pipelines for high pressure gas, sewage, and water into account. We are also drilling under the railway and under a railway crossing. In addition, there is a through road on the planned route over which around 10,000 cars drive daily. In total, we will be carrying out nine horizontal drillings. The 80-ton drill equipment can drill a length of 308 metres up to a depth of 17 metres. We will be drilling in roughly three phases. A small drill head will go into the ground in the pilot drilling, which will be monitored and redirected if necessary. We will then send a larger drill head from the exit point to make the drill opening wider. Finally, we will use a pull head to pull the drill through the protective pipes to the exit point and pull the cables through the pipes.



Groningen

Limburg



NEW STATION REUVER

On the corner of the Broeklaan and the Sint Annastraat in Reuver, an old transformer station was replaced by a new station with a larger capacity. The reason for the new station was the request for two new customer connections for two solar parks in the municipality Beesel. One offshore and one on land. The connections had already been approved for subsidies and therefore they had a deadline. But the existing mid-voltage installation did not have the capacity for expansion. The first plan - a new location - turned out not to be feasible. A new station on the existing premises was possible with some creative solutions to make optimal use of the limited space. The replacement of the transformer station and the realisation of new customer connections made it possible to improve the energy supply in the region and to provide power to the solar parks on time.



HIGH-VOLTAGE STATION MEEDEN

Enexis Netbeheer and TenneT worked together in 2023 on expanding the high-voltage station Meeden. This station plays an important role in the electricity supply. Not only in the region, but also in the rest of the Netherlands and even in Germany. The station in Meeden consists of three sections of 110 kilovolt, 220 kilovolt, and 380 kilovolt. Existing and new components are being expanded and adapted for all of these voltage levels. Up to 2026, we will be installing in total seven new transformers, so that Enexis and TenneT can continue to supply electricity in the future. The above-ground high-voltage connection between Meeden and Veendam will be reinstalled underground at the station and in the wooded area. The above-ground connection with three masts was torn down in 2023. The work has to be completed in 2030.

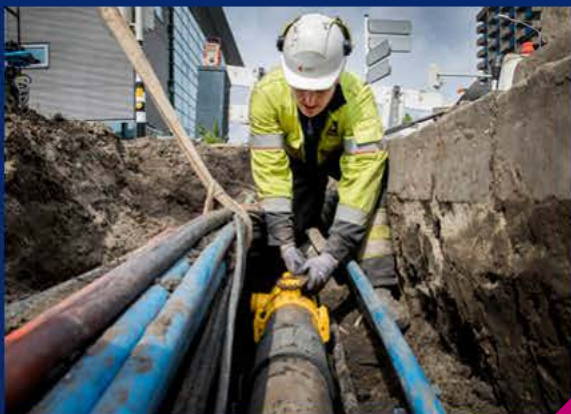


Working on our grids



Overijssel

Groningen



REPLACING A GAS PIPELINE IN ZWOLLE

Due to a gas leak in the Dijkstraat in Zwolle, we replaced a gas pipeline over a route of 300 metres in 2023. When carrying out an initial examination of the soil, it turned out that the soil was partially contaminated, so we combined the work with soil decontamination. What was special about this project is that the Dijkstraat is a busy, through road to the centre of Zwolle. In order to limit the inconvenience as much as possible, we made sure, together with our partners in this project, that the work was completed before the summer holiday.



NEW MID-VOLTAGE INSTALLATIONS AND DISTRIBUTION STATION IN OUDLEUSEN/DALFSEN

Enexis is replacing the obsolete mid-voltage installations in the distribution station Om de Landskroon in the rural area around Oudleusen and Dalfsen. The floor of the station is also being renovated. The function is being taken over by a temporary mid-voltage installation and a temporary distribution station. These will be removed when the new station is installed, and the electricity cables are connected again to the permanent station. This is the first time that two temporary containers are needed to replace a mid-voltage station. The engineers drew up a detailed plan to switch the old installation to the containers. Local residents showed a lot of interest in the project.



VIERVERLATEN

Vierverlaten is regarded as the biggest socket in the north of the Netherlands. We took new high-voltage fields and three power transformers with accompanying mid-voltage installations into use in April 2023. As a result, in one go 270 megavolt amperes extra in connection capacity became available for the region Groningen. This is an important step in increasing sustainability and being able to connect more large-volume business customers. Thanks to the close collaboration between Enexis, Equans, TenneT, and Volker Energy Solutions, we were able to realise this project within two years after the design. Parallel to this project, another project is running in Kolham, in which we are relocating twenty cables and connecting 16 new cables. We plan to complete this by the end of 2024.



Communicating transparently about what is possible

STRATEGIC GOAL: CUSTOMERS CAN RELY ON US

Indicators:	Result in 2023	Result in 2022
% Custom connections desired date	67%	n/a
% Standard connections desired date	70%	n/a
Quantitative progress year order book	€ 1,214 million	€ 1,027 million

Increase
 Decrease
 Improved
 Deteriorated

Material topics:

Customer-oriented services



Highly material Material

DILEMMA:

Balancing between transparency and uncertainties in the expansion of the electricity grid

We aim for maximum transparency and predictability for our customers. To this end, we work together closely with TenneT. However, we continue to be confronted with uncertainties due to external developments. These uncertainties influence how predictable and transparent we can be to our customers.

Communicating transparently about what is possible

The huge renovation of our energy system demands good and transparent communication with customers. What can they expect from us when? With overview maps and regular updates, we provide insight into the developments on our grid and the waiting lists per HV/MV station. In 2023, we introduced a guide setting out possible solutions for more efficient energy consumption for businesses and industrial parks.

In more and more places, we are encountering the limits of the electricity grid. Of course, we are working hard on solutions by expanding and making more efficient use of the grid and working together more closely with partners and stakeholders. We are carrying out more work than ever. At the same time, we expect that we will continue to have waiting lists for large-volume customers in the coming five to ten years. That is painful. As businesses cannot be established, expanded or electrified as a result. Plans for the generation of renewable energy also have to be put on the shelf.

COMMUNICATING CLEARLY WITH LARGE-VOLUME CUSTOMERS

Customers react differently to the situation. The really big customers have already foreseen the problems on the grid and are examining the possibilities that are still available. Smaller businesses and family-owned businesses are experiencing the problems more strongly.

We aim to inform customers as clearly as possible about developments, waiting lists, and possibilities. For instance, we introduced a map in 2023 that shows per province and per station the number of requests on the waiting list for electricity consumption and for feeding electricity back into the grid including the requested contract capacity. The planned grid expansion at the station, the year in which it will be carried out, and the expected capacity that will become available are also shown on the map. In addition, we inform customers about the capacity on our electricity grid via a monthly update. In this monthly update, we also discuss new congestion areas and we provide information on congestion studies. In addition, we held special days in 2023 on which customers could ask questions and we informed customers via employers' organisations and sector organisations.

DILEMMA: BALANCING BETWEEN TRANSPARENCY AND UNCERTAINTIES IN THE EXPANSION OF THE ELECTRICITY GRID

Providing more insight is crucial in order to offer perspective to our large-volume business customers and stakeholders. Managing expectations is becoming increasingly important. We have to be able to tell our customers on the waiting lists when it actually is their turn. We are aiming for more transparency by communicating clearly about the duration and the progress of our work.

We are actively expanding the electricity grid, but the total capacity to connect customers also depends significantly on TenneT's expansion projects. A solid collaboration and close coordination with TenneT are therefore crucial, so that we gain better insight into TenneT's expansion project planning. Despite our efforts to align everything well, both we and TenneT continue to face uncertainties due to external developments, such as the autonomous growth of heat pumps and solar panels in households. These uncertainties affect predictability for our customers.

SOLUTIONS FOR LARGE-VOLUME CUSTOMERS

CUSTOMERS FREEING-UP CAPACITY

Businesses can also expand their capacity by changing their own energy behaviour. For example, they can shift part of their production to the night or charge their electric vehicle fleet at night. As there is often still enough capacity at night. In this manner, they free up capacity on the grid during the day. Another solution is not to expand their business activities at their own location, but in another area in the Netherlands where sufficient electricity is available.

The current situation is encouraging businesses to consider such solutions. We stimulate this by discussing the possibilities with customers and inviting them to consult with specialists in the market about this. There is also a guide on Enexis.nl aimed specifically at businesses and industrial parks that provides insight to businesses whether there are solutions for more efficient energy consumption, and if there are, what these solutions are.

CONTRACTS FOR FLEXIBLE CAPACITY

In the context of congestion management, we inform and approach customers with possibilities to make more efficient use of the grid. For example, we ask them, during expected peak hours on the grid, to give part of their capacity back to us temporarily in exchange for a payment. We do this for both the consumption of electricity and for feeding electricity back into the grid. Customers can conclude flexible capacity contracts for avoiding peak hours. On our website, we inform large-volume customers about the options. They can also indicate whether they are interested in making flexible capacity available.

We concluded our first contract for avoiding peak hours on 1 September 2023 with Eneco for a wind energy project in Farmsum. During peak hours, Eneco temporarily reduces feeding the electricity of this wind farm back into the grid. The total capacity of the wind farm is around 25 megawatt of which 10 megawatt is flexible capacity. To illustrate: this is comparable to 30,000 new solar panels. To be able to serve as many customers on the waiting list as possible, we proactively approach customers who can provide flexible capacity.



STEERING PRODUCTION

Feeding solar and wind energy back into the grid depends strongly on the weather. We make use of weather models to predict the feed-in. Sudden changes in the weather lead to deviations in these predictions. As a result, a grid overload can occur unexpectedly. It is then necessary for the certainty of supply of electricity to limit the feeding back in of electricity immediately. Until 2023, we could only do this by temporarily switching off the feeding of electricity back into the grid by customers without having entered into agreements with customers about this. We do not consider this a desirable solution for customers. This is why we introduced a new product in 2023: steering production. With this, the feed-in of solar parks and wind farms is temporarily limited when necessary. Customers who participate, receive compensation for this. We connected the first three customers in Den Ham in Overijssel in June 2023.

In the chapter [Together towards a future-proof energy system](#) another product called "ZonBalans" has been explained. We ran a pilot with ZonBalans in Tilburg in 2023. We approached 170 customers for this. Although there was interest for this product, it has unfortunately led to hardly any actual customers for this product. We plan to approach another 800 customers who are at the top of the waiting list in 2024.



SMALL-VOLUME CONSUMERS ARE ALSO EXPERIENCING INCONVENIENCE

The situation on the energy grid is less pressing for households and other small-volume customers than for large-volume customers. There is usually still capacity on the grid for a small connection. However, small-volume customers can also experience voltage problems or interruptions. The number of reports of voltage problems doubled in the first half of 2023 and outages of transformers occurred twice as often causing whole districts to be without electricity.

Small-volume consumers can also suffer inconvenience due to work being carried out in the street or new transformer stations arising in the neighbourhood. Moreover, more and more often, we are only able to connect new customers when new or upgraded cables have been laid. Therefore, they have to wait longer for their new or upgraded connection.

COMMUNICATING PROACTIVELY WITH SMALL-VOLUME CUSTOMERS

To inform small-volume customers about any possible inconvenience, we communicate proactively and provide insight into the situation on the electricity grid. We do this in a number of ways:

- We increased the amount of information on our website considerably in 2023. Visitors to our website can find information about the energy transition, the role of grid operators, and the to be expected problems directly via our homepage.
- We started with the preparations for the media campaign ‘Vol Energie’. This campaign - which will run as from January 2024 - is aimed at making customers aware of the full energy grid and the consequences of this. We hope to create more understanding for the situation, the work that we are carrying out on the grid, and the choices that we are making. At the same time, we also explain how customers can adapt their energy consumption to avoid problems and we encourage them to request an upgrade or a new connection timely.
- We inform customers who submit a request for a new connection or an upgrade directly at the time of processing the request whether we have to expand the grid first. In this manner, they know what to expect.
- During the processing of a request we, and our contractors, keep customers informed regarding the planning.
- Customers who are considering purchasing solar panels can check on our website whether there are voltage problems in their neighbourhood. In this way, they know in advance whether there is large likelihood that their transformer will automatically switch off when it is very sunny. We also provide tips here how to avoid and reduce voltage problems.



SHORTAGE OF PERSONNEL DELAYS CONNECTIONS

The Netherlands Authority for Consumers and Markets (ACM) published the new Code decision on the electricity connection waiting time for small-volume connections. We have to carry out new connections within 18 weeks. If no digging is required, a period of 12 weeks applies and, in the event of congestion, the maximum period is 52 weeks. We also expect a new code for large-volume users in 2024. Clarity about and predictability of the connection period are especially important for them.

The connection periods for small-volume customers are no longer realistic in our opinion. We are therefore appealing against the new code decision. The connection periods are based on historical figures and now often infeasible due to the huge increase in requests and a shortage of personnel. For the same reason - and because there is a shortage of materials - it is not possible to connect large-volume customers within the current period of 18 weeks. We do not expect a change in this situation in the short term. Not connecting customers timely can have financial consequences for us, for example, because we have to provide temporary solutions. It is difficult for us to estimate the cost of these temporary solutions.

GRID TARIFFS AND THE TARIFF MODEL

SIGNIFICANT INCREASE IN GRID TARIFFS

The grid tariffs rose considerably in 2023. This is largely attributable to higher energy prices; we have to purchase grid losses at these higher prices. In addition, the costs for the use of the high-voltage grid have increased. We pay a fee to TenneT for the transmission of energy over this national grid to our regional grids. The third pillar underlying the tariff increase is the exceptionally high price inflation in 2022 (+12%, calculated by the supervisor ACM based on figures from Statics Netherlands (CBS)). Excluding VAT effects (in 2022 there was a temporary VAT reduction as compensation for the higher energy prices), households paid 16.5% more for their combined electricity and gas bill in 2023 than in 2022.

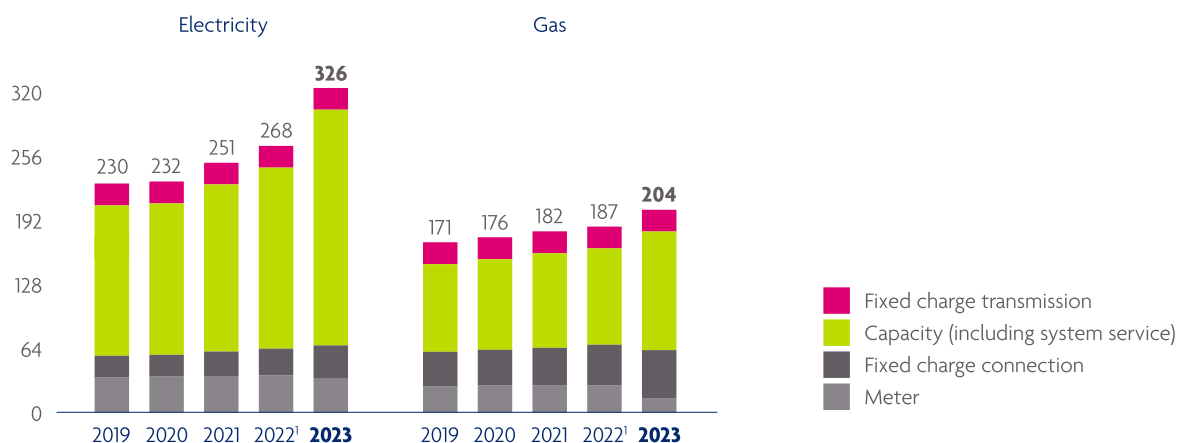
We expect a considerable increase in the grid tariffs again in 2024. TenneT's costs are rising further and a tariff increase is required to continue to build the energy grid of the future. In accordance with the ACM, we have determined that the combined electricity and gas bill, including meter rent, for households will increase by 22.9% in 2024. This amounts to approximately € 10 per month (including VAT).

TARIFF MODEL BASED ON ACTUAL DEMAND

As a result of our work in connection with the energy transition and the higher purchase costs of transmission at the national grid operator TenneT, grid operation costs will increase further in the coming years. This also leads to higher tariffs for customers. We advocate a tariff model, based on actual customer demand for transmission capacity. This stimulates customers to make more efficient use of the grid. We also advocate the use of a well-balanced mix of instruments to limit the tariff increase and accommodate the wishes of customers in as far as possible. For example, with technical or contractual measures or advice. All these measures should result in higher grid efficiency and a limited increase in costs.

The ACM, together with grid operators and other parties, started an investigation in 2023 into the desirability and possibility of introducing tariffs for feeding electricity back into the grid. At present, consumers of electricity are paying for the whole infrastructure. Power plants, wind turbines, solar parks, and businesses and households with solar panels can deliver the energy that they generate to the grid free of costs. We are of the opinion that everyone who uses the grid should pay. In addition, tariffs help to reduce feed-in during peak hours.

AVERAGE HOUSEHOLD BILL (annual grid costs in euros)



¹ The VAT rate was lowered temporarily in 2022 from 21% to 9%. For comparison purposes, a VAT rate of 21% was used for the whole year 2022 in the calculation.



“You’re always thinking: Is there anyway I can still help this customer?”

The employees of Enexis’s Customer Service department handle dozens of calls from business customers every day. The questions often deal with new connections or upgrades of existing connections. Unfortunately, the answer is almost always that it is not possible. Nevertheless, in general, these are productive exchanges, according to Customer Service employee Petra de Boer. “Customers appreciate that we’re trying to help them find possible solutions.”



The congestion on the electricity grid is leading to extra call traffic at Customer Service for large-volume customers. Petra: “The number of questions has clearly increased in recent years.” Petra has been working in the customer service department since 2018. “I started at the time that the first signals of grid congestion started coming in. Little by little, customers began asking questions about this. At present, I estimate that half of the questions have to do with grid congestion. Other questions are about, for example, invoices, the portal for business customers, or a change of name. It’s very varied work.”

PROVIDING INSIGHT INTO THE SITUATION

Petra: “It’s certainly disappointing to have to tell customers that they’ll have to wait a long time for a connection. It’s the case in nearly our whole service area that a new large volume connection or upgrade isn’t possible. There’s only still a bit of capacity in a small part of Groningen. It’s difficult that we can’t say when we’ll be able to help a customer. Possibly no sooner than in five or ten years. We’d like to provide more clarity, but we don’t have all the answers.”

By informing customers properly and suggesting possible alternative solutions, employees still try to help them. Petra: “We explain what the situation is with the congestion on the grid and what we’re

doing about this as Enexis. On the waiting list maps on our website, customers can see where there are transmission capacity shortages, and they can obtain insight into the waiting lists per region. They can also see when the grid expansion is expected to be completed and how much extra capacity this will result in.” Customer Service employees advise business customers to still submit a request, even if a connection is not directly possible. “They’ll then automatically be added to the waiting list and will be kept informed monthly via a newsletter about congested areas, grid expansions, and the progress of congestion studies.”



Customer Service employees advise business customers to still submit a request, even if a connection is not directly possible”

HELPING TO FIND SOLUTIONS

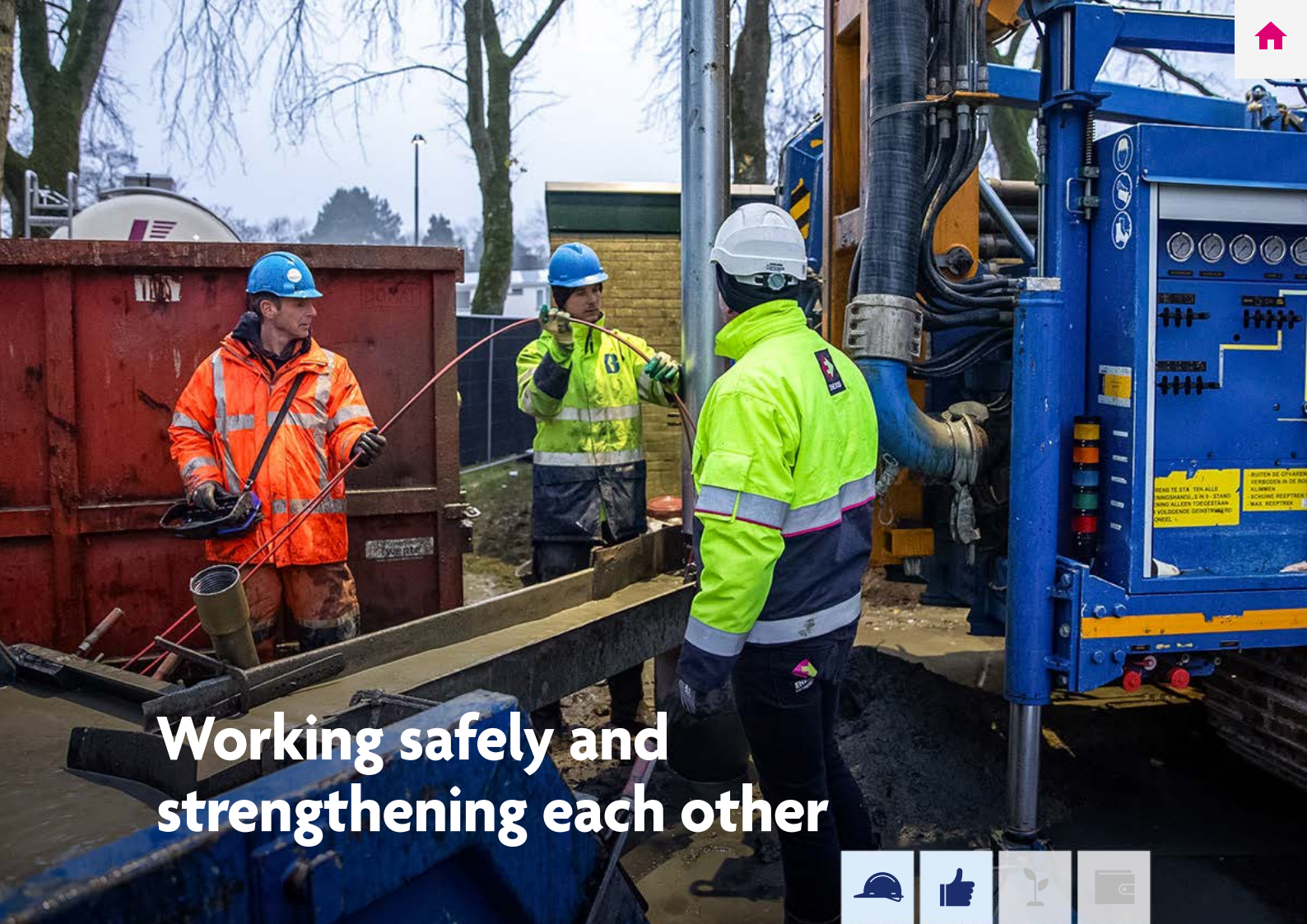
Petra: “Customers often react positively to these conversations. They appreciate that we’re trying to help them. We regularly also ask customers if there’s anything they can do themselves. Maybe

they can save energy, produce and store their own energy, or spread their energy consumption flexibly. There’s often still enough capacity at night. We stimulate business customers to think about other solutions. Customers who want to contribute to solving the transmission capacity shortage can make this know via our website.”

Petra: “Of course, there are also difficult calls. For example, if a customer says that if he’s unable to expand, he’ll have to dismiss personnel or even could possibly go bankrupt. I feel really bad about that.”

LEARNING FROM EACH OTHER

Employees are trained how they should handle these types of situations. Petra is one of the trainers. “We have a tight-knit team of 22 employees. They all think the work is interesting and want to help customers as well as possible. We also help each other by sharing knowledge, sparring about cases, and exchanging tips. In this way, we learn a lot from each other.” Petra concludes: “The congested grid is bad news for everyone, but it has certainly made our work more challenging. You’re always thinking: Is there any way I can still help this customer?”



Working safely and strengthening each other



Indicators:	Result in 2023	Result in 2022	
Lost Time Injury Frequency Enexis	0.6	1.9	↘
Lost Time Injury Frequency contractors	1.7	3.0	↘
Net inflow # of FTEs scarce technical personnel	370	314	↗
Employee Net Promoter Score	33	27.2	↗
Number of employees Enexis (own personnel)	5,490	4,984	↗

↗ Increase ↘ Decrease ● Improved ● Deteriorated

Material topics:

Safe and healthy working environment	◆
Employment and skilled employees	◆

◆ Highly material ◆ Material

DILEMMA:

Being able to put new employees to work quickly without making concessions where safety is concerned

We have a large inflow of new employees and an outflow of experienced employees due to retirement. How do you train new employees efficiently so that they are able to contribute (faster) to the energy transition without compromising safety? And how do we ensure that the knowledge and expertise of experienced employees is not lost to the company in the coming years?

Working safely and strengthening each other

Working safely has the highest priority throughout our organisation. Also now when our work on the energy system of the future demands a lot from our organisation. In this manner, we continue to strengthen our safety culture together with our employees and the contractors with whom we are collaborating more and more closely. Together, we want to get more work done in a safe manner.

Safety is a top priority at Enexis. Distributing and working with electric voltage and flammable gas under pressure can lead to safety risks. Everyone in our whole organisation is aware of this, from employees who work on the energy grid to the departments that support the operation.

STRENGTHENING OUR SAFETY CULTURE

With the Safety Culture Ladder, we continue to work on strengthening our safety culture in 2023. This instrument measures the safety awareness of organisations, as reflected in attitude, behaviour, and culture. Operations already scored well on step 3 (calculative) in 2022, Asset Management and Supply Chain Management also attained step 3 in 2023. 'Calculative organisations' have proven that they consider safety rules important. They are aware and they assume responsibility, although this is often based on self-interest. Involvement in safety and compliance with rules and laws is mainly the task of (senior) management. We aim to attain step 4 (proactive) in the coming year. Proactive organisations can demonstrate that safety has a high priority. And that they constantly pay attention to safety across all layers of the organisation.



STIMULATING SAFE BEHAVIOUR

To protect employees, we try and limit risks as much as possible. We do this with the aid of safety standards, training, proactive measures, and a safe work culture. We also closely monitor what is happening in our grids and constantly stimulate the safe behaviour of our employees. We do this by paying attention to safety when visiting workstations and workshops, by constantly improving processes, by learning from incidents, and by providing positive safety examples. With our Health, Safety & Environment (HSE) Award, we also pay tribute to colleagues every year who have promoted safety in special or visible way. The HSE Award in 2023 was awarded to a technical manager in our Brabant-Noordoost location. All company vans for our technicians are equipped with an AED. The technical manager ensured that the company vans may also be used outside working hours if heart massage with an AED is necessary.

INCIDENTS WITH ABSENTEEISM

It is self-evident in such a safety-aware environment that we want to prevent work-related accidents from happening, for our own employees as well as for external hires and at our contractors. We do our best every day to prevent accidents. In 2023, mainly minor incidents resulting in limited injuries to Enexis employees occurred. The Lost Time Injury Frequency (LTIF) shows the number of incidents resulting in absenteeism per one million hours worked. The LTIF for Enexis employees amounted to 0.6 (2022: 1.9). The LTIF for employees of our contractors amounted to 1.7 (2022: 3) and there were no serious accidents. This is a strong improvement of both indicators compared to last year.

Accidents and LTIF ¹	2023	2022	2021	2020	2019
Fatal accidents	-	-	-	-	-
Enexis	0.6	1.9	1.2	0.8	1.2
Contractors	1.7	3.0	1.2	2.6	2.6

¹ LTIF: the LTIF is the number of accidents resulting in absence per 1,000,000 hours worked.

With this, we have realised our goals with regard to safety. However, every accident is one too many. Safety remains a central focus of attention in the coming years.

We compare our performance with that of other comparable companies to make visible what is going well and what could be improved. Compared to similar companies in the sector, Enexis' safety score is sufficient (Stedin: 0.24; the figure for Alliander was not yet known at the time of publication of this report)

LEARNING FROM (NEAR) ACCIDENTS

Learning from accidents and near accidents has top priority; therefore, we monitor and analyse all incidents. We share the outcomes and incorporate these lessons in our work protocols, team meetings, training programmes, and training sessions at our in-company vocational training sites. We also work together closely with contractors to improve safety. When carrying out work in the field, we try to protect our employees as much as possible also against verbal and physical abuse from citizens and people who ignore speed limits or barricaded work areas. In 2023, in the south of the country, we continued with the successful practice of completely closing roads for traffic when we were carrying out work. We do this in close cooperation with municipalities.

GETTING MORE WORK DONE SAFELY

We consider it important that we scale up our work on the energy system in a safe manner. For example, we intend to outsource more work to contractors. And we also plan to outsource the work preparation to them. To this end, we have tried out new ways of working with contractors on a small scale in 2023 and we ran pilots in various areas in the Netherlands. With the programme Product Growth, that we launched in 2023, we developed a national safety framework and training programmes for employees and contractors based on our experience within the pilot projects.





WORKING VOLTAGE-FREE AND GAS-FREE

In order to reduce safety risks, Enexis aims to carry out more work voltage-free and gas-free. We consider this even more important in this time of enormous product growth and shortages on the labour market. An additional advantage is that new less experience employees can start working in the grid sector safely much sooner. Working voltage-free and gas-free will remain high on our agenda in the coming years.

COLLABORATING WITH CHAIN PARTNERS

We are strengthening the collaboration with our contractors. Effective collaboration is crucial to be able to carry out more work structurally. Therefore, we are opting for long-term contracts with a healthy return so that contractors can invest in the growth and development of their employees. We will also put together concrete work packages that give contractors the room to organise their work more efficiently. Enexis is increasingly taking the leading role: we are shifting work such as the work preparation to the contractor. The contractor may only take over the work after a thorough training that meets our internal requirements.

COLLABORATING TOGETHER

With the European tender for our infrastructural work, we laid the foundation in 2023 for a new way of collaborating in the service area Groningen, Drenthe and Overijssel. This concerns a contract of in total € 2.5 billion. Besides Enexis, the grid operators Coteq and Rendo, water companies Vitens, Waterbedrijf Groningen and WMD, and VodafoneZiggo participated in the tender. Together, we founded Foundation GROND'G. The tender was twofold: combined work for the grid operators from Foundation GROND'G and work for Enexis itself that is being carried out as from 1 November 2023.

RECRUITMENT, TRAINING, AND PERSONAL LEADERSHIP

The energy transition poses a large and complex challenge for Enexis. This requires high quality, well-trained technical personnel. Recruiting and retaining employees was more important than ever in 2023.

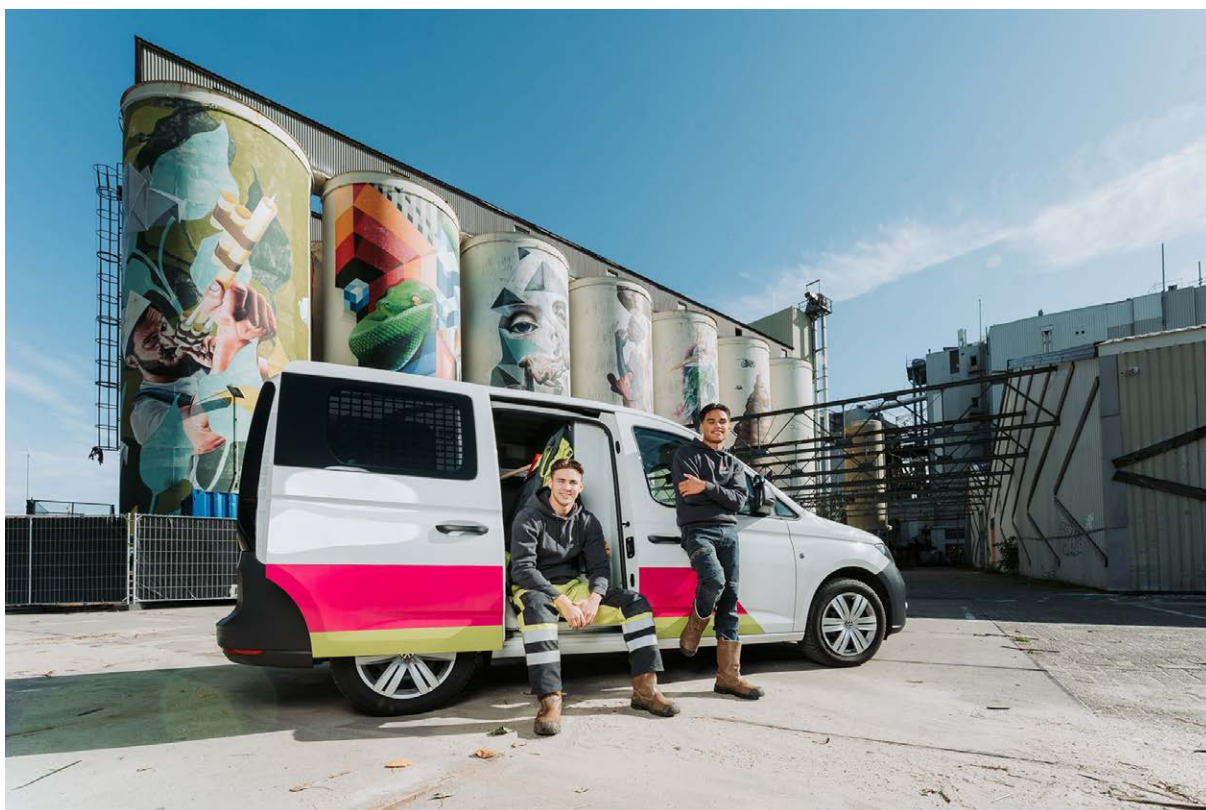
Personnel	2023	2022	2021	2020	2019
Number of employees at year-end (own personnel)	5,490	4,984	4,947	4,767	4,488
FTEs at year-end (own personnel)	5,268	4,794	4,772	4,591	4,317
Female employees as a % of the total workforce	21.5	20.6	19.8	19.7	18.8
Absence due to illness (%)	5.4	5.5	4.7	4.9	5.4

At year-end 2023, Enexis employed 474 FTEs more own personnel compared to 2022.

FINDING TECHNICAL TALENT

The overhaul of the energy system leads to a lot of extra work. Enexis is urgently looking for technical employees who can contribute directly to this task. Unfortunately, the shortage of technical personnel is greater than ever at present. It is difficult to find suitable personnel in the whole technical sector. This is especially a problem in the south of the country.

To reach this scarce and sought-after personnel as well as possible, we expanded our recruitment team substantially in 2023. We developed a new employer branding strategy together with the Communications department: what do we offer our existing and future employees? The underlying idea is that working at Enexis is more than a good salary, career opportunities, a pleasant working environment, and satisfaction in your work. It is about the personality, culture, and values of our organisation and our employees. This message also resounds in our new labour market campaign: Met energie kan het [Energy makes it possible]! This campaign is a framework for all our new labour market communications. Our new *working at* website is also part of this campaign and people who are interested in Enexis and jobs at Enexis can visit this website for more information. In addition, we have made it easier to apply for a job. People no longer have to submit a resume or motivation letter.



RECRUITING NEW COLLEAGUES

Our target for 2023 was to recruit 361 new colleagues in technical positions. This is an increase of 186 colleagues compared to the previous year. We are proud that we have succeeded in doing so in this very tight labour market. We also worked together with organisations such as the Refugee Talent Hub to recruit ICT professionals. Our own employees were also ambassadors for Enexis. Since October 2022, we reward colleagues who refer people from their own network for a job at Enexis. We have already recruited over 200 people this way. Moreover, we also look ahead to the distant future: we participate in Power up the planet, a campaign of all the grid operators to make young people enthusiastic for technology. We also participated in Girls' Day in 2023, together with Alliander and Stedin, an initiative to introduce girls to the world of technology.

	Male				Female			
	Inflow	Outflow	Total male	Average term of employment ¹	Inflow	Outflow	Total female	Average term of employment ¹
In- and outflow²								
under 30 years	171	24	147	1.42	55	8	47	2.38
from 30 - 50 years	258	89	169	5.37	93	29	64	5.14
over 50 years	54	131	-77	29.37	24	26	-2	21.23
Total	483	244	239	17.87	172	63	109	11.43

1 Average term of employment in the event of outflow.

2 Employee turnover rate: 5.9%.

TRAINING NEW EMPLOYEES

Safety is also a top priority for new colleagues. All our employees must be well-trained and comply with all safety requirements. To ensure that new employees have the right skills and can work safely and productively, we develop new training programmes. For example, we started the dual training programme for electro-technicians together with Avans, which attracted twice as many electro-technology students. Because we offer our existing training programmes in a flexible manner, we also have been able to accommodate the demand for training programmes within Enexis. In 2023, 238 students started the training programme for technician, technical manager or engineer.

LEARNING AND DEVELOPMENT

Enexis took major steps in the area of learning and development in 2023. The aim is to thus strengthen our employees' skills, improve processes, and continue to provide innovative solutions to our customers. We developed modular training programmes that train our employees specifically for the tasks that they will be carrying out, such as the vocational training programme for low-voltage distribution technician (level 2) and the programme for connections technician. We also launched the project Infra Talents, in which we recruit and train personnel together with our contractors. The objective of this project is that both the work packages of Enexis and that of our chain partners can be carried out successfully. We also developed new training material for students, such as training programmes with the HoloLens, which shows 3D objects in the real world. To improve efficiency and user experience in requesting and consuming training, we worked hard in the past year on the further development of EnexisLeren [EnexisLearning] to a full-fledged learning management system.

DILEMMA: GETTING NEW EMPLOYEES UP TO SPEED QUICKLY WITHOUT COMPROMISING ON SAFETY

We have a lot of new employees coming in and experienced employees leaving due to retirement. How do you efficiently train new employees so that they can contribute to the energy transition (more quickly) without compromising safety? And how do we ensure that all the expertise of experienced individuals doesn't disappear from the company in the coming years? We do this by smartly assessing the experience or background of new employees so that training can be tailored to their needs. Additionally, we provide more modular training through practical education. This way, employees can be deployed more quickly for certain types of tasks and gain valuable experience before moving on to new topics. Experienced employees are involved in this process as mentors.

TRAINEESHIP YOUNG TALENT

Besides new employees, we also treasure our existing employees. We do our best to retain our employees with training programmes and career opportunities. For instance, we have a two-year traineeship for (operational) management designed for young professionals with a strong development potential and change capacity. In an accelerated development programme, we prepare them for a position as team manager, advisor, or specialist. 2023 was a successful year for the traineeship. All nine trainees found a position within Enexis at the end of their traineeship. And all twelve, who passed on to the second year of the traineeship, have found a new assignment. As planned, we also recruited twelve new trainees who are carrying out an assignment at ten different business units or branches.

