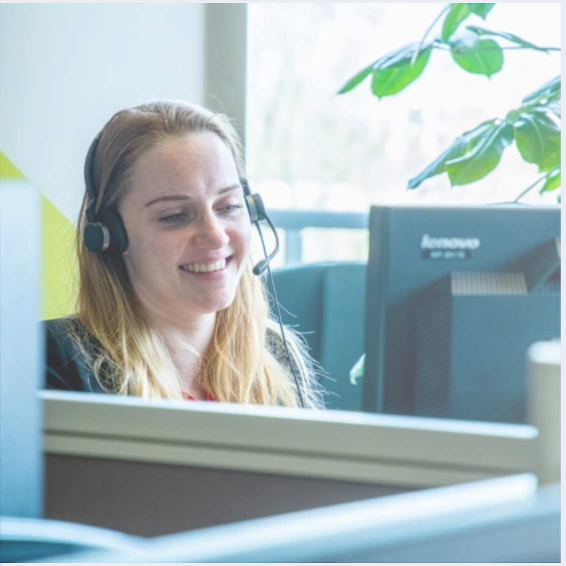
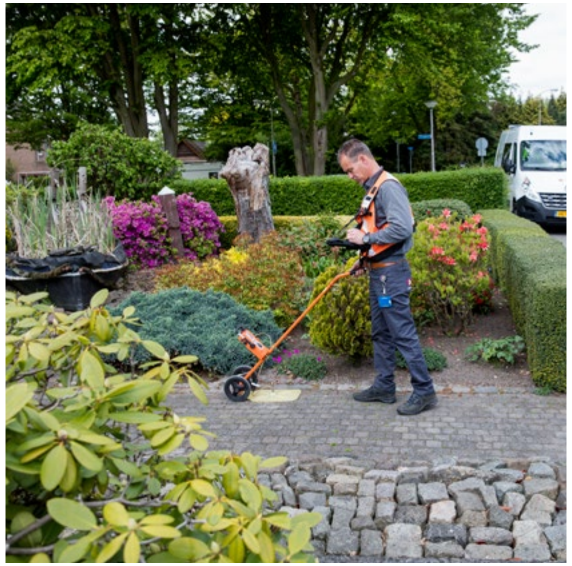
ENEXIS
HOLDING N.V.





CONNECTIVITY THROUGH ENERGY

ANNUAL REPORT 2020

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STRUCTURE OF THIS REPORT

In our annual report, we take you on a tour of 2020. We show you how we fulfil our role in society as a regional grid operator. In addition to our objectives and results, we also pay attention to dilemmas and areas for improvement in 2020.

It is our ambition to ensure that our annual report is increasingly relevant and more compact. This is why we place the emphasis in the annual report on issues that are relevant for stakeholders and have impact on Enexis. These 'material issues' and our contribution to the Sustainable Development Goals (SDGs) form the basis of this report. In various sections, we provide insight into our objectives and results on material issues. By means of the SDG icon, we indicate in the text to which goal or sub-goal our work delivers a contribution. In this manner, we show concretely how we contribute, now and in the future, to solutions for global and national issues that have an impact on society.

Our impact on society

- Reliable and accessible energy supply
- Safety
- Increasing the sustainability of the energy supply
- Affordable energy supply
- Customers central
- Innovation, digitalisation and information security

Committed employees in a sustainable organisation

- Agile and robust organisation
- Employment and contribution to economic growth
- Sustainable business operations

Financial position

- Financial value for shareholders

"WE DO OUR UTMOST"

FOREWORD BY THE EXECUTIVE BOARD

The global corona crisis is a shock and has brought many sectors to a standstill. As a distribution network operator, we are maintaining the vital energy infrastructure in order to provide energy to society, including healthcare institutions, people working from home and businesses. In the meantime, the energy transition is proceeding at full speed. The number of new connections for solar and wind energy was nearly 15% higher than in 2019. More than half a million customers fed renewable energy back into our grid in 2020. In the past year, we invested a record amount of € 734 million in our grid.

Obviously, the corona outbreak in the Netherlands also affected Enexis. What did this mean for our work, our customers, our employees and their families? Our crisis organisation came into action to take measures right away. Three criteria were constantly paramount in our approach to corona: safety is our first priority, caring for each other, and the continuity of the energy supply. As a vital sector, we must maintain the delivery reliability. We are proud that we succeeded in doing this. The electricity outage time decreased again in 2020 and amounted to 13 minutes. By implementing stricter measures than the Dutch National Institute for Public Health and the Environment (RIVM) prescribed, our work could continue safely, after a short interruption. The fact that this was succesful and that we were able to implement the energy transition in the meantime is due to the flexibility, commitment and solidarity of our employees and the contractors that we work with. They deserve a big compliment.

REALISING AMBITIOUS PLANS WITH SYSTEM EFFICIENCY

We have largely succeeded in realising our objectives. We work more safely, realised a larger work package (+10%) and, in many cases, customers felt that they had been helped better. At the same time, we realise that we are not yet able to meet all expectations. We are disappointed that we were not able to connect all customers timely. On the one hand, we would like to facilitate as many sustainable initiatives as possible. On the other hand, there are limits to what the electricity grid can handle at present. Despite the shortage of capacity on our grid, we were able to issue a positive transmission indication for 95% of the applications for the Dutch Stimulation of Renewable Energy Production subsidy scheme (SDE++). We do our upmost to quickly connect as many renewable energy projects as possible and we feel supported by the courts in our connection policy. Over 123,000 new feed-in connections were added in 2020; an unprecedented increase in one year. In proportion as much electricity is produced annually as is consumed by all 2.8 million households in our service area; this is nevertheless only a portion of the total electricity consumption in our area. We hired more than 400 employees to carry out the growing work package and we set up special 'simulation halls' to train technicians to work safely and skilfully.

At the same time, more is expected from us in this phase of the energy transition. In some areas, the capacity already needs to be doubled now in the electricity grids. And we do not yet know which energy choices will be made in the coming years. How rapidly will residential neighbourhoods become natural gas free? What will be the industry's contribution where residual heat, hydrogen or renewable gases are concerned? We have ambitions to renew the infrastructure, but we cannot do this alone. We are dependent, for example, on TenneT to increase the transmission capacity and on local governments for permits. Together with other grid operators, we are looking at scalable solutions and innovations to make smarter use of the existing grid capacity. It pays to work together to strengthen our impact on politicians and regulators, so that legislation can enable us to apply innovative solutions. Consider the distribution of hydrogen in our networks. As grid operators, we all face the same challenges, whether it concerns grid capacity or financing the associated investments.

It is difficult to make the right investment decisions with society's money, while there are still so many uncertainties. The necessary investments strongly depend on the choices made at the local and regional levels. In order to prevent unnecessary upgrades of electricity grids, we therefore argue for more system efficiency. This means that the capacity in the existing energy network is used as much as possible to prevent expansion and additional investments. For example, by planning large-scale sustainable energy generators closer to large-scale electricity consumers. Combining solar panels and wind turbines at the same location also contributes to system efficiency. Using the grid as smartly as possible can save costs, space and time and contribute to the feasibility of the Regional Energy Strategies. That is why we see it as our social responsibility to draw (local) administrators' attention to this.

SUPPORT TO FINANCE GROWTH

Another challenge is that we are working on realising tomorrow's energy system within yesterday's regulatory framework. The gas and electricity laws and regulations date from before the turn of the century and are no longer in keeping with our tasks. Moreover, we have to be able to finance growth. Today's investments can only be recouped via the grid tariffs after dozens of years.

We first look for the solution within ourselves. We continue to simplify and innovate our processes so that less investment is required. For example, by developing customer portals and applying smart automation across our networks. In addition, together with companies in the sector, we are discussing the possibility with the Netherlands Authority for Consumers and Markets (ACM) of changing the regulatory method to shorten the period between costs and revenues. Finally, we called on shareholders and investors in 2020. Municipalities and provinces expressed their confidence in us by providing a € 500 million convertible hybrid shareholders' loan. This has strengthened our financial base and ensures that we maintain access to the capital market at favourable conditions. We also succeeded in enlarging our investor base by issuing our inaugral green bond of € 500 million. With this, investors confirmed their confidence in the sustainable core of our company. From our core business and our operations, we contribute to the Sustainable Development Goals (SDGs) of the United Nations. Based on our corporate social responsibility, we also have the ambition to continue to develop our contribution in accordance with the OECD guidelines.

OPTIMISING OUR ORGANISATIONAL EFFECTIVENESS

All in all, the energy transition is in a complex phase. While the public debate is still going on, the execution is already in full swing. Organisational effectiveness and coordination are required to make the right choices every day. Given this phase, the decision was taken to organise the Executive Board differently and to expand the board from two to four persons. Three directors from the internal organisation were promoted to a position in the Executive Board. They ensure the continuity within the organisation, while the new CEO adds an external perspective. Together, we form an energetic, committed and unified board. We are building on the strong foundation of the previous Executive Board that Peter Vermaat and Maarten Blacquière built with Enexis and are looking ahead ambitiously. We are working on a new strategy to do every thing we possibly can for tomorrow's energy supply. Safe, reliable, affordable and sustainable.

Executive Board Enexis Holding N.V.,

Evert den Boer, CEO
Mariëlle Vogt, CFO
Rutger van der Leeuw, COO
Jeroen Sanders, CTO

KEY FIGURES

A lot was accomplished in 2020. With all our activities and the dedication of our employees, we kept the energy supply safe, reliable, affordable and sustainable.

The acceleration of the energy transition is visible in the increase in investments. We adapt our grids and daily realise new connections at customers for feeding sustainable energy back into the grid. A safe and reliable energy supply were the most important points of departure in this corona year. And, of course, caring for each other, which is difficult to express in figures but is very valuable.

REVENUE
In millions of euros
1,516
2019: 1,491

PROFIT FOR THE YEAR
In millions of euros
108
2019: 210

LTIF ENEXIS
Safety index
0.81
2019: 1.16

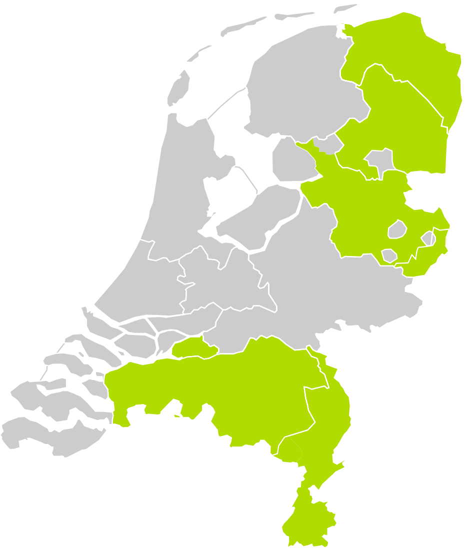
BALANCE SHEET TOTAL
In millions of euros
8,751
2019: 8,258

WORK PACKAGE
In millions of euros
882
2019: 804

EMPLOYEES ENEXIS
In numbers
4,767
2019: 4,488

READ MORE
Chapter Financial position

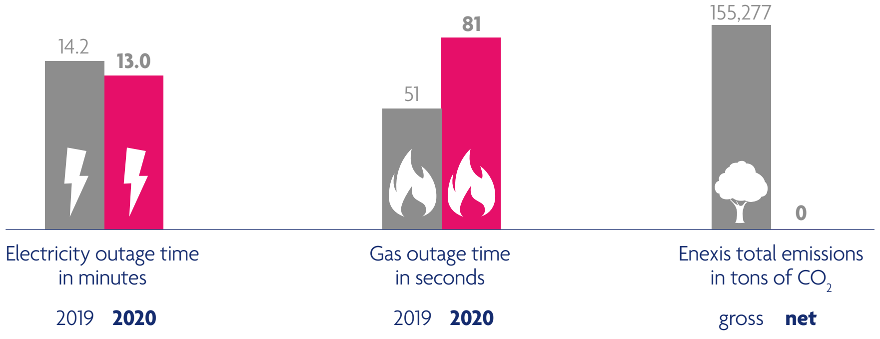
READ MORE
Chapter Committed employees in a sustainable organisation



Electricity grid
142,200 km
2,880,000 connections
31,176 GwH

Gas grid
46,300 km
2,324,000 connections
5,636 Mm^3

READ MORE
Chapter Our impact on Society



READ MORE
Chapter Our impact on society

READ MORE
Chapter Committed employees in a sustainable organisation

ABOUT ENEXIS

Enexis[1] Groep is a regional grid operator. We ensure that millions of customers can be supplied with electricity and gas. Energy is flowing into our grid from all sides. On the one hand, via large-scale energy producers, on the other hand, via customers who are generating renewable energy and feeding this energy back into the grid. We have a prominent position in the energy chain and we seek to increase the sustainability of the energy system in the Netherlands.

We have been actively serving society for over 100 years. With reliable energy grids and our services, we make life, living and working more pleasant and easier for our customers. We are speeding up the energy transition in many ways. Customers can count on our knowledge, expertise and energy.

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

The energy chain has become a dynamic interplay between many different parties. In addition to traditional power plants, new energy producers are entering the energy market every day. For instance, wind turbines, solar farms or consumers who produce their own energy from wind, the sun, or organic waste. As a regional grid operator, we are right in the middle of this process and we play a central role in facilitating the energy transition. Our grids form the backbone. Everything comes together here: energy from fossil sources and energy from renewable sources. We balance supply and demand and ensure that customers always have access to energy. The energy chain is not only becoming more dynamic, it also becoming more and more sustainable. With innovative concepts and services, we help customers make optimal use of energy. In this manner, we are bringing a sustainable energy system closer.

LARGE-SCALE PRODUCTION ABROAD

The vast majority of the energy (approx. 75%) comes from power stations, offshore wind farms and foreign sources.

NATIONAL TRANSMISSION CHAIN

The national transmission grids of TenneT and Gasunie distribute energy to the regional grid in the form of high-voltage electricity and high-pressure gas.

REGIONAL DISTRIBUTION GRIDS

Electricity and gas are transformed in the grids of Enexis Netbeheer into, respectively, low-pressure gas and low- and mid-voltage electricity. Self-generation customers feed renewably generated energy into our grids. We, in turn, deliver energy to customers in the provinces of Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg.

ENEXIS NETBEHEER

LOCAL RENEWABLE GENERATION AND FEED-IN

The number of customers who are feeding energy into our gird is increasing each year. In 2020, energy was fed into our regional grid via more than 500,000 connections.

ENERGY AND METERING SERVICES

Enpuls and Fudura develop concepts, scalable solutions and services that contribute to the realisation of the Climate Agreement.

OUR ORGANISATION

Enexis Holding N.V. has various subsidiaries, each with its own specific focus area. All our activities our combined within Enexis Groep. The organisation is led by an Executive Board, which was expanded in 2020 to a four-member Executive Board under the articles of association. Our shareholders are mainly provinces and municipalities within our service area.

ORGANISATIONAL CHART ENEXIS HOLDING NV AS OF 31 DECEMBER 2020

ENEXIS HOLDING N.V.

Enexis Netbeheer B.V.

Regulated activities, such as the construction, maintenance, development and management of the electricity and gas grid.

Enpuls B.V.

Development of visions and scalable concepts to accelerate the energy transition[1].

Fudura B.V.

Services to optimise and increase the sustainability of the energy system for business customers.

Enexis Personeel B.V.

Enexis Vastgoed B.V.

Supporting the various businesses of Enexis Groep with staff and property services.

1 Since 9 December 2020, Enpuls Projecten B.V. is 100% shareholder of Mijnwater Warmte Infra B.V.; a company that operates and maintains district heating and cooling grids.

MISSION, VISION AND STRATEGY

Our mission, vision and strategy provide direction for our daily activities. We believe very strongly in our strategy which is aimed at providing excellent grid management and accelerating the energy transition.

MISSION

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

VISION

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

STRATEGY

Together with dozens of other companies, civic organisations and government agencies, we are putting our shoulders to the wheel to achieve the objective of the Climate Agreement: 49% reduction in CO_2 emissions in 2030 (relative to 1990). We contribute to this objective by providing excellent grid management and accelerating the energy transition.

We regard excellent management of the energy grid as our license to operate. We strive to maintain the quality of the grid at a high level and are preparing for an increase in (decentralised) renewable generation, energy storage, diversification of heat sources and electric transport. With 'smart grids', we can handle fluctuations in the supply and demand of energy better and we can prevent malfunctions. In this manner, we ensure that our grids are reliable, future-proof, affordable and safe.

At the same time, we are accelerating the energy transition and stimulating the development of innovative, scalable solutions. We contribute towards sustainable area development, an efficient energy system and mobility; themes that are relevant in the light of the Dutch climate objectives and that are closely linked to our energy infrastructure. We work together as much as possible with companies, governments, consumers, cooperatives and knowledge centres to share knowledge in order to devise solutions with a broad base of support within society.

TOWARDS A NEW STRATEGY

Our current strategic plan was adopted in 2017. A lot has changed in the meantime. For instance, the energy transition has become increasingly visible in the Dutch landscape with wind turbines and solar farms. We are working towards a new strategy in 2021 in response to the challenges facing us in the future. The timing coincides with changes in important laws and regulations, such as the Dutch Energy Act, the Heating Act and the Method Decision, which is being amended by the ACM, and which will be finalised during 2021. A considerable challenge as we do not yet know exactly what the sustainable energy system will look like.

In the new strategy, we will take into account, for example, the changing customer demand and the increasing popularity of new energy carriers, such as hydrogen and heat in the built environment. We will also take into account the rapid growth of electric transport and a rising demand for electricity in the industrial sector. In addition, we will pay attention to the shortage of technical personnel on the labour market, innovation and the opportunities that data and digitalisation offer. We expect to have the new strategy ready at the beginning of 2022.