BEST TRAINEESHIP

Enexis won the Best Traineeship Award in the category Learning & Development (L&D). The jury judged whether the traineeship was well thought out and embedded in the whole organisation. The traineeship must strengthen the participants and ensure that they are well-prepared to steer the company's performance. The jury also examines whether the programme contains an analysis of the trainee's individual learning requirements, such as an L&D plan that is adapted as the trainee develops and takes on new projects. The jury was impressed by the combination of the use of creative and game-like programme elements such as the animal model and the 4-day action-based learning outdoor programme. This results in the creation of a safe environment, with support and guidance, allowing the trainees to fail, experiment, and learn. To strengthen the inflow and upward career mobility of young talent within Enexis, in 2023, we decided to pay more attention specifically to work placement students, graduate students, trainees, and starters.

PERSONAL LEADERSHIP

Enexis considers it important that employees not only put the core values into practice but also promote these values. This requires leadership. We are convinced that everyone has leadership qualities - irrespective of their job title - and we inspire and motivate employees to demonstrate their leadership qualities. This enhances mobility. Strengthening leadership qualities starts with self-reflection, interest in others, asking questions, and listening.

We have determined our core values clarity, inclusiveness, and continuous learning together with our employees. We promote these core values within Enexis in various ways:

- Employees were able to take note of meaningful stories and best practices of their colleagues via internal channels in 2023. In this way, they come into touch with the core values in a low-threshold and accessible manner.

- Together with several business units, the HR department launched a new leadership programme in May 2023. This programme is directed at curious and reflective employees who wish to strengthen the collaboration among colleagues and work on their personal leadership in a dynamic organisation. The programme started with 95 employees and welcomed another 105 employees in November.
- We continued with the development of the leadership compass that we introduced in 2022. This compass provides employees with concrete tools to be clear, inclusive, and learning-oriented in their work.
- We started looking for influencers within Enexis in 2023 via an internal survey. These are employees who colleagues see as informal leaders; employees whom people go to when they have questions or when they want to get something done. The aim is to build a community together with these influencers across all layers of the organisation.
- We are working on a new type of performance appraisal. The changing world and personal needs of employees demand a new approach. Therefore, we developed a performance-management approach focusing on attention for each other. When employees are continuously working together on their personal development, skills, vitality, and team and individual performance, they are better able to function in a changing environment. The trade unions gave their approval for this new approach in December.

AN ENEXIS FOR EVERYONE

In order to be an organisation for everyone, we have been paying extra attention to diversity and inclusiveness since 2022. Inclusiveness is one of our three core values and is incorporated in our leadership compass. We regard social safety as the basis of an inclusive organisation. This enables people to be themselves, to develop, and strengthen each other. With our programme 'An Enexis for everyone', we are working on the following long-term objectives:

- An inclusive organisation culture
- Balance in diversity in all positions throughout the organisation
- Embedding diversity and inclusiveness in HR and other processes

WORKING TOGETHER ON AN INCLUSIVE CULTURE

We paid a lot of attention to awareness in 2023. By explaining which objectives we have in the field of diversity and inclusiveness, why we have chosen these objectives, and how we want to realise these objectives together. We worked on strengthening awareness through, for example, team and MT sessions, events, master classes, and practical interventions.

We are aware that this development requires a long-term commitment, money, and time and we cannot do this alone. Therefore, we seek to collaborate with colleague grid operators, social organisations, and market parties. With their knowledge and insights, these experts can help us to create an inclusive culture so that we are better able to retain employees. To this end, we work together with organisations such as Refugee Talent Hub, Foundation Young Diverse Leaders, Motopp, iSprout, Critical Mass, and Onbeperkt aan de Slag. We also set up a dashboard in 2023 to visualise the qualitative and quantitative diversity objectives.

In the realisation that we still have a long way to go, we nevertheless look back with satisfaction at the results that we achieved in 2023.

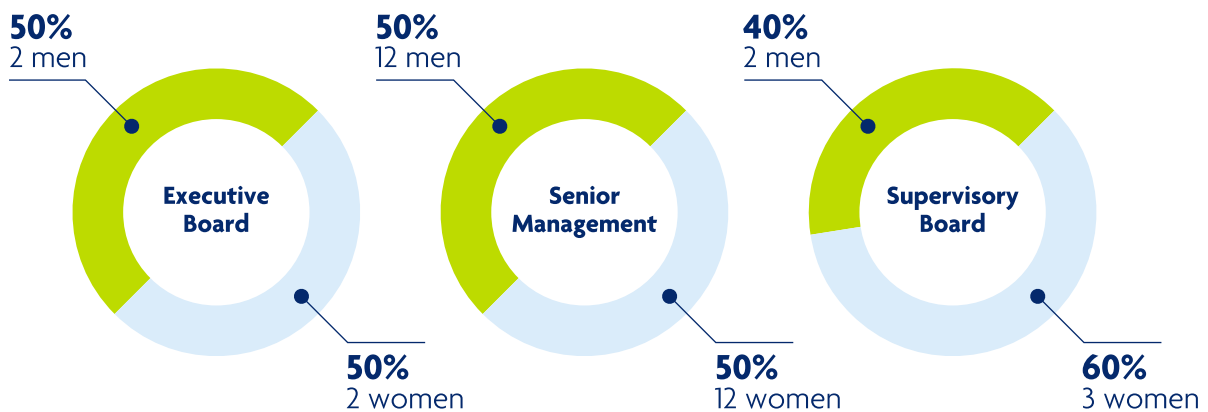
- We hired ten employees with a refugee background. They started working in the Operations and ICT departments. After completing a bridging programme or an extensive onboarding, these employees participate in the regular training programmes.
- We hired nine new colleagues from South Africa. They are following training programmes in the Netherlands and are participating in the Engineering Academy.
- We are starting with a dual-language policy in the ICT department. In this manner, we lower the threshold to apply for a job at Enexis. Therefore, we started an English language recruitment campaign for ICT personnel in 2023. New colleagues follow Dutch language courses and Dutch colleagues can also follow English courses. Thanks to this approach, we were able to hire nine new colleagues in this tight labour market.



MORE WOMEN IN TOP POSITIONS

Our aim to increase the number of women in management positions has also been laid down in our policy. We re-examined our targets for the gender ratio in the Supervisory Board (SB) and the Executive Board (EB) and senior management (sub-top). Companies are obliged to report their gender ratio separately in the Diversity Portal of the Dutch Social Economic Council since 2023.

MANAGEMENT LEVEL



The gender ratio in the EB is 50% male and 50% female members. Thus the target of at least 40% male and 40% female members as of 2030 was realised. The gender ratio in senior management was 50% male and 50% female executives and with that we satisfy the target of at least 40% male and 40% female executives as of 2030.

The gender ratio in Enexis's Supervisory Board is 40% male and 60% female members. We thus satisfy the current target of at least 40% male and 40% female members.

BRIDGING THE GAP

Enexis also wants to be a good employer for people with poor job prospects. In previous years, we focused mainly on agreements with our suppliers on social return. We also looked for good solutions together with our colleagues who experience physical or mental challenges in their jobs (see table). In the coming years, we want to create more opportunities in our organisation for people with poor job prospects.

Labour participation	Male			Female				Total	
	Wajong ¹	WAO ²	WIA ³	Total male	Wajong ¹	WAO ²	WIA ³		Total female
under 30 years	-	-	-	-	-	-	-	-	-
from 30 - 50 years	5	-	3	8	1	-	1	2	10
over 50 years	-	7	4	11	-	-	2	2	13
Total	5	7	7	19	1	-	3	4	23

1 Disabling Assistance Act for Handicapped Young Persons.

2 Invalidity Insurance Act.

3 Work and Income according to Labour Capacity Act.

IMPROVING CULTURAL DIVERSITY

Enexis wants its organisation to be a genuine representation of society. In the interest of society, but also because we believe that more diversity results in better solutions and more innovative capacity. To achieve this, we want to recruit more employees with diverse cultural backgrounds. The first step is our target that 10% of our new colleagues come from a culturally diverse background.

We have made our recruitment and selection procedure more objective so that subconscious prejudices that all people have will have less of a chance. This new recruitment and selection process will be introduced in 2024. An external expert is helping us with this. We use the cultural barometer of Statistics Netherlands (CBS) to measure whether we are making progress in this area. The first measurement took place in 2021. This showed that, according to the definition and figures of the CBS, 10% of our existing employees originally came from outside the Netherlands, of which 6% outside Europe.

EMBEDDING A SOCIALLY SAFE WORKING ENVIRONMENT

At Enexis, we consider it important to embed integrity in our organisation. This concerns, in particular, good behaviour and good communication. Furthermore, we have reporting procedures and regulations, for example, for reporting any violations. Employees can also contact internal and external confidential counsellors. In addition, an internal integrity committee discusses integrity and fraud issues and ensures that we continue to work on embedding integrity in our culture. We consider a socially safe workplace important for all employees. We also pay attention to unacceptable behaviour. With an awareness campaign with anonymous stories, we lead employees to our internal website about social safety. Here, they can find information about the rules and how they can submit a report. In this manner, we create the conditions for a safe and inclusive working environment in which people can express their opinions and standpoints.

SOCIAL FUND

Integrity also has to do with solidarity. For this we have, for example, the Enexis Groep Social Fund. With this fund, we provide assistance to employees and former employees who need help and for whom existing regulations provide insufficient help. This concerns financial support, but also bringing people into contact with experts, such as coaches from the National Institute for Family Finance Information (Nidbud). Each request is assessed individually by the board of the Social Fund, which renders account on this in an annual report. Every member pays € 12 a year. Enexis supports this form of solidarity by doubling the membership revenues every year.

EQUAL RIGHTS

Enexis endorses the [United Nations Universal Declaration of Human Rights](#) and the fundamental principles and rights to work of the International Labour Organisation. We make no distinction whatsoever based on gender, sexual orientation, or origin. Our employment conditions are based on equal pay for equal work. We actively combat corruption, bribery, conflicts of interest, and the violation of human rights. We have laid this down in our collective labour agreement, in company regulations, the Enexis Code of Conduct for employees, the Suppliers Code of Conduct, and General Procurement Conditions. With our compliance protocol, we stimulate employees to comply with laws and internal and external regulations.



Vocational Training Facilities

Learning in practice

Getting new technicians ready to put their training into practice. We do this in our training centre and in our vocational training facilities. We opened three of these vocational training facilities in 2020 in Waalwijk, Weert and Hoogeveen. New employees can practice their technical skills and improve their safety awareness in these facilities.



Dry-run voltage-free practice

All new technicians start their training at the workbench. As a dry-run, they start working voltage-free. They learn to recognise materials and cables at the workbench, and they practice making connections.



At the Customer

New technicians practice real on-the-job situations as much as possible in the training facility. For example, work that is carried out on the meter or main fuse at the customer's home.



Working underground

Working in the meter cabinet and underground is also included in the training. In this way, new technicians can learn how to replace an underground cable in the training facility and make a new end fitting and underground cable joint.



Mock transformer station

The technicians in training practise repairing public lighting in a mock transformer station. With various measuring equipment, they learn how to detect failures.



Vocational Training Facilities

Learning in practice



Practising with 10 kilovolt

In a simulated environment, the new employees practice carrying out switch work on the mid-voltage grid (10 kilovolt).

Simulating outages

The outage simulation area is located in the back of the facility. All possible outages that technicians can encounter in practice are simulated here. This could concern an outage of public lighting, or a home without voltage. The trainer initiates the outage and the technician in training has to look for the cause.



Types and sizes

Which different types of cables can technicians encounter underground? All types and size are present in the training facility.



Practising above ground

Thanks to special assembly belts, technicians in training can practice work that is carried out underground aboveground. They can practice here, for instance, making connections and connecting cables.



All possible outages that technicians can encounter in practice are simulated here.”



Making a sustainable impact



Indicators:	Result in 2023	Result in 2022	
Gross CO ₂ footprint scope 1 & 2 (in tons of CO ₂ equivalent)	64,450	64,096	↗
Gross CO ₂ footprint scope 3 (in tons of CO ₂ equivalent)	151,719	154,753	↘
Gross total CO ₂ footprint scope 1, 2 & 3 (in tons of CO ₂ equivalent)	216,169	218,849	↘

↗ Increase ↘ Decrease ● Improved ● Deteriorated

Material topics:

Sustainable energy supply



◆ Highly material ◆ Material

DILEMMA:

The balance between reducing CO₂ emissions and the use of raw materials

We aim to reduce our technical distribution losses by making more efficient use of our grids and investments in electricity cables with less loss, which is beneficial for the environment but may require more raw materials. Or should we reduce the use of raw materials in connection with threatening shortages and price increases, even if this leads to higher technical distribution losses?

Making a sustainable impact

Enexis not only supports the transition to a sustainable energy supply, we are also increasing the sustainability of the processes within our organisation. Climate and circularity are our most important focus points.

We assume our responsibility by focusing on the areas where we can really make a difference: reducing our CO₂ emissions and increasing our circularity. With this, we are also contributing to [SDG 12](#) (responsible consumption and production) and [SDG 13](#) (climate action).

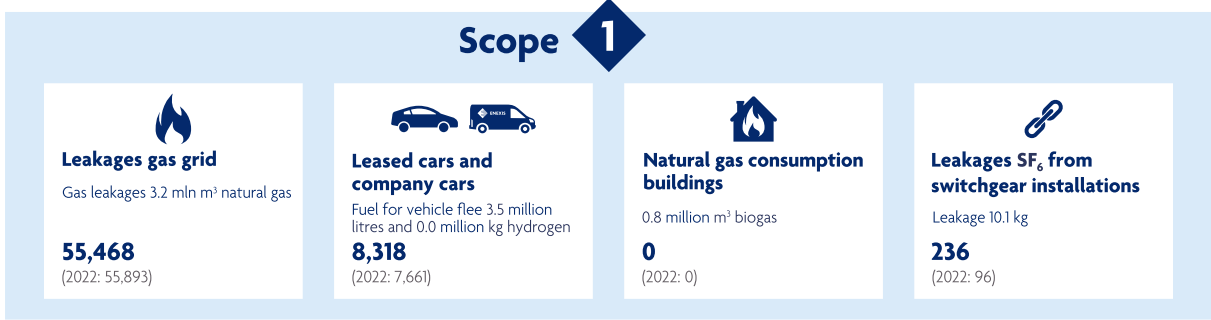
REDUCTION CO₂ EMISSIONS

Enexis assumes responsibility for its CO₂ emissions and makes a conscious choice to be and remain CO₂ neutral. We do green purchasing where possible. We compensate the remaining share of our footprint with investments in sound CO₂-reducing projects, that also contribute to the sustainable development of local communities (Gold Standard).

Our CO₂ footprint is the basis for assuming our responsibility for reducing our CO₂ emissions. We determine our CO₂ footprint annually (see visual). Our CO₂ emissions are divided into three segments:

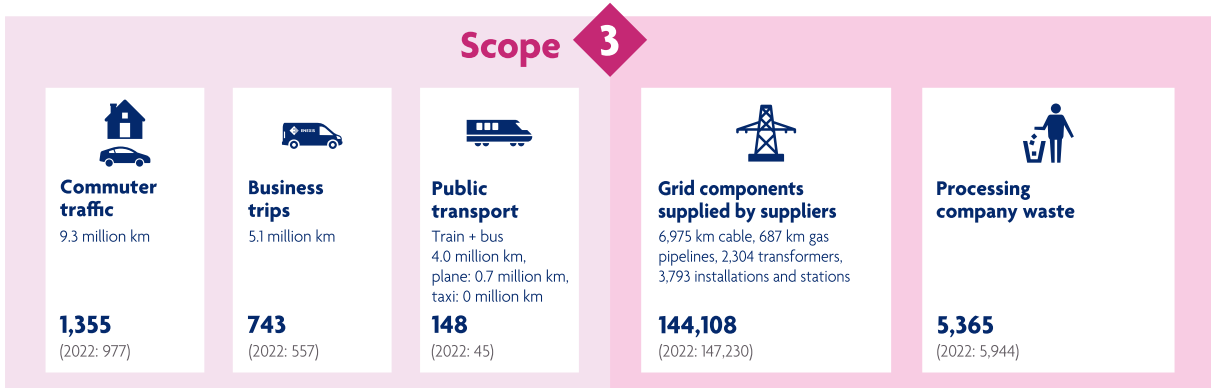
- Scope 1: direct emissions
- Scope 2: indirect emissions electricity
- Scope 3: other indirect emissions

CO₂ footprint (in tons of CO₂ equivalent)



¹ These losses are purchased by Enexis are completely green.

Sum of scope **1** **2** **64,450**



Sum of scope **3** **151,719**



Scope: Emission scopes GHG (Greenhouse Gas protocol).
 Scope 1: Direct emissions: are emissions of greenhouse gases from property owned or equipment leased by Enexis resulting directly from Enexis' 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: emission of greenhouse gases resulting from energy and fuel consumption for transport, generating and producing energy (excluding generating electricity) and emissions at third parties resulting from the activities of the grid operator.



SCOPE 1: DIRECT EMISSIONS

REDUCING GAS LEAKAGE LOSSES

When we zoom in on our direct emissions, we see that gas leakage losses decreased again by 1% compared to the previous year. This is due to replacement of grey cast iron and asbestos cement pipelines. We have been replacing these brittle pipelines since 2009. We do this to increase public safety and it has the advantage that it reduces methane leakages. The planned replacement of asbestos cement pipelines has already been completed. We are on track with the replacement of grey cast iron pipelines. We replaced 64 kilometres of pipelines in 2023 (our target was 83 kilometres). We will replace the rest of the pipelines as we go along, for example, when we are carrying out projects for the sustainable development of certain areas.

UN PROGRAMME EXTENDED ENEXIS'S GOLD STANDARD STATUS

For the reduction of methane emissions, we were granted the Gold Standard status again in 2021 from the Oil & Gas Methane Partnership (OGMP) 2.0, a programme within the United Nations Environment Programme (UNEP). As the only regional grid operator, we received the Gold Standard status for the third year in a row. In short, the Gold Standard goes to organisations who set themselves concrete targets for the reduction of methane emissions *and* achieve these targets.

OGMP awarded us the Gold Standard status for our replacement programme for grey cast iron gas pipelines and gas connection pipelines. From the OGMP 2.0 report: 'In the Netherlands, DSOs Coteq, Enexis, Liander, NV RENDO, Stedin, and Westland Infra worked together to effectively co-create implementation plans. They were also able to carry out and share results to set measurement-based emission factors for the different sources of methane emissions at national level.'

MOBILITY: CARS AND COMPANY CARS

Our footprint in connection with leased cars and company cars in scope 1 (excluding electric mobility) increased by 9% compared to last year. This increase is in line with the increase in the number of employees.

SCOPE 2: INDIRECT EMISSIONS ELECTRICITY

NEW PIPELINES LIMIT DISTRIBUTION LOSSES

The largest share of our gross emissions in scope 2 consists of electricity grid losses. Resistance and heating up lead to energy loss during the transmission of electricity. This is referred to as 'technical distribution losses'. Furthermore, there are also 'administrative distribution losses': losses due to energy fraud, such as the illegal use of energy, and administrative errors, for example, when measuring energy consumption.

Our electricity grid loss has increased by 10% to 1,301 gigawatt hours (2022: 1,188 gigawatt hours). This increase is the result of the changed methodology for measuring consumption profiles since April 2023 (see the chapter Working on increasing grid capacity - [Better allocation of energy consumption](#)), more consumption and increased transportation of returned electricity.

DILEMMA: THE BALANCE BETWEEN REDUCING CO EMISSIONS AND RAW MATERIAL CONSUMPTION

We cannot prevent technical distribution loss, but we can take steps to reduce it. For example, by using our network as efficiently as possible and choosing options when investing for electricity cables that cause less grid loss. However, more is involved in producing these cables or other raw materials used. Our aim is precisely to reduce the consumption of raw materials in view of the impending shortage of raw materials and the associated risk of future price increases. To find the right balance between reducing CO₂ emissions and minimizing raw material consumption, we therefore use our internal CO₂ valuation.

WE REMAIN EMISSION NEUTRAL

Enexis wants to remain emission neutral. 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. In total 40% in 2023, increasing up to 55% in 2030.

Emissions based on the physical energy mix (location-based method) are decreasing due to the growth of renewable production in the energy mix of energy suppliers. Market-based, we purchase everything green so that our emissions are nil, as is also the case for the energy consumption of our buildings.

MOBILITY: ELECTRIC LEASED CARS AND COMPANY CARS

The energy consumption of our electric leased cars and company cars increased slightly due to the growth of the company; however, CO₂ emissions decreased by 4% due to a substantial decrease of the emission factor in 2023 (10%).

SCOPE 3: OTHER INDIRECT EMISSIONS

Despite an overall increase in the number of purchased electricity assets, the CO₂ footprint of purchased assets of Enexis decreased by approximately 2%. The low and medium voltage cables together account for about 80% of the total carbon footprint. In 2023 there has been a decrease in the purchased quantity of cables compared to a high purchasing level in 2022. At the same time, the result of the previous tender for project cables became visible in 2023 in which the climate impact (CO₂ and circularity), through the use of the Asset Tool (developed jointly with Stedin and Liander) in the tender has been taken into account. The CO₂ decrease is further reinforced by fewer purchased gas assets.

CO₂ EMISSIONS ARE TAKEN INTO ACCOUNT IN PURCHASING AND INVESTING

Enexis applies a CO₂ valuation when taking purchasing or investment decisions. This is a method to measure greenhouse gas emissions caused by a purchase or investment, expressed in tons of CO₂. By placing a price tag on these emissions, we make these emissions part of the price. As a result, environmentally unfriendly investments are more expensive and therefore less attractive. In this manner, we opt for more sustainable alternatives and we stimulate our suppliers to increase their sustainability. We used a CO₂ price of € 100 per ton of CO₂ in 2022. We increased this price in 2023 to € 150.

MOBILITY: COMMUTER TRAFFIC AND BUSINESS TRIPS

Our footprint in connection with mobility in scope 3 increased strongly compared to 2022 (42%). Besides the growth of our workforce, this increase is also due to more travel days per employee.

CO₂ INTENSITY

To make our environmental impact more comparable, we also calculated our market-based CO₂ intensity in addition to our CO₂ footprint. Our CO₂ emissions in scope 1 and 2 were set off against 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. The CO₂ intensity amounted to 30 tons of CO₂ per million USD in 2023 (2022: 36, 2021: 32). The decrease is due to an increase in revenue while CO₂ emissions remained at the same level.

INCREASING CIRCULARITY

To increase our circularity, we are focusing on the four component categories with the largest environmental impact: low- and mid-voltage cables, gas pipelines, and distribution transformers. Our circularity target for 2023 was 10% of the whole inflow cycle, consumption and reuse up to the outflow of grid components. The result was 20% in 2023.

In order to achieve our circularity goals, we are focusing on our top 10 circularity measures.

Top 10 circularity measures

- Increase the reuse of distribution transformers
- New medium-voltage cables with more recycled material
- New gas pipelines with 60% recycled copper
- Eliminating the inner sheath of low-voltage cables
- New medium-voltage cables with 50% recycled plastic in the external jacket
- New distribution transformers with 50% recycled oil
- New cables with 33% recycled copper
- New cables with 100% recycled rubber
- Return unused sections of new cables to manufacturer
- Return unused sections of new gas pipelines to manufacturer

INFLOW: CIRCULARITY INCREASED

We want 18% of our electricity cables, gas pipelines, and transformers to consist of recycled materials in 2026 and 50% in 2030. This means that suppliers of our grid components must reduce the use of primary raw materials per unit of production by 50% in 2030 in comparison to the reference year 2014. This long-term target is in line with the Raw Materials Agreement of the Dutch government. We set our targets per unit of production as the energy transition requires an upgrading of the grid and an increase in the use of materials. By setting targets per unit of production, we are better able to measure progress.

To achieve our circularity targets, the requirements that we set for the purchasing of components play a large role. We can influence our results with our tenders. We prepared a very large European tender for low- and mid-voltage cables in 2023. The degree of circularity and the CO₂ footprint set at 16% weighed unprecedentedly high in the awarding of the tender. This gives our suppliers the opportunity to benefit from sustainability and provide us with a real sustainable cable.

The circularity of our inflow of project cables and distribution transformers was 7.1% in 2023. With this, we have achieved our target of 7%.

THROUGH FLOW: REUSE INCREASED

We try to reuse components as much as possible. In these times of material shortages, this is an important element in our daily work. With the reuse of components, we avoided about € 17 million in purchasing value and about 2,000 tons of CO₂ emissions in 2023 compared to 2022.

OUTFLOW: RECYCLING PERCENTAGE ROSE

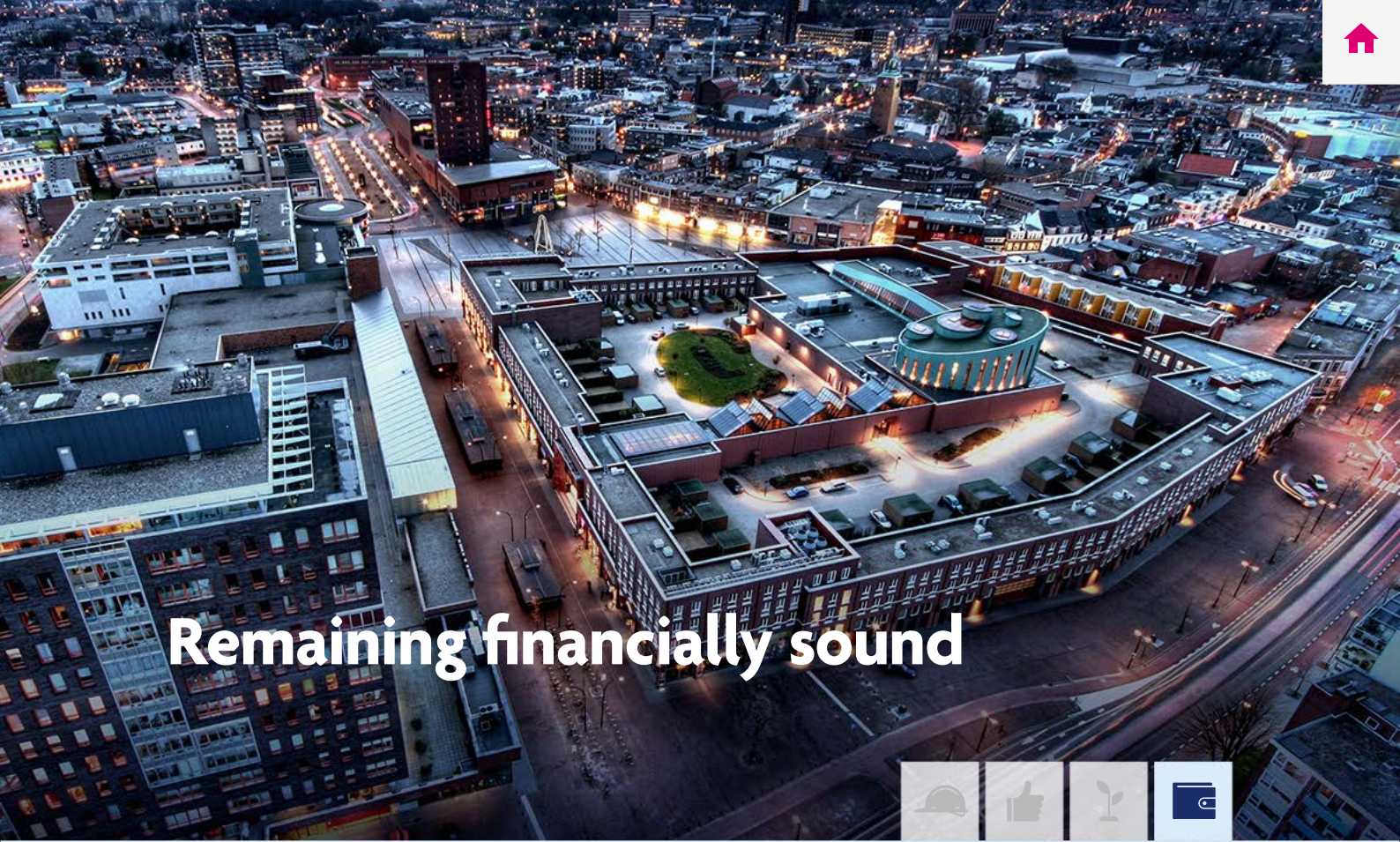
Our work unavoidably produces waste. We regard it as our responsibility to collect, separate, and process this waste as well as possible. At present, we already separate our waste into 98 flows in our new and more safely designed waste processing unit, which is then processed. The recycling target for 2023 was 95%, the result at 93% was slightly lower. We incinerated and dumped more waste than in 2022.

We experienced some problems with the processing of asbestos-containing steel. Purified Metal Company, the only waste processor in Europe that melts down asbestos-containing steel at high temperatures into clean steel, was unfortunately declared bankrupt. We started with a pilot in the fourth quarter of 2023 in which we collect asbestos-containing steel and waste processor Remondis then purifies it. The asbestos is separated from the steel so that a clean metal flow remains. This pilot will run until the first quarter of 2024.

Amount of waste (in tons) ²	2023 ¹	2022	2021	2020	2019
Recycled waste	21,385	26,715	24,825	29,369	28,540
Incinerated waste	1,218	1,213	1,325	1,505	1,523
Waste to landfill	126	96	203	471	355
Biomass	150	130	162	126	92
Fermentation	26	65	50	78	95
Composting	17	22	9	33	33
Total	22,922	28,242	26,574	31,582	30,638
Of which hazardous waste (%)	5.9	6.1	6.9	9.3	4.7

¹ Figure 2023 contain the period januari 1st up to december 31st within which the last weeks of the year are based on an estimate by Remondis because the definite numbers are not yet known.

² Enexis does not dispose of any radioactive waste. This is not released in our operating processes.



Remaining financially sound



Indicators:	Result in 2023	Result in 2022	
Quantitative progress year order book	€ 1,214 million	€ 1,027 million	↗
Controllable costs and revenues	€ 585 million	€ 512 million	
Cash flow from operating activities and investing in (in)tangible fixed assets	€ -516 million	€ -228 million	↘
Net profit	€ 72 million	€ 187 million	↘
ESG rating Sustainalytics:	76	74	↗
Credit rating S&P Global Ratings ¹	A+ with a positive outlook	A+ with a stable outlook	↗
Credit rating Moody's	Aa3 with a stable outlook	Aa3 with a stable outlook	

↗ Increase ↘ Decrease ● Improved ● Deteriorated

¹ As of 7 February 2024 S&P revised the credit rating for Enxsis upward from A+ (positive outlook) to AA- (stable outlook).

Material topics:

Financially sound	◆
Efficient business operations	◆

◆ Highly material ◆ Material

DILEMMA:

Who is going to pay for the costs of the energy transition and at which moment?

Due to the further growth in investments and the delay in the compensation of these investments in the tariffs, we expect that the cash flows from operational activities and investments in property, plant and equipment and (in)tangible fixed assets will continue to be negative in the coming years. This leads to the question: who will ultimately pay the costs of the energy transition and how does this fit in with our aim to maintain a good balance between a controlled development of the tariffs for our customers and a reasonable return for our shareholders?

Remaining financially sound

INTRODUCTION

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 expenditure in connection with work on the energy grids amounted to a record amount of € 1,214 million in 2023.

Our expenditure is increasing every year in order to make the energy transition possible with our infrastructure. We were able to afford this high extra expenditure due to our sound financial position. Our work package amounted to € 1,214 million this year; this is € 187 million more than the € 1,027 million in 2022. We are 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. This is why we focus on our core tasks and we make cost-efficient choices, for example, by working in accordance with the LEAN method and optimising our ICT landscape. We also worked on innovations in 2023 to expand the grid as efficiently and cost-effective as possible.

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 sufficiently compensated for in the present regulation method. Enexis is reimbursed for its efficient costs in the tariffs, but often with a delay because in the current regulatory methodology the tariffs are based on historical costs. Most of the costs in 2023 will only be reimbursed in future tariffs. The cash flow from operating activities and investing in (in)tangible assets was € 516 million negative in 2023. This is an increase of € 288 million compared to 2022. Therefore, Enexis, together with other regional grid operators, has lodged an objection to the current method decisions and entered into consultations with the ACM about the regulation in the next method decisions.

The Trade and Industry Appeals Tribunal (Cbb) issued a decision on 4 July 2023. The Cbb decided in favour of the regional grid operators with regard to a number of important points. As a result, the ACM must adjust the method decisions. The ACM published the new method decision on 21 December 2023. The changes in the method decision have a positive effect on the revenue of Enexis Netbeheer B.V. However, the Cbb did not decide in favour of all the regional grid operators' objections. Despite the to be implemented changes in the Method Decisions 2022-2026, the funding of the energy transition remains a challenge.

At the end of 2022, the Dutch State and the three large regional grid operators (Alliander, Enexis, and Stedin) and representatives of their shareholders reached an agreement on the Framework Agreement Capital Requirement Regional Grid Operators ('Framework Agreement'). Should the Dutch State decide in the future, at the request of the grid operators and in cooperation with their shareholders, to become a stateshareholder, then this will take place under certain conditions. These conditions, such as the processing time of a participation request and agreements about governance are described in the Framework Agreement. The Framework Agreement serves as the basis for a possible participation agreement, in which more detailed conditions will be laid down at the time that the State actually becomes a shareholder.

The shareholders of Enexis agreed to the signing of this Framework Agreement during the General Meeting of Shareholders on 13 April 2023. After the signing of the Framework Agreement by the shareholders of all three grid operators, of which the last signed at the end of 2023, the last signing condition of the Framework Agreement was met. It is now binding for all the above-mentioned parties. Concretely, this means that it has now been formally laid down how the Dutch State will assess any future capital contribution requests of the regional grid operators and which requirements the Dutch State will set for such a request to participate and for a possible participation as new shareholder. In view of the Framework Agreement, Standard & Poor's (S&P) decided to assign the status of Government-Related Entity (GRE) to the regional grid operators, which in turn resulted in S&P raising the credit rating by one level.

With its strong financial position, Enexis has ample access to the financial markets to be able to realise the large investment requirement in connection with the energy transition.



A SUSTAINABLE INVESTMENT

Enexis Holding N.V. issued a € 500 million green bond with an interest rate of 3.625% in June 2023. At present, Enexis still has five bonds outstanding. Three of the five outstanding bonds are green bonds. Enexis Holding N.V. used the bond for investments in grid expansions and upgrades that are necessary to accommodate renewable energy, for distribution automation, smart meters, and for its sustainable buildings. In connection with the issue of this green bond, the 2020 Green Finance Framework was updated in April 2023 taking into account relevant trends. The Green Finance Framework is completely in accordance with the EU Taxonomy. This was externally validated and confirmed by ISS ESG. With this, Enexis demonstrates that it delivers a large contribution to sustainability and has a positive impact on a sustainable society.

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 Sustainalytics and ISS ESG, this provides guidance and assurance to investors for investments in green bonds issued by Enexis. All our green bonds are listed on Euronext Amsterdam.

Besides the issue of a green bond, Enexis concluded a € 500 million loan with the European Investment Bank (EIB) in 2023. This loan will be used to finance investments in Enexis's electricity grid. These investments are necessary to further expand and upgrade the grid. It is expected that the investments that Enexis is financing with this loan will be completed by the end of 2024. Enexis has the possibility to make draw downs under this facility in the coming three years with a maximum term of 13 years. No draw downs under this facility took place in 2023.

MAINTAINING CREDIT RATING PROFILE

Maintaining at least an A/A2 credit rating profile with a 5-year horizon is an important pillar of Enexis's financial policy. It is the basis for a healthy capital structure and for maintaining the confidence of investors. Enexis makes use of the credit ratings of Standard & Poor's Global Ratings (S&P) and Moody's. The long-term credit rating issued by S&P for Enexis Holding N.V. and Enexis Netbeheer B.V. was changed to A+ with a positive outlook (previously A+ with a stable outlook) in February 2023. The reason for this change was that in February 2023 S&P assigned the Government-Related Entities (GREs) status to the regional grid operators. After the balance sheet date on 7 February 2024, the long-term credit rating issued by S&P for Enexis Holding N.V. and Enexis Netbeheer B.V. was improved to AA- with a stable outlook.



Moody's only issues a credit rating for Enexis Holding N.V. and this remained unchanged at Aa3 with a stable outlook.

After being granted the GRE status by S&P, Enexis decreased its minimum target for the ratio FFO/net interest-bearing liabilities from 16% to 12% to maintain at least an A credit rating profile and a financially robust capital structure.

For financing, liquidity, and credit ratings, we refer to note 31 in the financial statements 'Financing policy and risks associated with financial instruments'.

STRONG SUSTAINABILITY PROFILE

The high degree of sustainability of Enexis's business activities is often an important reason for investors to invest in our green bonds. Our contribution to the Sustainable Development Goals and our ESG ratings play an important role in this. 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, and good corporate governance. With its present ESG ratings, Enexis shows a strong sustainability profile. Enexis maintains close contacts with rating agencies ISS ESG and Sustainalytics.

- At the rating agency Sustainalytics, Enexis falls in the category low risk. Enexis scored second place out of the 100 companies in the sub-sector multi-utility companies.
- Rating agency ISS ESG has given Enexis a B rating with a Prime label. With this rating, Enexis is among the best scoring companies in the category Gas and Electricity Network Operators.

STRONG SUSTAINABILITY PROFILE

The degree in which we engage in sustainable entrepreneurship is increasingly becoming an important decision factor for investors when investing in green investments. Our contribution to the Sustainable Development Goals and our ESG ratings play an important role in this. ESG stands for Environment, Social & Governance. A good ESG score is important when issuing green bonds. The ESG rating is also determined based on our 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 our present ESG ratings, we show a strong sustainability profile. Enexis maintains close contacts with rating agencies ISS and Sustainalytics.

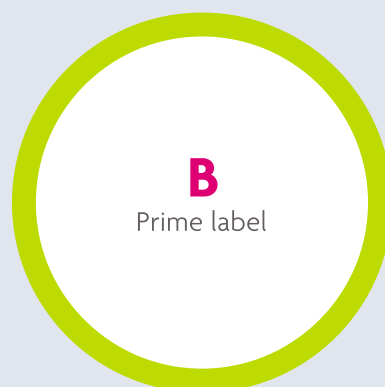
- Enexis is in the category low risk and ranks among the best 4 percent scoring companies in the group Utilities.
- Rating agency Sustainalytics qualifies the degree in which Enexis manages the risks in connection with material topics as strong.
- Rating agency ISS ESG has given us a B rating with Prime label. With this rating, Enexis ranks among the best scoring companies in the category Gas and Electricity Network Operators in the world.