THE WORLD IN WHICH WE LIVE AND WORK

International and national developments have an impact on our work with regard to the energy supply. Besides economic developments, the climate, and sustainability, we were also affected by COVID-19 in 2020.

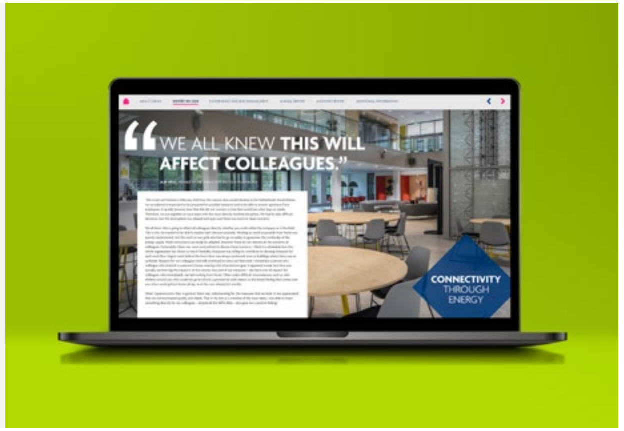
Worldwide, more and more attention is being paid to the climate and sustainability. Citizens, businesses and governments are expressing their concerns about global warming and the waste of resources. The United Nations concluded climate agreements in Paris in 2015 and these were sharpened again in 2020 by the European Commission: at least a 55% reduction in CO_2 emissions in 2030 (relative to 1990). The European Green Deal was also concluded in the past year to ensure that Europe will be climate neutral in 2050. The Netherlands endorses the Green Deal. Our Climate Agreement of 2019 stipulates: 49% reduction in CO_2 emissions, at least 35 TWh renewably generated electricity by onshore wind and solar farms, increasing the sustainability of 1.5 million homes and realising 1.8 million charging points for electric cars.

The realisation of these climate goals is now taking place. Regional Energy Strategies have been drawn up in 2020, pilot projects have been started for natural gas free districts, solar and wind farms have been realised, district heating has been installed and charging points have been installed throughout the whole country. Our greatest challenge is to ensure that the energy infrastructure is ready on time to facilitate all these initiatives. Enexis is an advocator of system efficiency. By making more efficient use of the existing grid, it is possible to save up to 60% on the costs for society and space. Together with other grid operators in the Netherlands, we are discussing the possibilities with the energy regions. In addition, with the Ministry of Economic Affairs and Climate Policy, we are also discussing revising the statutory framework so that the regulations are more in line with the new reality.

The corona pandemic has hit society in the heart. The personal and economic consequences are still unclear. We were concerned in 2020 about the impact on customers and on the mental and physical health of our employees and their families. At the same time - no matter what happened - we had to ensure that the energy supply remained safe and reliable.

COLLABORATION DURING CORONA

The corona crisis has had an impact on everyone in society. Also at Enexis. More than ever, new ways of collaborating were necessary to meet the challenges during the corona outbreak. Our employees put their shoulders to the wheel together and showed persistence, engagement and ambition. In the theme pages, stakeholders tell how they have dealt with the challenges that they faced in this exceptional year.



SUSTAINABLE DEVELOPMENT GOALS

Seventeen goals as a compass for challenges such as poverty, education and the climate crisis, these are the Sustainable Development Goals (SDGs) of the United Nations. As a distribution network operator, we regard it as part of our societal role to make a significant contribution to achieving these goals.

The SDGs 7, 9 and 11 correspond seamlessly with our core activities. We provide a sustainable, reliable and affordable energy supply and safe infrastructure. We help cities and municipalities increase sustainability. These goals are interwoven in our mission, vision and strategy. Therefore, this is where our primary focus lies and where we have the greatest impact. You can read more about our contribution to the core SDGs in the section 'Our impact on society'. In addition, we distinguish four SDGs that support our core activities: quality education, decent work and economic growth, responsible consumption and production, and climate action. We strive to contribute directly towards these issues in our business operations. You can read more about our contribution to the supporting SDGs in the section 'Committed employees in a sustainable organisation'. Our position with regard to the other SDGs is based on a 'no-harm' principle. Our connectivity matrix shows how we contribute to external challenges and SDGs in a strategic context.

MORE INSIGHT INTO OUR IMPACT ON SOCIETY

How we fulfil our role in society continues to develop. With our social initiatives, we have shown in the past years that we are exemplary in sustainability. We sharpened the focus of our social engagement activities in 2019: with regard to which issues can we create the greatest impact for a better world? In 2020, together with other companies in the sector, we quantified our negative and positive impact on two aspects: climate change and the well-being effects of having a job. Measuring impact provides new insights, which is the first step towards further improvement.

For each SDG, we made an inventory of the positive and negative impact that we have in relation to the material issues and our strategic plan. With the exception of SDG 1, 2, and 5, we have an impact on all of the sustainable goals. The size of the circle indicates how big or small our impact is. This qualitative analysis shows to what extent SDGs are relevant for our organisation; which provides a confirmation of our SDG prioritisation.

HOW WE ADD VALUE

EXTERNAL PERSPECTIVE

TRENDS

- Renewable energy generation
- Sustainable mobility
- Sustainable homes
- Electrification
- Digitalisation
- Changing laws and regulations

DIALOGUE WITH OUR STAKEHOLDERS

Customers, employees, shareholders, market and supply chain partners, investors, policymakers, special interest groups and local energy partners.

SDGs

17 Sustainable Development Goals to make the world a better place in 2030.

INPUT

OUR GRIDS AND SERVICES

Via 2,880,000 connections to our grids we bring electricity and gas to customers and they feed energy back into our grid.

We support Regional Energy Strategies and, with systems and data, we enable customers to make their own energy choices.

We work on innovative solutions together with colleagues and partners in the sector.

EMPLOYEES

Through training and education, our 4,767 employees are constantly working on increasing their expertise and sustainable employability.

ORGANISATION

We increase the sustainability of our own business operations.

FINANCIAL POSITION

The confidence of shareholders and lenders and the revenue from grid tariffs make it possible to finance investments

ADDED VALUE

We realise a sustainable energy supply by means of 'state of the art' services and grids by taking the initiative in innovative solutions.

- Everybody wants to be able to make use of energy always and everywhere.
- The necessary change in the energy supply is accelerating.
- Growth in the generation of sustainable energy and energy savings demand new solutions.

OUTPUT

OUR IMPACT ON SOCIETY

- Work package: € 882 million
- Outage time electricity: 13 minutes
- Outage time gas: 81 seconds
- Expanding transmission capacity: 710 MVA
- Customer Effort Scores
- Public safety
- Innovation through distribution automation Light: 3,531 stations

COMMITTED EMPLOYEES

- Lost Time Injury Frequency Enexis:
  - Enexis: 0.81
  - Contractors: 2.64
- Employee satisfaction:
  - teamwork: 6.4
  - engagement: 7.8
- Employment conditions, training and education
- Absenteeism: 4.85%

SUSTAINABLE ORGANISATION

- CO_2 emissions Enexis: net 0
- CO_2 reduction employees via mobility: 57%
- Waste policy: 93% recycled waste

FINANCIAL POSITION

- Revenue: € 1,516 million
- Controllable costs and revenues Enexis Netbeheer: € 452 million
- Net profit: € 108 million
- Solvency: 47.0

OUTCOME

Customers can count on energy that is safe, reliable and affordable. They can make their own (sustainable) energy choices. Energy regions gain insight into local possibilities to increase sustainability.

The well-being of employees and their family members is enhanced by a safe working environment and sustainable employability. We provide employment in municipalities. It is our aim to take responsibility for a sustainable world. We focus constantly on reducing our gross CO_2 emissions.

Shareholders receive an annual dividend. Our credit rating inspires confidence.

SDGs

9 Industry, innovation and infrastructure
11 Sustainable cities and communities
7 Affordable and clean energy

4 Quality education
8 Decent work and economic growth
12 Responsible consumption and production
13 Climate action

8 Decent work and economic growth

OBJECTIVES AND PERFORMANCE

CRITICAL SUCCESS FACTOR	KPI	OBJECTIVES 2020	REALISATION 2020	OBJECTIVES 2021	CLARIFICATION
Reliable energy supply	Annual outage time[1]	–	13.0 min	≤ 17.5 min	Page 17
Achievable, affordable and sustainable energy system	Expanding transmission capacity	≥ 1,280 MVA	710 MVA	≥ 1,000 MVA	Page 18
Smarter and better every day	Quantitative progress year order book[2]	≥ € 878 million	€ 882 million	≥ € 941 million	Page 19
Satisfied customers	Customer Effort Scores (CES)[3]	Lower scores compare to 2019 Q4 score 2019 Installation of Primary Infrastructure 36% Q4 score 2019 Standard Connections 26% Q4 score 2019 Outages 17%	Q4 score Installation of Primary Infrastructure 20% Q4 score Standard Connections 26% Q4 score Outages 13%	Q4 score Installation of Primary Infrastructure ≤ 20% Q4 score Standard Connections ≤ 24% Q4 score Outages ≤ 15%	Page 20
Working safely together	Lost Time Injury Frequency Enexis	Every accident is one too many	0.81	Every accident is one too many	Page 25
	Lost Time Injury Frequency contractors		2.64		
Healthy employees	Absenteeism, short, medium and long term total[1]	–	4.85%	Moving average ≤ 5%	Page 26
	Employee satisfaction: engagement[1]	–	7.8	≥ 7.8	Page 25
	Employee satisfaction: teamwork[1]	–	6.4	≥ 6.6	Page 25
Sufficient skilled employees	Increase/decrease # FTE technical personnel	–	-	# Number of extra FTEs technical personnel employed by Enexis ≥ 145 FTEs (balance growth in- and outflow)	Page 27
Every euro well spent	Controllable costs and revenues[4]	≤ € 455 million	€ 452 million	≤ € 492 million	Page 35

1 The focus in 2020 was on the long-term development of the KPI. A quantitative target was formulated for 2021.
2 Based on standard costs.
3 A CES year runs from December through to November and each quarterly score is calculated over the period: Q1: Dec, Jan, Feb; Q2: March, April, May; Q3: June, July, Aug; Q4: Sept, Oct, Nov. For the Customer Effort Score, it is the case that 'the lower the score the better'.
4 Enexis Netbeheer (including staff departments).