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

SUSTAINALYTICS



ISS ESG



EU TAXONOMY

In accordance with the EU Taxonomy for sustainable activities, we report in this annual report explicitly about our sustainable activities. The EU Taxonomy is a classification system for economic activities that arose from the EU Action Plan on Sustainable Finance. The EU Taxonomy clarifies which activities can be and cannot be classified as sustainable based on scientific criteria for the prevention of climate change or mitigating the consequences of climate change.

The criteria

An economic activity can qualify as sustainable when it satisfies the criteria that are set out in the EU Taxonomy Delegated Regulations. In these regulations, the criteria for sustainable economic activities are elaborated for six environmental goals:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and the protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In the EU Taxonomy, reference is made to 'Taxonomy-eligible' economic activities and 'Taxonomy-aligned' economic activities. When an economic activity corresponds with the description of an activity in the Taxonomy, this is then regarded as an eligible economic activity. When the eligible activity satisfies the technical screening criteria and is carried out taking into account the social minimum safeguards, then this is regarded as a Taxonomy-aligned economic activity. The technical screening criteria consist of criteria to determine whether the activity contributes substantially to one of the environmental objectives and criteria to determine that the activities do not cause serious harm to other environmental objectives. When an activity is classified as Taxonomy-aligned, this means that the economic activity satisfies the criteria to be qualified as sustainable according to the Taxonomy.

As a public interest entity, Enexis reports in accordance with the Taxonomy. For 2023, we reported on three key performance indicators (KPIs), i.e., the share of the revenue, capital expenditure (CapEx), and operational expenditure (OpEx) in connection with eligible economic activities and the share that can then be qualified as aligned.

Our activities with a sustainable character in 2023

The following paragraphs provide an explanation of the way in which Enexis has applied the Taxonomy.

Eligibility

For the determination of the eligible activities, alignment was sought as far as possible with the existing segmentation of our business activities (electricity, gas, and other). The existing activities are compared to the activities described in the Taxonomy. Enexis reports in 2023 on these four eligible activities:

- 4.9 Transmission and distribution of electricity;
- 4.15 Distribution of district heating and cooling;
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.7. Acquisition and ownership of buildings.

Enexis has determined that these activities are in accordance with the descriptions as set out in the Taxonomy. The above-mentioned activities can contribute to the first two environmental goals: climate change mitigation and climate change adaptation. The descriptions of these activities do not overlap in the Taxonomy so there is no risk of double counting.

The European Commission published the final delegated regulation in 2023 that describes the economic activities that can contribute to the last four environmental goals. Enexis does not carry out any activities that contribute to one of these environmental goals.

Alignment

Technical screening criteria

The most important activity under the Taxonomy for Enexis is the activity 4.9 'Transmission and distribution of electricity'. This activity pertains to one of our core tasks, i.e. the distribution of electricity. Enexis's electricity grid is part of the European network of electricity grids and thus it delivers a substantial contribution to climate change mitigation. Besides customers who purchase electricity from us, there are more and more customers who feed electricity back into the grid. This electricity is mostly generated from solar and wind energy and, in a few cases, also from natural gas, i.e. combined heat and power systems (CHP). As natural gas is a fossil fuel and therefore does not contribute to climate change mitigation, these connections are excluded from alignment. This also applies with regard to the conventional meters as these meters do not satisfy the criteria in the Taxonomy for smart meter systems and therefore do not satisfy the criteria for alignment. It was also concluded regarding activity 4.9 that this activity does not cause serious harm to any of the other environmental objectives. Therefore, the revenue, OpEx, and CapEx in connection with activity 4.9 qualify for alignment, with the exception of the revenue, OpEx, and CapEx attributable to the CHP connections and conventional meters. Activity 4.9 concerns a facilitating activity under the Taxonomy.

Activity 4.15 'Distribution of district heating and cooling' pertains to the district heating and cooling system of Mijwater Warmte Infra B.V. Although the district heating and cooling system of Mijwater is one of the most efficient ones in the Netherlands, at present, we are not yet able to demonstrate that it satisfies all the technical screening criteria of the Taxonomy. This is mainly related to proving the sustainability of components in the system that were purchased in the past.

For activity 6.5 'Transport by motorbikes, passenger cars, and light commercial vehicles', it is the case that to satisfy the technical screening criteria, Enexis is strongly dependent on the information that lease companies provide. The relevant information is not available for 2023 and therefore activity 6.5 has not been qualified as aligned.

For activity 7.7 'Acquisition and ownership of buildings', it is the case that Enexis is at present unable to demonstrate that it satisfies the criteria in the Taxonomy for alignment. Therefore, there was no capital expenditure in relation to buildings in 2023 that qualified for alignment.

Social minimum safeguards

The Taxonomy requires an overall assessment of the social minimum safeguards as defined in the Taxonomy. The social minimum safeguards pertain to ethics and human rights and are based on the OECD guidelines for multinational companies and the UN guiding principles on business and human rights.

These requirements pertain to having policy and processes in place to comply with these treaties and guidelines and to transparency in the event of violations thereof. Enexis considers equal rights for everyone and a safe working environment to be very important. Enexis has formulated policy to meet these requirements, for example, in the form of codes of conduct and reporting schemes. You can read more about how Enexis puts this into practice in section 'working safely and strengthening each other'.



Code(s)	Turnover 2023		SCC criteria (Substantial Contribution Criteria)							DNSH criteria (Do No Significant Harm)					Minimum Safeguards			Category enabling activity	Category transitional activity
	EUR x m	%	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Y/N	%	E		
Economic activities																			
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	1,513	75%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	69%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	1,513	75%	75%	0%													69%		
Of which Enabling		100%	100%	0%							Y	Y	Y	Y	Y	Y	100%	E	
Of which Transitional		0%	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Transmission and distribution of electricity	4.9	6	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
District heating/cooling distribution	4.15	1	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	7	0%	0%	0%	0%												1%		
Total (A.1 + A.2)	1,520	75%	75%	0%													70%		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy non-eligible activities (B)	494	25%																	
Total (A + B)	2,014	100%																	

Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: Non-eligible activity for the relevant environmental objective
EL: Taxonomy-eligible activity for the relevant environmental objective



Code(s)	CapEx 2023		SCC criteria (Substantial Contribution Criteria)							DNSH criteria (Do No Significant Harm)					Minimum Safeguards			Category enabling activity	Category transitional activity
	EUR x m	%	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Y/N	%	E		
Economic activities																			
A. Taxonomy - eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	822	70%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	68%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	822	70%	70%														68%		
Of which Enabling		100%	100%	0%							Y	Y	Y	Y	Y	Y	100%	E	
Of which Transitional		0%	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
District heating/cooling distribution	4.15	8	1%	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL								0%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	26	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								2%		
Acquisition and ownership of buildings	7.7	18	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	52	5%	5%	0%													3%		
Total (A.1 + A.2)	874	75%	75%	0%													71%		
B. Taxonomy-Non-Eligible Activities																			
CapEx of Taxonomy non-eligible activities (B)	299	25%																	
Total (A + B)	1,173	100%																	

Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: Non-eligible activity for the relevant environmental objective
EL: Taxonomy-eligible activity for the relevant environmental objective



Code(s)	OpEx 2023		SCC criteria (Substantial Contribution Criteria)							DNSH criteria (Do No Significant Harm)					Minimum Safeguards			Category enabling activity	Category transitional activity
	EUR x m	%	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Y/N	%	E		
Economic activities																			
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	95	69%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	68%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	95	69%	69%														68%		
Of which Enabling		100%	100%	0%							Y	Y	Y	Y	Y	Y	100%	E	
Of which Transitional		0%	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	13	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								7%		
Acquisition and ownership of buildings	7.7	2	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2%		
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	15	10%	10%	0%													9%		
Total (A.1 + A.2)	110	79%	79%	0%													77%		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy non-eligible activities (B)	29	21%																	
Total (A + B)	139	100%																	

Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: Non-eligible activity for the relevant environmental objective
EL: Taxonomy-eligible activity for the relevant environmental objective

CALCULATION OF THE EU TAXONOMY

Revenue

Of the total revenue in 2023, 75% (2022: 70%) is related to Taxonomy eligible activities. The revenue in connection with the transmission of electricity and heat (NACE code 35.13 and NACE code 35.30) qualifies as eligible revenue. The percentage of the eligible revenue that cannot be qualified as aligned is 0% percent (2022: 1%). This revenue pertains to revenue in connection with CHP connections, conventional meters, and revenue in connection with the transmission and distribution of heat (activity 4.15). The other 25% pertains mainly to revenue in connection with the transmission and distribution of natural gas. Of the total revenue, 75% (2022: 69%) can be qualified as aligned. This increase is mainly due to the fact that the aligned revenue related to activity 4.9 increased faster than the other revenue. The increase pertains mainly to an increase in the periodic transmission and connection fee for electricity of both small and large-volume consumers. See the table below for a specification of the aligned revenue.

€ million	2023	2022
Periodic transmission- and connection fees for electricity - High volume consumers	530	401
Periodic transmission- and connection fees for electricity - Low volume consumers	868	672
Metering services - electricity	74	81
Amortised contributions - electricity	24	21
Other revenue	17	10
Total aligned revenue	1,513	1,185

The determination of the total revenue under the Taxonomy is in line with the IFRS reporting standards and is thus the same as the financial statements (note 1. Revenue).

Capital Expenditure (CapEx)

Of the total capital expenditure, 75% (2022: 71%) is related to Taxonomy eligible activities. Eligible capital expenditure is defined as: all investments in tangible fixed assets related to our electricity grid (activity 4.9/NACE code 35.13), all investments in tangible fixed assets pertaining to pipelines and installations in heating and cooling systems (activity 4.15/NACE code 35.30), all investments in our vehicle fleet (activity 6.15) and office and industrial buildings (activity 7.7). 5% (2022: 3%) of total capital expenditure was eligible but not aligned because it was concluded that this did not satisfy the technical screening criteria, therefore 70% (2022: 68%) of the total capital expenditure pertains to Taxonomy aligned activities. The increase in the share of eligible but not aligned CapEx is caused by an increase of € 8 million in the investments in Mijnwater Warmte Infra B.V. Enexis also expanded its vehicle fleet and purchased an office building causing the investments in activity 6.5 and 7.7 to increase compared to the previous year.

For the CapEx KPI, it is also the case that the largest share of the non-eligible and non-aligned capital expenditure pertains to investments in the natural gas grid.

Investments in the heating grid rose by € 8 million in 2023. These investments mainly pertain to the expansion of the main heating grid. As explained above, Enexis cannot demonstrate that these investments satisfy the technical screening criteria of the Taxonomy. Therefore, these investments cannot be qualified as aligned.

The investments in CHP connections and conventional meters were nil in 2023. The investments in connection with activity 6.5 and activity 7.7 did not satisfy the criteria for alignment in 2023.

Total capital expenditure under the Taxonomy is in alignment with the IFRS reporting standards and concern:

- Investments in property, plant and equipment (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).

Operational Expenditure (OpEx)

Of the total operational expenditure, 79% (2022: 77%) pertains to Taxonomy eligible activities. 10% (2022: 9%) of total operational expenditure was eligible but not aligned because it was concluded that the technical screening criteria were not satisfied. Of the total operational expenditure, 69% (2022: 68%) pertains to Taxonomy aligned activities. The eligible and aligned percentages in relation to operational expenditure in 2023 were in line with 2022.

Operational expenditure under the Taxonomy is defined as direct non-capitalised costs pertaining to the maintenance of assets. Based on this definition, Enexis has determined that operational expenditure in connection with the activities 4.9 and 4.15 concerns expenditure for maintenance and outages.

When determining the eligible operational expenditure, alignment was again sought with the existing classification of business activities and the existing NACE coding method. The operational expenditure under NACE code 35.13 and NACE code 35.30 concerns expenditure for maintenance and outages of assets in connection with maintaining our electricity grid.

The maintenance and outage expenses related to the district heating grid (activity 4.15) are not further specified and are therefore included under the non-eligible OpEx. Operational expenditure in connection with activity 6.5 and 7.7 concerns all expenditure in connection with daily maintenance of the vehicle fleet and buildings that has not been capitalised.

2023 FINANCIAL PERFORMANCE

Enexis realised a net profit of € 72 million in 2023, a decrease of € 1,228 million compared to 2022. This decrease is mainly attributable to the non-recurring result of € 1,113 million on the sale of Fudura in 2022. The net profit excluding the result on the sale amounted to € 187 million in 2022. Excluding the result, the decrease in net profit amounted to € 115 million.

Looking at the net profit of € 72 million, compared to 2022, we mainly see an increase in revenue of € 309 million which is offset by a considerable increase in the cost of transmission services and distribution losses of € 429 million. In addition, the balance of operating expenses and other income increased by € 47 million. The negative balance of financial income and expenses decreased by € 7 million. Finally, the taxes on the result were € 45 million lower.

Mainly due to the further increase in investments in the electricity grid, gross capital expenditure rose by € 242 million to € 1,143 million. Enexis receives a delayed compensation for these investments via the tariffs. As a result of this timing effect, the cash flow from operating activities and investing in (in)tangible fixed assets in the coming years are expected to be negative. The cash flow from operating activities and investing in (in)tangible fixed assets was € 516 million negative in 2023. This is a decrease of € 288 million compared to 2022.

DILEMMA: WHO IS GOING TO PAY FOR THE COSTS OF THE ENERGY TRANSITION AND AT WHICH MOMENT?

Due to the further growth in investments and the delay of the compensation of these investments in the regulation, we expect that the cash flow from operating activities and investing in (in)tangible fixed assets will continue to be negative in the coming years. We expect a strong increase of the operational cash flow due to higher interest rates and post-calculations with regard to previous years. The interest rate is the main factor determining the return paid to shareholders for the capital that they have made available. Current interest rates are relatively high, which leads to higher than expected revenue and higher operational cash flow. However, the increase of the operational cash flow is not sufficient to finance the strong increase in investments. This is resulting in a dilemma for society as the question arises who is going to pay for the cost of the energy transition and when is this going to take place. We are discussing this with the ACM and we aim for a good balance between a controlled development of the tariffs for our customers and a reasonable return for our shareholders. We are also critical of our own expenses and we advocate optimal choices for society. Despite the huge task that we are facing, we constantly pay attention to carrying out our work efficiently and effectively.

€ Million	2023	2022	2021	2020	2019
Result					
Revenue	2,014	1,705	1,634	1,516	1,491
Costs of transmission services and distribution losses	809	380	324	316	232
Other operating income	1	3	2	1	12
Balance available for operating activities	1,206	1,328	1,312	1,201	1,271
Operating expenses excluding depreciation, impairments and decommissioning	629	583	561	554	539
Depreciation, impairments and decommissioning	468	469	429	405	379
Operating profit	109	276	322	242	353
Share of result of associates and joint ventures	0	1,113	0	0	-1
EBIT ¹	109	276	322	242	353
Financial income and expenses	-21	-28	-43	-41	-52
Profit before tax	88	1,361	279	201	300
Profit for the year	72	1,300	199	108	210
Financial position (before profit appropriation)					
Net working capital ¹	11	-37	-99	-106	-43
Non-current assets	9,916	9,214	8,765	8,496	7,980
Capital employed ¹	8,677	8,019	7,802	7,418	7,056
Equity	5,320	5,441	4,241	4,116	4,112
Net interest-bearing liabilities ¹	2,948	2,211	2,211	2,929	2,634
Total assets	10,460	10,348	9,395	8,751	8,258
Ratios					
Solvency ¹	50.9	52.6	45.1	47.0	49.8
ROIC ¹	1.3	17.3	4.1	3.3	5.0
Return on equity ¹	1.4	23.9	4.7	2.6	5.1
Cash flow					
Cash flow from operating activities	627	673	732	726	647
Cash flow from operating activities and investing in (in)tangible fixed assets	-516	-228	-154	-128	-99
Cash flow from investing activities	-488	-129	-984	-872	-753
Cash flow from financing activities	-229	-434	312	131	137
Cash flow	-90	110	60	-15	31

¹ For definitions, please refer to the glossary.

BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The balance available for operating activities decreased in 2023 by € 122 million. This concerns the balance of an increase in revenue (€ 309 million), an increase in the cost of transmission services and distribution losses (€ 429 million), and lower other operating income (€ 2 million). For years, Enexis has been purchasing electricity and gas to compensate distribution losses during a longer period in advance to spread the price risk. Energy prices have risen explosively, in particular due to the war in Ukraine. Thanks to our purchase policy, a large share of the necessary energy to compensate distribution losses for the calendar year 2023 was purchased before the explosive price increases occurred. The costs were relatively low in 2022 as all the energy had already been purchased before the war in Ukraine broke out. As Enexis purchases energy spread over a longer period, the continuing high price level has also effected Enexis for the year 2023. Purchasing costs for distribution losses increased fourfold compared to 2022.

Total revenue amounted to € 2,014 million in 2023. The higher revenue is due to higher tariffs for our customers. The average tariff increase for low-volume customers for electricity and gas (including meter rent) amounted to 22% and 9% respectively.

The increase in revenue can be broken down as follows:

- Electricity: revenue rose by € 325 million compared to 2022. This increase is mainly attributable to the fact that the higher costs of transmission services (TenneT) are compensated directly in the 2023 revenue and ACM has included an advance in the revenue for the strongly risen cost of distribution losses.
- Gas: revenue rose by € 57 million compared to 2022, mainly due to a tariff increase.
- Other regulated revenue decreased by € 22 million mainly due to a decrease in the metering service tariffs. The ACM is expected to take margin decisions for metering services as from 2011 based on which regional grid operators will have to settle part of the margin on metering services in the past with future tariffs. Due to the higher energy costs for consumers, Enexis decided to lower the metering service charges already in 2023 in advance of the ACM's decision.
- Non-regulated and other revenue decreased by € 51 million, mainly due to the sale of Fudura in the third quarter 2022.

Costs of transmission services and distribution losses rose by € 429 million to € 809 million in 2023. € 151 million of this increase is attributable to higher costs for TenneT transmission services. TenneT increased the tariffs in connection with the investments that TenneT is making to expand and upgrade the high-voltage grid. The regional grid operators are customers of TenneT and subsequently charge these costs to end users via the tariffs.

The costs for distribution losses increased by no less than € 278 million, a more than fourfold increase compared to the € 85 million in 2022. This huge price increase was due to the war in Ukraine and the economic upswing after the Covid-19 period. As Enexis purchases the electricity for the compensation of distribution losses for a longer period in advance, part of the necessary electricity was already purchased before the prices exploded.

- Electricity purchasing costs rose by € 244 million. Of this increase, € 206 million is attributable to price differences, € 28 million to higher volumes and € 10 million due to adjustments.
- The grid losses arising from the transmission of gas rose by € 34 million; mainly due to higher energy prices in combination with lower volumes.

OPERATING EXPENSES

Total operating expenses rose by € 45 million to € 1,097 million in 2023. The energy transition is resulting in a further growth of our work package. To be able to carry out this work package, we are making a huge effort to recruit and train new technical employees. We have increased the salaries of technical employees so that we can retain sufficient technicians now and in the future. In addition, we are also carrying out more improvement projects to make our own processes and the sector processes future-proof.

The main developments were:

- € 61 million higher employee benefit expenses: this increase is the balance of € 40 million higher expenses for own personnel and € 21 million higher expenses for hiring external personnel. At year-end 2023, Enexis employed 474 FTEs more own personnel and 138 FTEs other personnel compared to 2022.
 - The increase in the cost of own personnel can be attributed for € 32 million to higher wage costs due to the increase in FTEs, a Collective Labour Agreement wage increase as of 1 January 2023, and additional wage increases for technical personnel.
 - Social security contributions rose by € 5 million and pension premiums decreased by € 1 million.
 - Other employee benefit expenses rose by € 4 million also due to higher mobility expenses.
 - The costs of external hires rose by € 21 million. This concerned the combination of a tariff increase and an increase in the number of external hires in FTE.
- Capitalised production rose by € 33 million as more personnel was employed in 2023 in investments for the energy grid and ICT improvement projects.
- Depreciation and amortisation charges decreased slightly by € 1 million compared to 2022. This decrease can be attributed to non-recurring items in 2022. Without these items, we see an increase in depreciation and amortisation charges due to the higher investment level because of the larger work package.
- The cost of subcontracted work, materials, other external expenses, and other operating expenses rose by € 18 million in 2023 compared to 2022. This increase is partially attributable to the higher indexations which also have an effect on the costs that suppliers charge to us. Furthermore, we carried out more work for the energy grid and we had higher costs for housing and sector projects.



FINANCIAL INCOME AND EXPENSES

The negative balance of financial income and expenses in 2023 amounted to € 21 million and is thus € 7 million lower than in 2022. The decrease is mainly attributable to higher interest income on cash in money market funds, deposits, and bank accounts and due to the repayment of a € 500 million bond with an interest rate of 1.5% in October 2023. The decrease was partially offset due to a higher interest rate expense as a result of the issue of a € 500 million green bond with an interest rate of 3.625% in June 2023.

TAXES

The income tax expense amounted to € 16 million in 2023, € 45 million lower than in 2022. The decrease was mainly attributable to the lower result before tax in 2023.

GROSS CAPITAL EXPENDITURE

In 2023, we see a further acceleration of the growth in investments. This growth is mainly due to investments in our electricity grid to facilitate the energy transition. Inflation was higher in 2023 than in previous years. In particular, the 32% increase in investments in the workflows connections, grid expansions, and grid improvements contributed to the realisation of more transmission capacity in the electricity grid.

Gross investments in property, plant, and equipment and intangible fixed assets increased in 2023 by € 242 million to € 1,143 million. The largest share of this increase is attributable to the € 188 million increase in investments in the electricity and gas grids (including smart meters). For instance, grid expansion and improvement investments rose by € 119 million. In addition, we realised an amount of € 43 million in more new connections and € 10 million in more safety-driven investments such as replacing old switch installations. The increase in the investments in other workflows amounted to € 16 million.

Other investments rose by € 54 million due to more investments in ICT improvement projects, Enexis's office buildings, and district heating projects.

Customers pay a contribution for some of our customer-driven activities. This increased by € 3 million to € 126 million mainly due to inflation. After the deduction of customer contributions, the net capital expenditure amounted to € 1,017 million in 2023. This is an increase of € 239 million compared to 2022.

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

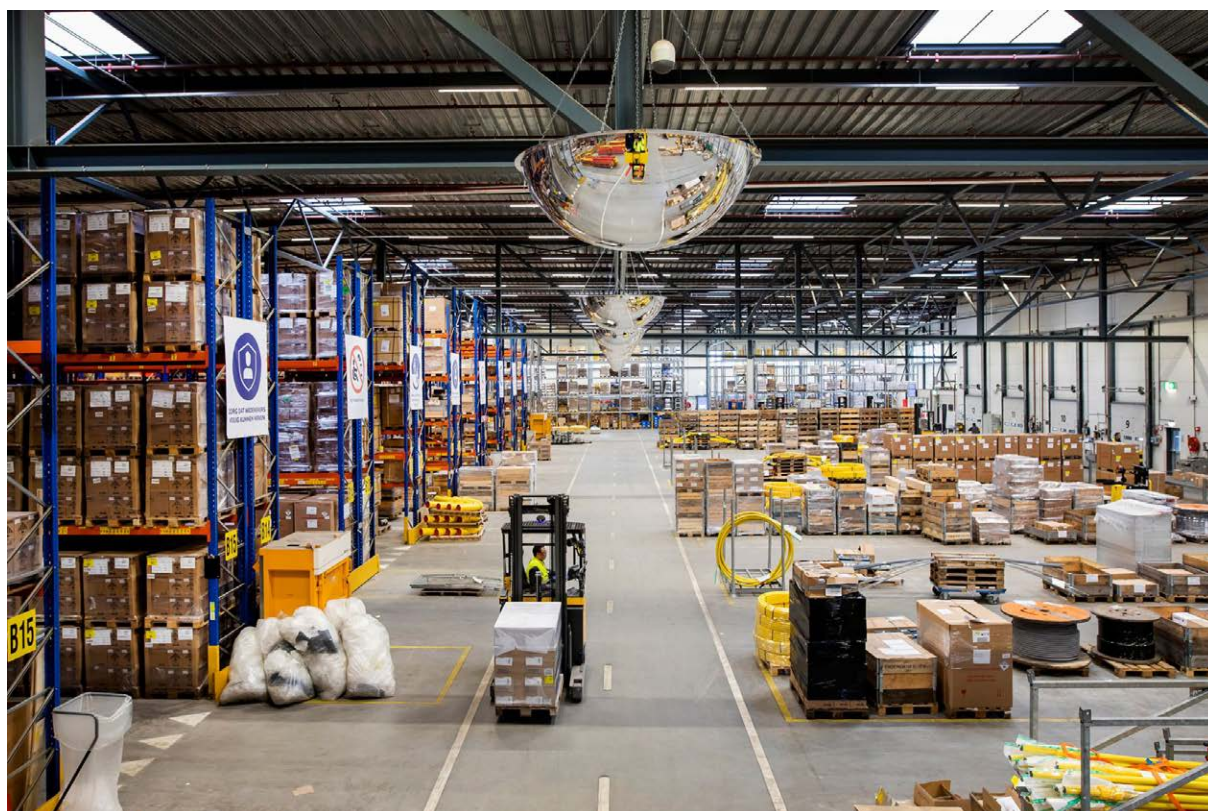
€ Million	Gross investments				
	2023	2022	2021	2020	2019
Electricity					
Standard connections	60	48	37	33	30
Customised connections	120	89	90	94	73
Grid expansions and grid improvements	464	350	298	254	194
Reconstructions	30	23	26	25	21
Replacements	88	73	62	48	38
Other	37	32	31	23	22
Total Electricity	799	615	544	477	378
Gas					
Standard connections	3	3	4	6	9
Customised connections	3	3	2	2	2
Grid expansions and grid improvements	20	15	12	13	16
Reconstructions	20	17	17	19	18
Replacements	157	162	161	153	139
Other	3	3	3	2	2
Total Gas	206	203	199	195	186
Smart meters					
Low-volume electricity	23	20	24	34	57
Low-volume gas	11	13	20	29	36
Total smart meters	34	33	44	63	93
Total	1,039	851	787	734	657

CASH FLOWS

The cash flow before financing activities amounted to € 139 million, a decrease of € 405 million compared to 2022 due to a lower net profit and a higher investment level.

- Our cash flow from operating activities amounted to € 627 million, a decrease of € 46 million compared to 2022. This is mainly attributable to the decrease of both the net profit and the working capital. Working capital decreased due to building up our inventories to be able to carry out our work package and increase delivery reliability.
- The outgoing cash flow in connection with investments amounted to € 488 million negative, an increase in expenditures of € 359 million due to the growth in investments. When we look at the cash flow from operating activities and investing in (in)tangible fixed assets, this cash flow amounted to € 516 million negative (2022: € 228 million negative).
- Finally, the financing cash flow amounted to € 229 million negative. This was a € 205 million lower outflow than in 2022. The lower outflow is attributable to the fact that, on balance, fewer repayments on bonds were made in 2023. Furthermore, a higher dividend payment took place in 2023.

The balance of cash flows is € 90 million negative, a decrease of € 200 million compared to 2022.



Corporate governance



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Corporate Governance

Ensuring a reliable energy supply and facilitating the energy transition are essential tasks within society, which are largely funded with public money. This is why we attach a lot of importance to a good governance structure. And we are transparent about the way in which our company is managed and how the supervision takes place.

Enexis Holding N.V. is a public limited liability company under Dutch law. Our company is subject to what is known as the two-tier board structure. As our shares are not listed, we are not required to adhere to the Corporate Governance Code. Nevertheless, we apply the code in as far as possible and applicable. This choice emphasises our commitment to socially responsible entrepreneurship. Our articles of association, regulations, and other documentation regarding corporate governance can be found on [our corporate website](#).

EXECUTIVE BOARD

The Executive Board (EB) is responsible for the management of Enexis. The EB defines the strategy and the criteria for the realisation of the strategy and sets the operational and financial objectives. The EB is also 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). 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 EB renders account to the General Meeting of Shareholders (AGM) every year.

The members of the EB are appointed for an indefinite period. An exception to this is the COO, which is currently being filled on an interim basis. The EB members receive a remuneration in accordance with the remuneration policy that was adopted by the AGM. This policy falls within the framework of the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). The SB sets the remuneration for each EB member. The total remuneration of the EB is disclosed in the financial statements.

The EB and SB considers the gender ratio within the board important. In order to arrive at a more well-balanced gender ratio in the EB, we have set more ambitious targets for the EB. The aim is that 40% of the EB is made up of female or male members by no later than 2030. In 2023, the composition of the EB changed. Evert den Boer stepped down as Chief Executive Officer (CEO) in August 2023 due to health reasons. The SB appointed Rutger van der Leeuw as his successor in September 2023. The SB appointed Liesbeth Kaashoek as Chief Operating Officer (COO) ad interim in October 2023. With Mariëlle Vogt as Chief Financial Officer (CFO) and Jeroen Sanders as Chief Transition Officer (CTO), the SB was complete again.

SUPERVISORY BOARD

The Supervisory Board (SB) has three tasks: exercising supervision, providing solicited and unsolicited advice and acting as the employer of the EB. When carrying out its supervision, the SB focuses in particular on the realisation of the objectives and the strategy, the risks in connection with the company's activities, the internal systems for risk management and control, and the financial reporting. In addition, we prioritize a safe and learning organizational culture, employee enthusiasm and engagement, and innovation capacity. We actively fulfill our network role with external stakeholders.

The SB has two permanent committees: the Audit Committee and the Remuneration and Selection Committee. These committees prepare the decision-making for the SB for their areas of focus and advise the SB on these topics.

The SB members receive a remuneration for their work. This remuneration is set by the AGM and falls within the WNT framework. The total remuneration of the SB is disclosed in the financial statements.

The SB considers the gender ratio within the SB important. Since November, the SB consists of 40% men (two men) and 60% women (three women). This is in line with the objective of at least 40% male and at least 40% female board members.

The composition of the SB changed in 2023. At the beginning of 2023 we received the sad news that Paul Rüpp passed away. His successor Wilma Mansveld was appointed in November 2023 on the recommendation of the shareholders' committee. In addition, the composition of the Audit Committee and the Remuneration and Selection Committee changed as well. The current composition of these committees can be found on our [corporate website](#).

The members of the SB and the retirement schedule:

Member rvc (function)	Year of first appointment	Year of reappointment	Retiring
Mr. Jos Nijhuis (chair)	2022	n/a	2026 (eligible)
Mrs. Anita Arts (member)	2019	2023	2027 (not eligible)
Mr. Joost van Dijk (vice chair/member)	2016	2020	2024 (eligible)
Mrs. Carmen Velthuis (member)	2016	2020	2024 (not eligible)
Mrs. Wilma Mansveld (member)	2023	n/a	2028 (eligible)

GENERAL MEETING OF SHAREHOLDERS

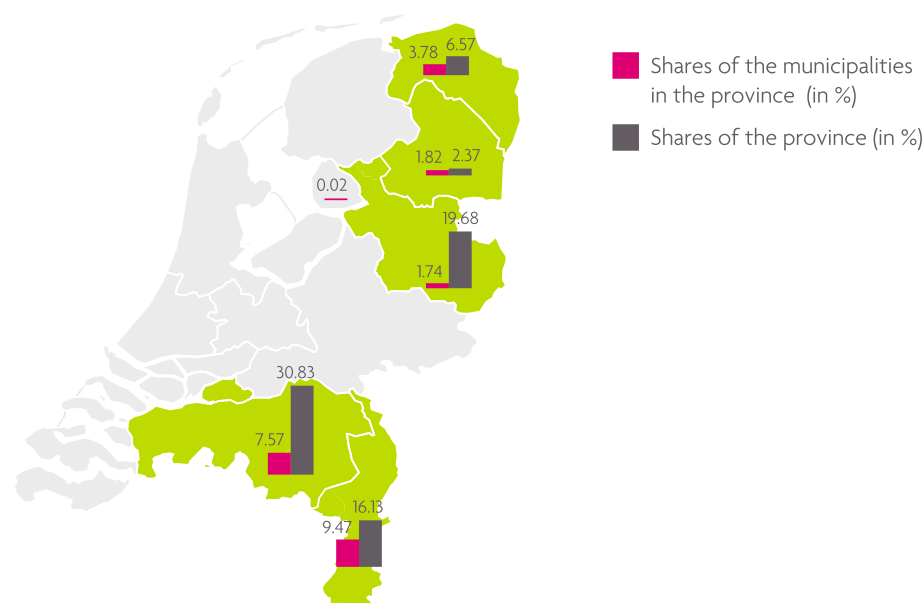
The General Meeting of Shareholders (AGM) is the highest decision-making body within Enexis. The AGM is responsible for the adoption of the annual report and financial statements, discharging the EB and the SB (releasing them from their responsibility) and determining the profit appropriation. The AGM 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 (SHC). This committee, comprising seven members, promotes efficient and effective decision-making within the AGM. The composition of the Shareholders' Committee has changed due to the Dutch Provincial elections in the reporting year. The members receive no remuneration for their work.

The 91 shareholders of Enexis Holding N.V. are mostly provinces and municipalities within the service area of Enexis Netbeheer B.V.

Shares of Enexis Holding N.V.

(percentage of shares of the provinces and of the municipalities in the provinces)



INTERNAL AUDIT FUNCTION

The Internal Audit & Risk (IA&R) department fulfils the internal audit function within Enexis. IA&R provides insight, advice, and additional assurance to the EB and the management regarding operational control, effectiveness, efficiency and compliance (compliance with laws and regulations) of the business operations.

This department falls under the responsibility of the CFO and reports to the whole EB each quarter on both the internal audit and risk management activities. In addition, IA&R has direct access to the CEO, the chair of the Audit Committee and the external auditor. IA&R is also present at meetings of the Audit Committee of the SB. The Audit Committee supervises the internal audit function and advises the SB on the role and functioning of the internal audit function. The quality of the internal audit function is assured by means of an external audit every five years.

IA&R draws up a risk-based audit plan every year. Senior management, the EB, Audit Committee, and external auditor are involved in this plan. The EB adopts the audit plan and the SB approves this plan after obtaining the Audit Committee's advice. In its meetings, the Audit Committee discusses the progress with regard to the plan, the most significant findings, and the follow-up of recommendations. The external auditor also receives this information.

EXTERNAL AUDITOR

The AGM appoints the external auditor. EY is the external auditor as of the financial year 2021 for a period of four years with three extension options of each two years.

The Audit Committee supervises the relationship with the external auditor. EY is present at all Audit Committee meetings and participates in the AGM in which the financial statements are adopted and is present at any Extraordinary General Meeting of Shareholders (EGM).

Compliance with the Corporate Governance Code

We depart from the Corporate Governance Code with regard to two provisions:

PROVISION 2.2.1: MAXIMUM APPOINTMENT AND REAPPOINTMENT TERM OF BOARD MEMBERS

Enexis has not set a maximum appointment and reappointment period for Executive Board members. It states in the remuneration policy for the EB (adopted on 5 December 2012 by the AGM) that employment agreements with the members of the EB are entered into for an indefinite period.

PROVISION 4.2.2: POLICY REGARDING BILATERAL CONTACTS WITH STAKEHOLDERS

Enexis does not have a formal policy for bilateral contacts with shareholders, as stipulated in the code. We do have a covenant in place with detailed agreements between the EB, SB, and the shareholders' committee about the fulfilment of tasks, as laid down in the articles of association.

Various provisions in the code are not applicable to Enexis, for example, because the statutory two-tier status applies to us, our shares are held by Dutch government bodies, and our shares are not listed on a stock exchange.

Concretely, this concerns:

- Provision 2.1.3: executive committee
- Provision 2.8.2-2.8.3: takeover bid
- Provision 3.1.3: remuneration executive committee
- Provision 3.3.2-3.3.3: remuneration of supervisory board members in shares and share ownership of supervisory board members
- Provision 4.2.6: anti-takeover measures
- Provision 4.3.3: cancelling the binding nature of a nomination or dismissal
- Provision 4.3.4: voting right on financing preference shares
- Provision 4.3.5: publication of institutional investors' voting policy
- Provision 4.3.6: report on the implementation of institutional investors' voting policy
- Provision 4.3.7: refraining from voting in the event of larger short position than long position
- Provision 4.3.8: securities lending
- Provision 4.5: issuing depositary receipts for shares
- Provision 5: one-tier governance structure

Interview with the Supervisory Board

'HIGH AMBITIONS ENSURE THAT YOU ASK THE MOST OF YOURSELF'

Enexis considers itself as having an important role in realizing the energy transition. However, Enexis is also being confronted with a shortage of personnel, materials, and transmission capacity. These two challenges influence each other and demand smart solutions. This is an issue that the Supervisory Board discusses regularly with the Executive Board. 'We cannot predict what the future will look like. Nevertheless, we already have to start preparing for the future.'

2023 was an eventful year for Enexis. First of all, due to the enormous task that the organisation is facing. The energy transition is accelerating and the expansion of the energy grid cannot keep pace. Jos Nijhuis, Chairman of the SB: 'As a grid operator, you have to reinvent yourself.' 'Important questions in the past year were: How can we create more grid capacity? How can we make more use of suppliers and outsource more work to contractors? How can we make more efficient and effective use of the grids? Where should we invest and where is this most productive?'

DEPARTURE AND REINFORCEMENT

In the middle of this evolving organisation, Enexis took leave of valued colleagues in 2023. Jos looks back at the passing away of colleague supervisory board member Paul Rupp. 'We still miss him every day - as a person and as a supervisory board member. Paul was exceptionally good at forging connections between society, the political arena, and Enexis. His successor Wilma Mansveld, who was nominated by the shareholders, has started in the meantime. Supervisory Board member Carmen Velthuis will be stepping down in 2024. Her successor will be nominated for appointment at the coming AGM.'

The departure of CEO Evert den Boer also had an impact. Jos: 'He had already been temporarily absent earlier due to health problems. After a short return, Evert stepped down definitively as CEO of Enexis in 2023. We hope that he will recover soon. Of course, the departure of a CEO has a big impact; however, the three remaining EB members succeeded very well in temporarily assuming his duties. With Rutger van der Leeuw, Enexis now has a good successor. The SB is also pleased that they were able to appoint an internal candidate. Liesbeth Kaashoek has started as COO ad interim in the meantime, so that Rutger can focus completely on his duties as CEO.'