STEERING EFFECTIVELY ON RESULTS

We have set ambitious goals in connection with our aim to provide excellent grid management and accelerate the energy transition. The energy transition poses a huge challenge for our organisation: the amount of work is increasing and there is a shortage of qualified personnel and resources.

We aim for operational optimisation in order to be able to meet the increasing wishes and demands of our customers in a safe, reliable and predictable manner. To this end, we started with the implementation of the working method Operational Steering and Constant Improvement in 2019. In this working method, we make clear choices within our strategy and set objectives for all levels in the organisation. Teams discuss their performance in relation to these objectives, analyse causes of deviations and resolves these. The management creates a culture in which it is safe to make performance and problems transparent, in which employees assume ownership for improvements and are willing to learn from each other. Operational Steering was further expanded within our organisation and implemented in various teams in 2020. Priority will be given to the further development, integration and wider implementation of this method in the coming years. In order to monitor how successful we are, we have introduced Critical Success Factors that link our strategy (qualitative) and our KPIs (quantitative).

PROGRESS THROUGH CONNECTIVITY

OUR STRATEGIC CONTEXT

Trends

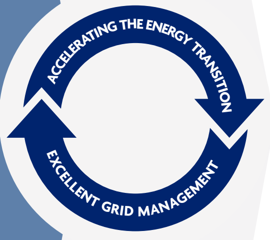
- Climate action
- Electrification
- Growing sustainable energy generation
- Increase sustainable mobility
- Digitalisation
- Changing laws and regulations

Stakeholder dialogue

With customers, employees, shareholders, market and chain partners, investors, policymakers, special interest groups and local energy partners.

Sustainable Development Goals

STRATEGY



ADDING VALUE	MATERIAL ISSUES	STRATEGIC OPPORTUNITIES AND RISKS	OBJECTIVES AND REALISATION 2020	CONTRIBUTION TO SDGs
OUR IMPACT ON SOCIETY	**Reliable and accessible energy supply**	**Opportunity:** Uninterrupted delivery of energy to customers, access to an energy grid with sufficient capacity and a well-functioning energy market. **Risk:** Extensive and prolonged interruptions of the energy supply due to natural disasters, external causes or asset failures.	**Quantitative progress year order book** Objective: ≥ € 878 million Realisation: € 882 million **Expanding transmission capacity** Objective: ≥ 1,280 MVA Realisation: 710 MVA **Annual outage time electricity** Realisation: 13 min.	7.1, 11a
	Safety	**Opportunity:** Limiting risk for people and society. **Risk:** Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.	**Lost Time Injury Frequency** Objective: Every accident is one too many Realisation: LTIF Enexis 0.81, contractors 2.64	11.5
	Increasing the sustainability of the energy supply	**Opportunity:** Reducing the impact on the environment by developing the energy supply independently and in consultation with stakeholders. **Risk:** A too limited task description in the new Dutch Energy Act could have a negative impact on our ability to facilitate the energy transition.		7.2
	Affordable energy supply	**Opportunity:** Installing and operating the energy grid at socially acceptable costs.		7.1
	Customer central	**Opportunity:** The customers' wishes and customer satisfaction and the basis for the development of our services and performance. **Risk:** Meeting customer demand remains below expectations due to a shortage of personnel, material and/or grid capacity. The (timely) provision of services by Enexis could be jeopardised by a pandemic.	**Customer Effort Scores (CES)** Objective: lower scores compared to 2019 Realisation: • Q4 score Installation of Primary Infrastructure 20% • Q4 score Standard Connections 26% • Q4 score Outages 13%	7.1
	Innovation, digitalisation and information security	**Opportunity:** Development of processes and grids through innovations and digital technology. **Risk:** Unauthorised use of data and/or systems.		9.1, 9.4
COMMITTED EMPLOYEES IN A SUSTAINABLE ORGANISATION	**Agile and robust organisation**	**Opportunity:** To be able to respond timely to issues in the organisation and energy transition. **Risk:** Failure to anticipate new developments in time due to insufficiently agile and robust organisation, inflexible processes and/or systems.	**Absenteeism** Realisation: 4.85%	4.3, 4.4, 4.7, 8.3
	Employment and contribution to economic growth	**Opportunity:** Providing work to employees, suppliers and contractors and contributing to economic growth through investments.		8.3, 8.8
	Sustainable business operations	**Opportunity:** Improving Enexis's footprint and the supply chain footprint on society and the environment.		12.2, 12.4, 12.6, 13.2
FINANCIAL POSITION	**Financial value for shareholders**	**Opportunity:** Create financial value for shareholders. **Risk:** The energy transition and regulatory method affect Enexis's financial position.	**Controllable costs and revenues** Objective: ≤ € 455 million Realisation: € 452 million	8.1

OUR IMPACT ON SOCIETY

- **Reliable and accessible energy supply**
- **Safety (public safety)**
- **Increasing the sustainability of the energy supply**
- **Affordable energy supply**
- **Customers central**
- **Innovation, digitalisation and information security**

+ Positive impact	With our services and a safe energy supply, we keep the economy running and we contribute to progress, well-being and social cohesion in neighbourhoods. We help accelerate and realise the energy transition.
− Negative impact	An energy supply outage or a (digital) safety incident can have consequences for customers' well-being or business activities. In addition, the increase in the distribution of electricity from renewable and non-renewable sources leads to higher expenses and has an impact on the environment.

OUR IMPACT ON SOCIETY

The transmission of energy remained safe and reliable in 2020 throughout the turmoil caused by the corona crisis and the energy transition. Increasing the sustainability of the energy supply received a new impulse with an increase of 123,000 sustainable connections and 710 MVA extra transmission capacity. We aim to expedite the energy transition at as low as possible costs to society.

7.1

SAFE, RELIABLE AND ACCESSIBLE

An essential point of departure in our corona approach in 2020 was that electricity and gas must be available at all times for customers. Taking into account the safety measures, we were able to continue our work. This is important as we can only ensure that our energy grid remains in good condition when we are able to perform regular inspections of and carry out maintenance on installations. Our customers were deprived of electricity delivery for 13 minutes and gas delivery for 81 seconds. Our electricity outage time was thus shorter than last year and has been below the national average (concept) of 21 minutes for a number of years. The gas outage time rose 30 seconds compared to 2019, which can mainly be attributed to a number of unrelated outages. We continue to invest in the prevention of excavation damage, which is often the cause of outages, and is above the national average (concept) of 65 seconds. Moreover, we are able to resolve outages more rapidly because of distribution automation in our grids and the improved technical knowledge of our outage teams.

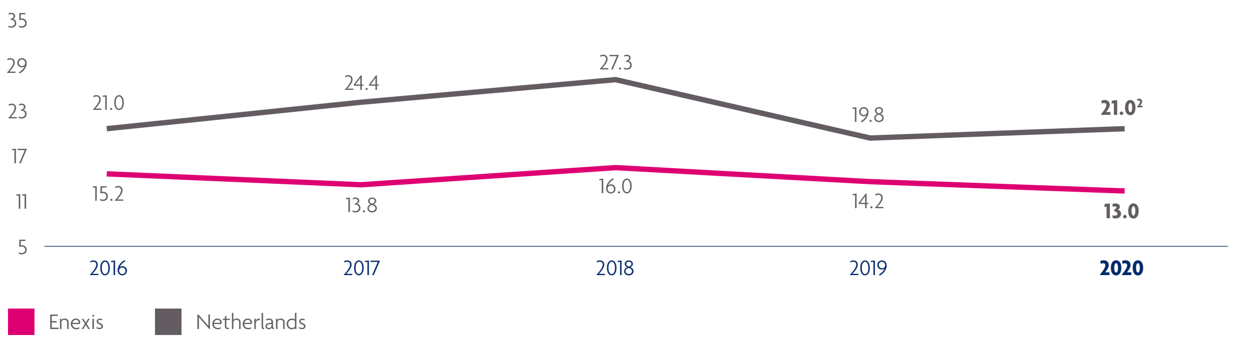
11.5

Maintenance of the grids is extremely important also from the point of view of safety. In our opinion, every accident is one too many. Enexis has high safety standards and takes proactive measures to protect employees and the environment. For instance, we have started replacing high voltage switches (COQ installations) earlier than planned. We were startled in 2018 by a serious safety incident in one of our COQ installations in which employees and bystanders were wounded. We aim to prevent such incidents from occurring at all costs. This is why we already replaced more than 100 COQ installations in our service area. The same applies with regard to brittle gas pipelines that we aim to replace preventively before 2023. In accordance with our planning, we replaced 140 kilometres of grey cast iron pipelines and approximately 20 kilometres of asbestos cement pipelines. Safety in everything we do is our number one priority.

	Electricity (in minutes)	Gas (in seconds)
Outage duration		
Groningen/Drenthe	21.6	101
Overijssel	8.7	47
Noord-Brabant Oost	11.6	60
Noord-Brabant West	12.9	38
Limburg	10.8	150
High voltage[1]	0.0	-
Average	**13.0**	**81**

1 Unable to allocate geographically.

ELECTRICITY OUTAGE TIME[1] COMPARED TO THE NATIONAL AVERAGE



1 Nestor electricity registration system.
2 National average 2020 is a concept; the final outcome was not yet known when this annual report was published.

SUSTAINABLE AND AFFORDABLE

In addition to keeping today's energy supply up and going, we have worked very hard on realising the energy system of the future. The number of connections for solar panels, solar fields and wind turbines increased nearly threefold in the past five years. The installed sustainable capacity increased in one year by about 60% in particular at business customers. As much energy is produced on annual basis as all our 2.8 million households in our service area consume.

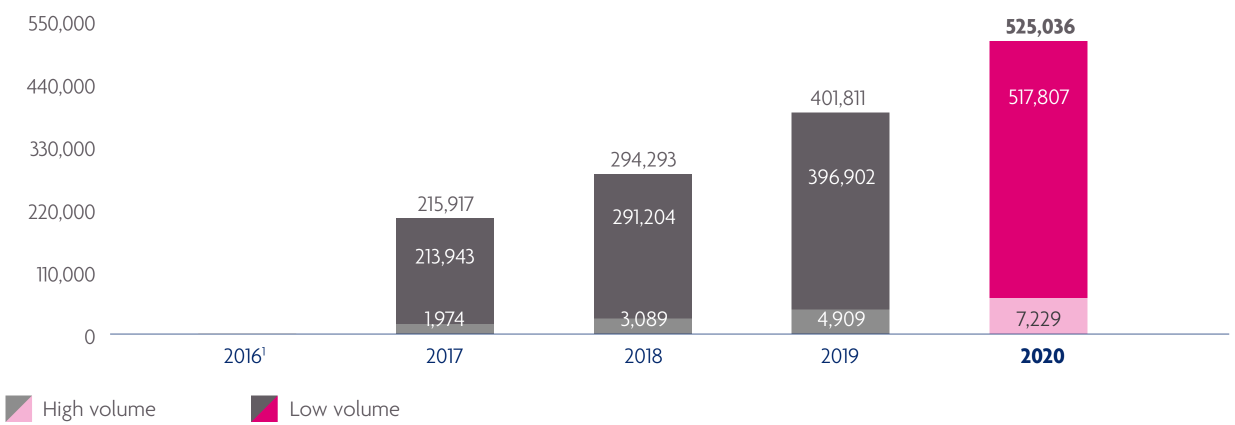
There was sufficient capacity in 2020 to provide a transmission indication in 95% of the cases; however, unfortunately, the capacity of our grids is becoming increasingly scarce. The demand from customers wanting to feed energy into the grid is increasing exponentially. Our grids will have to undergo extensive modifications to be able to realise all the sustainable projects in our service area. The connection capacity was increased in 2020 by 710 MVA. This is less than the 1,280 MVA that we had previously set as a target and is mainly a consequence of delays in the delivery and installation of transformers as a result of which projects had to be postponed. We are doing our utmost to utilise the capacity within the existing limits of our grids. However, the electricity grid is already reaching its maximum capacity in more and more areas and then we cannot accommodate additional demand.

That the supply of renewably generated energy on land will continue to increase in the coming years is also apparent from the Regional Energy Strategies (RES) which were presented in a draft version in 2020. Energy regions are opting for solar energy en masse. We calculated the impact of the draft RESs (and the corresponding options). The energy transition costs more each year and demands large investments. Consumers and businesses are paying for this together. We are doing everything we can to keep the energy supply affordable for everyone. The total costs to society for adapting the infrastructure, the required space and the necessary time are considerable. We believe that system efficiency offers opportunities to enhance the use of the available capacity on the grid. We have made an inventory for each region of what system efficiency can mean for costs, the landscape and the processing time. We can optimise the utilisation of our grids by making smart choices in the energy system. In this manner, we save costs and we ensure that the ambitions of energy regions are affordable and implementable. In various ways, we are working on expanding the possibilities.

1. Influencing demand

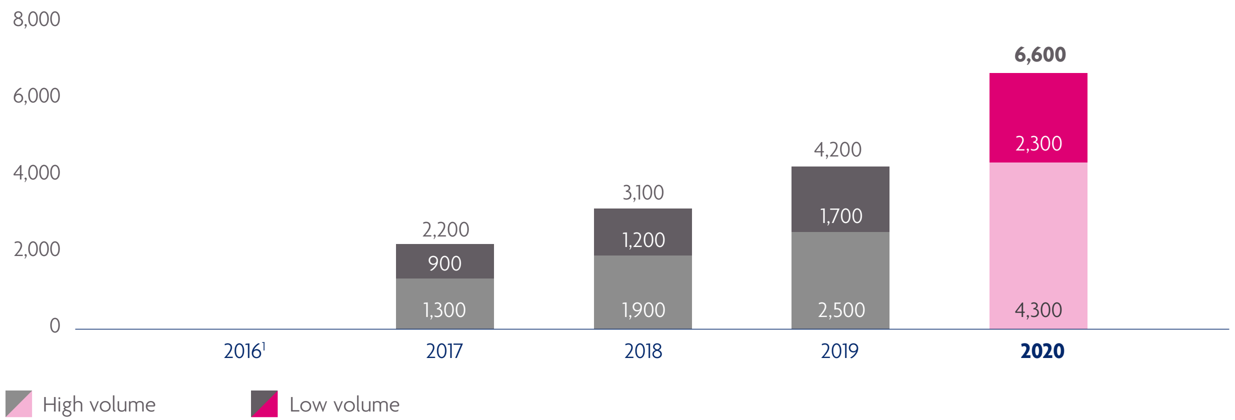
In an early stage, we discuss with energy regions and project developers what is possible in which areas. We calculate the impact of energy plans on the grid and the investments that are required. In this manner, parties that are taking the initiative are not confronted with surprises and the likelihood that subsidies are allocated to projects that can actually be realised is increased. We are also looking into the use of alternative energy sources, such as green gas, hydrogen and residual heat.

NUMBER OF CONNECTIONS THAT FEED BACK INTO THE GRID



[1] No comparable figures available for 2016.

SUSTAINABLE INSTALLED CAPACITY (IN MEGAWATT)



[1] No comparable figures available for 2016.

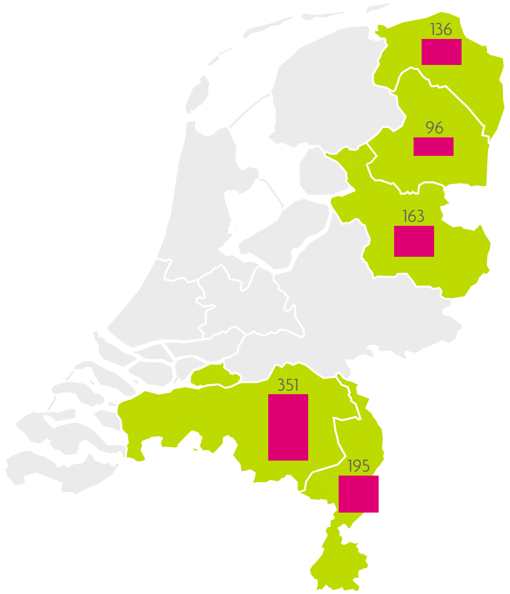
2. Optimal utilisation of existing grid capacity
In order to avoid unnecessary modifications of the grid, we aim to make optimal use of all available capacity. For example, by making structural use of the reserve capacity of the grid. Or curtail the peak production of solar and wind farms.
We also discuss other solutions, such as congestion management, smart charging and flexible rates with market parties, the government and regulator ACM. We provide input (in a sector context) for suitable regulations with a clear framework of rules.