EXECUTING THE NEW STRATEGY

It does appear as if there was many comings and goings; however, according to Jos, this is only normal in a large organisation. 'It did not interfere with the execution of Enexis's strategy, on which we as SB continue to challenge the EB.' Joost van Dijk, Vice-Chairman of the SB, adds: 'Enexis has a clear strategy. A strategy that is feasible and, by now, also well internalised and supported by the shareholders. The energy transition has a huge impact on the organisation effecting both the production and supply side. This demands further expansion of the grids, acceleration, and increasing the number of new connections and upgrades of existing connections for more and more businesses and households. Enexis's work package has increased no less than threefold during the last six to seven years. It is a huge challenge in times of personnel shortages to find and retain sufficient technical personnel to carry out this growing production. This is why we are also outsourcing more work to contractors.'

PREPARING FOR THE FUTURE

Joost: 'The energy transition requires a new approach.' 'We are transitioning from a grid that was powered by a few large power plants to a multitude of small-scale local solutions. The future is difficult to predict: laws and regulations, subsidies and technical innovations can still have a large effect. Nevertheless, we have to already start preparing our grid.' A better balance between supply and demand would help to make more efficient use of the capacity of the grid. 'Flexibility is essential: battery storage as well as congestion management (in other words avoiding peak hours), where we ask large-volume customers, in the event of a potential overload of the grid, to temporarily reduce their transmission demand in exchange for a fee.' Jos adds: 'Households and businesses must become more aware of the fact that grid operators are not always able to deliver the requested capacity.'

HIGH AMBITIONS NECESSARY

The SB not only monitors the progress with regard to the implementation of the strategy. Jos: 'We also brainstorm with the EB'. 'We conduct an open dialogue about measures. In doing so, we take the various plans and reports into account. As SB, we examine whether investments are effective. How did the EB arrive at the choice for grid expansion? How are they determining priorities? How efficient can the work be carried out? Enexis has high ambitions, and this is also necessary. High ambitions ensure that you ask the most of yourself. As SB, we have ample knowledge, expertise, and experience to challenge the EB on this matter.'

Jos: 'We realise that Enexis cannot realise all of its ambitions. For instance, the goal of offering everyone access to energy at all times. Nevertheless, the SB supports such high ambitions. If you place the yardstick just a little bit too high, you force yourself to think about how you can still attain your goal. However, it is important to be transparent about this to consumers, businesses, the energy market, and governments.'

GAS-FREE AND VOLTAGE-FREE

Safety was high on our agenda in 2023, as in previous years. The SB starts every meeting with this agenda item. Can Enexis ascend further on the Safety Culture Ladder? Which improvements have been implemented? Joost: 'We are trying to reduce risks further and further. To continue to increase safety, working gas-free and voltage-free is the new standard. This applies to our own employees and to contractors that are helping us carry out the growing work package. The SB strongly supports this choice. Moreover, working gas-free and voltage-free also increases the safety of others, as a lot of the work takes place in public spaces.'

GAINING EXPERIENCE WITH HEATING

The fourth Dutch Cabinet Rutte submitted the proposal for the Collective Heat Supply Act [Wet collectieve warmtevoorziening (Wcw)] to the Dutch Council of State in 2023. Jos: 'Heat is also an agenda item at every SB meeting. It is a new public energy supply, in addition to gas and electricity. Only there is still little experience with it and there are many stakeholders involved; therefore, it is difficult to take the next steps in the right direction. However, Enexis must also prepare for this. This is why we are first gaining experience with small-scale heat infrastructure projects. In Mijnwater in Limburg, for example, where Enexis is working together with various parties. As SB, we focus on identifying and above all limiting risks.'

A SUSTAINABLE PRODUCTION CHAIN

Increasing the sustainability of the energy chain will be at the top of the SB's agenda in 2024. As from 2024, grid operators must comply with the new European Corporate Sustainability Reporting Directive (CSRD). Jos: 'Laws and regulations are becoming increasingly strict and are not always clear, whereas the energy chain is also very complex. In addition, we will also be working together more closely with the Central Works Council within Enexis. We explain how we are fulfilling our role as SB. And we are looking forward to continuing our talks on the changing organisation as a consequence of the energy transition.'

Report of the Supervisory Board

As Supervisory Board, we act as supervisor, advisor, and employer of the Executive Board. How did we fulfil these roles in 2023? We describe this in this paragraph.

SAFETY

Safety has the highest priority at Enexis and therefore it is also at the top of our agenda. Via quarterly reports, we discuss, for example, accidents resulting in absenteeism. We examine concrete incidents and the effectiveness of follow-up measures.

In the safety message for 2023, the EB stated that working gas-free and voltage-free is now the norm. We are enthusiastic about this new way of working and the corresponding policy. This applies not only to Enexis employees but also to the employees of contractors. Enexis is taking an important step forward with this new norm.

Furthermore, Enexis has realised the national target of carrying out an inventory of all accessible stations and making these stations asbestos safe. A huge task has been completed. As SB, we are proud of the colleagues that have worked hard on this.

STRATEGY

The central theme of Enexis's strategy is focus on facilitating the energy transition. As the energy transition accelerated in 2023, we monitored the execution of the strategy more critically. We are convinced that the strategy contributes to building the energy system of the future in a good and sustainable manner. However, we also see that the demand for energy - and thus for capacity on our grid - is growing faster than Enexis can keep pace. The goal to offer everyone access to energy at all times is therefore under pressure. To limit the consequences of not being able to meet this goal, we gave the EB advice on measures, for instance, clear and transparent communication with stakeholders, and carrying out research into the use of hydrogen and green gas to free-up grid capacity. In addition, we also advised setting priorities for grid expansion and allocation of capacity.

This demands a lot from the organisation. Consequently, we regularly have spirited discussions with the EB about the choices and progress. We discussed dilemmas such as how the nitrogen regulations are having the effect of slowing down Enexis's work. We also discussed the effectiveness of investments frequently. Enexis is doubling its investments in the coming years. Based on our role as supervisor, we asked the EB to explain their investment choices in detail. For example, what does the EB want to invest in first? And why?

GRID CONGESTION

The electrification of society is accelerating. For example, there are more electric cars on the road and factories are switching from gas to electricity. Consequently, businesses and households require more and more electricity from our grids. And we are reaching the limits of our grid capacity in a growing number of areas. The transmission shortage for electricity consumption will probably continue in the coming five to ten years with waiting lists for large-volume business customers.

The consequences of a shortage of transmission capacity are far-reaching for our customers and other stakeholders. As SB, we also received signals of these negative consequences in 2023, which we discussed with the EB. In this case, our approach was primarily focused on ensuring that Enexis reaches society and stakeholders effectively, leading to greater awareness of the impact and challenges of the energy transition.

We talked about expanding the electricity grid by 'building, building, building'. Innovative measures were also discussed that can help reduce the shortage of transmission capacity like new types of contracts for large-volume business customers. We also discussed new ways of working together with the EB, for example, new forms of collaboration with municipalities and contractors. In the Nationale Uitvoeringsagenda [National Execution Agenda], the Dutch grid operators set out how they plan to invest proactively to resolve the grid congestion. The SB endorses this agenda.

HEAT

Heat was one of the most discussed topics in our meetings in 2023. In the beginning of the year the Extraordinary General Meeting of Shareholders (EGM) gave the green light for an investment of nearly € 80 million in phase 1 of Mijnwater. This a district heating system that will be supply heating and cooling to business customers and households in the Parkstad region in Limburg. Old mine shafts are being given a new role as a renewable source of heating and cooling. In projects like Mijnwater, we are gaining valuable experience with heat.

In nearly every meeting, we discussed the developments around heat and the fine-tuning of our heat strategy with the EB. This strategy not only describes goals and results, but also guidelines and the conditions under which Enexis participates in heat projects. We advised the EB extensively on the criteria, risks, governance, and financing.

The heat strategy was also discussed in our meetings with shareholders, for example during the meetings of the Shareholders' Committee. The AGM will be asked in April 2024 to approve the heat strategy.

MORE ENGAGED AND INVOLVED EMPLOYEES

As is the case for other companies, the tight labour market also has a negative effect on Enexis. The challenge Enexis faces in finding, retaining, and training skilled and competent employees demands a lot from the board, management, and HR/recruitment. Therefore, this topic has been a regular subject of discussion with the supervisory board. Enexis has tried to attract new colleagues in various ways, for example, with a new labour market campaign. And successfully: many new technical and other colleagues joined the company. This success demands sufficient training and coaching capacity of experienced colleagues. We are also monitoring this closely.

The recruitment of new colleagues was not the only attention point. The necessary production growth demands standardisation of processes. With the Central Works Council (COR) and the EB, we discussed how job satisfaction, entrepreneurship, and creativity can be maintained when the work is standardised. Together, we emphasised that it is crucial for Enexis to create a safe and learning organisation culture, offer good training possibilities, and continue to pay attention to the vitality of colleagues. After all, our employees make the energy transition possible. We are therefore pleased with the agreement on a new Collective Labour Agreement.

The supervisory board wholeheartedly supports the management in building an Enexis for everyone. With a focus on diversity and inclusion, we set new targets for the gender balance within the board of directors, the supervisory board, and the management layer directly below the board of directors. We also refined the profile of the supervisory board with regards to diversity. The Supervisory Board intends to explicitly focus on how Enexis ensures inclusivity in 2024.

OTHER TOPICS

Furthermore, we undertook the following activities:

- In 2023, we discussed the method based on which the remuneration of the EB and SB is charged to the various Enexis Groep entities. The EB and SB decided to evaluate the remuneration allocation method in order to determine whether the method is still appropriate. This, in view of the developments in the energy transition, including the challenges with regard to financing the grid operations and the strategic developments in connection with heat and hydrogen.
- During a thematic session, the procurement process and policy of Enexis were explained. The shortages on the raw materials market require the whole energy chain to look ahead.
- We approved the issue of a green bond and a new loan facility at the European Investment Bank (EIB). This issue and loan facility are in line with Enexis's strategy to make optimal choices for society for the energy system of the future.
- We discussed the annual report, the financial statements, the interim report, the year plan, and the risk inventories and granted our approval based on the advice provided by the Audit Committee. EY, our external auditor, was present at these sessions.
- During a two-day SB session, we visited the high-voltage station Eindhoven-Oost, work being carried out on a section of the grid, and a transmission distribution station. With the contractor in question, we discussed the impact that grid expansions and adaptations are having in practice.
- During the two-day session, we discussed the theme of integrity in detail with the EB, the integrity manager and internal audit and risk manager, including critical points of concern. This year there were no critical points of concern and the theme was discussed on the basis of cases.
- Another topic that was discussed during the two-day session was the feasibility of our strategy. With the EB and a number of directors, we engaged in in-depth discussions about production growth and the National Execution strategy as well as other topics.

- In another session, we focused on grid losses and, in particular, the strategy for purchasing grid losses.
- We also examined the tariff structure and the regulation method of the Netherlands Authority for Consumers and Markets (ACM) together with the EB. In view of the large investment and financing challenges and related issues, we think it is important that the ACM revises the current method.
- We approved an amendment to the articles of association of Enexis Holding N.V. and submitted the amendment proposal to the shareholders during the Extraordinary AGM of 23 November 2023. The Extraordinary AGM approved the amendment proposal. The amendment makes it possible to reappoint, subject to conditions, supervisory board members after a period of eight years for a period of two years.
- We discuss the daily course of affairs based on ongoing and detailed management reports about the performance of Enexis. This concerns the reliability of the energy supply.
- We discussed the audit plan of our external auditor EY and the internal audit and risk plan.
- Finally, the EB reported both quarterly and cumulative on important projects, customer and other processes, customer satisfaction, and financial figures. They also provided forecasts of the financial results and cash flow.

GOVERNANCE

CHANGES IN THE SUPERVISORY BOARD

At the beginning of 2023, we received the sad news that supervisory board member Paul Rüpp had passed away. Paul was a very dedicated supervisory board member, nominated by the shareholders, who enriched our team with his extensive political experience, warmth and ability to put things into perspective. He had to lay down his work due to health reasons at the end of February. We are deeply affected by Paul's death and thankful for his dedication and commitment all these years.

Until November 2023, the SB had four members and the duties were redivided. After a careful selection process, Wilma Mansveld was appointed as an SB member on 23 November 2022 after being nominated by the shareholders. Besides a member of the SB, Wilma also became a member of the Audit Committee. Anita Arts was reappointed at the AGM of 13 April 2023 as an SB member nominated by the Works Council, with a positive recommendation from the SB colleagues and the COR.

CHANGES IN THE EXECUTIVE BOARD

After CEO Evert den Boer was unable to fulfil his duties at the beginning of 2023 due to health reasons, we focused all our attention on the continuity of the EB. Mariëlle Vogt temporarily assumed Evert's position - a situation that also had influence on the workload of the other EB members, Rutger van der Leeuw and Jeroen Sanders. We are grateful to Mariëlle, Rutger and Jeroen for the extra effort that they made in this period. When it became clear that Evert would not be able to return, we started looking for a suitable successor. After a selection procedure and positive advice from the Central Works Council and the Shareholders' Committee, we appointed Rutger as CEO. The knowledge and experience that he has gained outside and within the organisation are suited to the challenges that Enexis is facing.

After his appointment, Rutger temporarily filled the role of both CEO and Chief Operating Officer (COO). In order to limit this period, we appointed Liesbeth Kaashoek as COO ad interim. A procedure is running to fulfil this position definitely; however, this is a challenge due to the tight labour market in combination with the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). The law contains rules for the remuneration of senior management in the semi-public sector. We hope to introduce the new COO during the next AGM.

PERFORMANCE SB

We carried out a self-assessment in 2023 under the supervision of an external party. The EB provided information in advance about the collaboration with us as SB. The assessment focused on the functioning of the SB as a whole, the two committees and the individual SB members. The process in connection with the succession of the CEO was also discussed, during which recommendations were put forward. We immediately applied these recommendations concerning the process in the appointment procedure of the new COO. The self-assessment confirmed that the way the SB members function is generally good. The SB does demand a substantial investment of time from the SB members due to the frequent meetings and the size of the task. The relationship between the SB and the EB is described as professional and there is mutual trust. We discussed the conclusions from the self-assessment with the EB. All SB members comply with the independence norms laid down in the Dutch Corporate Governance Code 2022.

The members of the SB continuously improve their performance by actively participating in relevant meetings and knowledge sessions, for example at Netbeheer Nederland and the major accounting and consultancy organizations.

FUNCTIONING OF EB AND COLLABORATION WITH SB

We assessed the functioning of the EB again this year. Despite the limited staffing, the EB functioned well and demonstrated leadership. The collaboration among the board members and with us is good, which strengthens our confidence in the EB. We are involved timely and effectively in strategic and important decisions.

SUPERVISORY BOARD MEMBER ATTENDANCE

We met with the EB a total of eight times. These meetings are always preceded by a closed meeting of the SB. The table below shows the attendance percentages per supervisory board member from the moment of appointment to the supervisory board and the relevant committee.

	Jos Nijhuis	Joost van Dijk	Carmen Velthuis	Anita Arts	Wilma Mansveld (since November 2023)	Paul Rüpp (up until March 2023)
Supervisory Board	100%	100%	100%	87.50%	100%	100%
Audit committee	n/a	100%	100%	100%	100%	n/a
Remuneration and Selection committee	100%	n/a	n/a	100%	n/a	n/a

The SB has two permanent committees: the Audit Committee and the Remuneration and Selection Committee.

AUDIT COMMITTEE

The composition of the Audit Committee changed in 2023. Wilma Mansveld became a member of the Audit Committee in November 2023. She succeeded Anita Arts, who became the Chair of the Remuneration and Selection Committee in October. The AC is chaired by Carmen Velthuis with Wilma Mansveld and Joost van Dijk as members. The committee convened seven times in 2023. In accordance with the governance agreements, the external auditor EY, the internal audit & risk manager, and the Chief Financial Officer (CFO) participated in all meetings.

The committee discussed the longer-term financial outlook, the structurally increasing investments, and the financing of these investments in connection with the energy transition extensively. Regarding data and digitalisation, the Audit Committee was informed about the design, objectives, and results of portfolio management and the next steps in this area, as well as about the control of Identity & Access Management. The Audit Committee also discussed cybersecurity in the presence of the Chief Information Security Officer (CISO). The Audit Committee assesses the functioning of the external auditor EY each year and reports to the SB on the outcome of this assessment.

REMUNERATION AND SELECTION COMMITTEE

The Remuneration and Selection Committee has been chaired by Anita Arts since October 2023 with Jos Nijhuis as a member. After Paul Rüpp's death, the composition of the committee was not changed formally and Jos acted temporarily as chair of the committee. Other SB colleagues provided additional support.

The committee convened three times in 2023. They carried out the preparations for the succession of the CEO, the selection of the COO ad interim and started the procedure for the recruitment of the new COO. In addition, the committee discussed and supervised the reappointment of Anita Arts and the appointment of Wilma Mansveld. Other topics on the agenda were the remuneration of the EB and senior management, succession management, diversity, and inclusiveness. The committee also discussed changes in the SC profile to ensure that diversity, inclusiveness, and the independence of the SC members are well-embedded in the profile. In the last meeting of the year, the committee decided to broaden its scope and to transform the committee into a Human Resources Committee (HR Committee). In this manner, important HR topics, that the committee needs to provide advice on, can be discussed properly.

Finally, the RSC prepared the annual evaluation procedure of the EB. The RSC provided advice to the supervisory board on the evaluation process. A member of the committee was present at each individual performance review.

SHAREHOLDERS

As SB, we regularly consult with the Shareholders' Committee who represents the shareholders. The SB met five times with this committee in 2023. The composition of the Shareholders' Committee changed following the Dutch Provincial elections in 2023. We conducted a strategic dialogue with the shareholders on the topic heat in November.

EMPLOYEE PARTICIPATION

We decided to strengthen the collaboration in the 'golden triangle' of EB, SB, and the Central Works Council in 2023. With that objective, the chairs of the EB and the Central Works Committee, and the RSC participated in several meetings of the Employee Participation and Governance Alliance. In two formal 'article 24' meetings, the triangle discussed the labour market shortage, the progress with regard to the strategy, and organisational developments. The opportunities and threats of artificial intelligence (AI) were also a topic of discussion.

Throughout the year, there was also constructive contact about appointments in the EB and SB. Due to all the formal and informal contacts, the collaboration in the golden triangle proceeded smoothly. This also applies to the various works councils. At the beginning of the year on the employee participation day, the EB gave a presentation about the role of the supervisory board and answered questions about it. This was experienced as useful by both parties. We are pleased with the collaboration with the Central Works Council and we hope to strengthen this further in 2024.

ABOUT THIS REPORT

We discussed the 2023 financial statements with the auditors' report and assurance report, as prepared by the EB, extensively. The external auditor EY was present at this meeting. The auditor audited the 2023 financial statements and issued an unqualified audit opinion. The Audit Committee discussed the financial statements and the annual report extensively with the CFO, her team, and the auditor, and issued a positive advice for both documents. We conclude that the report satisfies the requirements of good governance, transparent reporting, and accountability, and we propose that the AGM adopt the 2023 financial statements and the profit appropriation proposal for 2023. We also propose that the AGM grant the EB discharge for the management of the company and grant us as SC discharge for our supervision of the EB in the reporting year 2023.

WORD OF APPRECIATION

In the year 2023, the employees, management, Central Works Council and EB have again made a huge effort to realise Enexis's societal objectives. They did this under challenging circumstances. We would like to voice our appreciation and gratitude for their dedication and the results that they achieved in 2023. We would also like to thank the shareholders and other stakeholders for their valuable contributions and involvement, and for the trust they have placed in Enexis.

's-Hertogenbosch, 4 March 2024

Supervisory Board

Jos Nijhuis (Chairman)

Joost van Dijk (Vice-Chairman)

Carmen Velthuis

Anita Arts

Wilma Mansveld

Remuneration report

REMUNERATION POLICY EB

The remuneration policy for the EB of Enexis Holding was adopted on 5 December 2012 by the AGM and came into effect on 1 January 2013. In this policy, the decision was taken to set the remuneration for the EB within the framework of the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). The SB carries out the remuneration policy for the EB.

The remuneration of EB members consists of a gross annual salary, a pension provision, and other employee benefits.

FIXED GROSS MONTHLY SALARY

The remuneration level of positions with a comparable complexity and societal impact lies well above the absolute maximised norm of the WNT. Therefore, the decision has been taken to set the remuneration of the EB and the SB at the maximum level permitted by the WNT. A variable remuneration component has not been included in the remuneration policy.

PENSION

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

OTHER EMPLOYEE BENEFITS

The members of the EB are employed by Enexis Personeel B.V., a subsidiary of Enexis Holding N.V. In accordance with the remuneration policy that came into effect on 1 January 2013, an employment contract for an indefinite period has been entered into with the EB members. This policy deviates from the guidelines in the Corporate Governance Code. Currently, we see no reason for a policy in which fixed-term contracts are entered into with EB members, except where this explicitly concerns an ad interim position.

The point of departure is that the members of the EB do not fall under the Collective Labour Agreement (CLA) for Grid Operators and the company CLA of Enexis, which both apply to Enexis employees. However, relevant employment conditions that follow from these CLAs do apply insofar as they are WNT compliant. EB 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.

Other components of the remuneration policy are a fixed expense allowance, company car (if desired with a driver), accident insurance, and directors' liability insurance.

EXECUTION OF REMUNERATION POLICY

We re-examined our reporting and disclosures based on the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) accountability as well as the remuneration policy in 2023. We consider transparency to be very important in our reporting and disclosures. However, the prescribed interpretation of the WNT and related regulations make this rather complicated.

As in 2022, the remuneration paragraph is included in the Enexis Holding N.V. annual report based on Book 2 of the Dutch Civil Code (in note 34). The WNT accountability will be included in the financial statements of the WNT institution within the Enexis Groep: Enexis Netbeheer B.V. In addition, a further explanation regarding the remuneration of the executive board and supervisory board will be included in the chapter 'Corporate Governance' of the annual report of Enexis Netbeheer B.V.

Liesbeth Kaashoek was appointed as COO ad interim with a temporary employment agreement for five months. Normally, EB members are employed by the Enexis Groep based on an employment contract for an indefinite period. Their remuneration is based on the remuneration maximum of the WNT for senior officials in the employment of the company (in 2023: € 223,000 a year). As Liesbeth is employed temporarily, this was a reason for us to align her remuneration with the remuneration maximum of senior officials not in the employment of the company. Therefore she has a remuneration of € 59,000 for the entire working period in 2023.

The table below provides more insight into the remuneration of the EB members. The total of the table is in accordance with the remuneration paragraph based on Book 2 of the Dutch Civil Code in the annual report of Enexis Holding N.V. in note 34.

In €	E.G. den Boer ¹	R.B.A. van der Leeuw	J.K. Sanders	M.N.A.J. Vogt	M.E. Kaashoek	Total
Position details	CEO/ Advisor	COO/CEO	CTO	CFO	COO a.i.	
Start and end date of duties in 2023	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	1/11 - 31/12	
Extent of employment (as part-time factor in FTE)	1.0	1.0	1.0	1.0	1.0	5.0
Remuneration						
Salary expenses	199,726	194,198	200,050	194,565	54.821 ²	843,360
Tax addition for private use of lease car	0	5,889	0	5,527	0	11,416
Pension expenses	23,195	22,913	22,950	22,908	3,912	95,878
Taxable expense reimbursements	0	0	0	0	267	267
Subtotal	222,921	223,000	223,000	223,000	59,000	950,921
Social security contributions and reservation for leave ³	14,781	14,979	10,938	13,829	341	54,868
Remuneration Enexis Holding N.V. (note 34)	237,702	237,979	233,938	236,829	59,341	1,005,789

REMUNERATION POLICY SB

The AGM set the remuneration policy for members of the SB on 18 April 2016. The maximum remuneration of the chairman of the SB is set at 15% and that of the members is set at 10% of the general maximum WNT remuneration level. The members are entitled to an expense allowance. Directors' liability insurance has also been concluded for the SB members.

Unfortunately, Paul Rüpp had to lay down his duties as an SB member on 27 February 2023 due to health reasons. Later we received the sad news that Paul Rüpp passed away. He was succeeded by Wilma Mansveld, who has been a member of the SB since November 2023.

The table below provides more insight into the remuneration of the SB members. The total of the table is in accordance with the remuneration paragraph based on Book 2 of the Dutch Civil Code in the annual report of Enexis Holding N.V. in note 34.

In €	J.C.H.G. Arts	J.F.M. van Dijk	W.J. Mansveld	J.A. Nijhuis	P.L.A. Rüpp	C.M. Velthuis	Total
Position details	Member	Member	Member	Chairman	Member	Member	
Start and end date of duties in 2023	01/01 - 31/12	01/01 - 31/12	23/11 - 31/12	01/01 - 31/12	01/01 - 27/2	01/01 - 31/12	
Remunerations Enexis Holding N.V. (note 34)	22.300	22.300	2,383	33.450	3,544	22.300	106,277

1 Evert den Boer stepped down as CEO on 21 August 2023. The reporting and disclosure requirements pursuant to Book 2 paragraph 383 of the Dutch Civil Code stipulate that the remuneration of a former EB member must be included and the remuneration is to be calculated over the whole year.

2 Since the position is filled temporarily the social security contributions are part of the salary expenses.

3 The reservation for leave hours pertains to the value of the leave hours allocated to senior officials in the calendar year, but which have not yet been taken.

Risk management

ENTERPRISE RISK MANAGEMENT (ERM)

Risk management helps us to identify and control risks timely so that we can realise our objectives. Our approach is integrated in the planning and control cycle and in the processes. We stimulate risk awareness within the organisation and encourage employees to deal carefully with risks.

With risk management, we not only control risks, we also create and maintain value, improve performance, and provide the certainty that we comply with laws and regulations.

We use risk assessments to identify and analyse risks at all levels within the organisation. We take measures based on these risk assessments. Management is responsible for risk management and is supported by our business controllers and other staff functions. The group risk managers of the IA&R department coordinate and facilitate the risk management processes.

RISK MODEL

Enexis uses the global risk management standards of the COSO ERM model and the Three Lines Model for risk management. Based on the external assessment of our risk management processes in 2022, we have drawn up a risk roadmap with the objective of taking risk management to an even higher level within Enexis and to transition from a process- to a business-oriented approach. As part of this assessment, the specific requirements of all departments in the area of risk management were examined. In addition, we aligned the governance of the risk management process with the organisation's requirements.

We have divided our risk management processes in strategic and operational risk management. The outcomes of this strategic and operational risk analysis are reported to and discussed in the Audit Committee or the SB. This process enables the EB to issue its Board Statement.

OPERATIONAL RISK MANAGEMENT

Via operational risk analyses, we identify risks at tactical and operational levels that constitute a threat to Enexis' business processes. Hereby we take into account the risks that have arisen from periodic compliance, privacy, security, and data management analyses. We aim to document risks and measures that exceed Enexis' risk appetite integrally in our internal control framework (ICF).

Management assesses the functioning of the most important control measures twice a year, via a Control Self-Assessment (CSA). In this self-assessment, Managers examine to what extent risks are controlled. The department management weighs the outcomes of the CSA and, if necessary, adds these to the Internal Letter of Representation (LOR). In this manner, the departments and the EB indicate the extent to which the internal risk management and control systems are adequate.

In addition to the hard controls in the ICF, we also pay attention to soft controls. The soft controls pertain to integrity, engagement, and collaboration. Our internal integrity committee pays attention to integrity, performs a fraud risk analysis periodically, and discusses the control of fraud risks.

Operational and tactical risk management within Enexis focuses on the timely identification of events that can form a risk for achieving our goals and on controlling these risks.

STRATEGIC RISK MANAGEMENT

In our strategic risk analysis, we identify events that threaten Enexis' continuity or the realisation of its strategic objectives. When an event actually occurs, but the impact and degree of control are uncertain, we continue to treat such an event as a strategic risk.

Departments identify inventory every year the strategic risks that are relevant for their department and describe these risks on a risk card. Thereafter, the identified risks are analysed and quantified. We then estimate the likelihood 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' risk appetite for each business value. We then cluster comparable risks on a group level. The EB discusses and values these clustered risks.

Risks with a 'high' score exceed the risk appetite. We take measures for these risks, with the aim that these risks are at least reduced to 'medium'. Management determines whether measures are necessary for risks with a 'medium' score.

Each strategic risk has an owner. This owner is responsible for taking adequate measures and monitors the development of the risk. The measures are incorporated in the business plans of the departments. Management monitors the risks and the effectiveness of the measures via the planning and control cycle. The development of the most important strategic risks is reported to the EB periodically by the risk owners.



Potential consequences

Frequency or probability of occurrence

Company values					< Once in 10 years	≥ Once in 10 years	≥ Once a year
Affordability	Reputation*	Safety	Reliability	Grid accessibility	< 10%	10-50%	> 50%
					Low	Medium	High
H	Damage > €50 million	International commotion; > 20,000 complaints	Accidents resulting in one or several fatalities	> 20,000,000 outage minutes (MV/MS station > 16 hours)	Structurally not being able to meet customer demand		A B C D
M	Damage €5-50 million	National commotion; 2,000-20,000 complaints	Accident with serious, 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 customer demand	F G	H E
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 customer demand		

* Reputation with regard to stakeholders: customers, employees, shareholders, suppliers and supervisors

Position 2022
 Same position 2022/2023
 New position 2023
 New in the top

2023 Risks

Trend in relation to 2022

A	Customer demand cannot be met timely due to a shortage of employees, material and/or grid capacity	Impact
B	Unauthorised use of data and/or systems not being available due to inadequate security measures	Same
C	Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures	Same
D	Large-scale interruptions of the energy supply	Opportunity
E	Deterioration of our financial position due to price effects and effects of the energy transition and regulation method	Same
F	Enexis is insufficiently agile to carry out complex and far-reaching changes	Opportunity
G	Reputation damage because we do not react adequately to complaints and we are unable to provide an action perspective to customers	New
H	Limitations and uncertainties regarding regulations and permit processes	New

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

A. CUSTOMER DEMAND CANNOT BE MET TIMELY DUE TO A SHORTAGE OF PERSONNEL, MATERIALS, AND/OR GRID CAPACITY

We run this risk

The growing demand for electricity as a result of the energy transition leads to capacity problems in our grids as well as to a lot of extra work. The demand for grid capacity regularly exceeds the transmission capacity of the grid. Grid capacity shortages lead to disputes with customers and are slowing down the energy transition. Increasing the transmission capacity of, in particular, the high-voltage grids requires a lot of capacity and time.

The pressure on the available personnel is structurally very high at both Enexis and our contractors. In addition, we are also being confronted with an increase in employee turnover. We can only partially compensate for the shortage of personnel by working on increasing efficiency.

It is a challenge to meet the materials requirement at the right time due to the increasing fluctuations in demand and the circumstances on the purchasing market. Our ability to forecast and plan is not always adequate. As a consequence, the materials required for the execution of the work package are not always available on time.

This is how we reduce the risk

On the one hand, we channel the demand and, on the other hand, we increase production.

By investing proactively based on the Regional Energy Strategies (RES), Cluster Energy Strategies (CES), and pMIEK (Provincial Multi-year programmes Energy and Climate), Enexis anticipates future developments in the grid. Enexis tries to steer the growth of the demand of renewable energy producers and consumers in the direction of areas where transmission capacity is still available on the grid. The roll-out of congestion management remains an important measure in this.

At the same time, many measures taken were aimed at better coordination and communication with our customers, see [risk G](#) (reputation damage because we do not react adequately to complaints and are not able to offer any action perspective to customers).

We have been working for some time on stimulating the inflow of new employees and limiting the outflow. Furthermore, in the coming period, the emphasis will lie, in particular, on organising the work differently and taking a more modular approach to training. We do this, for example, via the programme Sufficient Skilled Personnel.

We aim to improve the future availability of components by working with long-term plans. We are working on standardising components, strategic inventory management, and are in constant contact with the suppliers' market so that we are better able to respond in a flexible manner. In the supply chain, we are steering on the *On Time In Full* principle.

This is how high we estimate the risk

The impact of this risk has risen; controlling the impact of the shortage of personnel, electricity grid capacity, and materials is becoming more and more of a challenge.

More general information about the growing customer demand and shortages can be found in the sections [Together towards a future-proof energy system](#), [Working on increasing grid capacity](#) and [Communicating transparently about what is possible](#).

B. UNAUTHORISED USE OF DATA AND/OR SYSTEMS NOT BEING AVAILABLE DUE TO INADEQUATE SECURITY MEASURES(ICT/OT)

We run this risk

The activities of hackers and cybercriminals (phishing and ransomware attacks) constitute a major threat. Unauthorised access to our systems and data can lead to incidents with regard to data security, business continuity, and compliance (General Data Protection Regulation and the Dutch Security of Network and Information Systems Act). As a result of digitalisation, our grids are increasingly vulnerable to cyberattacks.

Due to the increasing dependence on cloud services, risks also arise when platforms and systems in the cloud are not available for longer periods of time. Long-lasting interruptions or even the discontinuation of service providers have a large impact on Enexis work processes.

A new element is the increasing development of powerful quantum computers. These computers will have sufficient computing power in the near future to crack our cryptographic algorithms that we currently consider to be strong, which can lead to new security risks.

This is how we reduce the risk

We work with an Enexis-wide security roadmap, with a wide range of measures. In addition, we are developing a strategic information security system and an information security management system (ISMS) is being set up centrally. We are continuously performing assessments on security awareness, ransomware readiness, and NBA maturity.

A Security Operations Centre has been set up within the IT department. IT uses penetration tests and automated security scanning on the primary ICT internet systems. Various activities have been initiated to get and maintain a grip on Identity & Access Management. Furthermore, we also have continuity management measures in place to prevent large-scale outages of IT systems (for example, drawing up disaster recovery plans, performing periodic recovery tests, and actively monitoring periodic assurance statements).

An Operational Technology (OT) security organisation is active in the OT field. This organisation is tasked with specific OT security measures such as the implementation of advanced security monitoring tools to signal deviations in network traffic, periodic security assessments, anti-malware for centralised and decentralised OT systems, and an ISO 27001 certification for the OT domain.

In view of the threat of decryption of data by quantum computers, we have developed guidelines which prescribe which cryptographic algorithms are or are not permitted. We identify the risks that Enexis is running in the area of quantum threats and the cryptography used by Enexis.

This is how high we estimate the risk

The probability has remained the same as, on the one hand, our basic measures are increasingly in order and we have initiated more and more activities in the field of security. However, on the other hand, we are being confronted with increasingly large threats.

More context about this risk can be found in section [Working on increasing grid capacity](#), more specifically in the paragraph [Safeguarding digital security](#).

C. ACCIDENTS SUFFERED BY EMPLOYEES AND/OR BYSTANDERS DUE TO UNSAFE SITUATIONS AND/OR ASSET FAILURES

We run this risk

Work on the energy grids exposes our employees and bystanders to safety or health risks. Due to the nature of our primary processes (working on electricity and gas infrastructure and working in public spaces), the probability of an accident or damage to the health of employees is an ever-present risk. Asset failures or material failures can also have serious safety consequences for employees and bystanders.

Personnel shortages and the outflow of experienced employees (for example, due to retirement) have an impact on workmanship and leads to a higher workload and thus to a higher safety risk. When outsourcing work to contractors or employing non-Dutch speakers or foreign parties, we also have to pay extra attention to safety.

This is how we reduce the risk

Enexis gives top priority to safety. 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'. In addition, we have also launched the programme "working voltage-free and gas-free is the standard".

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 in order to limit the probability of unsafe situations for third parties as much as possible. To ensure the safety of smart meters, we test and check each cargo of smart meters.

With regard to safety, it is our ambition to continue to grow to step 4 on the Safety Culture Ladder.

This is how high we estimate the risk

The valuation of this risk has not changed compared to last year. On the one hand, we are taking steps in the area of safety, on the other hand, we see increasing pressure on our activities. Therefore, overall, we do not see any developments that provide a reason for a different positioning.

More general background information about safety can be found in the section [Working safely and strengthening each other](#).

D. LARGE-SCALE INTERRUPTIONS OF THE ENERGY SUPPLY

We run this risk

As a consequence of natural disasters (for example earthquakes, floods, etc.) or due to deliberate wrongdoing, severe disruptions can occur in our grids, resulting in prolonged and large-scale interruptions in the energy supply. The probability of large-scale interruptions is also increasing due to the growing demand and the resulting overload of our electricity grid.

Furthermore, the risk of a shortage of gas continues to exist. This can lead to large-scale and prolonged interruptions of the energy and/or gas supply to customers.

This is how we reduce the risk

Enexis has an adequate maintenance and replacement policy in place to limit the probability of large disasters as much as possible. We have replacement assets that we can employ quickly in emergency situations. We are constantly fine-tuning our crisis management plans following the occurrence of actual crises and we regularly hold crisis drills. We have specific measures in place for earthquakes and floods. We also continue to monitor international developments and potential consequences for Enexis.

This is how high we estimate the risk

We are increasingly testing the limits of our grid. As a result, we see an increase in the likelihood of interruptions.

More context about this risk can be found in section [Working on increasing grid capacity](#), more specifically in the paragraph [Energy supply is reliable](#).

E. DETERIORATION OF OUR FINANCIAL POSITION DUE TO PRICE EFFECTS AND EFFECTS OF THE ENERGY TRANSITION AND REGULATION METHOD

We run this risk

The electricity regulation method is not geared to the growing investments and operating costs in connection with the energy transition. As a consequence, the costs are not compensated timely and completely. This means that Enexis is being confronted with a significant extra capital requirement, which puts pressure on its financial ratios and investment capacity.

Interest rate, inflation, energy prices, raw materials, and currency developments can impact Enexis's ability to finance its activities. These developments can have such an impact on our results and ratios that this would limit our financing capacity. In particular, the price risks relating to interest rates and energy prices (in connection with purchasing grid losses) could lead to a considerable extra equity capital requirement.

This is how we reduce the risk

Enexis is taking action in various areas to improve its ability to finance the energy transition. The financing issue is being discussed with multiple stakeholders and we are working on internal efficiency improvements. In this context, we are constantly in contact with the ACM to discuss the future of the regulation.

The manner in which we aim to control the interest rate risk is described in the Treasury Statute. A Financial Risk Committee has been set up. The risk in connection with electricity and gas grid losses has been actively hedged up to and including 2026 by purchasing the required volume. The exposure to raw materials price risks and currency risks in connection with purchasing have been further examined and elaborated. These risks appear to be relatively limited.

This is how high we estimate the risk

This risk has remained unchanged. Although we won the appeal via the Trade and Industry Appeals Tribunal (CBB) regarding the setting of the tariffs, we will still have to pre-finance a significant share of the energy transition.

More information about our increased costs can be found in the section [Communicating transparently about what is possible](#) and more specifically the paragraph [Significant increase in grid tariffs](#).

F. ENEXIS IS INSUFFICIENTLY AGILE TO EXECUTE COMPLEX AND PROFOUND CHANGE PROCESSES

We run this risk

The uncertainties around customer demand are large (see also [risk A](#)). The risk exists that when we are unable to adapt our customer processes fast enough and we are unable to realise our goals in the area of realisation, contracting flex capacity, and other new products on time. If we are not sufficiently agile, this can undermine our effectiveness and reliability. This demands a lot of our organisation's and our employees' change capacity.

We have the desire to change and accelerate, but it is often not possible to do this fast enough due to the complexity of processes. The playing field is also changing rapidly in the market facilitation chain. As grid operators, we have to be able to anticipate these changes, for example, the new Energy Act and facilitating flexibility markets and congestion management.

This is how we reduce the risk

Based on a chain plan, we improve processes and products, with a product board and accompanying product portfolio. Relationship management was restructured with a specific congestion/flex team. We are working together intensively in the sector, with interest groups and the ACM to arrive at better regulations, a clear definition of 'reasonable term', and the implementation of 'societal prioritisation'.

There are sector programmes in which Enexis is represented with strong programme steering and aimed at simplification of governance and smarter use of resources.

The development of leadership skills is a strategic initiative to increase the agility of employees. Our leaders and employees are stimulated via various initiatives to work more agile, to show more courage, and to think more creatively. We pay explicit attention in our recruitment, management development, and vitality policy to the skills agility and showing courage.

This is how high we estimate the risk

The pace of the developments resulting from the energy transition continues to accelerate. As a consequence, the likelihood that we are insufficiently agile increases and hinders us in implementing complex and fundamental changes.

More general background information about this risk can be found in the section [Communicating transparently about what is possible](#).

G. REPUTATION DAMAGE BECAUSE WE DO NOT REACT ADEQUATELY TO COMPLAINTS AND DO NOT OFFER CUSTOMERS AN ACTION PERSPECTIVE

We run this risk

Customers and stakeholders are looking for a perspective to realise their own objectives. However, we are not always able to offer the requested transparency. Planning and realisation of grid investments are uncertain. New products or technical solutions have to be developed. We try as much as possible to draw up plans for the future together with our stakeholders. This intensive collaboration leads to expectations that we are not always able to meet.

A negative impact on the image of Enexis can also arise in a more generic manner as a consequence of other identified risks or negative news about other players in the sector. Due to all these uncertainties, the likelihood of complaints, claims, and reputation damage is increasing and can even possibly lead to the questioning of our 'licence to operate'.

This is how we reduce the risk

Internally and in the sector (Netbeheer Nederland), we are working on more transparency vis-à-vis our stakeholders with regard to insight into waiting lists and an action perspective (when will capacity become available). There are initiatives to improve our communication and customer service, such as more customisation in customer service, communicating 'the new reality', a digital walk-in consultation hour, setting up a productboard and productportfolio, webinars, and manuals for businesses and business parks.

In addition, there is also more attention for stakeholder expectation management. We work together in task forces per province where the pMIEKs (Provincial Multi-year programmes Energy and Climate) are discussed aimed at prioritising and programming. We are working on an Energy System of the Future campaign in which we inform stakeholders about what we are doing and what this means.

We also have more generic communication measures in place. Externally, our communication advisers have good contacts with the business community and we monitor our relationship with stakeholders. Internally, we have an effective structure in place for crisis communication, so that we can communicate quickly, openly and transparently in the event of a crisis.

Sector-wide, we are working on campaigns to increase awareness among customers of their own role in the efficient use of the electricity grid. In addition, we continue to work on a reputation buffers and a positive image by explaining what our role is and showing how much work we are carrying out to realise the energy transition and also drawing attention to our innovations and solutions.

This is how high we estimate the risk

Last year, this risk was part of risk A (consequences of shortages). We are now classifying this risk as separate risk due to the specific characteristics of this risk and because we see this risk manifesting itself more explicitly.

More general context about this risk can be found in the sections [Together towards a future-proof energy system](#) and [Communicating transparently about what is possible](#).

H. LIMITATIONS AND UNCERTAINTIES REGULATIONS AND PERMIT PROCESSES

We run this risk

Existing laws and regulations and uncertainties about new legislation make it difficult or could make it difficult for us to react adequately and quickly to customer demand and expansion of the grid:

- For instance, there are restrictions for expansions in the vicinity of 'Natura 2000' areas. In these areas, nitrogen emissions must be limited or compensated. As a result, we must make nitrogen calculations for all our projects and identify measures to remain below the permitted nitrogen emissions.
- Due to problems with spatial integration, Enexis cannot build additional grid infrastructure fast enough. The energy system of the future requires space above ground and below ground. When drawing up plans, the spatial aspects of the energy supply are often only taken into account in a later stage. Planning procedures and the accompanying processing times are threatening to become an important delaying factor in grid expansions.
- We see increasing litigation in connection with the feasibility challenge that grid operators are facing. Legal procedures are regularly being initiated if we deviate from (statutory) connection periods or if we have to refuse the requested transmission capacity. In addition, the legal structure of new products is still uncharted and complex. We are encountering varying interpretations of new laws and regulations. This is leading to dissatisfaction in society and demands more capacity/costs from Enexis to come up with new solutions, help find solutions together with customers, avoid - if possible - legal proceedings, deal with court cases and stakeholder and reputation management.
- A fourth element is the risk of a political impasse in the Netherlands. The formation of a new cabinet can lead to a delay in the decision-making or to changes in laws and regulations. There is a risk that a new cabinet will opt for a new course of action in energy and other dossiers. This unpredictability and delays in the decision-making can have consequences for the development of long-term solutions.

This is how we reduce the risk

A large number of measures have been taken or are being prepared with regard to the four aforementioned topics.

- Analyses have been performed on the bottlenecks in connection with nitrogen emissions by the Ruimte & Recht (R&R) department for the whole portfolio. We make use of a nitrogen calculation model. Based on the analyses, possible actions come to the fore and we are elaborating scenarios to limit emissions. The Steering Group Nitrogen takes decisions regarding where we can limit emissions. Where this is possible and necessary, we will build emission-free.
- To avoid increasing litigation, our Corporate & Legal Affairs (CLA) department is closely involved in, for example, the roll-out of congestion management and the development of flex products, and alternative transmission rights. In the event of legal developments, the internal and external coordination (at the level of TenneT) has been intensified. In this manner, we are better able to build up a body of evidence to substantiate the congestion issue.
- To avoid a political impasse or delays in essential laws and regulations for the sector, we have direct contact and contact via the sector with the Dutch government.

This is how high we estimate the risk

This concerns a combination of four new risks, i.e., 'Limiting nitrogen emissions', 'Spatial planning', 'Delays and changes in laws and regulations' and 'Legal complexity new products'. In particular, the first two risks are becoming increasingly manifest in the production process.

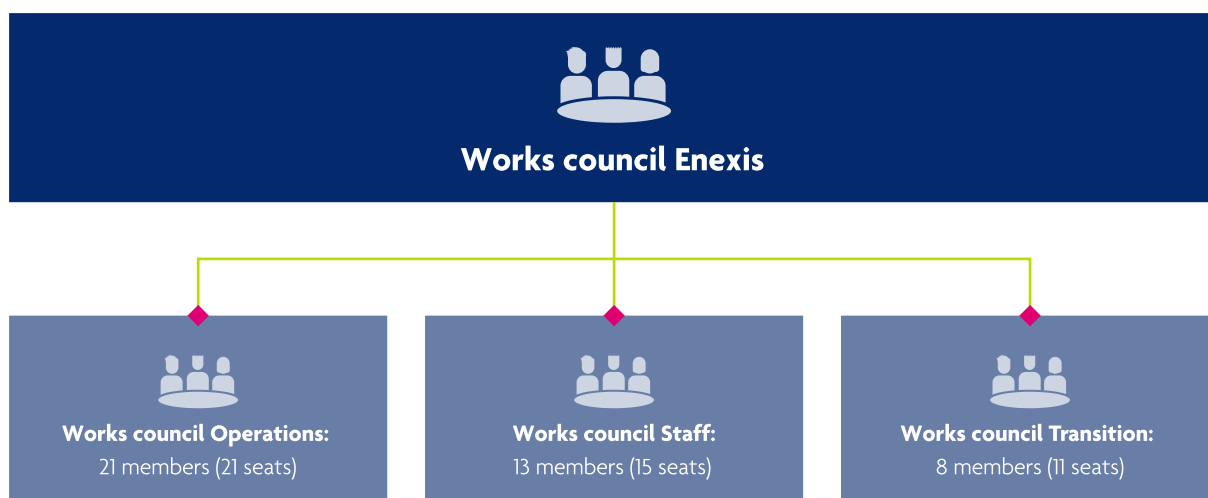
More context, in particular, about *the permit factory* and various new products can be found in the section [Working on increasing grid capacity](#).

Employee participation in 2023

BETTER TOGETHER

Employees participate in the decision-making process with regard to the organisation's policy in the Works Council. The Works Council was involved in, for instance, the selection of a new health and safety agency, restructuring of production locations, reorganisation of the Administrative and Legal Affairs and Digital Security department, and social safety.

Our employee participation consists of the Central Works Council and three underlying Works Councils that represent the various business units.



The Central Works Council consists of eleven members. They are delegated from the underlying Works Councils. The Operations Works Council delegates 6 members, the Transition Works Council delegates 2 members and the Staff Works Council delegates 3 members. These Works Councils are supported by a secretariat.

The Transition and Staff Works Councils held interim elections in June because not enough candidates had signed up for the Works Council elections in 2022.

CENTRAL WORKS COUNCIL (COR)

The COR dealt with a wide range of topics in 2023. For instance, we examined all the company regulations and adapted these where necessary. The COR also gave its consent for the new health and safety agency as the contract with the health and safety agency Zorg voor de Zaak expired in 2023. In addition, the COR was also actively involved in the making of contract agreements. With as result a new contract.

NEW PERFORMANCE APPRAISAL SYSTEM

We were also involved in the development of a performance appraisal interview, the SOR [Samen voor ontwikkeling en resultaat (Together for development and results)]. The old performance management approach was no longer in line with the changing world and personal needs of employees. This was replaced by a performance management approach that focuses on attention for each other. Employees are continuously working together on their personal development, skills, vitality, and team and individual performance and they are thus better able to function in a changing environment. The trade unions were also involved in this process as the new performance appraisal system also has an impact on remuneration. The COR approved the new approach that will be implemented in 2024. The trade unions and employees also voted in favour of the new approach.

STEP-BY-STEP PLAN

The management and the COR also drew up a step-by-step plan for the process that must be followed for advice and approval procedures. This step-by-step plan saves a lot of time while also enhancing the quality of our collaboration.

GOLDEN TRIANGLE

The COR has set itself the objective to further professionalise. The consultations between the EB, COR and the SB, the 'golden triangle', play an important role in this. In 2023, we worked on the further optimisation of our relationship, collaboration, and dialogue. The golden triangle met regularly in 2023 to discuss topical issues, both formally and informally.

OPERATIONS WORKS COUNCIL

The energy transition leads to a lot of pressure and changes within Operations. The work package is growing and the organisation cannot keep pace due to the shortage of personnel. This means that we must work smarter and more efficiently in various departments. The organisational changes were discussed in the Works Council which subsequently issued an advice. Important issues were the feasibility and the workload of employees. In accordance with the Works Council Act (WOR), we examine how employees can participate in the processes and whether changes actually contribute to Enexis's objectives. We strive for the standardisation of working methods where possible. Two important requests for advice that the Operations Works Council handled in 2023 were about:

RESTRUCTURING PRODUCTION

The Operations Works Council assessed the restructuring of the supra-regional organisation, both for Production North (beginning of 2023) and Production South (during 2023). These requests resulted from the production growth that is necessary for the energy transition. The aim is to standardise the work that Enexis outsources to contractors. To arrive at a sound advice, the Works Council took safety risks into account. In the positive advice that we gave to the EB, we emphatically requested building in evaluation moments.

SUPPLY CHAIN MANAGEMENT

Another important request for advice in 2023 concerned supply chain management. With the exponential increase of the work, there is also a growing need for materials. The forecast is that the logistic centre in Hoogeveen will no longer be sufficient as of 2025. Therefore, Enexis is looking into the possibility of relocating. The Transitions Works Council was requested to provide advice on this. The Works Council saw risks and challenges in the area of safety and employment. We addressed these risks in our advice by stipulating conditions and evaluation moments.

TRANSITION WORKS COUNCIL

Until June, the Transition Works Council was understaffed. After the Works Council elections in June, we were able to increase the number of members considerably. A wide range of important issues were on our agenda in 2023:

SECOND SALARY SCALE

Following questions from employees, the Transition Works Council put cluster leads and job differentiation on the agenda in 2023. The reason for this was the second salary scale at Operations and the role of cluster lead. The Works Council discussed this matter after which the proposal was adjusted. An additional webinar took place to inform employees better about the difference in salary.

SOCIAL SAFETY

Social safety was also an important topic in the Transition Works Council. The Energy System and Transition (E&T) department is increasingly being confronted with verbal aggression. We requested the EB's attention for this. A resilience programme was initiated for employees in consultation with the Works Council.

STAFF WORKS COUNCIL

The spear points for the Staff Works Council in 2023 were vitality and better communication with employees. We drew up a communication plan to increase the involvement of employees and to inform them about important developments in the organisation. In addition, the vitality department is carrying out an inventory for us into the role that the Works Council can play in promoting the vitality of employees. The Staff Works Council dealt with the following requests for advice:

REORGANISATION OF THE ADMINISTRATIVE AND LEGAL AFFAIRS AND DIGITAL SECURITY DEPARTMENT

The Administrative and Legal Affairs and Digital Security department was reorganised in 2023. The tasks were reassigned and security and privacy were relocated to elsewhere in the organisation. The Administrative and Legal Affairs and Digital Security department went from three to two units with each their own manager. And the department was given a new name: Corporate & Legal Affairs (CLA). A director heads the CLA department that contains Corporate Affairs (CA) and Legal Affairs (LA) each with their own manager. The Operations Works Council, Staff Works Council, the CISO and CLA were involved in the request for advice. The request itself was handled by the COR as the combining body.

RELOCATION ICT

The Staff Works Council is closely involved in the planned relocation of ICT to Orthen. The reason for our involvement was the consternation among employees about the planned relocation. The Works Council submitted attention points to the management, such as the accessibility of the new location, the safety of employees, and the working conditions. The management agreed to communicate more timely and to take the attention points into account in the realisation of the plans.

Board Statement

The Executive Board 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 aspects 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 realisation of company objectives or the prevention of material errors, losses, fraud, or violations of laws and regulations that may occur in the processes and financial reporting. The Executive Board has evaluated the set-up and effectiveness of the internal risk management and control system during 2023, based on the business control information, 'Letters of Representation', and reports from the internal auditor and 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 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;
- the current state of affairs justifies the preparation of the financial report on a going concern basis of accounting;
- this report states the material risks and uncertainties, insofar as relevant in relation to the expectation of the company's continuity for the twelve months following the preparation of this report.

's-Hertogenbosch, 4 March 2024

Executive Board Enexis Holding N.V.

Rutger van der Leeuw

Mariëlle Vogt

Liesbeth Kaashoek

Jeroen Sanders

Biographies Executive Board Members

RUTGER VAN DER LEEUW

CHAIRMAN OF THE EXECUTIVE BOARD / CEO

Rutger van der Leeuw (1976 - Dutch nationality - M) is Chief Executive Officer (CEO).

Background

Rutger previously held the position of Chief Operating Officer, Infra Director, Customer & Market Director, and Purchasing Manager. Before that, he held various management positions at KPN.



MARIËLLE VOGT

MEMBER OF THE EXECUTIVE BOARD / CFO

Mariëlle Vogt (1965 - Dutch nationality - F) is Chief Financial Officer (CFO).

Background

Mariëlle began her career at Enexis Groep in 2017 as Financial Director. Prior to that, she held the position of financial director at Delft University of Technology. Earlier, Mariëlle worked for KPN in various financial management positions.

Other positions

Beside her position as CFO at Enexis Groep, Mariëlle is also a member of the advisory council and chair of the audit committee of the Sociale Verzekeringsbank.

LIESBETH KAASHOEK

MEMBER OF THE EXECUTIVE BOARD / COO (ad interim)

Liesbeth Kaashoek (1971 - Dutch nationality - F) is Chief Operations Officer (COO) ad interim.

Background

Prior to joining Enexis, Liesbeth was responsible for Packages and Logistics Solutions and member of the executive committee of PostNL. She also held various management positions within the postal company's operations.

Other positions

Beside her position as COO ad interim at Enexis Groep, Liesbeth is also a member of the supervisory board and chair of the remuneration committee at ROVA N.V.



JEROEN SANDERS

MEMBER OF THE EXECUTIVE BOARD / CTO

Jeroen Sanders (1973 - Dutch nationality - M) is Chief Transition Officer (CTO).

Background

In this role, he focuses, together with stakeholders, on structuring and building the energy system of the future with special attention for asset management, innovation & digitalisation, and market facilitation. Jeroen has held various management positions within Enexis Groep including the position of ICT Director. Before that, he was active as General Director of Endinet, Sustainability Manager at Fudura, and in various management positions at Edon and Essent.

Other positions

In addition to his position as CTO at Enexis Groep, Jeroen is a Steering Committee Member of Gas Distributors for Sustainability (GD4S), board member of the Foundation Art Collection Essent, board member van ElaadNL and member of the supervisory board of GOPACS.

Biographies Supervisory Board Members



JOS NIJHUIS

Jos Nijhuis (1957 - Dutch nationality - M) is Chairman of the Supervisory Board. Jos was appointed as a Supervisory Board member in 2022 and is due to retire in 2026. He is member of the Remuneration and Selection Committee.

Background

Jos joined the Schiphol Group in 2008 where he was President and CEO from 2009 to 2018. Prior to that, he was chairman of the executive board of PricewaterhouseCoopers.

Other positions

He is also chairman of the supervisory board at Bouwinvest Real Estate Investors and a supervisory board member at Vision-Boxin Portugal. In addition, he is also active in a number of other positions, including member of the advisory council of Interstellar.

ANITA ARTS

Anita Arts (1959 - Dutch nationality - F) is member of the Supervisory Board and also Chair of the Remuneration and Selection Committee. Anita was appointed as a Supervisory Board member in 2019 and was reappointed in 2023 and is due to retire in 2027.

Background

Anita fulfilled advisory and management positions in the railway sector for 20 years. Her last position in the railway sector was member of the executive board of ProRail. She joined the board of the OLVG hospital in Amsterdam in 2009 and the board of the Flevo hospital in Almere in 2012, as from 2013 to mid-2022 as chair of the executive board.

Other positions

Anita is the Chair of the Supervisory Council of RAV, the regional ambulance service Haaglanden since 2024. In addition, she has been a member of the advisory board of SEO, a scientific institute for economic research since 2011. Since the beginning of 2019 up to mid-2022, she was a member of the board of the Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals). From 2011 -2019 she was also a supervisory board member at the Dutch public broadcaster NOS and the vocational training college ROC of Amsterdam-Flevoland.



JOOST VAN DIJK

Joost van Dijk (1961 - Dutch nationality - M) is Vice-Chairman of the Supervisory Board and also a member of the Audit Committee. Joost was appointed as a Supervisory Board member in 2016 and reappointed in 2020 and is due to retire in 2024.

Background

Joost is also active as an adviser and coach supporting company directors with the implementation of strategic transitions. He is also connected to TSM Business School. Earlier, he worked as CEO of EON Benelux and COO Steam at EON Generation. Before that, Joost held various management positions within Shell.

Other positions

Joost is active as a member of the supervisory board Havenbedrijf Moerdijk since 2023.



CARMEN VELTHUIS

Carmen Velthuis (1974 - Dutch nationality - F) is a member of the Supervisory Board and Chair of the Audit Committee. Carmen was appointed as a Supervisory Board member in 2016 and reappointed in 2020 and is due to retire in 2024.

Background

Carmen has been working as the CFO of Vodafone Germany since 2022. Before that, she was CFO of the European Cluster at Vodafone Group in London and CFO at Vodafone Netherlands. Before making the switch to Vodafone, she was the CFO of V&D and she held various management positions at, among other companies, KPN and PricewaterhouseCoopers.

WILMA MANSVELD

Wilma Mansveld (1962 - Dutch nationality - F) is a member of the Supervisory Board and the Audit Committee. Wilma was appointed as a Supervisory Board member in 2023 and is due to retire in 2028.

Background

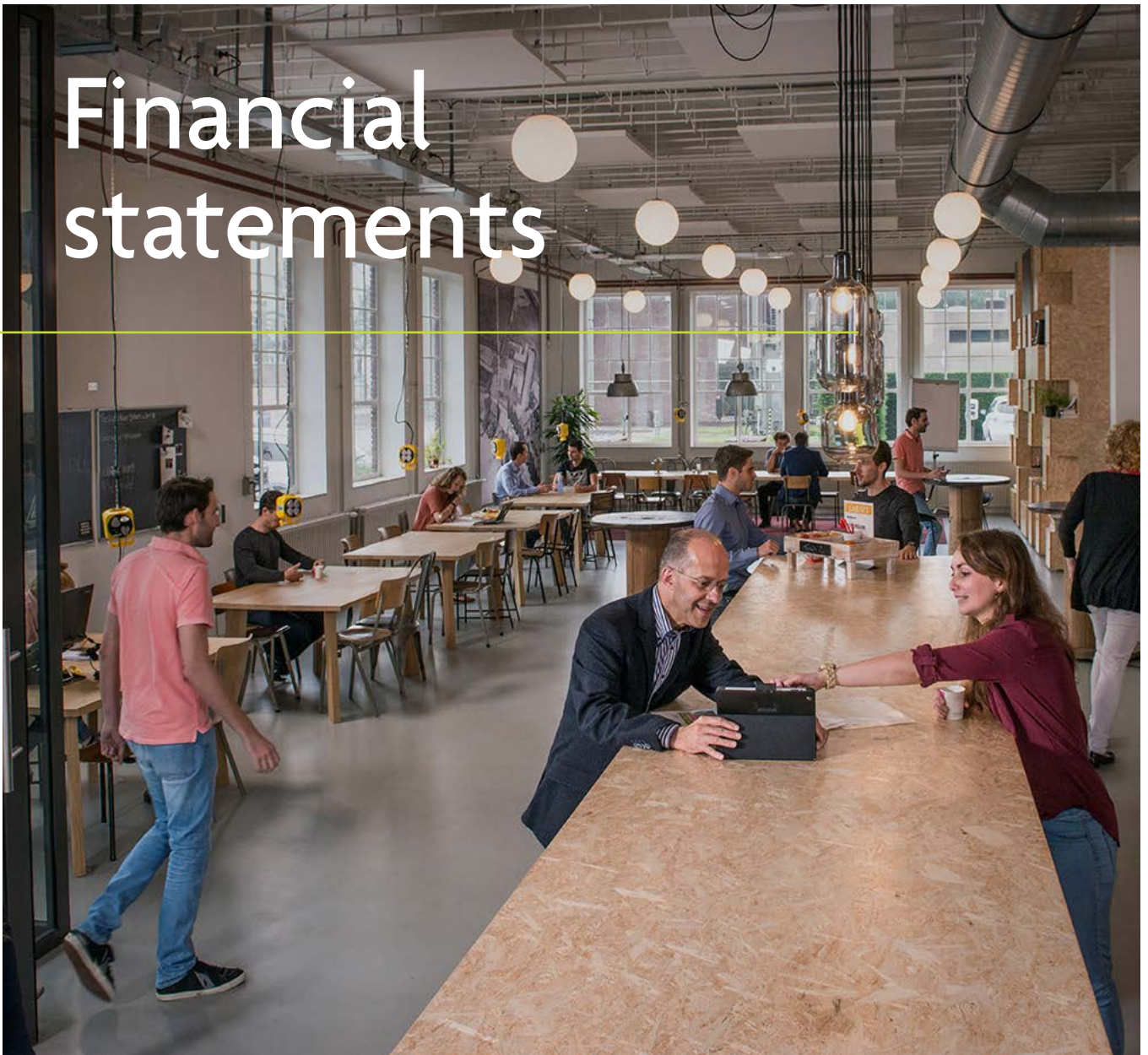
Between 2003 and 2012, she held various positions in the province Groningen, including member of the provincial executive for energy. From 2012 - 2015, she was State Secretary for Infrastructure and Environment in the second Rutte cabinet. She switched to the Veiligheidsregio Groningen in 2017, of which she is currently the director.

Other positions

Wilma is also a member of the supervisory board of Groningen Airport Eelde and chair of the supervisory board of WoonFriesland.



Financial statements



Consolidated financial statements 2023

CONSOLIDATED INCOME STATEMENT

€ Million	Notes	2023	2022
Revenue	1	2,014	1,705
Less: Transmission services and distribution losses	2	809	380
Other operating income	3	1	3
Balance available for operating activities		1,206	1,328
Employee benefit expenses	4	620	559
Depreciation and decommissioning	5	468	469
Costs of subcontracted work, materials and other external expenses	6	256	236
Other operating expenses	7	15	17
Capitalised expenses of own production	8	-262	-229
		1,097	1,052
Operating profit		109	276
Financial income	9	19	5
Financial expenses	9	40	33
Financial income and expenses		-21	-28
Result from subsidiary ¹		0	1,113
Profit before tax		88	1,361
Income tax expenses	11	-16	-61
Profit for the year		72	1,300
Attributable to:			
Minority shareholders		0	0
Shareholders		72	1,300
Average number of shares during the financial year		149,682,196	149,682,196
Profit per share²		0.48	8.69

1 In 2022 this concerns the realized transaction result from the sale of Fudura B.V. Refer to note 4. Acquisitions and sales.

2 Stated in euro's, dilution of earnings does not apply.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ Million	2023	2022
Profit for the year	72	1,300
Total comprehensive income¹	72	1,300
Attributable to:		
Minority shareholders	0	0
Shareholders	72	1,300

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

CONSOLIDATED BALANCE SHEET

€ Million	Notes	31 december 2023	31 december 2022
Assets			
Property, plant and equipment	12	9,588	8,889
Intangible assets	13	230	222
Right-of-use assets	14	90	92
Other non-current financial assets	15	8	11
Non-current assets		9,916	9,214
Inventories	16	150	74
Receivables	17	230	186
Corporate income tax	18	32	-
Other current financial assets	19	5	657
Cash and cash equivalents	20	127	217
Current assets		544	1,134
Total assets		10,460	10,348
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
General reserve		2,662	1,555
Profit for the year		72	1,300
Equity	21	5,320	5,441
Non-current interest-bearing liabilities	22	3,050	2,547
Non-current provisions	23	14	21
Advance contributions for the installation of grids and connections	24	1,215	1,125
Deferred corporate income tax	25	399	352
Other non-current liabilities	26	1	1
Non-current liabilities		4,679	4,046
Trade and other payables	27	398	282
Current interest-bearing liabilities	28	25	531
Corporate income tax	29	0	11
Current provisions	23	3	4
Advance contributions to be amortised in the following year	24	35	33
Current liabilities		461	861
Total liabilities		10,460	10,348

CONSOLIDATED CASH FLOW STATEMENT

€ Million	Notes	2023	2022
Profit for the year		1,300	199
Adjustments for:			
Depreciation and decommissioning	5	468	469
Amortised contributions for installation of grids and connections	24	-34	-31
Received contributions for installation of grids and connections	24	126	123
Change in deferred corporate income tax	25	47	-3
Change in non-current provisions	23	-7	-10
Financial income	9	-19	-5
Financial expenses	9	40	33
Corporate income tax expense recognised through profit or loss	11	-32	63
Profit on sale of Fudura B.V.	20 en 30	0	-1,113
Change in operational working capital excluding tax and interest	30	-9	-58
Other		3	0
Interest received	30	14	1
Interest paid	30	-31	-41
Corporate income tax paid or received	30	-11	-55
Dividends from joint ventures and associates	32	0	0
Cash flow from operating activities		627	673
Investments in property, plant and equipment	12	-1,098	-867
Investments in intangible assets	13	-45	-34
Cash flow from investing in (in)tangible fixed assets		-1,143	-901
Cash flow from operating activities and investing in (in)tangible fixed assets		-516	-228
Net proceeds from sale of Fudura B.V.		0	1,320
Loans granted	15	-3	-7
Repayment of loans granted	15	8	9
Increase in deposits ¹	19	-500	-650
Decrease in deposits ¹	19	1,150	100
Cash flow from other investing activities		655	772
Cash flow from investing activities		-488	-129
Cash flow before financing activities		139	544
Green bond issue	22 en 28	498	0
Increase in interest-bearing liabilities ²	22 en 28	0	2,835
Repayment of interest-bearing liabilities ²	22 en 28	-502	-3,135
Repayment of lease liability	22 en 28	-32	-34
Dividend paid	32	-193	-100
Cash flow from financing activities		-229	-434
Total cash flows		-90	110
Cash and cash equivalents at the beginning of the financial year	30	217	107
Cash and cash equivalents at the end of the financial year	30	127	217

1 In 2023 and 2022, besides deposits in and withdrawals from deposits, excess liquidity was placed in money markets funds. At 31 December 2023 € 96 million (31 December 2022: € 179 million) was placed in money market funds.

2 Concerns drawdowns and repayments on Euro Commercial Papers, bilateral cash loans and notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ Million	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Profit for the year	Total equity
As at 1 January 2022	149,682,196	150	2,436	1,456	199	4,241
Profit for the year 2022		-	-	-	1,300	1,300
Amortisation hedge reserve for the year 2022		-	-	-	-	-
Total result including comprehensive income		-	-	-	1,300	1,300
Profit appropriation for 2021		-	-	99	-99	0
Dividend paid for 2021 ¹		-	-	-	-100	-100
At 31 December 2022²	149,682,196	150	2,436	1,555	1,300	5,441
As at 1 January 2023	149,682,196	150	2,436	1,555	1,300	5,441
Profit for the year 2023 ¹		-	-	-	72	72
Total result including comprehensive income		-	-	-	72	72
Profit appropriation for 2022		-	-	1,107	-1,107	0
Dividend paid for 2022		-	-	-	-193	-193
At 31 December 2023²	149,682,196	150	2,436	2,662	72	5,320

1 The dividend payment over the 2022 results, due and paid in 2023, amounts to € 1.29 per share (2022: € 0.66) based on the weighted average number of shares outstanding during the period.

2 Total equity per share (before profit appropriation) at year-end 2023 was € 35.55 (2022: € 36.35), 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 transmission 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 transmission 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 2023 comprise the company and its subsidiaries (hereafter referred to collectively as Enexis 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 Enexis Groep.

The financial statements, prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for approval on 4 March 2024. The financial statements, approved by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 25 April 2024.

These consolidated financial statements are an English translation of the original consolidated financial statements prepared in Dutch language. The annual report in Dutch, including the Dutch consolidated financial statements, is available online on our website: enexisgroep.nl/jaarverslag. The Dutch version takes precedence.

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 overviews 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.

The consolidated financial statements of Enexis Holding N.V. have been prepared on a going concern basis. This means that the principles of valuation and determination of results used in the annual accounts are based on the assumption that the company will be able to continue to operate as a going concern for a period of at least twelve months after preparation of the annual report. The Executive Board of Enexis Holding N.V. has made an assessment of the company's ability to continue as a going concern. Based on this assessment it has been concluded that there are no material uncertainties regarding the company's ability to continue as a going concern for a period of at least twelve months after preparation of the annual report.

2.2 AMENDMENTS TO IFRS

NEW STANDARDS IN EFFECT IN 2023

The following amended IFRS standards came into effect on 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Notes to accounting policies (issued on 12 February 2021), effective as of 1 January 2023.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Notes to accounting policies (issued on 31 March 2021), effective as of 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 as of 1 January 2023.
- Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar two model rules (issued on 23 May 2023), effective as of 1 January 2023.
- Amendments to IFRS17 Insurance Contracts: First application of IFRS 17 and IFRS 9 Comparative Information (issued on 9 December 2021), effective as of 1 January 2023.
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including amendments to IFRS 17 (issued on 25 June 2020); effective as of 1 January 2023.

The amendments to IAS 1 have an impact on the notes of the accounting principles in the financial statements of the Enexis Groep, without any consequences for the equity capital or results. With regard to the amendments to IAS 12 regarding International Tax Reform - Pillar two model rules, the impact analysis and conclusions are explained briefly in note 11 Taxes. The other amendments to the standards have no direct consequences for Enexis Groep's equity and results or do not apply to Enexis Groep.

FUTURE STANDARDS NOT YET IN FORCE ON THE REPORTING DATE

The following amendments to IFRS standards are not yet effective on the reporting date:

- Amendments to IFRS16 Leases: Lease liability in a sale and leaseback (issued on 22 September 2022), effective as of 1 January 2024.
- Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current, non-current liabilities with covenants (published on 23 January 2020 and 15 July 2020); into effect as of 1 January 2024.
- Amendments to IAS 7 Cash flow statement and IFRS 7 Financial instruments: disclosures: supplier finance arrangements (issued 25 May 2023), effective as of 1 January 2024.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, lack of exchangeability (issued on 15 August 2023), effective as of 1 January 2025.

The amendments to standards after 2023 are not expected to have a direct impact on the equity and result of 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 Enexis Groep exercises control, i.e. Enexis Groep 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. If 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 summaries requires making use of estimates and assessments. In the event of significant estimates there is, per definition, a large degree of uncertainty involved in making estimates. Due to the large 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. The 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.

Offsetting

Offsetting of asset and liability 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 asset and liability items at the same time, then the 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 influence in the short term.

Valuation at fair value

An explanation of the fair values of interest-bearing liabilities is provided in note 31. 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 in 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 in 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 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.

GOODWILL

Goodwill is the difference between the cost 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-flow 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 cost of selling the asset or its net realisable value.

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 recognised at amortised cost. This classification depends on the business model used by Enexis to hold these financial assets and liabilities and the characteristics of the cash flows generated by them.

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 to the 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, deposits, 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.

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 recognised; 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 immediately recognising 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).

LEASES

ENEXIS GROEP AS LESSEE

In accordance with IFRS 16, leases are recognised in the balance sheet as soon as Enexis Groep has the right of use of the asset. The paid lease instalments are split into financing expenses and a repayment of the outstanding liability, making use of a weighted-average marginal interest rate. The right-of-use of assets is then depreciated in accordance with the total expected term of the lease. The depreciation period can be shorter if the lease period is shortened, the contract will not be extended and the asset in question will not be purchased.

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 non-recurring items and changes in fair value.

3. SEGMENTATION

Enexis Holding N.V. distinguishes between 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 amounts to more than 90%). Enexis Netbeheer B.V. is responsible for the construction, management, maintenance, and modernisation of the regional gas and electricity grids over which the supplier delivers gas or electricity to households or 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 settlement of costs has taken place.

The “Enexis other” segment covers the activities of Enexis Vastgoed B.V. and Enpuls B.V. (including Enpuls Projecten B.V. and Mijwater Warmte Infra 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 realising scalable solutions within the context of Enexis’s objectives. Mijwater 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.

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’.

€ Million	Enexis regulated		Enexis Other		Subtotal		Normalisations, eliminations and reconciliations		Enexis total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Income statement										
Revenue	2,013	1,650	1	57	2,014	1,707	0	-2	2,014	1,705
Transmission services and distribution losses	809	380	0	0	809	380	0	0	809	380
Other operating income	3	4	5	4	8	8	-7	-5	1	3
Balance available for operating activities	1,207	1,274	6	61	1,213	1,335	-7	-7	1,206	1,328
Operating expenses	1,096	1,021	8	38	1,104	1,059	-7	-7	1,097	1,052
Operating profit	111	253	-2	23	109	276	0	0	109	276
Result from subsidiaries and joint ventures	0	0	0	0	0	0	0	1,113	0	1,113
Financial income and expenses	-72	-29	-3	-1	-75	-30	54	2	-21	-28
Profit before tax	39	224	-5	22	34	246	54	1,115	88	1,361
Corporate income tax expenses	7	56	-3	1	4	57	12	4	16	61
Profit for the year	32	168	-2	21	30	189	42	1,111	72	1,300
Assets and liabilities										
Total assets	9,285	8,580	85	79	9,370	8,659	1,090	1,689	10,460	10,348
Non-consolidated associates and joint ventures	0	0	0	0	0	0	0	0	0	0
Liabilities (provisions and debts)	4,837	4,072	50	42	4,887	4,114	253	793	5,140	4,907
Other information										
Additions to property, plant and equipment, intangible assets and right-of-use-assets	1,150	918	23	4	1,173	922	0	0	1,173	922
Number of employees at year-end (FTE)	5,260	4,787	8	7	5,268	4,794	0	0	5,268	4,794

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 housing expenses charged by Enexis Vastgoed B.V. and costs charged by Enexis Personeel B.V. for services provided to Fudura B.V. (until the sale in Q3 2022), Enpuls B.V. and Enexis Vastgoed B.V. In addition, under 'Normalisations, eliminations and reconciliations' the result of the sale of Fudura B.V. is recognised as Result from associates and joint ventures in 2022.

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. The proceeds from the sale of Fudura B.V. were recognised as a non-recurring item in 2022.

4. ACQUISITIONS AND DIVESTMENTS

No acquisitions and/or divestments took place during 2023.

All the shares in Fudura B.V. were sold to Lion Bidco B.V., a consortium consisting of DIF Capital Partners and PGGM, in 2022. The shares were transferred to the buyer and the purchase price was received on 24 August 2022. The proceeds of the sale amounted to € 1,326 million. The result from this transaction amounted to € 1,113 million and was recognised in 2022 under 'Result associates' and the incoming cash flow of € 1,326 million under investment activities.