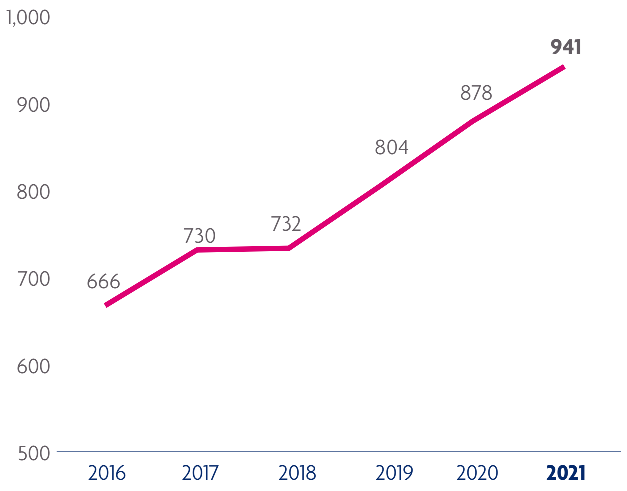
3. Expanding grids at maximum speed and cost efficiency
In any case, the electricity grid must be expanded and upgraded in the coming years on a large scale. This requires a lot of time and money. We are investing proactively based on expectations and we do not always wait for concrete projects. We are also entering into consultations with municipalities at an earlier stage to ensure that permit procedures run smoothly and can thus be speeded up. In this manner, we make optimal use of our realisation ability. We are also implementing technical innovations, such as pre-fabricated mobile mid-voltage stations (e-houses). They are cheaper and it is estimated that they can be installed 6 to 9 months faster. And we work smarter by combining our (excavation) workload.

We want to understand what is going to happen in the long term. For example, we are formulating a vision on the sustainability of the industry in 2021. We carry out research and we expand our knowledge and experience regarding the application of alternative, new energy carriers in our grid. For instance, we are looking into hydrogen. What does it mean to distribute hydrogen in our grids and how can Power-to-Gas contribute to solving the scarce grid capacity of electricity and maintaining the gas grids?

Our work package reached a record high of € 882 million in 2020; a 10 percent increase compared to last year. We also see a lot of work coming our way in connection with the energy transition. As a result, the work package in 2021 will increase further to € 941 million. Besides our own approach, we are dependent on the capacity and the planning of the high voltage grid of TenneT for this. The effectuation of the energy transition is therefore a complex and dynamic process. We have to do everything we possibly can to provide the necessary grid capacity and we need each other to realise ambitions.
We signed a letter of intent with TenneT in 2020 in order to optimise our collaboration, enhance information and coordination of our planning.

WORK PACKAGE 2021 PER PROVINCE





Work package 2016-2021 based on standard costs.

Dilemmas and insights

WHAT SHOULD HAVE PRIORITY IN THE ENERGY TRANSITION?

Regional Energy Strategies have a large impact on the energy grid. In addition, plans for the construction of homes, sustainable industry and mobility also have an impact on the energy grid. The work that has to be carried out on our infrastructure as a result is so extensive that it cannot all simply be carried out at the same time. Therefore, we will have to set political and societal priorities. Do we, in the Netherlands, wish to first connect new homes to the electricity grid or do we give priority to upgrading connections for solar panels?
Are we going to upgrade the grid for industry or for renewable generation? Grid operators are not allowed to set priorities under the existing gas and electricity laws and regulations. We connect in an undiscriminating manner.

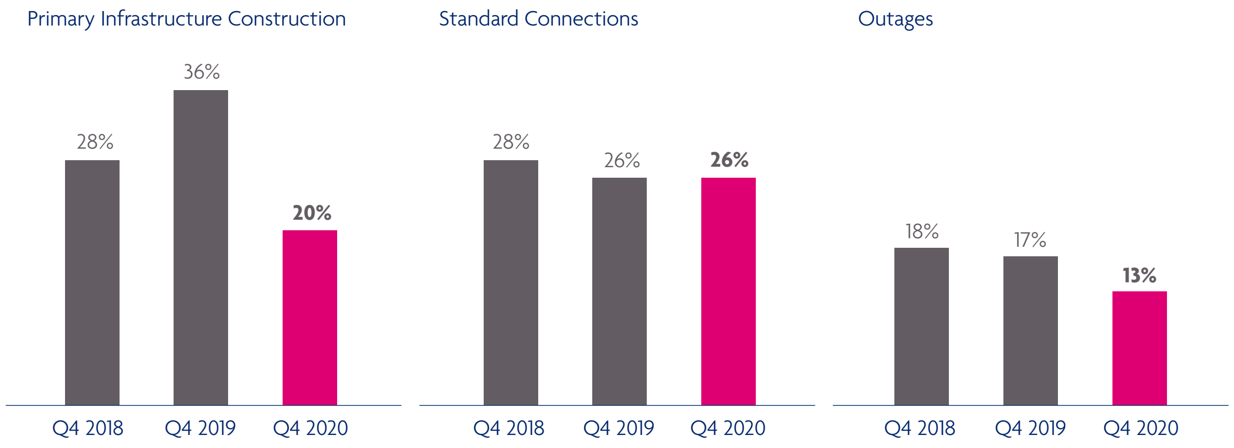
As a sector and as a company, we are working on realising tomorrow's energy infrastructure within the framework of yesterday's laws and regulations and regulatory method. The gas and electricity laws and regulations are no longer suited to the tasks that grid operators have today and tomorrow. We advocate a priority setting framework that substantiates the priorities within the work package of grid operators. With this framework, the importance of a new residential district can be weighed against the importance of a new industrial estate or renewable generation. This could then serve as a guideline for the allocation of scarce technicians, financial and other resources.

A new legislative and regulatory framework is also required within which the energy transition can be realised. This framework should also provide for a shorter period between making investments and receiving a reimbursement for these investments via the tariffs. As a sector, we discussed this in 2020 with, among other parties, the Netherlands Authority for Consumer & Markets (ACM) and the Ministry of Economic Affairs and Climate Policy. We continue to participate in discussions and provide input for suitable regulations with clear rules to keep the system affordable.

FOCUSING ON CUSTOMER SERVICE

Customers appreciate clarity and reliability. We contacted consumers and businesses during 2020 to discuss the work and the planning, also when delays occurred or a connection took longer than the statutory term of 18 weeks. We experience that delivering on our promises is often more important to customers than the processing time. Communication about the project is appreciated; more customers indicate that they are sufficiently informed about the progress regarding their project.
This positive trend is also reflected in the Customer Effort Scores of the past year. These scores indicate how much effort the customer has to make to receive adequate assistance. We do our utmost every day to improve our customer service by continuing and realising improvement initiatives on delivery times and communication.

CUSTOMER EFFORT SCORE

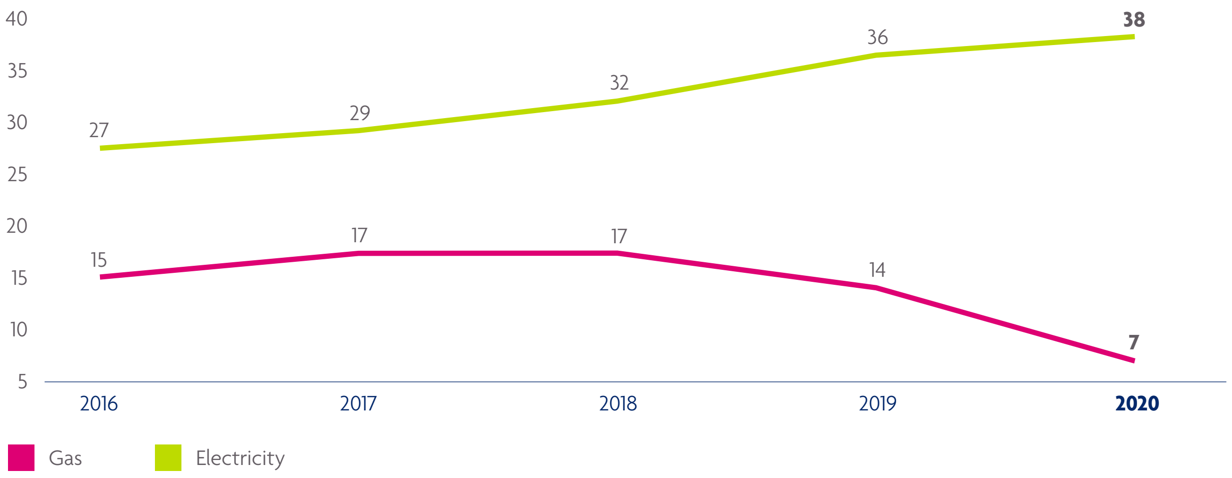


For the Customer Effort Score, it is the case that 'the lower the score the better'.

We notice that this stage of the energy transition leads to customers having new questions. Is it smart to invest in a heat pump at this time? Can I already switch to gas-free or should I wait for a municipal gas-free district initiative? More often than ever before, customers are contacting their grid operator with questions regarding sustainability and other issues. However, we do not always have the answers (at present) and we are not allowed to provide advice. Our employees are helpful and refer customers to installation companies or the municipality.

In line with the connection ban for new residential gas connections and the Climate Agreement goals to increase the sustainability of homes and buildings, we see that the number of new gas connections halved in 2020 compared to 2019. In the pilot projects Natural gas-free Districts (Aardgasvrije Wijken), we gained experience in 2020 with new techniques and approaches, such as district heating in combination with geothermal and aqua thermal energy. In addition, Enplus developed a step-by-step plan and package of measures for municipalities that wish to increase sustainability. Besides the neighbourhood approach, we advocate that specific events (renovation, relocation) be used to increase the sustainability of the built environment.

DEVELOPMENT OF NEW CONNECTIONS (IN THOUSANDS)



ACCELERATION THROUGH INNOVATION AND DIGITALISATION

9.1
9.4

Satisfying the increasing demand of customers requires a lot from our employees and our organisational capabilities. We have been working on increasing our efficiency already for a number of years in order to do our work smarter and faster. Work is planned rigorously in the teams and, since 2019, closely monitored via operational steering. In addition, we are modernising our ICT landscape and installing smart distribution automation in our grid stations, with which we can localise and solve bottlenecks in the low-voltage grid or outages faster. We will continue to do this as well in the coming years. We are also building customer-focused IT systems and making use of the knowledge of other grid operators and partners to improve our services to customers and, in 2020, we worked together to realise (digital) innovations, such as the prefab meter cabinet and the smarter realisation of charging points. In joint projects, we examine new possibilities and test the potential of innovations such as flexibility through energy communities ('Gridflex') and better alignment of supply and demand at industrial estates ('BZO Groningen'). By investing in Mijnwater, a proven heat project in the region Park City Limburg, in 2020, we can deliver a substantial contribution to accelerating the energy transition with Enplus.

Digital security is becoming an increasingly important element in our work due to the growing importance of ICT and cyber security. We take structural measures to protect our operational technology, ICT, data and personal data. This includes, for example, authorisation management, monitoring our networks and performing Privacy Impact Assessments. Our ISO27001 certificate shows that Enexis Netbeheer has a well-functioning management system for information security. We pay attention that data are not stored longer than strictly necessary. In this manner, we reduce the impact of any data leaks and we are better able to protect the privacy of our customers as prescribed by the General Data Protection Regulation (GDPR). In our digital security approach, we not only focus on technology, but also on people, processes and culture. As, in particular, awareness with regard to cyber security risks and incidents is of great importance. This is why we shared information about risk and incidents that took place in the sector within our teams in 2020.

In order to ensure the security of the energy supply, we were in close contact in the past year with the National Cyber Security Centre, government institutions, the supervisor Agentschap Telecom and other energy companies regarding potential risks and threats. We are part of the Energy ISAC, a knowledge network of cyber security specialists of the vital companies in the energy sector. By sharing knowledge about incidents, threats and vulnerabilities, we can take measures quickly to ward off cyber criminals and others with evil intentions and prevent damage.

Dilemmas and insights

WHAT CONSTITUTES RESPONSIBLE SPENDING OF PUBLIC FUNDS?

Digital security is becoming more and more complex. It takes a lot of time and effort to defend ourselves against cyber security attacks on our vital infrastructure, data and personal data. At the same time, there are limits to our investments. We are constantly working on improving our digital security and in doing so, we always aim for the most optimal situation. Processes have to remain workable and public funds must be invested carefully.

RISKS	STATUS COMPARED TO 2019
Realisation of customer demand remains below expectations due to a shortage of personnel, material and/or grid capacity	Likelihood decreased slightly
The energy transition and regulation method affect Enexis's financial position	Impact slightly higher
Unauthorised use of data and/or systems	Unchanged
Extensive and prolonged interruptions of the energy supply due to natural disasters, external causes or asset failures.	Unchanged
A too limited task description in the new Dutch Energy Act could have a negative impact on our ability to facilitate the energy transition	Probability decreased

We refer to the Risk Management section for more information about the risks and our measures.

ALSO READ

- Detailed information outages
- Development infrastructure 2016-2020
- Complaints and disputes procedure

“THIS PHASE DEMANDS **UNCONVENTIONAL COLLABORATION.”**

BEN VOORHORST, COO TENNET IN 2020

“Realising sufficient infrastructure, that is the main challenge that connects TenneT and Enexis. The huge number of renewable energy initiatives that we are being confronted with is unprecedented. On the one hand from the Regional Energy Strategies, on the other hand from businesses and industries that are growing and need more electricity. In order to be able to accommodate this demand timely, unconventional ways of collaborating are necessary. We underlined this in 2020 in an letter of intent with Enexis. We agreed to help each other to achieve common goals, and we put this into practice.

A good example is the greening of the industry in Groningen. By working together with the regional stakeholders – including Enexis – at an early stage, we were able to take action sooner in 2020 to be able to deliver more capacity faster. We did not wait until the plans were 100% clear, but we entered into discussions with the parties involved in an early stage to shorten the processing time. Our organisations are traditionally risk averse; however, under pressure, we realise that we cannot wait until everything is 100% clear. Speeding up the process is important now. As the certainty that we are going too slow is ultimately also a risk.

The efficacious collaboration with all parties involved in Groningen was refreshing and we aim to continue to expand this in the coming years. It is better not to point the finger at each other, but to be open and ask questions. This enables us to do what society expects us to do.”

CONNECTIVITY THROUGH ENERGY

COMMITTED EMPLOYEES IN A SUSTAINABLE ORGANISATION

- **Safety (working safely)**
- **Agile organisation**
- **Employment and contribution to economic growth**
- **Sustainable business operations**

+ Positive impact	The well-being of employees and their family members is enhanced by a safe working environment, personal and professional development, and long-term employability. We provide employment in our service area and contribute to the climate goals.
− Negative impact	Working on the energy grid entails risks for the health of our employees. In addition, our work has a negative environmental impact due to the materials we use, the waste we produce and grid losses.

COMMITTED EMPLOYEES IN A SUSTAINABLE ORGANISATION

How committed we are to keeping the energy supply up and going now and in the future was clearly visible in 2020. Our employees succeeded in converting the uncertainty brought about by the corona crisis into a proactive approach and solidarity. This is in line with our aim to assume responsibility for a sustainable world.

8

SAFETY AS OUR NUMBER ONE PRIORITY

Our attention for working safely was given an extra dimension in 2020. Besides the prevention of accidents, due to COVID-19, the emphasis was on the health and well-being of our employees. Because, how do we contain the virus and prevent it from spreading further? We closed our offices, working from home became the standard and clear instructions were issued for work on the energy infrastructure. Although a lot still remained unclear, our crisis organisation came into action quickly after the outbreak of COVID-19 in the Netherlands. The measures of the RIVM (the Dutch National Institute for Public Health and the Environment) were leading in our approach so that our organisation and processes could continue to operate safely. Both our customers and our employees appreciated the clarity that we provided. Working from home was quickly organised and accepted as we already offered these possibilities and our ICT systems were already set up to accommodate this. The corona virus only influenced the productivity of our employees to a limited extent; absenteeism due to sickness even decreased slightly in 2020.

	2020	2019	2018	2017	2016
Accidents and LTIF[1]					
Fatal accidents	-	-	-	1	
Enexis	0.81	1.16	1.48	1.65	0.85
Contractors[2]	2.64	2.58	4.53	2.2	4.3

1 LTIF the LTIF is the number of accidents resulting in absence per 1,000,000 hours worked.
2 Figures 2016 excluding Endinet.

We did pay special attention to the effects of working from home on the well-being of our employees. This also remains a challenge in 2021. We observe that employees need to talk to each other and are looking for new ways to remain in contact with each other; for example by taking a walk during a telephone conversation or scheduling a digital coffee break. We offered a number of interventions in 2020 such as webinars on meditation and a vitality check to prevent, for example, stress-related complaints. Managers found ways to organise online team sessions and to discuss the collaboration and work load. Discussing your mental well-being has become more and more common within Enexis as a result of the 'Behaviour and Leadership' programme. The programme was also continued in the past year and we made preparations to incorporate these activities in the teams as from 2021.

AGILE TO CARRY OUT THE ENERGY TRANSITION

We are proud of the commitment and flexibility that our employees displayed in 2020. Despite the restrictive corona measures, they felt responsible for the realisation of objectives together. A mentality that we will also really need in the coming years to meet all the challenges in the energy transition, as a huge amount of work has to be done. Besides operational steering, we are working very hard on increasing efficiency. We are speeding up our processes and upgrading our ICT systems. Our employee engagement score remained stable in 2020 (7.8) and the score for teamwork decreased slightly (6.4). It is apparently more difficult for employees to work together remotely .

8.3

In addition to our 4,767 colleagues we had hundreds of job vacancies in 2020. We need extra employees in order to meet the demand of our customers. We are mainly looking for technical colleagues to realise the energy transition and ICT personnel. As there is a shortage of specialists, in 2020, we also started to train operational personnel - in addition to technicians and engineers - ourselves in our own 'Uitvoerders Academy'.