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 tax 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 the grid. The transaction price is determined on the basis of the standard tariffs charged 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	2023	2022
Regulated		
Periodic transmission- and connection fees for electricity		
High-volume consumers	531	402
Low-volume consumers	868	672
Periodic transmission- and connection fees for gas		
High-volume consumers	50	42
Low-volume consumers	359	310
Metering services	106	141
Amortised contributions	34	31
Other	22	12
Total regulated	1,970	1,610
Non-regulated		
Income from sale of products and services	44	51
Metering services	0	20
Total non-regulated	44	71
Other revenue		
Rental income	0	24
Total	2,014	1,705

Revenue rose by 18.1% compared to 2022. The consists of an increase of 22.4% in regulated revenue and a decrease of 53.7% in non-regulated and other revenue. The decrease in non-regulated and other revenue is attributable to the sale of Fudura B.V. in the third quarter of 2022.

The increase in regulated revenue is mainly attributable to a tariff increase of the periodic transmission and connection charges for electricity and gas.

Revenue from transmission and connection fees for electricity rose by 30.3% compared to 2022. This increase is the result of an average tariff increase of 28.2% and a volume decrease of 2.1%. Revenue from gas transmission and connection fees rose by 16.2% compared to 2022. This increase is attributable to an average tariff increase of 19.5% and a volume decrease of 3.3%.

Regulated revenue from electricity and gas metering services decreased by 24.8% compared to 2022. This decrease is mainly attributable to an average tariff decrease of 24.9%. The ACM is expected to take margin decisions for metering services as from 2011 based on which regional grid operators will have to settle part of the margin on metering services in the past with future tariffs. Due to the higher energy costs for consumers, Enexis decided to lower the metering service charges already in 2023 in advance of this decision by the ACM. As a result, Enexis's revenue in 2023 was € 35 million lower.

In the net revenue for 2023, the estimated grid charges for low-volume customers amounted to € 113 million (2022: € 96 million), and for large-volume customers € 49 million (2022: € 37 million), together 8.0% (2022: 7.8%) of total revenue. 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	2023	2022
Transmission services	446	295
Distribution losses	363	85
Total	809	380

Costs of transmission services and distribution losses rose by € 429 million to € 809 million in 2023. Of this increase, € 151 million was caused by higher TenneT costs for transmission services due to tariff increases (€ 144 million) which was partially offset by volume differences (€ 7 million).

In addition, the costs for distribution losses increased by € 278 million. Of this increase, € 244 million is attributable to electricity (€ 206 million due to price differences as a result of higher energy prices, € 28 million due to volume differences and € 10 million other grid losses, also due to metering errors of third parties). The grid losses arising from the transmission of gas rose by € 34 million (€ 29 million due to price difference caused by rising energy prices and € 5 million due to volume differences).

Enexis Netbeheer B.V. divides the transmitted energy over 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 loss from reconciliation amounted to € 44 million in 2023 (2022: € 7 million gain).

For more information about Enexis's policy regarding controlling the risks in connection with distribution losses, reference is made to note 31. Financing policy and risks associated with financial instruments in the consolidated financial statements 2023 of Enexis Holding N.V.

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	2023	2022
Subsidies and received refunds	-	1
Other income	1	2
Total	1	3

4. EMPLOYEE BENEFIT EXPENSES

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

€ Million	2023	2022
Salaries	347	315
Social security contributions	44	39
Pension costs	44	45
External staff	152	131
Charges to/release from employee-related provisions	1	-2
Other employee-related expenses	32	31
Total	620	559

The development of the workforce in 2023 can be specified as follows:

	2023	2022
Own staff	5,268	4,794
External staff with temporary employment	1,169	1,099
Total FTE at year-end	6,437	5,871

The average number of FTEs in 2023 amounted to 6,131 (2022: 5,848). There are no employees working outside the Netherlands.

Employee benefit expenses rose by € 61 million to € 620 million in 2023. This increase is the balance of a € 40 million increase in expenses for own personnel and a € 21 million increase in expenses for external personnel.

The increase in employee benefit expenses for own personnel compared to 2022 is due to the increase in FTEs, regular salary increases, and a CLA wage increase as per 1 January 2023 of 4%.

The costs of external hires rose by € 21 million. This concerns a combination of a tariff increase and an increase in a number of external hires in FTE.

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 2023 amounted to 111.9% (year-end 2022: 109.8%). This percentage is well above the minimum ratio of 90% which was set by the government temporarily.

The policy coverage ratio is the average of the last 12 actual monthly coverage ratios. The government temporarily lowered the coverage ratio requirement at which pension may be increased from 110% to 105% on 1 July 2022. The coverage ratio was 113.9% at the end of 2023. Therefore, the ABP decided to increase the pensions as of 1 January 2024 by 3.03%, which equals the inflation rate between 1 September 2022 and 31 August 2023 calculated by Statistics Netherlands (CBS).

The contribution for retirement and surviving dependants' pensions will be lowered from 27.9% to 27.0% in 2024. The employer pays 18.9% and the employee pays 8.1% of the pension contribution.

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	2023	2022
Depreciation of property, plant and equipment	382	380
Amortisation of intangible assets	36	35
Depreciation of right-of-use assets	32	32
Decommissioning	18	22
Total	468	469

PROPERTY, PLANT AND EQUIPMENT

Gas assets are depreciated using the diminishing balance depreciation method. All other tangible fixed assets are depreciated using the straight-line depreciation 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 continued 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 in the result.

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

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

Diminishing balance depreciation method gas assets

As of the financial year 2022, Enexis depreciates its gas assets using the diminishing balance depreciation method. Enexis estimates that the number of users of the gas grid will continue to decrease up to and including 2050. However, Enexis expects that the decrease in the number of users of the gas grid will not lead to the large-scale decommissioning of gas assets. As, despite the decrease in the number of users of the gas grid, the main infrastructure of the gas grid will remain largely operational. In addition, the gas grid is expected to remain relevant for natural gas and sustainable alternatives such as green gas and hydrogen. Therefore, Enexis sees no reason to shorten the economic and technical useful lives of the gas assets.

The depreciation method is based on the expected future consumption pattern of the future economic benefits embodied in the asset. The consumption pattern is reflected most accurately by the expected use pattern. The expected use pattern of the gas grid is determined based on Enexis's most recent forecast of the number of users of the gas grid in the period up to and including 2050. As the expected use pattern of the gas grid shows a diminishing balance, Enexis is applying the diminishing balance depreciation method as from the financial year 2022. The amortisation pattern of the contributions paid in advance for the gas assets was also revised as of the financial year 2022 in line with this diminishing balance method. As a result, the net depreciation charges (gross depreciation less the amortised contributions) of the gas assets follow a diminishing balance pattern.

For the 2023 financial statements, Enexis updated its forecast for the decrease in the number of users of the gas grid in the period up to and including 2050. This update took place based on the Enexis Netbeheer B.V. draft 2024 investment plan and the actual decrease of the number of gas connections up to the present.

The gross depreciation charges of the gas assets were € 26 million higher and the amortised amounts were € 4 million higher in 2023 than if the straight-line depreciation method would have been used. The net depreciation charges were thus € 22 million higher. Based on the current estimates, the increase in the annual net depreciation charges compared to the straight-line method will decrease every year in the period 2030-2035 until the annual difference is nil, after which the diminishing balance depreciation method will lead to a lower annual depreciation charge than the straight-line depreciation method.

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 years
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 2023.

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

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

€ Million	2023	2022
Subcontracted work	91	74
Materials	27	27
IT costs	88	86
Other external expenses	50	49
Total	256	236

The cost of subcontracted work, materials, and other external expenses rose by € 20 million in 2023 compared to 2022. This increase is mainly attributable to price indexation and an increase in the work carried out for the energy grid in 2023. In addition, housing and sector project costs were higher.

AUDITOR'S FEES

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 2023 (2022: € 0.7 million), and for other audit services € 1.0 million (2022: € 0.1 million), and for other assurance services € 0.1 million (2022: € 0.1 million). No services of any other type were provided. The audit expenses for 2022 have been paid.

7. OTHER OPERATING EXPENSES

€ Million	2023	2022
Charges to/releases from provisions	-2	-3
Other	17	20
Total	15	17

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 € 2 million in 2023 compared to 2022. The decrease is mainly attributable to a higher release from other provisions in 2023.

8. CAPITALISED EXPENSES OF OWN PRODUCTION

€ Million	2023	2022
Capitalised employee benefit expenses	-208	-177
Capitalised other direct expenses	-54	-52
Total	-262	-229

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. Capitalised costs rose by € 33 million compared to 2022. The increase is mainly attributable to more personnel being employed on investment projects for the energy grid and IT improvement projects.

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	2023	2022
Financial income	19	5
Total financial income	19	5
Other financial expenses	40	33
Total financial expenses	40	33
		0
Total, net financial expenses	-21	-28

Financial expenses mainly consist of interest payments related to borrowings. For further details on these loans, please refer to note 22: Interest-bearing liabilities (non-current) and note 28: Interest-bearing liabilities (current).

The decrease in the negative balance of financial income and expenses is mainly attributable to higher interest income on cash in money market funds, deposits, and bank accounts, and the repayment of a € 500 million bond with an interest rate of € 1.5% in October 2023. The decrease was partially offset due to a higher interest rate expense as a result of the issue of a € 500 million green bond with an interest rate of 3.625% in June 2023.

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 other income and expense items were identified in 2023 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.

The proceeds from the sale of Fudura B.V. were recognised as a non-recurring item in 2022. This non-recurring item is recognised separately in the income statement in the line 'Result associates'.

11. TAXES

BASIC TAX RULES AND TAX RISK MANAGEMENT

Fulfilling its tax obligations correctly and fully is an important area of attention. This concerns both corporate income tax and all other taxes that apply to Enexis.

An individual covenant Horizontal Monitoring was concluded with the Dutch Tax and Customs Administration in 2022. In this covenant, Enexis and the Dutch Tax and Customs Administration agreed to base their relationship on transparency, understanding, and trust. Of course, the rights and obligations based on laws and regulations continue to apply without any limitation.

The points of departure with regard to taxation and social security contributions are:

- 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 Groep 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.

THE DUTCH MINIMUM TAXATION ACT 2024 (PILLAR II)

The Dutch Minimum Taxation Act 2024 came into force on 1 January 2024. The law will take effect as of the financial year starting on 1 January 2024. An assessment was performed regarding the impact of this act. It follows from the assessment that:

- Enexis Holding N.V. and all of its subsidiaries, as a group within the Netherlands, fall within the scope of this act.
- The new act is not expected to lead to additional taxation as the effective tax rate in the sense of the act is higher than 15% or due to 'actual presence'. If additional taxation should have to take place, then a reduction of additional taxation is included in the act for a period of five years after the act first became applicable.
- The additional taxation information tax return must be filed as of the financial year 2024 within the specified period (for the first time no later than 30 June 2026).

TAX GROUPS

Enexis Holding N.V. forms a tax group for corporate income tax together with its subsidiaries. The companies that were members of the tax group at year-end 2023 are: Enexis Netbeheer B.V., Enexis Personeel B.V., Enexis Vastgoed 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 tax group 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 tax group, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.

There is also a tax group for turnover tax (VAT) with the exception of Mijwater Warmte Infra B.V. Companies are jointly and severally liable for the tax liabilities of the tax group over the period in which they belong to the tax group. The turnover tax payable by Enexis Holding N.V. to the Dutch Tax and Customs Administration is settled with the group companies in accordance with the turnover tax owed by each individual company.

CORPORATE INCOME TAX

The business activities of Enexis Groep are subject to corporate income tax. 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.

Over 2023, corporate income tax amounted to € 16 million (2022: € 61 million).

The corporate income tax can be specified as follows:

€ Million	2023	2022
Current income tax expense	-32	63
Deferred income tax expense	48	-2
	16	61
Current income tax expense prior years	0	0
Deferred income tax expense prior years	0	0
Total corporate income tax expense	16	61

No corporate income tax was payable over the financial year 2023. This is due to a temporary tax measure in 2023. Under this tax measure, Enexis was able to apply the random depreciation method for investments in its grids in 2023. This resulted in a tax loss in 2023. This loss will be partially settled with corporate income tax paid over 2022. The remaining tax loss in 2023 will be settled in the future with taxable profits.

The corporate income tax was calculated as follows:

€ Million	2023	2022
Profit before tax	88	1,361
Income tax exempt result under the participation exemption from sale of Fudura B.V.	0	-1,113
Non-taxable results and non-deductible expenses	2	0
Permanent differences between the taxable and commercial results (i.a. energy- and environmental investment deduction)	-19	-10
Profit for calculation of corporate income tax expense	71	238
Tax on current year	18	61
Utilisation of previously unrecognised tax losses	-2	0
Corporate income tax current year	16	61
Adjustment(s) for preceding years	0	0
Total corporate income tax	16	61

The Tax and Customs Administration determined the loss incurred by Mijnwater Warmte Infra B.V. before it had been incorporated in the tax group definitely in 2023. Enexis expects to be able to settle this definite loss with future stand-alone profits of Mijnwater Warmte Infra B.V.

The permanent differences between the calculation of the commercial result and the result for tax purposes are largely caused by the use of the investment schemes for tax deductions for energy and environment investments. Investing in sustainable and environmentally-friendly assets resulted in a tax deduction item of € 18 million by making use of these investment schemes (2022: € 9 million).

There were no uncertain tax liabilities arising from previous years as at year-end 2023.

The reconciliation of the statutory income tax rate with the reported income tax rate (€ 16 million), expressed as a percentage of profit before tax (€ 88 million), was as follows:

	2023	2022
Nominal statutory corporate income tax rate in the Netherlands	25.8%	25.8%
Effect from non-taxable result from sale of Fudura B.V.	0.0%	-21.1%
Effect from non-taxable results and non-deductible expenses	0.6%	0.0%
Effect of permanent differences between the calculation of the taxable and commercial result	-5.6%	-0.2%
Effect of adjustments for preceding years	-0.7%	0.0%
Effect of Utilisation of previously unrecognised tax losses	-2.4%	0.0%
Effective tax rate¹	17.7%	4.5%

¹ Total corporate income tax as a percentage of profit before tax excluding rounding.

The tax-exempt proceeds of the sale of Fudura B.V. had a large effect on the effective tax rate in accordance with IAS 12 over 2022. If the result of the sale of Fudura B.V. is not taken into account then the effective tax rate in accordance with IAS 12 over 2022 would have amounted to 24.8%.

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. For carrying out its activities as regional grid operator, Enexis makes use of assets that have been fully depreciated.

Changes in property, plant and equipment in 2023 were as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2023
Cost at 1 January 2023	828	14,473	134	672	16,107
Accumulated depreciation at 1 January 2023	409	6,752	57	0	7,218
Carrying amount at 1 January 2023	419	7,721	77	672	8,889
Reclassified work in progress	39	374	2	-415	0
Additions	23	489	14	572	1,098
Depreciation	-15	-354	-13	-	-382
Decommissioning	0	-16	-1	-	-17
Carrying amount at 31 December 2023	466	8,214	79	829	9,588
Accumulated depreciation at 31 December 2023	424	7,085	64	-	7,573
Cost at 31 December 2023	890	15,299	143	829	17,161

The comparative overview for 2022 is as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2022
Cost at 1 January 2022	793	13,820	130	545	15,288
Accumulated depreciation at 1 January 2022	381	6,435	52	0	6,868
Carrying amount at 1 January 2022	412	7,385	78	545	8,420
Reclassified work in progress	21	255	9	-285	0
Other reclassifications ¹	0	4	-8	0	-4
Additions	14	433	8	412	867
Depreciation	-28	-342	-10	0	-380
Decommissioning	0	-14	0	0	-14
Carrying amount at 31 December 2022	419	7,721	77	672	8,889
Accumulated depreciation at 31 December 2022	409	6,752	57	0	7,218
Cost at 31 December 2022	828	14,473	134	672	16,107

¹ The other reclassifications relate to an amount of € 4 million for smart meters that were reported as inventory under 'Other non-current assets' at year-end 2021 and were installed in 2022 (Cables, pipelines and equipment), as well as a reclassification of € 4 million software from property, plant and equipment to intangible fixed assets.

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 publications in order to ascertain whether such events or changes have occurred. As a result, there were no impairments in 2023.

In these triggering event analyses, Enexis Groep also took into account the developments in connection with the energy transition. The developments in connection with the energy transition do not form a trigger to make a calculation of the recoverable value for the assets of the gas grid, for more information about this topic reference is made to the paragraph 'Future outlook for the gas grid' in 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 benefits will result from the use of a specific asset.

Changes in intangible fixed assets in 2023 were as follows:

€ Million	Goodwill	Software	Work in Progress	Total 2023
Cost at 1 January 2023	96	332	36	464
Accumulated depreciation at 1 January 2023	-	242	-	242
Carrying amount at 1 January 2023	96	90	36	222
Reclassified work in progress	-	34	-34	0
Additions	0	9	36	45
Depreciation	-	-36	-	-36
Decommissioning	-	-1	-	-1
Carrying amount at 31 December 2023	96	96	38	230
Accumulated depreciation at 31 December 2023	-	271	-	271
Cost at 31 December 2023	96	367	38	501

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. The capitalised software consists mainly of purchased and externally developed software for which no statutory reserve was formed.

The comparative overview for 2022 is as follows:

€ Million	Goodwill	Software	Work in Progress	Total 2022
Cost at 1 January 2022	96	314	44	454
Accumulated depreciation at 1 January 2022	-	227	-	227
Carrying amount at 1 January 2022	96	87	44	227
Reclassified work in progress	-	24	-24	0
Other reclassifications ¹	0	4	0	4
Additions	0	18	16	34
Depreciation	-	-35	-	-35
Decommissioning	-	-8	-	-8
Carrying amount at 31 December 2022	96	90	36	222
Accumulated depreciation at 31 December 2022	-	242	-	242
Cost at 31 December 2022	96	326	32	454

¹ The other reclassifications relate to a reclassification of software for an amount of € 4 million from property, plant and equipment to intangible fixed assets.

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 2023.

In this triggering event analysis, Enexis Groep also took into account the developments in connection with the energy transition. The developments in connection with the energy transition do not form a trigger to make a calculation of the recoverable amount for the assets of the gas grid. For more information about this topic, we refer to the paragraph 'Future outlook for the gas grid'.

GOODWILL IMPAIRMENT TEST

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 2023 for the segments in which goodwill is included.

Goodwill resulting from 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
Total	96	96

Outcomes

The calculated indirect realisable value of the regulated assets are significantly 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 indirect realisable value 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 is fifteen years in order to arrive at a proper reconciliation between the necessary investments in connection with the energy transition and the income generated by these investments. 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 decision of the Trade and Industry Appeals Tribunal (CBB) in 2023, the investment programme (quality and capacity document, and strategic asset management plan), the smart meter roll-out programme, and Enexis Groep's efficiency objectives.

In its decision of 4 July 2023 the Trade and Industry Appeals Tribunal (CBB) ordered the ACM to amend the Method Decision Electricity for the regulation period 2022-2026 in such a manner that the estimates of the costs, and thus the permitted revenues for the regional grid operators, are more in line with the actual costs in connection with the energy transition. As a result, Enexis's revenues will be higher during the period 2022-2026 than expected earlier based on the Method Decision. Following the decision of the CBB, the ACM published a new Method Decision Electricity for the regulation period 2022-2026 on 21 December 2023. The ACM decided to include an advance in the 2024 tariffs for the corrections pertaining to the years 2022, 2023, and 2024. The final correction will be incorporated in the 2025 and 2026 tariffs.

Together with the increase in TenneT purchasing costs in 2024 and post-calculations for the year 2022 in connection with the relatively increased feed-in volumes and interest expenses in the WACC, the advance in connection with the correction as a result of the CBB decision will lead to a strong increase in revenue in 2024 compared to 2023. Together with the normal inflation adjustment and the reduction imposed by the ACM to stimulate efficient business operations, i.e., the x-factor, this results in a tariff increase in 2024 for electricity of about 31% and the tariffs for gas will be about 10% higher.

As the largest share of the corrections in connection with the decision of the CBB will only be incorporated in the tariffs of 2025 and 2026, there will also be an upward effect in the tariffs in these years due to the CBB decision. Together with the growth of the number of connections and the expected capacity demand of customers, this is expected to result in a further increase in revenue.

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 final value under the assumption that the whole sector shall be operating equally efficiently at that time. The final value is therefore assumed to be equal to the efficient book value (Standardised Asset Value). The assumption here 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	2023	2022
Segments	Enexis Regulated Long Term Financial Calculation	Enexis Regulated Long Term Financial Calculation
Source: financial results in future years		
Cost of debt	2.5%	2.7%
Cost of equity	6.2%	5.4%
Discount rate after taxes	4.2%	3.8%

Sensitivity analysis

The calculated indirect realisable value of the regulated assets in the operational segment Enexis regulated are considerably higher than the carrying values of the corresponding assets, plus the goodwill allocated to them. Despite the fact that the indirect realisable value is significantly higher than the carrying value of the regulated assets and the goodwill allocated to these assets, Enexis Groep performed a sensitivity analysis on the most important criteria that were used to determine the indirect realisable value of the regulated assets to provide insight into the estimate uncertainty. Based on this, Enexis Groep concluded that a reasonable change in the criteria, as shown in the sensitivity analysis below, will not lead to an impairment of goodwill. The sensitivity analysis has 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 realisable value by € 35 million.
- A delay of the convergence assumption, the year in which all regional grid operators operate equally efficiently, by one year leads to an increase in the realisable value by € 8 million.
- An increase in the discounting rate after tax by 0.1% leads to a decrease in the realisable value by € 198 million.
- A structural increase in the expected operating expenses by € 10 million a year leads to an increase in the realisable value by € 13 million, due to the difference between the time that costs are incurred and compensation in the future tariffs.
- A structural increase in the expected investments by € 50 million a year leads to an increase in the realisable value by € 41 million, due to the difference between the time that costs are incurred and compensation in the future tariffs.

The above sensitivity analysis shows that an increase in the discounting rate after tax by 0.1% leads to a decrease in the realisable value by € 198 million. However, the discounting rate is based on the regulatory WACC. The reasonable return that Enexis Groep receives on its efficient investments also depends on the regulatory WACC. In the above sensitivity analysis, only an adjustment of the discounting rate is taken into account and not a comparable increase in the reasonable return that Enexis Groep receives on its efficient investments in the tariffs. A reasonable change in the discounting rate due to changes in the regulatory WACC will therefore not lead to an impairment of 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 the total emissions in the Netherlands must decrease by at least 49% compared to 1990 by 2030. The outgoing Rutte IV cabinet further sharpened the CO₂ target in the Climate Act to at least 55% CO₂ reduction in 2030 via the coalition agreement 'Omzien naar elkaar, vooruitkijken naar de toekomst' [Looking after each other, looking ahead to the future]. To make sure that this target is actually realised, it was also agreed to aim for a higher target of about 60% in 2030 in the government's policy.

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.

The Climate Agreement 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 renewable electricity or green gas—in combination with the use of hybrid heat pumps is the most viable route to sustainability. The war in Ukraine and the increase in energy prices have accelerated the electrification and hybridisation trend. 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.

Enexis Netbeheer B.V. sees a decrease in the number of gas connections since April 2020. This downward trend is expected to continue. No significant development is expected on the main grids in the coming five to ten years as transitions in districts still have to begin and these will be carried out in stages. Any reduction in the main grids following from this will be delayed and is less strong. As the main grids not only have a district function but also a transmission function for feeding the parts of the grids located downstream. It can even be the case that by removing main pipelines in residential districts that are “going gas-free” upgrades and/or expansion must take place elsewhere in the gas grid. The high-pressure gas grid functions as a sort of “fixed constant” backbone for the low-pressure gas grid and the gas supply for the industrial sector.

Enexis Netbeheer B.V. is closely involved in consultations regarding the Regional Energy Strategies, Heating Transition Vision, and pilot projects in gas-free districts. Consultations are held here with the parties involved such as provinces, municipalities, project developers, and housing corporations. Analyses performed by both the Netherlands Environmental Assessment Agency and Enexis 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.

Enexis expects that there will be a role for the gas grid for the distribution of green gas and hydrogen in the low-carbon energy supply in 2050. In view of the through transmission function of the main grid, a decrease in the number of gas connections will not lead directly to a corresponding removal of main grids. 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.

Although the number of users of the gas grid is decreasing, this is not expected to lead to large-scale decommissioning of gas assets. Therefore, Enexis switched to the diminishing balance depreciation method as of the financial year 2022. The consumption pattern of the future economic benefits of the assets is reflected in the pattern in which the number of users of the gas grid decreases. For more information, reference is made to note 5. Depreciation and decommissioning.

Enexis 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. To ensure the reliability and safety of the gas grid, the large-scale multi-year replacement plans that are being carried out due to the obsolescence of grid components will continue at the same level up to and including 2030. After completing this, the level of replacements in the gas grid will gradually decrease.

In the Method Decision Gas for the regulation period 2022-2026, the 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 diminishing balance depreciation method for gas assets as of 2022. The ACM has opted for the diminishing 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 aims to avoid 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 lives of the gas assets. These changes in the Method Decision Gas have led to setting the efficient costs, including a reasonable return that the regional grid operators receive, at a higher level.

Enexis Groep has formulated the above assumptions and criteria with great care. However, there is still a lot of uncertainty surrounding the assumptions and criteria with regard to the future of the gas grid. The assumptions and criteria are reviewed periodically in principle, unless unexpected significant events require immediate adjustment.

14. RIGHT-OF-USE ASSETS

Enexis Groep has recognised assets with rights 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 2023 were as follows:

€ Million	Buildings	Lease cars	Total 2023
Cost at 1 January 2023	66	154	220
Accumulated depreciation at 1 January 2023	32	96	128
Carrying amount at 1 January 2023	34	58	92
Additions	4	26	30
Depreciation	-8	-24	-32
Carrying amount at 31 December 2023	30	60	90
Accumulated depreciation at 31 December 2023	40	120	160
Cost at 31 December 2023	70	180	250

Changes in right-of-use assets in 2022 were as follows:

€ Million	Buildings	Lease cars	Total 2022
Cost at 1 January 2022	65	137	202
Accumulated depreciation at 1 January 2022	24	72	96
Carrying amount at 1 January 2022	41	65	106
Additions	4	17	21
Disposals	-3	0	-3
Depreciation	-8	-24	-32
Carrying amount at 31 December 2022	34	58	92
Accumulated depreciation at 31 December 2022	32	96	128
Cost at 31 December 2022	66	154	220

For the lease liabilities related to the rights of use of assets, reference is made to note 22. Interest-bearing liabilities (non-current) and note 28. Interest-bearing liabilities (current).

LEASE EXPENSES

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

€ Million	Buildings	Lease cars	Total 2023
Depreciation	8	24	32
Financial expenses	0	1	1
Total	8	25	33

15. OTHER FINANCIAL FIXED ASSETS

Other financial fixed assets consist of the following:

€ Million	2023	2022
Loans and receivables	8	11
Total	8	11

Changes in financial fixed assets in 2023 were as follows:

€ Million	Loans granted to staff	Other loans	Deposits	Total 2023
At 1 January 2023	1	17	650	668
New loans	1	2	500	503
Repayments	-1	-7	-1,150	-1,158
At 31 December 2023	1	12	0	13
Less: current portion	0	5	0	5
Total non-current portion	1	7	0	8

Other financial fixed assets concern loans provided to EDSN B.V. and loans provided to employees in connection with financing arrangements. The average weighted effective interest rate amounted to 4.46% (2022: 1.6%).

The interest rate charged for the loans included in other financial fixed assets differed from the market interest rates at the end of 2023. Due to the limited size, the deviation from market interest rates did not have a significant effect on fair value.

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

Draw downs took place under this current account facility with EDSN of in total € 2 million and repayments were made of in total € 7 million in 2023.

As at 31 December 2023, € 5 million of the in total € 12 million outstanding loans to EDSN are recognised under current liabilities under other financial assets.

16. INVENTORIES

Inventories are recognised at costs or lower net realisable value (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	2023	2022
Materials	152	76
Provision for obsolescence	-2	-2
Total	150	74

Materials refer to items held as inventory for investment, maintenance, and emergency repair activities, as well as for work performed for third parties. The inventory of materials rose by € 76 million compared to year-end 2022. This increase is mainly attributable to the strategic build up of the inventory of materials necessary for expanding and upgrading the electricity grid.

17. RECEIVABLES

€ Million	2023	2022
Trade receivables	68	53
Amounts receivable	159	139
Other receivables	24	11
Provision for expected credit losses	-21	-17
Total	230	186

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

As at 31 December 2023, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

€ Million	2023							
	Trade receivables			Amounts receivable			Other receivables	Total
	Expected credit losses	Gross	Provision	Expected credit losses	Gross	Provision	Gross	Net
Not past due	2%	16	0	0.2%	159	0	24	199
0-30 days past due	3%	19	0	0.0%	0	0	0	19
31-60 days past due	15%	4	-1	0.0%	0	0	0	3
61-90 days past due	16%	4	-1	0.0%	0	0	0	3
91-365 days past due	50%	8	-4	0.0%	0	0	0	4
Over 365 days past due	86%	17	-15	0.0%	0	0	0	2
Total		68	-21		159	0	24	230

As at 31 December 2022, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

€ Million	2022							
	Trade receivables			Amounts receivable			Other receivables	Total
	Expected credit losses	Gross	Provision	Expected credit losses	Gross	Provision	Gross	Net
Not past due	1%	15	0	0.1%	139	0	11	165
0-30 days past due	2%	12	0	0.0%	0	0	0	12
31-60 days past due	11%	2	0	0.0%	0	0	0	2
61-90 days past due	27%	2	-1	0.0%	0	0	0	1
91-365 days past due	52%	4	-2	0.0%	0	0	0	2
Over 365 days past due	78%	18	-14	0.0%	0	0	0	4
Total		53	-17		139	0	11	186

18. CORPORATE INCOME TAX

The corporate income tax item consists mainly of to be refunded 2022 corporate income tax. This tax refund is due to the partial settlement of the tax loss in 2023 with the corporate income tax paid over the year 2022.

The final assessments over the years up to and including 2021 have been imposed. There were no uncertain tax liabilities at year-end 2023.

€ Million	2023	2022
Corporate income tax receivable	32	0
Total	32	0

19. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2023	2022
Short-term deposits	0	650
Loans with maturity < 1 year	5	7
At 31 december	5	657

The share of the loans provided to EDSN B.V. that is expected to be repaid in 2024 amounts to € 5 million and is recognised as a current portion of the other financial assets.

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	2023	2022
Cash at bank and cash balances	31	38
Money market funds	96	179
Total	127	217

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 30. Notes to the cash flow statement.

Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel 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. 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 Mijnwater Warmte Infra B.V.) are not reported on a net basis. These group companies had positive balances on their bank accounts at year-end 2023. Bank and cash balances amounted to € 31 million at year-end 2023.

Excess liquidity of € 96 million was placed in money market funds on 31 December 2023. The excess liquidity placed in money market funds is available on demand and therefore qualifies as cash and cash equivalents.

21. 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 proposed dividend distribution for 2023 is based on 50% of the profit from ordinary activities after tax. The proposed dividend distribution is paid to the shareholders as an exact amount in proportion to the number of shares. All ordinary shares are entitled to dividends. The proposed dividend distribution for 2023 amounts to € 0.24 per share (2022: € 1.29 per share). The proposed dividend payment amounts to € 36 million; and, as a result, the reservation to be credited to the general reserve amounts to € 36 million. This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2023.

The result before taxes for the financial year 2023 presented on the income statement exclusively relates to realised results. At year-end 2023, equity amounted to € 5,320 million (2022: € 5,441 million). At year-end 2023, total equity per share amounted to € 35.55 (2022: € 36.35).

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

22. INTEREST-BEARING LIABILITIES (NON-CURRENT)

€ Million	2023	2022
Listed notes	2,484	1,984
Convertible hybrid shareholders' loan	500	500
Private green loan	0	0
Lease liabilities	66	63
Total	3,050	2,547

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, please refer to note 31. 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 € 2,484 million.

Enexis Holding N.V. issued a € 500 million green bond with an interest rate of 3.625% in June 2023. Enexis Holding N.V. used the bond for investments in grid expansions and upgrades that are necessary to accommodate renewable energy, for distribution automation, smart meters, and for its sustainable buildings. In connection with the issue of this green bond, the 2020 Green Finance Framework was updated in April 2023 taking into account relevant trends. This Green Finance Framework is completely in accordance with the EU Taxonomy. This was externally validated and confirmed by ISS ESG. With this, Enexis demonstrates that it delivers a large contribution to sustainability and has a positive impact on a sustainable society. For more information regarding the terms and conditions of the issued green bond reference is made to the Final Terms and the Green Finance Framework on the Enexis investor relations website.

The carrying value of the convertible hybrid shareholders' loan amounted to € 500 million at year-end 2023. 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 concerns a hybrid financial instrument in which various derivatives are embedded 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. Enexis expects that on 30 November 2030 use shall be made of the option to repay the convertible hybrid shareholders' loan earlier. 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 € 91 million at year-end 2023, of which € 25 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 2023 was 1.1%. The financial expenses in connection with leases amounted to € 1 million for 2023. The average remaining term of the liability arising from the right-of-use assets at year-end 2023 was 3.2 years. The remaining term of the lease liabilities can be broken down as follows:

€ Million	Buildings	Lease cars	Total 2023
< 1 year	6	19	25
> 1 year	24	42	66
Total	30	61	91

The table below shows the changes in the lease liability for 2023.

€ Million	Buildings	Lease cars	Total 2023
Lease liabilities at 1 January 2023	34	58	92
Additions	4	26	30
Payments	-8	-24	-32
Interest	0	1	1
Lease liabilities at 31 December 2023	30	61	91

The comparative overview for 2022 is as follows:

€ Million	Buildings	Lease cars	Total 2022
Lease liabilities at 1 January 2022	41	65	106
Additions	4	17	21
Disposals	-2	0	-2
Payments	-9	-24	-33
Interest	0	0	0
Lease liabilities at 31 December 2022	34	58	92

23. 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 2023 can be specified as follows:

€ Million	Service-related benefits	Other employee benefits	Other	Total 2023
Obligations at beginning of year	12	4	9	25
Additions	2	0	1	3
Utilisation	-1	0	-1	-2
Released	0	-1	-8	-9
Total	13	3	1	17
Less: current portion	2	0	1	3
Total non-current portion	11	3	0	14

The current portion of provisions amounted to € 3 million (2022: € 4 million) and has been recognised separately under the current liabilities.

The comparative overview for 2022:

€ Million	Service-related benefits	Other employee benefits	Other	Total 2022
Obligations at beginning of year	16	4	16	36
Additions	2	0	4	6
Utilisation	-2	0	-2	-4
Released	-4	0	-9	-13
Total	12	4	9	25
Less: current portion	1	0	3	4
Total non-current portion	11	4	6	21

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:

	2023	2022
Discount rates	0%-3,81%	0%-3,13%
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	8.3%	8.2%

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 2023, other provisions consisted mainly of provisions for claims and disputes. In order not to damage Enexis's legal position, no further details are provided regarding the provisions for claims and disputes.

24. 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	2023	2022
At 1 January	1,158	1,066
Received during the year	126	123
Amortised	-34	-31
Total	1,250	1,158
Deduct: current portion to be amortised in following financial year	35	33
Total non-current portion as of 31 December	1,215	1,125

The current portion of amounts received in advance amounted to € 35 million (2022: € 33 million) and has been recognised separately under the current liabilities.

25. DEFERRED TAXES

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.

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.

It is unclear whether the Pillar Two model rules will create additional temporary differences, whether it is necessary to recalculate the deferred taxes for the rules of the Pillar Two model, and which tax rate must be used to calculate deferred taxes. Therefore, IASB added a temporary obligatory exemption to IAS 12. Due to this exemption, no deferred tax assets or liabilities in connection with corporate income tax based on Pillar Two model rules have been taken into account or explained in the notes.

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 possibility to apply the random depreciation method for tax purposes in the past and in the year 2023. In addition, deferred tax liabilities were recognised for the impact of IFRS 16 (leases).

The increase in the deferred tax liability of € 47 million compared to 2022 is mainly attributable to applying the random depreciation method on investments in the grids in the year 2023.

The deferred tax liability can be specified as follows:

€ Million	2023	2022
Deferred corporate income tax liabilities related to fixed assets	403	352
Deferred corporate income tax liabilities related to right-of-use assets	24	24
Deferred corporate income tax asset related to lease liabilities	-24	-24
Deferred corporate income tax asset related to tax losses	-4	0
Total	399	352

Tax deductible losses as from 2013 can statutorily be carried forward for an unlimited period of time. The deferred tax in connection with valued tax-deductible losses pertains to losses incurred by Mijnwater Warmte Infra B.V., before it joined the tax group, in the years 2017 up to and including 2019 (€ 2 million deferred tax receivable). Furthermore, this includes the share of the tax-deductible loss over 2023 of the Enexis Holding N.V. tax group that was not settled with the corporate income tax paid in 2022.

At year-end 2023, there were no unvalued future deductible tax losses.

26. OTHER NON-CURRENT LIABILITIES

€ Million	2023	2022
Payments to employees	1	1
Total	1	1

These liabilities relate to employee entitlements to leave.

27. TRADE AND OTHER PAYABLES

€ Million	2023	2022
Suppliers	167	109
Tax and social security contributions	74	36
Payments to employees	44	40
Other	113	97
Total	398	282

Trade and other payables increased mainly due to higher transmission services and distribution losses costs. This increase is largely attributable to higher TenneT costs for transmission services due to tariff increases.

28. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2023	2022
Listed notes	0	500
Subordinated green loan	0	2
Lease liabilities	25	29
Total	25	531

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

The € 500 million bond loan with an interest rate of 1.5% was repaid in October 2023.

The current portion of the interest-bearing lease liabilities concerns lease contracts that will be paid in 2024.

29. CORPORATE INCOME TAX

At year-end 2023, there was corporate income tax receivable which is included under note 18. Corporate Income Tax. At year-end 2022, there was still corporate income tax payable of € 11 million. This amount pertained to the financial year 2022. The amount of corporate income tax due at year-end 2022 was paid in full in 2023.

€ Million	2023	2022
Corporate income tax payable	0	11
Total	0	11

30. 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	2023	2022
Cash at bank and cash balances	31	38
Money market funds	96	179
Total	127	217

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

Changes in net working capital can be specified as follows:

€ Million	2023	2022
Corporate income tax expense recognised in the income statement	-32	63
Corporate income tax paid or received	-11	-55
Interest income and expense recognised in the income statement	21	28
Interest received and paid	-17	-40
Working capital before tax and interest	-9	-58
Total	-48	-62

Specification of net working capital:

€ Million	2023	2022	Delta
Inventories	150	74	-76
Receivables	230	186	-44
Subtotal	380	260	-120
Trade and other payables	-398	-282	116
Corporate income tax	32	-11	-43
(Current) provisions	-3	-4	-1
Subtotal	-369	-297	72
Total	11	-37	-48

Changes in net interest-bearing liabilities in 2023 can be specified as follows:

€ Million	Other assets		Liabilities from financing activities		Total 2023
	Cash and cash equivalents	Deposits	Non-current interest-bearing liabilities	Current interest-bearing liabilities	
At 1 January	217	650	-2,547	-531	-2,211
Cash flows ¹	-90	-650	-498	534	-704
Reclassification from non-current to current	0	0	25	-25	0
Other non-cash movements	0	0	-30	-3	-33
At 31 December	127	0	-3,050	-25	-2,948

¹ The total incoming cash flow from borrowings in 2023 amounts to € 498 million and the total outgoing cash flow from loans repaid in 2023 amounts to € 534 million.

Changes in net interest-bearing liabilities in 2022 can be specified as follows:

€ Million	Other assets		Liabilities from financing activities		Total 2022
	Cash and cash equivalents	Deposits	Non-current interest-bearing liabilities	Current interest-bearing liabilities	
At 1 January	107	100	-3,058	-331	-3,182
Cash flows ¹	110	550	0	334	994
Reclassification from non-current to current	0	0	531	-531	0
Changes in other non-cash generating units	0	0	-20	-3	-23
At 31 December	217	650	-2,547	-531	-2,211

¹ The total incoming cash flow from borrowings in 2022 amounts to € 2.835 million and the total outgoing cash flow from loans repaid in 2022 amounts to € 3.169 million.

The proceeds from the sale of Fudura B.V. consist of a cash amount of € 1,326 million. The incoming cash flow is recognised under the investment activities less the incurred sales costs. The cash resources over which decisive control was lost amounted to € 3 million.

31. 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 is 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 2022, Enexis Holding N.V. did not use derivatives to hedge interest rate risks in 2023, 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 2023:

€ Million	Nominal value	Book value	Contractual maturity date	Initial contract period (years)	Remaining period (years)	Interest
Euro Medium-Term Notes	500	498	28 april 2026	10	2.3	0.875%
Euro Medium-Term Notes	500	498	2 juli 2031	12	7.5	0.750%
Euro Medium-Term Notes (Green bond)	500	498	17 juni 2032	12	8.5	0.625%
Euro Medium-Term Notes (Green bond)	500	493	14 april 2033	12	9.3	0.375%
Euro Medium-Term Notes (Green bond)	500	498	12 juni 2034	11	10.5	3.625%
Convertible hybrid shareholders' loan Tranche A	422	421	30 november 2080	60	57.0	2.150%
Convertible hybrid shareholders' loan Tranche B	78	78	30 november 2080	60	57.0	1.400%
Lease liabilities	91	91	diversen	diversen	3.2	1.100%
Total	3,091	3,075				

The fair value of the interest-bearing loans (excluding lease liabilities) amounted to € 2,685 million at year-end 2023 (year-end 2022: € 2,463 million). The fair value of listed bonds is based on their listed prices. The fair value of other loans, including the convertible hybrid shareholders' loan, is based on the calculation method using the Euro Utility (A) BFV yield curve as at 31 December 2023. A mark-up for the subordinated and illiquid character of the loan is taken into account in the calculation of the fair value of the convertible hybrid shareholders' loan. The fair value of the interest-bearing loans has increased due to the listed green bond of € 500 million issued in 2023.

At year-end 2023, 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 discounting 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 2023, which means that foreign exchange rate risks and sensitivity to foreign exchange rate fluctuations were not relevant. As in 2022, Enexis Holding N.V. did not use derivatives to hedge foreign exchange rate risks in 2023, 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 volume 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 2023 (2022: also not recognised). For more information about the long-term financial liabilities in connection with forward contracts, reference is made to note 33. Off-balance sheet liabilities and assets.

Despite Enexis's policy to purchase the energy a number of years in advance, the cost of distribution losses is expected to remain higher than before 2022 in the coming years due to higher energy prices. However, the cost of distribution losses will decrease in the coming years compared to 2023. This is also apparent from the multi-year financial liabilities for grid losses as stated in note 33. Off-balance sheet liabilities and assets. As the regional grid operators receive compensation in the regulation method for their efficient costs and investments including a reasonable return, this higher cost level of distribution losses will also lead to an increase in the future tariffs and thus an increase in revenue. Therefore, it is expected that the financial consequences for Enexis will be limited.

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.

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 the defined minimum financial ratio as set out in the section 'Capital Management'. This credit rating profile 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. also has a committed Revolving Credit Facility (RCF) available of € 736 million (2022: € 850 million) up to December 2025. The RCF was lowered following the departure of one of the participating banks.

Enexis Holding N.V. did not make use of this RCF in 2023; 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.

In addition, Enexis concluded a € 500 million loan with the European Investment Bank (EIB) for investments in its electricity grid in 2023. These investments are necessary to further expand and upgrade the grid. It is expected that the investments that Enexis is financing with this loan will be completed by the end of 2024. Enexis has the possibility to make draw downs under this facility in the coming three years with a maximum term of 13 years. No draw downs under this facility took place in 2023.

Furthermore, Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V., and Enpuls B.V. have placed all bank accounts in a cash pool.

Enexis Holding N.V. had a consolidated positive cash balance of € 127 million at the end of 2023, of which € 96 million in excess liquidity was placed in money market funds (year-end 2022: a positive net balance of € 217 million).

Contractual term analysis

The table below shows the contractual non-discounted cash flows at year-end 2023:

€ Million	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	0	0	0	533	2,533	3,066
Trade and other payables	241	0	157	0	0	398
Current interest-bearing liabilities	2	4	19	0	0	25
Interest on interest-bearing liabilities	0	0	41	154	147	342
Total	243	4	217	687	2,680	3,831

The contractual and non-discounted cash flows at year-end 2022 amounted to:

€ Million	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	0	0	0	532	2,031	2,563
Trade and other payables	145	0	137	0	0	282
Current interest-bearing liabilities	2	5	524	0	0	531
Interest on interest-bearing liabilities	0	0	29	86	67	182
Total	147	5	690	618	2,098	3,558

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.

To maintain an at least A credit rating profile and a financially sound capital structure, a minimum value in the FFO / net interest-bearing liabilities is aimed for:

	Standard	Actual 2023	Actual 2022
FFO/net interest-bearing liabilities ¹	≥ 12%	21%	32%

¹ For definitions, please refer to the glossary. For the ratio calculation, in accordance with S&P's calculation method, the convertible hybrid shareholder loan and associated interest are included for 50% as an interest-bearing liability and for 50% in the interest paid and interest expenses.

The long-term credit rating issued by S&P for Enexis Holding N.V. and Enexis Netbeheer B.V. was changed to A+ with a positive outlook (previously A+ with a stable outlook) in February 2023. The reason for this change was that in February 2023 S&P assigned the Government-Related Entities (GREs) status to the regional grid operators. After the balance sheet date on 7 February 2024, the long-term credit rating issued by S&P for Enexis Holding N.V. and Enexis Netbeheer B.V. was improved to AA- with a stable outlook. Moody's only issues a credit rating for Enexis Holding N.V. and this remained unchanged at Aa3 with a stable outlook.

After being granted the GRE status by S&P, Enexis decreased its minimum target for the ratio FFO/net interest-bearing liabilities from 16% to 12% to maintain at least an A credit rating profile and a financially robust capital structure. For the definition of the ratio 'FFO/net interest-bearing liabilities' reference is made to the glossary.

The short-term credit rating of Enexis Holding N.V. at year-end 2023 was: P-1 (Moody's) and A-1 (Standard and Poor) and were unchanged.

By maintaining a minimum credit rating profile target, 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 its minimum credit rating profile target. 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 and credit rating profiles. 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.

32. 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 debts was zero.

In 2023, Enexis Holding N.V. classified the shareholders and their affiliates, associates, and senior executives 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 2023. The total amount of liabilities at the end of 2023 amounted to nil.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2023 (2022: € 500 million). Interest payments on these loans amounted to € 10 million in 2023 (2022: € 10 million). Dividend payments to shareholders amounted to € 193 million (2022: € 100 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 € 1 million (2022: € 2 million) and purchase transactions were concluded amounting to € 45 million (2022: € 37 million).

The total value of amounts owed to associates at year-end 2023 amounted to € 1.6 million (2022: nil).

Loans provided by Enexis Holding N.V. to associates at year-end 2023 amounted to € 12 million (2022: € 17 million). Loans provided to Enexis Holding N.V. by associates at year-end 2023 amounted to nil (2022: nil)

The dividend received from associates amounted to nil in 2023 (2022: idem).

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 34. Remuneration of the Executive and 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 2023	Equity stake held by Enexis Holding N.V. 31 December 2022	Structure of
ZEBRA Gasnetwerk B.V. ¹	Bergen op Zoom	0%	67%	Enexis Netbeheer B.V.
Energie Data Services Nederland B.V.	Arnhem	23%	23%	Enexis Netbeheer B.V.
Beheerder Afsprakenstelsel B.V.	Poeldijk	16%	16%	Enexis Netbeheer B.V.

¹ ZEBRA Gasnetwerk B.V. concerns a joint venture with a bookvalue of nil at 31 December 2022. The entity had been liquidated in 2023. The Entity is not included in the consolidation in 2022 because there is no significant influence (decisions are taken with a majority of 75%)

33. OFF-BALANCE SHEET COMMITMENTS AND ASSETS

LONG-TERM FINANCIAL LIABILITIES

The long-term financial liabilities amounted to € 477 million as at year-end 2023 (2022: € 581 million). In regards to purchasing, Enexis has concluded framework agreements with suppliers, with the expected purchase of materials and services in 2024 being estimated at approximately € 1.4 billion.

€ Million	2023			2022		
	< 1 year	1-5 year	> 5 year	< 1 year	1-5 year	> 5 year
Service agreements	16	0	0	14	0	0
IT	35	47	7	36	51	10
Grid loss ¹	140	176	21	317	142	0
Investment and financing obligation ²	30	5	0	7	4	0
Total	221	228	28	374	197	10

¹ In 2021, Enexis had already purchased the majority of the required amount of gas en electricity grid losses for the entire current regulatory period. At the end of 2023, the forecasted amount for 2024 was a 100% covered. The forecasted amount in the years 2025 and 2026 has been purchased for more than 71% for electricity and more than 89% for gas, respectively.

² The short-term investment and financing obligation includes an obligation regarding the signed purchase agreement for the delivery of the head office building in 's-Hertogenbosch. Delivery will take place in July 2024, until then the current rental agreement applies. Enexis has already paid a deposit in 2023, the remainder of the purchase price will be paid in 2024. The present value of the purchase price is € 20 million.

LEGAL PROCEEDINGS AND DISPUTES

Enexis Holding N.V. and its group companies were involved in various legal proceedings and disputes at year-end 2023. 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., Enexis Vastgoed B.V. and Enpuls B.V. for a total of € 6 million (2022: € 6 million).

At the time of the sale of Fudura B.V. in the third quarter of 2022, guarantees were issued to the buyer Lion Bidco B.V. This concerns title guarantees, tax guarantees and warranties that arose in the period prior to the sale. The liability in connection with these guarantees is limited to a maximum period of seven years after the transaction date. A potential breach of the guarantees is insured therefore Enexis's maximum liability in the event of a breach of the guarantees is nil.

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 period of 7 years after the transaction date and where threshold amounts were also agreed.

34. REMUNERATION OF THE EXECUTIVE AND 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) applies to Dutch public and private limited liability companies that are appointed as grid operators. Therefore, the WNT applies to Enexis Netbeheer B.V. and not to Enexis Holding N.V. For a further explanation of the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report of the Supervisory Board on page 116 of the management report of Enexis Holding N.V.

In the annual accounts of Enexis Netbeheer B.V. the legally required WNT accountability will be included, which monitors the remuneration of top executives for their work for Enexis Netbeheer B.V. In addition, a further explanation regarding the remuneration of the Executive Board and Supervisory Board will be included in the chapter 'Corporate Governance' of the annual report 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 this note to the financial statements of Enexis Holding N.V. In accordance with IFRS requirements and the provisions of Title 9 Book 2 of the Dutch Civil Code.

REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The remuneration of the Executive Board amounted to € 1.01 million in 2023 (2022: € 0.89 million)^[1]. The remuneration of the Supervisory Board amounted to € 0.11 million in 2023 (2022: € 0.12 million).

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	2023	2022
Short-term employee benefits	0.90	0.78
Pension costs and other long-term employee benefits	0.11	0.11
Total	1.01	0.89

¹ The remuneration of the Executive Board and Supervisory Board as stated in note 34. Remuneration of the Executive and Supervisory Board is based on the costs that are allocated to the financial year. No loans, advances or guarantees were provided to the members of the Executive Board and Supervisory Board. There were also no outstanding amounts, no written-down amounts, no relinquished amounts, and no repayments during the financial year. No share-based payments were made. The total remuneration of the Executive Board was higher in 2023 than in 2022. This is due to the fact that an additional member was added to the Executive Board in 2023 (Ms Kaashoek).

35. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date on 7 February 2024, the long-term credit rating issued by S&P for Enexis Holding N.V. and Enexis Netbeheer B.V. was improved to AA- with a stable outlook.

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

Company financial statements 2023

COMPANY INCOME STATEMENT

€ Million	Notes	2023	2022
Share of result of group companies	36	31	1,302
Other operating expenses	37	0	-
Operating profit		31	1,302
Financial income	38	95	36
Financial expenses	38	41	34
Financial income and expenses		54	2
Profit before tax		85	1,304
Corporate income tax expense	39	-13	-4
Profit for the year		72	1,300

COMPANY BALANCE SHEET

(BEFORE PROFIT APPROPRIATION PROPOSAL)

€ Million	Notes	31 December 2023	31 December 2022
Assets			
Investments in group companies	40	4,485	4,547
Other financial assets	41	3,040	2,534
Non-current assets		7,525	7,081
Receivables	42	1,082	852
Corporate income tax	43	32	0
Other financial assets (current)	44	6	658
Cash and cash equivalents	45	120	216
Current assets		1,240	1,726
Total assets		8,765	8,807

€ Million	Notes	31 December 2023	31 December 2022
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
General reserve		2,662	1,555
Profit for the year		72	1,300
Equity	46	5,320	5,441
Deferred tax liability	47	399	352
Provisions		399	352
Non-current interest-bearing liabilities	48	2,984	2,484
Non-current liabilities		2,984	2,484
Trade and other payables	49	62	17
Current interest-bearing liabilities	50	0	502
Corporate income tax	51	0	11
Current liabilities		62	530
Total liabilities		8,765	8,807

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 2:362 article 8 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 overviews 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

36. SHARE IN RESULTS OF GROUP COMPANIES

€ Million	2023	2022
Enexis Netbeheer B.V.	14	152
Fudura B.V.	0	1,135
Enexis Vastgoed B.V.	0	0
Enexis Personeel B.V.	18	16
Enpuls B.V.	-1	-1
Total	31	1,302

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.

The result over 2022 consisted of the result of Fudura B.V. up to the takeover date and the proceeds of the sale.

37. OTHER OPERATING EXPENSES

€ Million	2023	2022
Other operating expenses	0	0
Total	0	0

38. 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	2023	2022
Interest income	95	36
Total financial income	95	36
Other financial expenses	41	34
Total financial expenses	41	34
Total, net income	54	2

Financial income and expenses rose mainly due to higher interest income over the higher current account balance with, in particular, Enexis Netbeheer B.V. and due to the higher interest on surplus cash in money market funds, deposits and bank accounts. This increase was partially offset by an increase in financial expenses. A € 500 million green bond loan with an interest rate of 3.625% was issued in June 2023 while repayment of a listed € 500 million bond with an interest rate of 1.5% took place in October 2023.

39. TAXES

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

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 tax group is offset with these amounts. 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.

€ Million	2023	2022
Corporate income tax expense	13	4
Total corporate income tax expense	13	4

Corporate income tax over 2023 amounted to € 13 million. Net profit for 2022 amounted to € 4 million. The difference between these years is largely attributable to an increase in the regular result (increase in the result of the financing activities).

The effective tax rate for Enexis Holding N.V. in 2023 amounted to 13.11% (2022: 0.3%). This is lower than the effective tax rate of 17.73% for the whole group in 2023 (see note 11. Taxes in the consolidated financial statements). The difference is due to the settlement of taxes with group companies. The effective tax rate for Enexis Holding N.V. was influenced in 2022 to a large degree by the tax-exempt result of the sale of the shares of Fudura B.V.

40. INVESTMENTS IN GROUP COMPANIES

€ Million	2023	2022
Enexis Netbeheer B.V.	4,428	4,490
Enexis Vastgoed B.V.	14	14
Enexis Personeel B.V.	17	16
Enpuls B.V.	26	27
Total	4,485	4,547

Changes in the investments in group companies were as follows:

€ Million	2023	2022
At 31 January	4,547	4,663
Profit for the year	31	189
Disposed by sale	0	-196
Dividends paid	-93	-109
At 31 December	4,485	4,547

For the specification of the results for 2023, please refer to note 36. Share in results of group companies. In 2023, dividends of in total € 93 million for 2022 were received from Enexis Netbeheer B.V. and Enexis Personeel B.V. No capital was paid-in in 2023 (2022: nil).

The carrying value (including inter-company positions) of the associate Fudura B.V. sold in 2022 amounted to € 196 million on the takeover date.

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

41. OTHER FINANCIAL FIXED ASSETS

In the consolidated financial statements, expected credit losses 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 losses on loans and receivables involving associates is also eliminated.

€ Million	2023	2022
Loans granted to group companies	3,034	2,524
Loans granted to associates	6	10
Total	3,040	2,534

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 31. Financing policy and risks associated with financial instruments.

Loans to group companies increased by € 510 million. This increase was mainly caused by Enexis Holding N.V. lending the amount of the green bond with a nominal value of € 500 issued in 2023 to Enexis Netbeheer B.V. and a draw down in 2023 of € 10 million by Mijwater Warmte Infra B.V. under the current account facility with Enexis Holding N.V.

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

The fair value of the loans to group companies (including the current portion) amounted to € 2,734 million at year-end 2023 (2022: € 2,005 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 2023
At 1 January 2023	2,525	17	650	3,192
New loans	510	2	500	1,012
Repayments	-1	-8	-1,150	-1,159
Amortisation	1	0	0	1
At 31 December 2023	3,035	11	0	3,046
Less: current portion	1	5	0	6
Total non-current portion	3,034	6	0	3,040

42. RECEIVABLES

€ Million	2023	2022
Receivables from group companies	1,072	841
Interest receivable from group companies	10	9
Other receivables	0	2
Total	1,082	852

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

Interest receivable from group companies relates to the interest payments due by Enexis Netbeheer B.V. and other group companies.

43. CORPORATE INCOME TAX

For a further explanation of this item, see notes 11 Taxes and 18. Corporate income tax of the consolidated financial statements of Enexis Holding N.V.

€ Million	2023	2022
Corporate Income tax receivable	32	0
Total	32	0

44. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2023	2022
Loans granted to group companies	1	1
Loans granted to associates	5	7
Short-term deposits	0	650
Total	6	658

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

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

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 payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

€ Million	2023	2022
Cash at bank and cash balances	24	37
Money market funds	96	179
Total	120	216

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 21. 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. In the event of changes in the composition of the tax group, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.

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

The deferred tax liability can be broken down as follows:

€ Million	2023	2022
Deferred corporate income tax liabilities related to fixed assets	403	352
Deferred corporate income tax liabilities related to right of use assets	24	24
Deferred corporate income tax asset related to lease liabilities	-24	-24
Deferred corporate income tax asset related to tax losses	-4	0
Total	399	352

48. INTEREST-BEARING LIABILITIES (NON-CURRENT)

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year.

€ Million	2023	2022
Listed notes	2,484	1,984
Convertible hybrid shareholders' loan	500	500
Total	2,984	2,484

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)	2023		2022	
			1-5 years	> 5 years	1-5 years	> 5 years
			Euro Medium Term Notes	0.875%	2.3	498
Euro Medium Term Notes	0.750%	7.5	0	497	0	497
Euro Medium-Term Notes (Green bond)	0.625%	8.5	0	498	0	498
Euro Medium-Term Notes (Green bond)	0.375%	9.3	0	493	0	492
Euro Medium-Term Notes (Green bond)	3.625%	10.4	0	498	0	0
Convertible hybrid shareholders' loan Tranche A	2.150%	57.0	0	422	0	422
Convertible hybrid shareholders' loan Tranche B	1.400%	57.0	0	78	0	78
Total			498	2,486	497	1,987

The non-current interest-bearing liabilities amount to in total nominal € 3,000 million; deducting the costs to be amortised from these loans results in a residual value of € 2,984 million.

The fair value of the interest-bearing liabilities (non-current) amounted to € 2,685 million at year-end 2023 (year-end 2022: € 1,965 million).

49. TRADE AND OTHER PAYABLES

€ Million	2023	2022
Interest payable	19	10
Taxes and social security contributions	43	7
Total	62	17

Interest payable relates to the interest due at year-end on the interest-bearing liabilities.

50. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2023	2022
Listed notes	0	500
Private green loan	0	2
Total	0	502

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 € 500 million bond with an interest rate of 1.5% was repaid in October 2023.

51. CORPORATE INCOME TAX

The item 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 29. Corporate income tax expense of the consolidated financial statements of Enexis Holding N.V.

€ Million	2023	2022
Corporate Income tax payable	0	11
Total	0	11

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 debts was zero.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2023 (2022: € 500 million). Interest payments on the shareholders' loans amounted to € 10 million in 2023 (2022: € 10 million). Dividend payments to shareholders amounted to € 193 million (2022: € 100 million).

Loans provided to group companies at year-end 2023 amounted to € 3,035 million (2022: € 2,525 million). The interest received on loans provided to group companies amounted to € 24 (2022: € 34). Loans provided to associates at year-end 2023 amounted to € 11 million (2022: € 17 million).

53. REMUNERATION OF THE EXECUTIVE AND SUPERVISORY BOARD

REMUNERATION OF THE EXECUTIVE BOARD

For more detailed information, reference is made to note 34. Remuneration of the Executive and Supervisory Board in the consolidated financial statements of Enexis Holding N.V.

REMUNERATION OF THE SUPERVISORY BOARD

For more detailed information, reference is made to note 34. Remuneration of the Executive and Supervisory Board in the consolidated financial statements of Enexis Holding N.V.

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.

Group companies	Registered office	Equity stake held by Enexis Holding N.V.	Equity stake held by Enexis Holding N.V.	Structure of	Joint and several liability statement
		31 December 2023	31 December 2022		
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. ¹	Zwolle	0%	0%	Enexis Holding N.V.	No
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
Other associates and joint ventures (non-controlling interests)					
ZEBRA Gasnetwerk B.V. ²	Bergen op Zoom	0%	67%	Enexis Netbeheer B.V.	No
Energie Data Services Nederland B.V.	Baarn	23%	23%	Enexis Netbeheer B.V.	No
Beheerder Afsprakenstelsel B.V.	Poeldijk	16%	16%	Enexis Netbeheer B.V.	No

1 Enexis Holding N.V. has lost control over Fudura B.V. as a result of selling all shares in Fudura B.V.

2 ZEBRA Gasnetwerk B.V. is a joint venture whose book value was nil as of the end of 2022. The entity was liquidated in 2023. In 2022, this investment was not included in the consolidation because there was no decisive control (decision-making with a majority of 75%).

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 in the articles of association, it was agreed with the shareholders that the to be distributed dividend as from 2023 will amount to maximum 50% of the net profit from ordinary activities, under the condition that this dividend payment would not result in Enexis possibly losing its A rating profile within five years.

The proposed dividend distribution for 2023 is based on 50% of the profit from ordinary business operations after tax of € 72 million and shall be distributed to the shareholders as an exact amount pro rata to the number of shares. The proposed dividend distribution for 2023 amounts € 0.24 per share (2022: € 1.29 per share). This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2023.

The proposal for the appropriation of the 2023 result is as follows:

€ Million	2023	2022
Profit for the year	72	1,300
Allocation to the general reserve	-36	-1,107
Proposed dividend	36	193

56. EVENTS AFTER THE BALANCE SHEET DATE

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

Independent auditor's report

The following is an English translation of the combined independent auditor's report on the financial statements and assurance-report on the non-financial information issued 4 March 2024.

COMBINED INDEPENDENT AUDITOR'S REPORT AND ASSURANCE-REPORT

To: the shareholders and supervisory board of Enexis Holding N.V.

REPORT ON THE FINANCIAL STATEMENTS 2023 AND NON-FINANCIAL INFORMATION INCLUDED IN THE ANNUAL REPORT

Our opinion on the financial statements

We have audited the financial statements for the financial year ended 31 December 2023 of Enexis Holding N.V. based in 's-Hertogenbosch (hereafter 'Enexis' or 'the company'). 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 as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and in accordance 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 as at 31 December 2023 and of its result for 2023 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 2023
- The following statements for 2023: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2023
- The company income statement for 2023
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Our conclusion on the non-financial information

We have performed a limited assurance engagement on the non-financial information in the accompanying annual report for 2023 of Enexis.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the non-financial information does not present fairly, in all material respects:

- The policy with regard to sustainability matters;
- The business operations, events and achievements in that area in 2023;

in accordance with the reporting criteria as included in the section 'Criteria non-financial information'.

Non-financial information is included in the following sections of the annual report:

- 2023 in figures;
- Foreword by the executive board;
- About Enexis, with exception of the section 'Our contribution to the Sustainable Development Goals';
- Together towards a future-proof energy system;
- Working on increasing grid capacity;
- Communicating transparently about what is possible;
- Working safely and strengthening each other;
- Making a sustainable impact;

- Additional information with exception of the sections “Sub-targets sustainable development goals, Profit appropriation according to the articles of association, EU announcement on the disclosure of non-financial information and diversity information”.

Basis for our opinion on the financial statement and our conclusion on the non-financial information

We conducted our audit on the financial statements and our limited assurance engagement on the non-financial 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, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. *Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements and assurance engagement on the non-financial information section of our report.*

We are independent of Enexis 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. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. 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.

Criteria non-financial information

The criteria applied for the preparation of the non-financial information are the GRI Sustainability Reporting Standards (GRI Standards) and the criteria supplementally applied as disclosed in section ‘About this report’ of the annual report.

The non-financial information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed in section ‘GRI-Index’ of the annual report.

The comparability of non-financial information between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the non-financial information needs to be read and understood together with the criteria applied.

Limitations to the scope of our review

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of prospective information in the non-financial information.

In the section ‘We measure our impact, the calculations to determine the non-financial impact in euros (hereinafter: the non-financial impact) are mostly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in the section ‘most important impact measurement criteria’ of the annual report and further elaborated in the document ‘Accountability Document Impact Analysis Enexis Holding N.V.’ (hereinafter: the methodology of the non-financial impact) as available on the Enexis website. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites in the non-financial information are not part of the non-financial information as included in the scope of our assurance engagement. 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 is 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. These are the legal tasks for a grid operator which are supervised by the Authority for Consumer and Markets ("ACM"). Enexis' revenues are generated almost exclusively from the performance of these legal tasks. Enexis has an important role in the energy transition.

Based on the group's activities and our risk analysis we paid special attention in our audit to a number of topics. For this we refer to our key audit matters.

We determined materiality and identified and assessed 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.

Materiality

Materiality	€78 million (2022: €71 million)
Benchmark applied	0.75% of the total assets as per December 31, 2023
Explanation	We have used total assets as the basis, because of the nature of the business of Enexis and the regulatory model in which revenues and operating cash flows mostly depend on the asset base. We consider that for this reason total assets are an important key figure for 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 €3,5 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 the significant group entities Enexis Holding N.V. and Enexis Netbeheer 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 98% of the group's total assets and 95% 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 on 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 a grid operator. We included specialists in the areas of IT audit, sustainability, and income tax.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high priority on the public agenda. Issues such as CO₂ reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO₂ footprint.

The board of directors summarized Enexis' commitments and obligations, and reported in the section 'We are Enexis' of the management report how the company is addressing climate-related and environmental risks and the effects of the energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

The impact of the energy transition is reflected, among other things, in the increase of the level of investment in the electricity grid and the financing required for this. Furthermore we refer to our key audit matter 'The valuation of the tangible fixed assets related to the gas grid'.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance with laws and regulations 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. 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.

Our audit response related to fraud risks

We identified and assessed 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 management'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 management report 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 the code of conduct and the compliance protocol for employees, whistle blower procedures and incident registration. We evaluated the design and the implementation, of internal controls designed to mitigate fraud risks.

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 to 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.

The following fraud risks identified required significant attention during our audit:

The risk of management override of controls

Risk	<p>We addressed the risks related to management override of controls, as this risk is present in all companies.</p> <p>In that regard, we paid special attention to whether there are specific incentives for management, originating from the regulatory framework that is applicable for regional grid operators with respect to the recognition of revenues, costs and/or investments and/or whether there are possible indications for an impairment of assets.</p> <p>Based on our analysis we did not identify a risk of fraud related to revenue recognition, other than the risk related to management override of controls.</p>
Our audit approach	<p>We performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in 'estimates and assumptions' (part of the explanatory note 2.4) in the financial statements.</p> <p>We also used data analysis to identify and examine high-risk journal entries and evaluated the business rationale (or lack thereof) for unusual transactions, including those with related parties.</p> <p>We paid specific attention to access management within the IT-systems and the possibility that segregation of duties are overridden.</p>

The risk that when contracting work from external parties, Enexis does not comply with the relevant laws and (tender) regulations, either deliberately or not.

Risk	<p>We assumed that when contracting work from external parties, a risk is present that (employees of) Enexis do not comply with the applicable (tender) regulations, either deliberately or not.</p>
Our audit approach	<p>We described the audit procedures to respond to this risk in the key audit matter related to this topic.</p>

We considered available information and made enquiries of relevant members of the executive board, internal audit, legal affairs, the compliance department and the supervisory board.

The fraud risks we identified, enquiries 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 performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 management board, reading minutes, inspection of internal audit and compliance reports and performing substantive procedures on classes of transactions, account balances or disclosures.

We made inquiries with the in-house legal department, inspected 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

As disclosed in section 'Accounting principles governing the financial reporting' in the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. 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 material uncertainties about going concern. 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.

The key audit matter 'Change in estimate: Diminishing balance depreciation method gas assets' is no longer a key audit matter as it concerned a change in estimate in 2022. The key audit matter 'The valuation of tangible fixed assets related to the gas grid' is related to the prior year key audit matter and reflects the developments on this matter during 2023. Besides, the prior year key audit matter 'Accounting sale of Fudura' is no longer a key audit matter as this related to a one-off transaction in 2022. In current year we identified the risk that Enexis does (deliberately or unknowingly) not comply with relevant laws and regulations regarding tendering for work as a key audit matter.

The risk that when contracting work from external parties, Enexis does not comply with the relevant laws and (tender) regulations, either deliberately or not

Risk As a result of the energy transition, Enexis invests significantly in its electricity grid. Given the large volume of the investments, social pressure to contribute to a fast energy transition, and the complexity that may occur when contracting work from external parties given the applicable laws and regulations, we identify a risk that Enexis does not comply with these laws and (tender) regulations, either deliberately or not.

Our audit approach We inspected the policy to prevent corruption or bribery of employees, the system of consultation with and monitoring over suppliers, and any measures imposed, as described in the management report under 'working safely and strengthening each other' and in the additional information accompanying the annual report under 'Corporate social responsibility – chain responsibility and human rights'.
As part of our risk assessment we carried out, among other things, the following procedures:

- Through inquiry of employees and management we obtained an understanding of the process and its sensitivities;
- We obtained an understanding of the internal controls that are in place related to the process for contracting work, and evaluated to what extent behavioral and cultural elements support these internal controls;
- We inspected internal reports regarding contracting work from external parties including the Business Score Cards Procurement 2023;
- We inspected entity-level reports in which we would expect irregularities related to the tendering process to be communicated, if applicable. Examples of such reports are the quarterly reports of the Internal Audit & Risk department, the 'State of the risk' report and internal confirmations (letters of representation).

In addition, we carried out specific substantive procedures to evaluate whether the risk of non-compliance with applicable laws and regulations materialized. This includes the following procedures:

- We have performed file audits in order to test procurements were made in compliance with the applicable laws and regulations;
- We have used data analysis to investigate whether there are transactions with third parties above specific thresholds for which no tender process was followed;
- Through a test of details, we obtained an understanding whether purchases occurred in accordance with the contractual agreements between Enexis and suppliers;
- By applying data analysis, we gained insight into the extent to which payments to and receipt of funds took place related to related parties of Enexis and/or its directors;
- By applying data analysis, we have gained insight into whether monetary transactions have taken place with countries with an increased risk of corruption and/or with sanctioned countries.

Important observations Based on our procedures we did not identify any specific violations or suspected violations of the relevant laws and regulations when contracting work from external parties during 2023, that may have a material effect on the financial statements.

The valuation of tangible fixed assets related to the gasnetwork

Risk	<p>We refer to the 'Future outlook for the gas grid' section under note 13 of the consolidated financial statements. 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. As a result, the company expects that the energy transition will lead to an ever-increasing decline in gas consumption and the number of users of the gas grid until 2050.</p> <p>As of financial year 2022, Enexis applies a diminishing balance depreciation method for the property, plant and equipment related to the (hereinafter: the gas assets). The valuation of the gas assets is subject to assumptions and estimates including the remaining economic life, the estimate of future usage of the gas assets and the residual value. We refer to the notes 12. Property, plant and equipment and 5. Depreciation and decommissioning in the consolidated financial statements.</p> <p>We identify the risk that the valuation of gas assets may be impaired due to unforeseen developments in the energy transition, including a faster than expected decrease in the number of users connected to the gas grid.</p> <p>The carrying amount of the gas assets in the financial statements of Enexis is €3.029 million as at balance sheet date, which is 29% of the balance sheet total, and is therefore a material account in the financial statements.</p>
Our audit approach	<p>Our procedures performed included, among other things, evaluating whether the principles used by Enexis for the valuation of the gas assets are in accordance with IAS 16 'Property, Plant and Equipment' and IAS 36 'Impairment of Assets' and whether these principles and the models and assumptions used in the determination of the valuation and the identification of a possible impairment have been consistently applied. We evaluated the design and existence of the relevant internal controls in the process of preparing the financial statements related to the valuation of property, plant and equipment.</p> <p>We performed, among other things, the following audit procedures, specifically aimed at identifying an impairment:</p> <ul style="list-style-type: none"> • Assessing whether the analysis performed by Enexis in 2022 on the usage pattern of the gas grid is still appropriate and suitable considering the progress of the energy transition; • Assessing whether there are (expected) changes in the regulatory model that pose implications for the future economic benefits of the gas grid; • Assessing whether there are unforeseen developments in the energy transition, including a faster than expected decrease in the number of users disconnected to the gas grid; • Carrying out a 'look back' analysis in which the realized decrease in the number of gas connections in 2023 is compared to the expected decrease in the analysis carried out by Enexis in 2022. This gives us an impression of the quality of the estimate made by management; • Evaluating the presentation and disclosures in the financial statements regarding the future vision of the gas assets and the impact on the valuation of the gas assets at year-end.
Important observations	<p>Based on the procedures performed, we agree with the board of directors' assessment that there was no indication of an impairment of the property, plant and equipment related to the gas grid in 2023.</p>

INFORMATION IN SUPPORT OF OUR CONCLUSION ON THE NON-FINANCIAL INFORMATION

We designed our review procedures in the context of the non-financial information as a whole and in forming our conclusion thereon. The following information in support of our opinion 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 assurance engagement we perform an environmental analysis and obtain insight into the 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 assurance engagement to a number of topics based on Enexis' activities and our identification of areas in the non-financial information where it is most likely that misleading or unbalanced information or a material misstatement as a consequence of fraud or error would occur. We refer for more information to the key review matters of our review.

After determining materiality and identifying areas in the non-financial information where it is likely that misleading or unbalanced information or material misstatement due to fraud or error will occur, we determine our procedures to assess the plausibility of the non-financial information in response to our risk assessment. In fraud, the risk that non-financial information is misleading, unbalanced or that material misstatement is not detected is higher than in error.

Key assurance matters

Key assurance matters in our assurance engagement are those matters that, in our professional judgement, were of most significance in our assurance engagement of the non-financial information. We have communicated the key assurance matters to the supervisory board. The key assurance matters of our assurance engagement are not a comprehensive reflection of all matters discussed.

The key matter 'Reporting non-financial impact in euro's' from our review engagement for prior fiscal year is no longer a key matter for our review engagement in the current fiscal year since Enexis gained experience with this topic and applies a consistent methodology.

The impact of the energy transition on the disclosures in the annual report	
Risk	<p>We performed the following review procedures, among others, tailored to assess the impact of the energy transition and the consequences for the non-financial information:</p> <p>The disclosure with respect to the impact of the energy transition is disclosed in the annual report in the paragraphs 'We are Enexis', 'Together towards a future-proof energy system' and 'making a sustainable impact'.</p> <p>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 assurance matter in our assurance engagement of the non-financial information.</p>
Our audit approach	<p>We performed the following review procedures, among others, tailored to assess the impact of the energy transition and the consequences for the non-financial information:</p> <ul style="list-style-type: none"> • Interviewing members of the board of directors 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 its annual report; • Reviewing whether the wordings with respect to the energy transition in the annual report are consistent with each other; • Critically assessing whether the wordings regarding the (outcomes of) actions taken with regards to the energy transitions are a reasonable representation of reality; • Based on our knowledge of the sector and the public debate regarding the energy transition in general and the role of grid operators in particular, we assess whether Enexis communicates fully and transparently in the non-financial information about the most relevant topics in this context; • Critically assessing that developments resulting from the energy transition lead to key performance indicators, and that Enexis communicates transparently about these indicators in the non-financial information; • Evaluation of the non-financial information with regards to future investments required for the energy transition; • Evaluating whether relevant current information is disclosed in the annual report; • Take note of the updated long-term financial forecast, which includes the effects of the new Method Decision electricity and gas; • Reviewing the non-financial information in the annual report with respect to environment and climate, including the CO2 footprint.
Key observations	<p>We have no reason not to assume that the impact of the energy transition on Enexis has not been properly disclosed in the annual report.</p>

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's 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.

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 procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report and other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the supervisory board as auditor of Enexis Holding N.V. on November 18, 2020, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(l) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS AND NON-FINANCIAL INFORMATION

Responsibilities of the board of directors and the supervisory board for the financial statements and non-financial information

The board of directors 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 non-financial information in accordance with the reporting criteria as included in the section 'Criteria non-financial information', including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the board of directors regarding the scope of the non-financial information and the reporting policy are summarised in the chapter 'About this report' of the annual report.

Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements and the non-financial information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors 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 and non-financial reporting process.

Our responsibilities for the audit of the financial statements and for the assurance engagement on the non-financial information

Our responsibility is to plan and perform the audit engagement and the assurance engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion and conclusion.

Our audit 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 assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the non-financial information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained when a reasonable assurance engagement is performed.

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 or non-financial information. The materiality affects the nature, timing and extent of our audit procedures, assurance procedures and the evaluation of the effect of identified misstatements on our opinion.

For our assurance engagement on the non-financial 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 relevant legal and regulatory requirements.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Auditing Standards, ethical requirements and independence requirements. The 'Information in support of our opinion' 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 board of directors;
- 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 non-financial information' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the board of directors;
- Obtaining through inquiries a general understanding of internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the non-financial information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls;
- Identifying areas of the non-financial information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
 - Making inquiries of management and/or relevant staff at corporate and business 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 non-financial information;
 - Obtaining assurance evidence that the non-financial information reconciles with underlying records of the company;
 - Assessing the suitability and plausibility of the assumptions and sources from third parties used for the calculation underlying the impact data such as mentioned in section 'we measure our impact' in the annual report and further explained in the document 'Accountability Document Impact Analysis Enexis Holding N.V.';
 - Reviewing, on a limited sample basis, relevant internal and external documentation;
 - Considering the data and trends;
- Reconciling the relevant non-financial information with the financial statements;
- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the non-financial information;
- Considering the overall presentation and balanced content of the non-financial information;

- Considering whether the non-financial information as a whole, including the topics discussed and disclosures, is clearly and adequately disclosed in accordance with criteria applied.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and assurance engagement of the non-financial information and significant audit findings and findings that we identify during our assurance engagement including any significant findings in internal control that we identify during our audit.

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 and assurance report in this combined 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: those matters that were of most significance in the audit of the financial statements and our assurance engagement of the non-financial 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, 4 March 2024

Ernst & Young Accountants LLP

P.A.E. Dirks

Additional information



IN THIS SECTION

- About this report
- Other non-financial information
- Profit appropriation according to the articles of association
- GRI index
- EU announcement on the disclosure of non-financial information and diversity information
- Glossary
- Colophon

About this report

SCOPE

The scope of the report is Enexis Holding N.V. with its registered office in 's Hertogenbosch. This also includes the activities of Enexis Netbeheer 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 in the sections About Enexis up to and including Corporate Governance. The reporting period runs from 1 January 2023 up to and including 31 December 2023. 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.publications.enexis.nl; this year on 7 March 2024. The report for 2022 was published on 28 February 2023.

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, as stated in our Reporting Manual.

The non-financial information was compiled in accordance with Title 9 of Book two of the Dutch Civil Code and the Sustainability Reporting Standards (update 2021) of the Global Reporting Initiative (GRI).

TRANSPARENCY

This report complies with the:

- Sustainability Reporting Standards of the GRI, update 2021, application level 'in accordance with';
- Internal reporting criteria in accordance with our Reporting Manual;
- Dutch Corporate Governance Code insofar as applicable;
- The Law on Entry Quotas and Target Figures [Wet ingroeiquotum en streefcijfers] (The Dutch Social Economic Council);
- EU Directive on disclosure of non-financial information and diversity information;
- EU Taxonomy; a European classification system for sustainable activities;
- Impact Measurement Infra Organisations Manual (November 2023);
- Accountability Document Impact Analysis Enexis Holding N.V. (2023).

ASSURANCE

EY performed an assurance engagement to obtain limited assurance that the sustainability information in the sections:

- 2023 in figures
- Foreword by the Executive Board
- About Enexis with the exception of “Our contribution to the Sustainable Development Goals”
- Together towards a future-proof energy system
- Working on increasing grid capacity
- Communicating transparently about what is possible
- Working safely and strengthening each other
- Making a sustainable impact
- Additional information with the exception of the sections “Subtargets sustainable development goals, Profit appropriation according to the articles of association, EU disclosure of non-financial information and diversity information”.

All material aspects are fairly presented in this 2023 annual report in accordance with the ‘Sustainability Reporting Standards’ of the Global Reporting Initiative (updated 2021) and Enexis's internal reporting criteria (Reporting Manual). For more information, we refer to the assurance report of the independent auditor.

MATERIALITY ASSESSMENT

MANAGEMENT OF MATERIAL ISSUES

The management manages 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 accessible energy supply, reducing energy consumption and CO₂ 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. Based on the strategy, annual objectives (2024) and long-term objectives (2026) are formulated and incorporated in the business plan and the strategy card. Progress is reported periodically 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 Dutch Authority for Consumers & Markets (ACM) and the Dutch State Supervision of Mines (SodM) oversee our core activities.

The ‘Making a sustainable impact’ section contains an explanation of the manner in which the topic ‘sustainability’ is substantiated. In addition, a clarification of the management approach to corporate responsibility topics, as based on ISO 26000, can be found in the CSR principles on the Enexis 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. The Corporate Control & Reporting department of Finance & Control 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 supply

Reports on outage time for electricity and gas, transmitted volumes and section lengths.

Safe energy grid

Reports of the Dutch State Supervision of Mines (SSM) notifications, measurements of public safety of electricity and gas, WAVE integrated permit management system reports. Reports of any data leaks, reports of any fines imposed by supervisors.

Sustainable energy supply

Reports on renewable capacity, upgraded electricity connections, removed gas connections and green gas feed-in.

Affordable energy supply

Overview of controllable costs and revenues of Enexis Netbeheer B.V. (including corporate staff departments).

Customer-oriented services

Reports from the market survey institute GfK, reports from Perspective and Avaya, results of visits to the Enexis.nl website, Nationwide Customer Satisfaction Survey from Mijnaansluiting.nl and reports on Custom Connections desired date.

Safe and healthy working environment

Reported accidents and incidents in 2023, 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, diversity, 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) and claim overviews.

Financially sound

Consolidated financial statements.

Sustainable organisation

Overview of measures taken and CO₂ savings in 2022, 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 CO₂ emissions resulting from grid and leakage losses. Circularity reports.

MATERIALITY ASSESSMENT 2023

In 2023, we validated the materiality matrix determined in 2021 as preparation for the double materiality assessment in 2024. We did this based on a media analysis, a benchmark with, for example, colleague grid operators, an analysis of topics from the Corporate Sustainability Reporting Directive (CSRD), a new European directive for reporting on matters related to people and the environment and a survey among internal and external stakeholders. These stakeholders included members of our Works Councils and our Executive Board, a group of twenty senior managers, shareholders, policymakers, energy market parties, investors, chain partners, customers, and local energy transition partners.

In the validation in 2023, we took the CSRD double materiality assessment requirements as much as possible into account for the impact materiality. We also did this by taking the outcomes of the strategic risk analysis (see the section on Corporate governance and risk management) into account. We also made use of our experience with the social annual report regarding measuring impact.

The impact materiality and the financial materiality together form the “double materiality assessment” that must be carried out as of 2024 based on the CSRD. In the impact materiality, we assess Enexis's possible positive and negative material impact on the environment and society, therefore inside-out. On the other hand, we assess the material (financial) impact of sustainability risks and opportunities on Enexis, therefore outside-in. In general, society, consumers, employees, and potential employees are mainly interested in the inside-out perspective. The outside-in perspective was always considered important by investors; however, other stakeholders are also increasingly interested in this perspective.

In 2024, we will complete the double materiality assessment. Preliminary results indicate that the topics 'employees in the value chain' and 'biodiversity and ecosystems' will be added to the material subjects next year. Currently, we do not have specific procedures and KPIs for these topics that we report in this annual report; we will work on developing them in the coming year.

SUB-TARGETS SUSTAINABLE DEVELOPMENT GOALS

The overview below shows which sub-targets we contribute to.

<div style="display: flex; align-items: center;"> <div style="text-align: center; margin-right: 10px;"> 4 <small>Quality education</small> </div> <div> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all </div> </div>	
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">4.3</div>	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">4.4</div>	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">4.7</div>	By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
<div style="display: flex; align-items: center;"> <div style="text-align: center; margin-right: 10px;"> 7 <small>Affordable and clean energy</small> </div> <div> Ensure access to affordable, reliable, sustainable and modern energy for all </div> </div>	
Target <div style="background-color: #FFC000; color: white; padding: 2px 5px; font-weight: bold;">7.1</div>	By 2030, ensure universal access to affordable, reliable and modern energy services
Target <div style="background-color: #FFC000; color: white; padding: 2px 5px; font-weight: bold;">7.2</div>	By 2030, increase substantially the share of renewable energy in the global energy mix
<div style="display: flex; align-items: center;"> <div style="text-align: center; margin-right: 10px;"> 8 <small>Decent work and economic growth</small> </div> <div> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all </div> </div>	
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">8.1</div>	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">8.3</div>	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Target <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold;">8.8</div>	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
<div style="display: flex; align-items: center;"> <div style="text-align: center; margin-right: 10px;"> 9 <small>Industry, innovation and infrastructure</small> </div> <div> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation </div> </div>	
Target <div style="background-color: #C05040; color: white; padding: 2px 5px; font-weight: bold;">9.1</div>	Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Target <div style="background-color: #C05040; color: white; padding: 2px 5px; font-weight: bold;">9.4</div>	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



Responsible consumption and production

Ensure sustainable consumption and production patterns

Target

12.2

By 2030, achieve the sustainable management and efficient use of natural resources

Target

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

Target

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



Climate action

Take urgent action to combat climate change and its impacts

Target

13.2

Integrate climate change measures into national policies, strategies and planning

MOST IMPORTANT IMPACT MEASUREMENT CRITERIA

METHOD, CRITERIA, AND ASSUMPTIONS OF IMPACT MEASUREMENTS

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 cash flows and how these are allocated among our stakeholders.

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 making this value possible. The amounts shown as manufactured capital pertain to the share in the energy chain that can be attributed to Enexis. The value of energy is more than the price that consumers pay for energy. We call this consumer surplus: the higher price that customers would, in theory, be willing to pay above the actual price of a service or product. The consumer surplus is, at present, the most common and most used method for determining the economic value for both the unregulated and the regulated markets. The consumer surplus concerns all price elements in the energy chain and comprises the taxes and prices for the distribution and transmission of energy.

Within the contribution of electricity transmission to well-being, the impact of Enexis making feeding electricity back into the grid possible is taken into account.

The average impact of gas and electricity outages for the Netherlands was also taken into account. The impact of gas and electricity outages at Enexis compared to the average in the Netherlands was calculated.

We also estimate the value of electricity and gas transmission for business customers; however, it should be noted that the method for this is still being developed; to avoid double counting this only consists of the revenue part.

Natural capital

Enexis is partially responsible for the CO₂ emissions of the volumes of electricity and gas that are transmitted via our grid. The impact contains the value of the CO₂ emissions in connection with the direct activities and that of the chain. The impact calculations of the direct activities are based on the CO₂ figures as reported in the CO₂ 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 CO₂ equivalent have been determined at 0.163 EUR/kg CO₂ equivalent.

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. As far as operations are concerned, in particular the gas and electricity grid losses result in a lot of emissions. This concerns scope 1 and 2 emissions as set out in the Greenhouse Gas Protocol. However, the largest impact comes from Enexis's share in the emissions of the Dutch energy chain.

Human capital

Employees who are in the direct employment of Enexis are taken into account for the calculation of these impacts. As an employer, Enexis aims to contribute positively to the well-being of its employees. 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, 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. In addition to income, immaterial factors such as appreciation, contact with colleagues and customers, and having a job are of importance.

For the development of employees, we look at the creation of human capital as a result of experience gained and training. This is measured based on career progression opportunities within the organization and the corresponding increases in salary. The total increase in human capital is attributed to Enexis and future employers based on age, retention percentages and retirement age.

Furthermore, there is compensation in the form of salary and secondary employee benefits; this compensation is included under financial capital.

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. The assumption is made that absenteeism that has been determined to be not 'work related' is not related to the work at Enexis.

MOST IMPORTANT IMPACT MEASUREMENT CRITERIA

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 Infra Companies 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.

Our model and the methodology for impact measurements are laid down in the Manual measuring impact infra companies. This was updated at the initiative of the sector. We use the Framework for Impact Statements (FIS) and the Integrated Profit & Loss Assessment Methodology (IAM) 'core' as a scientific framework for the impact measurements. All three publications are published by the Impact Institute.

CHANGES COMPARED TO PREVIOUS YEARS

As of the reporting year 2023, the reporting on human capital was extended with the development of employees. Comparable figures over 2022 were also included for this.

Other non-financial information

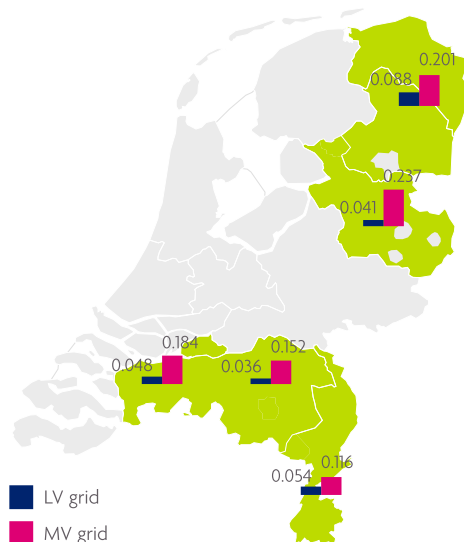
In this part of the report, we provide a detailed information overview.

FOCUS ON FACILITATING THE ENERGY TRANSITION

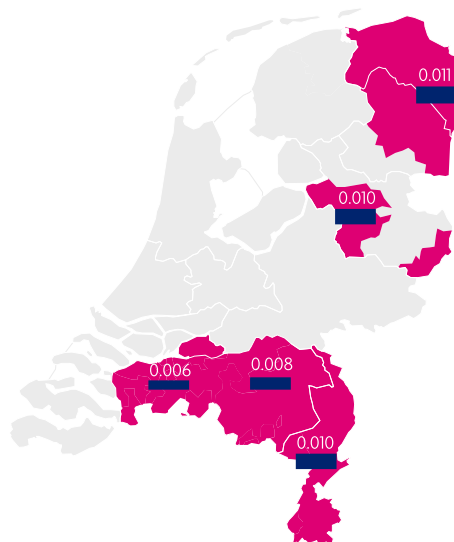
	2023	2022	2021	2020	2019
The grids					
Section lengths (x 1,000 km)					
Electricity grid	146.3	144.9	143.5	142.2	141.0
- Low voltage	99.2	98.5	97.6	96.9	96.1
- Medium voltage	47	46.3	45.8	45.2	44.8
- Intermediate voltage	0.05	0.04	0.04	0.06	0.06
Gas grid	46.1	46.2	46.3	46.3	46.4
- Low pressure	37.4	37.5	37.5	37.5	37.6
- High pressure	8.7	8.7	8.8	8.8	8.8
Stations (x 1,000)					
E-stations	56.9	57.2	56.6	55.7	54.6
G-stations	21.5	21.9	22.0	22.4	22.4
Distribution Automation (DA)-stations ¹	428	544	657	390	250
Distribution Automation Light (DALI)-stations ¹	6,038	4,249	3,544	3,531	2,447
Number of connections (x 1,000)					
Electricity	2,966	2,941	2,911	2,880	2,849
- Domestic (including 3x25 A)	2,706	2,683	2,661	2,640	2,618
- Low-voltage connections other (small-volume as from 3x25A)	242	240	233	223	215
- Medium voltage connections	18	18	17	17	16
Gas	2,285	2,303	2,315	2,324	2,328
- Domestic (G4 and G6)	2,232	2,248	2,259	2,266	2,267
- Low pressure other (small-volume as from G10)	50	52	53	55	58
- High pressure connections	3	3	3	3	3
Transported quantities					
Electricity (GWh)	30,893	30,991	31,989	31,176	33,759
Gas (Mm ³)	4,244	4,714	6,172	5,636	5,935
Of which green gas	99	76	77	63	59
Product quality					
Outage time electricity (in minutes)	20.0	14.0	17.6	13.0	14.2
- High voltage	0.8	0.5	0.7	0.01	0.5
- Medium voltage	11.3	7.7	11.1	7.4	8.4
- Low voltage	7.9	5.8	5.8	5.6	5.4
Outage time gas (in seconds)	137	109	75	81	51

¹ Reporting period at the end of November; these stations are presented in numbers, not thousands.

AVERAGE NUMBER OF LV AND MV OUTAGES PER CUSTOMER



AVERAGE NUMBER OF GAS OUTAGES PER CUSTOMER



PUBLIC SAFETY

Milestones	Year end 2023	
	Gas	Electricity
Public safety ¹		
Number of incidents with a moderate or considerable impact ² ≤ 4	1	0
Number of incidents with a serious impact ³ ≤ 2	0	0
Number of incidents with a very serious impact ⁴ = 0	0	0

1 The targets apply to Gas and Electricity separately (not to the total of both)

2 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.

3 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.

4 Very serious impact: Accidents with one or several fatalities (victim(s) among the public) or damage to the environment of at least €10 million.

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 very 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. We aim for an average processing time of 15 working days.

Enexis 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.

OUR CRISIS ORGANISATION IS PREPARED AND READY

A crisis situation can arise in any organisation. Therefore, adequate preparation for such a crisis is necessary. Enexis has a crisis organisation in place that can adequately deal with incidents by means of standard procedures and based on experience. Staff from various departments (such as communications, marketing, operations and ICT) and of all levels are stand-by or on-call. However, when an incident exceeds a certain scope, a broader more specific approach is required tailored to the situation. In that case, we scale up and put together a crisis team. The crisis team consists of a corporate team, communications team, and department team. Aspects such as communication with authorities and customers, and organising the special deployment of people and equipment, are organised by this team in the form of a tailored approach. A crisis management plan (CMP) has been drawn up with the aim of organising this specific process to deal with the crisis adequately.

Members of the crisis organisation are trained and drilled in taking decisions under time pressure and a large degree of uncertainty. This takes place at least once a year at each location. In addition, we participate in a crisis drill organised by external parties, such as the safety region or Netbeheer Nederland a number of times a year. New colleagues, such as spokespersons, follow a media training when starting their job to prepare themselves for possible crisis situations.

LAWS AND REGULATIONS

Enexis received a fine in 2023 for violation of the Dutch Information exchange above and below ground grids and networks act (WIBON). Enexis has amended its work processes in such a manner that this situation should not be able to occur again.

Besides the above fine, the Administrative and Legal Affairs & Digital Security departments and other relevant departments have not received any other fines with regard to services provided by Enexis or for non-compliance with the Energy Act, the Gas Act, or environmental laws. Furthermore, there were no occurrences for which non-monetary sanctions were imposed.

EMPLOYMENT AND SKILLED EMPLOYEES

The tables below provide an impression of the development of our workforce in 2023. 99.91 percent of our employees fall under the Collective Labour Agreement for Grid Operators. Our total workforce of 5,490 employees consists of 4,511 full-time employees 979 part-time employees.

Personnel	Male	Female	Year-end 2023
Own personnel			
FTEs	4,231	1,037	5,268
Labour contract:			
-specific	561	177	737
-indefinite	3,670	860	4,531
Number	4,299	1,191	5,490
Labour contract:			
-specific	589	203	792
-indefinite	3,710	988	4,698
Contractors			
FTEs	932	237	1,169
- temporary workers	42	35	77
- consultants	547	140	687
- call specialist	343	62	405
- fixed price ¹	-	-	-
Number	1,233	340	1,573
- temporary workers	50	46	96
- consultants	603	167	770
- call specialist	381	77	458
- fixed price	199	50	249

¹ Carrying out work in accordance with a preset price; Fte-factor = 0.

Age category	Male	Female	Total
under 30 years	533	122	655
30 - 50 years	2,099	576	2,675
over 50 years	1,667	493	2,160
Total	4,299	1,191	5,490
Percentage	78.3%	21.7%	100%

Origin and type of employment agreement	2023		
	Definite period	Indefinite period	Total
Belgium	10	49	59
Germany	1	27	28
Total outside of the Netherlands	11	76	87
Groningen	116	527	643
Friesland	6	101	107
Drenthe	73	411	484
Gelderland	28	185	213
Overijssel	73	588	661
Flevoland	4	19	23
Noord-Holland	1	10	11
Zuid-Holland	3	32	35
Utrecht	13	67	80
Noord-Brabant	304	1,668	1,972
Zeeland	2	15	17
Limburg	158	999	1,157
Total Netherlands	781	4,622	5,403
Total	792	4,698	5,490

Number of employees retired	within 5 years	within 10 years	Total
Outside the Netherlands	9	11	20
Drenthe	42	49	91
Flevoland	3	3	6
Friesland	14	15	29
Gelderland	21	25	46
Groningen	53	89	142
Limburg	149	196	345
Noord-Brabant	201	280	481
Noord-Holland	1	-	1
Overijssel	68	83	151
Utrecht	3	4	7
Zeeland	1	1	2
Zuid-Holland	-	5	5
Total	565	761	1,326
Percentage	10.3%	13.9%	24.2%

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 2023, employees used the budget mainly for vitality-related purposes.

LTIF ON A BRANCH LEVEL

The internal LTIF per branch indicates the number of accidents resulting in absenteeism divided by the number of hours of the branch in question, times 1,000,000.

LTIF ^{1,2}	2023
Location Groningen	-
Location Overijssel W	2.6
Location Noord-Brabant W	2.3
Location Noord-Brabant NO	2.3
Location Limburg N	-
Location Limburg Z	3.4
Smart Meters N	-
Smart Meters Z	-
Consumers	-
EBS	-
Supply chain management	3.5

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 endorses 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 section 'Making a sustainable impact', the Suppliers Code of Conduct applies to our suppliers. The quality control systems of Enexis Netbeheer 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. Following our new strategy, our CSR vision was updated and approved by the EB in 2023. In addition, the CSR Statement and Principles were updated as well.

SUSTAINABLE IMPACT

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.

CORPORATE SOCIAL RESPONSIBILITY – CO₂ FOOTPRINT

Based on our corporate social responsibility, we take concrete measures to reduce our CO₂ emissions. For example, by increasing the sustainability of our mobility.



Sustainable vehicle fleet ¹	2023 ²	2022 ²	2021	2020	2019
Passenger cars 100% electric	872	955	886	793	497
Compressed natural gas (CNG) passenger cars	-	-	-	1	-
Passenger cars on hydrogen	6	8	8	8	5
Passenger cars on biogas / natural gas	-	-	-	-	-
Hybrid passenger cars	602	512	469	372	261

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 2023, the sustainable vehicle fleet constituted 96% of the total vehicle fleet (excluding non-passenger vehicle).

We calculate our CO₂ footprint in accordance with the guidelines of 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 CO₂ 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 CO₂ emissions arising from gas grid leakages, switch equipment leakages (SF₆), use of leased cars and company vehicles (excluding electric vehicles), and the heating of buildings.

The greenhouse gases that are reported in our footprint are expressed in CO₂ equivalents. Besides CO₂, methane and SF₆ 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, in accordance with previous years.

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 CO₂ emissions based on the physical energy mix on the grid. Market-based indicates the CO₂ emissions based on the purchased energy mix. As we purchase 100% green with Guarantees of Origin (GoOs), this is nil.

Scope 3: Other indirect emissions

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 compensate the share of our footprint that we can influence directly (scope 1, 2 and a share of scope 3) and that we cannot purchase green with Gold Standard certificates. We also feel responsible for emissions in the chain (remainder of scope 3), such as the production of cables and pipelines and the processing of waste. Our suppliers of grid components cooperate actively in providing information on these CO₂ emissions by means of a raw materials passport. As a result, we are able to report in more detail and more accurately on the CO₂ emissions arising from our chain partners.

Profit appropriation according to the articles of association

Under the articles of association, the profit remaining after the allocation to the reserves is at the disposal of the General Meeting of Shareholders (Article 36.2).

In addition to these provisions in the articles of association, it was agreed with the shareholders that the to be distributed dividend as from 2023 will amount to maximum 50% of the net profit from ordinary activities, under the condition that this dividend payment would not result in Enexis possibly losing its A rating profile within five years.

This dividend policy ensures that shareholders can expect a predictable and stable dividend. At the same time, this policy ensures sufficient equity capital growth and demonstrates the shareholders' willingness to actively support a healthy financial position.

You can read more about the profit appropriation proposal for the financial year 2023 in Profit Appropriation.

GRI index

Statement of use	Enexis Holding N.V. has reported in accordance with the GRI Standards for the period 1-1-2023 / 31-12-2023		
GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI Sector Standard(s)			
GRI 1	The chosen application level	In accordance with	
GRI 1	GRI content index	-	-

Category name / indicator	Name of the indicator	Reference	Not reported
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GENERAL DISCLOSURES

GRI 2-1	Organisational details	We are Enexis; Colophon	
GRI 2-2	Entities included in the organisation's sustainability reporting	Additional information; About this report; Scope; Integrated Report	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-3	Reporting period, frequency and contact point	2023 Annual Date of publication: 7 maart 2024 Colophon	
GRI 2-4	Restatements of information	Not applicable, no restatements of information from previous reporting periods were made in 2023	
GRI 2-5	External assurance	Appendix; Additional information; About this report; Assurance	
GRI 2-6	Activities, value chain and other business relationships	We are Enexis; Our role in the energy chain	No significant changes apply to 2023 compared to the previous reporting period.
GRI 2-7	Employees	Working safely and strengthening each other; Recruitment, training and personal leadership ; Appendix: Additional information; Other non-financial information; Employment and skilled employees	Incomplete data with respect to breakdowns in regions; in the coming period we will try to provide insight into the division into regions.

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-8	Workers who are not employees	Appendix: Additional information; Other non-financial information; <u>Employment and skilled employees</u>	No significant fluctuations apply to 2023, Enexis has a stable work package and a stable workforce.
GRI 2-9	Governance structure and composition	<u>Corporate Governance: Biographies Executive Board Members; Biographies Supervisory Board Members</u>	
GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance; <u>Report of the Supervisory Board</u> ; Working safely and strengthening each other; <u>Management level</u> Profile sketch Supervisory Board [Profielschets RvC]: https://www.enexisgroep.nl/investor-relations/corporate-governance/	
GRI 2-11	Chair of the highest governance body	Corporate Governance; <u>Corporate governance</u>	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	<u>Foreword by the Executive Board</u> ; Corporate governance; <u>Report of the Supervisory Board</u> ; About Enexis; <u>Our objectives and our performance</u> ; Appendix: Additional information; About this report; Materiality Assessment; <u>Management of material issues</u> CSR-statement [MVO-verklaring]: https://www.enexisgroep.nl/over-ons/mvo/	
GRI 2-13	Delegation of responsibility for managing impacts	<u>Foreword by the Executive Board</u> ; Corporate governance; <u>Report of the Supervisory Board</u> ; Appendix: Additional information; About this report; Materiality Assessment; <u>Management of material issues</u> CSR-statement [MVO-verklaring]: https://www.enexisgroep.nl/over-ons/mvo/	
GRI 2-14	Role of the highest governance body in sustainability reporting	Corporate governance; <u>Report of the Supervisory Board</u> ; Appendix: Additional information; About this report; Materiality Assessment; <u>Management of material issues</u>	
GRI 2-15	Conflicts of interest	Corporate governance; <u>Report of the Supervisory Board; Biographies Executive Board Members; Biographies Supervisory Board Members</u> Profile sketch Supervisory Board [Profielschets RvC] including independence: https://www.enexisgroep.nl/investor-relations/corporate-governance/	
GRI 2-16	Communication of critical concerns	Corporate governance; <u>Report of the Supervisory Board</u>	
GRI 2-17	Collective knowledge of the highest governance body	Corporate governance; <u>Report of the Supervisory Board</u>	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-18	Evaluation of the performance of the highest governance body	Corporate governance; Report of the Supervisory Board	
GRI 2-19	Remuneration policies	Corporate Governance; Remuneration report ; Consolidated Financial Statements; Notes to the consolidated financial statements; 34 . Remuneration of the Executive and Supervisory Board	Remuneration is within the obligatory statutory remuneration framework of the WNT
GRI 2-20	Process to determine remuneration	Corporate Governance; Remuneration report ; Consolidated Financial Statements; Notes to the consolidated financial statements; 34 . Remuneration of the Executive and Supervisory Board	Remuneration is within the obligatory statutory remuneration framework of the WNT
GRI 2-21	Annual total compensation ratio	Corporate Governance; Remuneration report ; The salaries of the CEO and the employees fall under the agreements laid down in the Collective Labour Agreement Netwerkbedrijven (Grid Companies). The total income of the CEO in 2023 amounted to 3.2 (2022: 3.1) times the median of the salaries of all Enexis employees.	
GRI 2-22	Statement on sustainable development strategy	Foreword by the Executive Board ; Corporate governance; Report of the Supervisory Board	
GRI 2-23	Policy commitments	About Enexis; Our core values ; Working safely and strengthening each other; Getting more work done safely; An Enexis for everyone ; Equal rights ; Appendix; Additional information; Other non-financial information; Sustainable impact; Corporate social responsibility - chain responsibility and human rights ; Standards and norms CSR-statement [MVO-verklaring]: https://www.enexisgroep.nl/over-ons/mvo/ Social Responsible Procurement policy [MVI-beleid]: https://www.enexisgroep.nl/over-ons/inkoop-leveranciers/	
GRI 2-24	Embedding policy commitments	Working safely and strengthening each other; An Enexis for everyone; Embedding a socially safe working environment ; Appendix; Additional information; Other non-financial information; Standards and norms CSR-statement [MVO-verklaring]: https://www.enexisgroep.nl/over-ons/mvo/ Code of conduct: https://www.enexisgroep.nl/investor-relations/corporate-governance/	



Category name / indicator	Name of the indicator	Reference	Not reported
GRI 2-25	Processes to remediate negative impacts	About Enexis; <u>We measure our impact</u> ; Our stakeholder dialogue and our material topics; <u>Our collaborations</u> ; <u>Communicating transparently about what is possible</u> ; <u>Corporate Governance</u> ; Making a sustainable impact; <u>CO2-footprint</u> ; Appendix; Additional information; Other non-financial information; <u>Complaints and disputes procedure</u> CSR-statement [MVO-verklaring]: https://www.enexisgroep.nl/over-ons/mvo/ Statement VGWM: https://www.enexisgroep.nl/investor-relations/corporate-governance/	
GRI 2-26	Mechanisms for seeking advice and raising concerns	Appendix; Additional information; Other non-financial information; <u>Complaints and disputes procedure</u>	
GRI 2-27	Compliance with laws and regulations	Appendix; Additional information; Other non-financial information; <u>Laws and regulations</u> ; <u>Standards and norms</u>	In 2023 a received fine (€ 7,500,-) for violation of Dutch Information exchange above and below ground grids and networks act (WIBON)
GRI 2-28	Membership associations	About Enexis; Our stakeholder dialogue and our material topics; <u>Our collaborations</u>	
GRI 2-29	Approach to stakeholder engagement	About Enexis; <u>Our stakeholder dialogue and our material topics</u>	
GRI 2-30	Collective bargaining agreements	Appendix: Additional information; Other non-financial information; <u>Employment and skilled employees</u>	0.09% is regarded as non-material and therefore is not reported
GRI 3-1	Process to determine material topics	About Enexis; Our stakeholder dialogue and our material topics; <u>Determining our material topics</u> ; Appendix: Additional information; <u>Materiality Assessment</u>	
GRI 3-2	List of material topics	About Enexis; <u>Our stakeholder dialogue and our material topics</u>	



Category name / indicator	Name of the indicator	Reference	Not reported
GENERAL DISCLOSURES			
Reliable and accessible energy grid			
GRI 3-3		<u>Working on increased grid capacity; Together towards a future-proof energy system; About Enexis; Our stakeholder dialogue and our material topics; Our objectives and our performance; Appendix: Additional information; Materiality Assessment</u>	
Safe energy grid			
GRI 3-3		<u>Working on increased grid capacity; Working safely and strengthening each other; About Enexis; Our stakeholder dialogue and our material topics; Our objectives and our performance; Appendix: Additional information; Materiality Assessment</u>	
Sustainable energy supply			
GRI 3-3		<u>Together towards a future-proof energy system; Making a sustainable impact; About Enexis; Our stakeholder dialogue and our material topics; Our objectives and our performance; Appendix: Additional information; Materiality Assessment</u>	
Affordable energy supply			
GRI 3-3		<u>Together towards a future-proof energy system; Making a sustainable impact; Remaining financially sound; About Enexis; Our stakeholder dialogue and our material topics; Our objectives and our performance; Notes to the consolidated financial statements; 1. Revenue; Appendix: Additional information; Materiality Assessment</u>	
Customer-oriented services			
GRI 3-3		<u>Communicating transparently about what is possible; Together towards a future-proof energy system; About Enexis; Our stakeholder dialogue and our material topics; Our objectives and our performance; Appendix: Additional information; Materiality Assessment</u>	

EU announcement on the disclosure of non-financial information and diversity information

	Description	Reference
Business model		
	General description of the core processes and activities, in order to place non-financial information in the right context.	<u>We are Enexis</u>
Environmental matters		
Policy pursued and its results		<u>Making a sustainable impact</u>
Risks (and risk management)	Extensive and prolonged interruptions of the energy supply due to natural disasters, internal failures or intentional wrongdoing. New laws and regulations limiting Enexis's possibilities to play an active role in the energy transition.	Corporate Governance; <u>Risk management</u>
Non-financial performance indicators	Technical realised grid capacity Annual increase in connections with which energy is fed back into the grid Annual installed renewable energy capacity Amount of waste CO ₂ footprint Sustainable vehicle fleet	<u>Working on increasing grid capacity</u> ; Making a sustainable impact; <u>Reduction CO₂ emissions; CO₂ footprint</u> ; Appendix; Additional information; Other non-financial information; Sustainable impact; <u>Corporate social responsibility - CO₂ footprint</u>
Social and personnel matters		
Policy pursued and its results		Working safely and strengthening each other; <u>Stimulating safe behavior</u> ; <u>Getting more work done safely; Recruitment, training and personal leadership</u>
Risks (and risk management)	Accidents suffered by employees and/ or bystanders due to unsafe situations and/or asset failures.	Corporate Governance; <u>Risk management</u>
Non-financial performance indicators	Accidents and Lost Time Injury Frequency % Absence due to illness Age category Labour participation Inflow and outflow	<u>Working safely and strengthening each other</u> ; <u>Stimulating safe behavior</u> ; <u>Incidents with absenteeism; Recruitment, training and personal leadership</u> ; Additional information; other non-financial information; <u>Employment and skilled employees</u>

	Description	Reference
Respect for human rights		
Policy pursued and its results	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.	Working safely and strengthening each other; <u>Equal rights</u> ; Remaining financially sound; <u>EU Taxonomy</u> ; Appendix; Additional information; Other non-financial information; Sustainable impact; <u>Corporate social responsibility - chain responsibility and human rights</u>
Risks (and risk management)		Enexis has not identified any risks in the context of the guidelines and arrangements in this area.
Non-financial performance indicators	Code of Conduct for suppliers Enexis Code of Conduct Complaints procedure 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.

Anti-corruption and bribery

Policy pursued and its results	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 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.	Working safely and strengthening each other; <u>Equal rights</u> ; Remaining financially sound; <u>EU Taxonomy</u> ; Appendix; Additional information; other non-financial information; Sustainable impact; <u>Corporate social responsibility - chain responsibility and human rights</u>
Risks (and risk management)		Enexis has not identified any risks in the context of the guidelines and arrangements in this area.
Non-financial performance indicators	Code of Conduct for suppliers Enexis Code of Conduct Complaints procedure 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).

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

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.

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 peak capacity, expressed in Megawatt 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.

Created grid capacity by Flex

Regarding better utilization of the current network through the implementation of flexible solutions. Achievement arises, among other things, through the conclusion of flexible contracts with restrictive conditions. Examples of these include fixed time blocks, dynamic regulation (Solar Balance / ZonBalans), and battery proposition.

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 build and maintain grids for this purpose. The tasks of the grid operator are laid down in the Electricity Act 1998 and the Gas Act. Enexis Netbeheer B.V. is the grid operator within Enexis Groep.

ENERGY COMPANY

Enexis Groep is a grid operator consisting of a group of companies, including Enexis Netbeheer and Enpuls. 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 and/or 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.

TECHNICAL REALISED GRID CAPACITY

The increase in grid capacity provides an indication of the efforts that we are making to prepare our grid for the energy transition. The KPI measures the new HV/MV transformers realised by Enexis irrespective whether these have been connected by TenneT. The replacement of old transformers is not deducted from the score of this KPI.



ENERGY FEED-IN

Process where a customer feeds self-generated (and usually renewable) energy into the energy grid.

INCREASE/DECREASE # FTEs 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, Technical Managers, Specialists, and Technicians. As from 2024, only the net inflow is measured instead of the gross inflow as in 2023.

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 CO₂ that Enexis emits in a calendar year. Within the footprint, Enexis distinguishes between its own emissions and chain emissions.

DESIRED DATE

When requesting a connection, customers can indicate on which date they would like to have their connection realised.

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 controllable costs and revenues (CCR) concerns a KPI for internal steering. The CCR concerns the sum of the controllable costs and revenues from regulated activities (Enexis Netbeheer, including staff departments). The non-regulated activities thus fall outside the scope of the CCR. The CCR pertains to operational costs and revenues and does not include revenue and related costs of transmission services and distribution losses, depreciation charges, and amortised contributions. As of 2024, depreciation of leases in connection with IFRS 16 will be included in the CCR.

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.



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