As a result of targeted campaigns, the number of job applications that we received in the past year increased by over 35%. In particular, our image as a reliable employer is extra attractive in these uncertain times. Enexis offers jobs with career prospects. We hired 400 new employees in 2020 via online job interviews. We discovered that it is possible to get to know candidates and assess their qualities from behind a screen. We never considered it possible that the whole recruitment process - from the first interview up to the employment conditions - could take place online.

We believe that diversity is the key to our success in the future. We are looking for highly motivated and agile talented candidates with diverse backgrounds to strengthen our organisation. The share of women in our organisation increased to nearly 20% in the past year. We believe that everyone deserves a fair chance to have a job and a safe working environment. We put this into practice in 2020, for example, by offering jobs to people with a temporary residence permit and people with poor job prospects. The Works Council, our women's network and young employees' network also contribute to more employees feeling heard within Enexis.

	2020	2019	2018	2017	2016
Personnel					
Number of employees at year-end (own personnel)	4,767	4,488	4,324	4,332	4,390
FTEs at year-end (own personnel)	4,591	4,317	4,167	4,175	4,229
Female employees as a % of the total workforce	19.7	18.8	18.6	18.5	18.6
Absence due to illness (%)	4.9	5.4	5.6	4.8	4.4

	Male	Female	Total
Age category			
under 30 years	415	80	495
30 - 50 years	1,681	448	2,129
over 50 years	1,732	411	2,143
Total	**3,828**	**939**	**4,767**
Percentage	80.3%	19.7%	100%

	Male				Female			
	Inflow	Outflow	Total male	Average term of employment[1]	Inflow	Outflow	Total female	Average term of employment[1]
In and outflow[2]								
under 30 years	146	23	123	1.26	37	3	34	2.33
30 - 50 years	215	42	173	4.9	80	15	65	4.87
over 50 years	70	184	-114	35.78	22	24	-2	28.63
Total	**431**	**249**	**182**	**27.39**	**139**	**42**	**97**	**18.26**

1 Average term of employment in the event of outflow.
2 Employee turnover rate 6,6%.

	Male				Female				
	Wajong[1]	WAO[2]	WIA[3]	Total male	Wajong[1]	WAO[2]	WIA[3]	Total female	Total
Labour participation									
under 30 years	2	-	-	2	-	-	-	-	2
30 - 50 years	2	-	3	5	1	-	1	2	7
over 50 years	-	13	7	20	-	2	4	6	26
Total	**4**	**13**	**10**	**27**	**1**	**2**	**5**	**8**	**35**

1 Disablement Assistance Act for Handicapped Young Persons.
2 Invalidity Insurance Act.
3 Work and Income according to Labour Capacity Act.

Dilemmas and insights

HOW DO WE MAINTAIN A HEALTHY BALANCE BETWEEN WORKLOAD, TRAINING AND SAFETY?

We are recruiting a large number of new employees to carry out the energy transition; however, as colleagues are retiring, we are also losing many experienced employees. Retaining knowledge is an important issue.
Before new employees can actually start working in the field, they follow an extensive training programme and are trained on the job by experienced employees. However, due to the increasing workload, one-on-one training on the job is coming under pressure. We are concerned about this. How do we ensure that there is a healthy balance between growth, retention of knowledge and improving safety? To this end, we are introducing a new concept in 2021: specially equipped halls for vocational training. Under the supervision of experts, new employees gain experience one-on-four with our installations. This approach guarantees safe and efficient training on the job.

ETHICAL ORGANISATION

8.8

We underline our fair work commitment by endorsing the United Nations Universal Declaration of Human Rights and the fundamental principles and rights to work of the International Labour Organisation (ILO). 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. There are various reporting procedures, internal and external confidential counsellors and a suspected misconduct regulation for reporting any violations. In addition, Enexis has an internal integrity committee that discusses integrity and fraud issues and ensures that integrity is embedded in our corporate culture.

Our policy to prevent the corruption of employees, such as conflicts of interest or bribery, has been laid down in the Code of Conduct for Employees, the Suppliers Code of Conduct and in our General Purchasing Conditions. With our Compliance Protocol, we stimulate employees to comply with laws and internal and external regulations.

LIFELONG LEARNING

4.3 4.4 4.7

We foresee that there will also be a shortage of technical professionals in the coming years. That is why we continue to invest in knowledge. Already at the primary school level, we try to interest children in technology. We make lesson plans, give guest lessons and offer traineeships. Together with various secondary schools, we offer further training, for example, as a technician or engineer. Young people with a preparatory or intermediate secondary vocational education can start their career at Enexis in a learning-on-the-job position. We also offer challenging research projects and traineeships for college and university students. We seek to increase the technical knowledge and stimulate interest in technology among young people in many ways. A new initiative in 2020 was the pilot project to hire young people as from the age of 16.

We believe that lifelong learning is necessary for the sustainable development of our energy system. The vitality of our employees has a high priority at Enexis. We pay attention to personal development in a positive learning environment, working together in teams and job satisfaction. Within the context of 'lifelong learning', we seek to motivate employees to continue to develop in their careers in addition to the obligatory modules. We offer hundreds of technical and personal development training programmes. Due to the corona measures and working from home, the number of participants in personal development programmes decreased in 2020 compared to previous years. Technical training programmes were continued in as far as possible, but then in smaller groups in order to comply with the corona measures. Safety training programmes are an obligatory and essential part of training and education within Enexis. Besides Enexis's own employees, third parties, including contractors, follow safety and technical training programmes via Enexis. The reported average number of training and education hours in 2020 was influenced by a change in the system as a result of which data is available up to and including the third quarter.

	2020 t/m Q3[2]	2019	2018	2017	2016[3]
Training and education					
Average number of training hours total[1]	10.5	25.4	22.2	24.0	28.0
of which:					
- Male	12.5	29.7	26.3	28.7	32.6
- Female	2.6	8.4	5.4	6.7	7.2

1 ET&O develops and facilitates training courses for employees working af or for our energy grids. The training courses offered by ET&O are primarily aimed at working (or continuing to work) in accordance with our safety requirements, working methods and procedures. Moreover, ET&O, offers training in leadership and performance and competency development.
2 The reported average number of training and education hours only concerns training and education hours provided by or through Enexis's own training centre (ET&O). Training and education hours that were not followed through ET&O are not included in this figure. Based on estimates, the share of hours provided by or through ET&O amounted to 52% (2019: 38%). Due to a change in the system, the data regarding training and education hours for the period 29 September 2020 up to and including 31 December 2020 are not yet available at present. The reported figure only concerns the period 1 January 2020 up to and including 28 September 2020.
3 Figures 2016 excluding Endinet.

A SUSTAINABLE BUSINESS MODEL

Enexis believes that its position in society demands honest and fair business practices and entails the responsibility to contribute to creating a sustainable world. We cannot make the difference in all areas, but we do make conscious choices and assume our responsibility. We thus aim to increase the degree of circularity within our organisation and reduce our ecological footprint. For instance, by reducing grid losses, sustainable procurement and reuse of materials, recycling our waste and reducing our mobility. Although we are aware that there is always room for improvement, we are proud that we were nominated as the best grid operator in 2020 in the category sustainability in the MT500, the list of 500 companies with the best reputation.

12.2 12.4 12.6

We carefully consider all products and services that we purchase. In this case, we not only look at the quality and the price, but we also enter into agreements with our suppliers regarding social aspects. For example, is it possible to produce a circular cable? Can people with poor job prospects play a role in the work? And what does the supplier do in the area of sustainable innovation? We also ask the suppliers of our components to provide a 'raw materials passport' that provides insight into the composition of the products. This helps us to take steps to increase circularity. In this manner, we assume responsibility for our own consumption pattern and the corresponding production chain. We work with parties that are best able to satisfy our requirements and wishes in the area of people, material and the environment. Together with suppliers, we are taking steps towards a better world.

We try to extend the useful life of the products that we purchase and, where possible, reuse these products. As a result, we can purchase less material and produce less waste annually. This is more sustainable (with regard to raw materials and the emission of greenhouse gases) and saves costs. We have a special department that overhauls components making it possible to reuse installations for at least another 15 years. Approximately 250 transformers were overhauled and stations, transformer installations and gas components were upgraded and reused in 2020. With this, we saved over € 7.7 million on the purchase of new installations and we avoided the CO_2 emissions produced in the production. We share the knowledge that we have acquired in recent years regarding the reuse of components with other grid operators, as we can achieve more together.

At the end of the useful life, we opt for a sustainable solution for our waste. We work together with the waste processor Milgro to manage and reduce waste flows, to prevent waste and increase recycling. Due to better insight into our waste flows, since 2020 we know that better separation of waste is worthwhile. We now distinguish between 85 different waste flows and recycle 93% of our waste. And we continue to look for more possibilities for sustainable waste management.

	2020[2]	2019[2]	2018[2]	2017	2016[1]
Amount of waste (in tons) [2),3)]					
Recycled waste	29,369	28,540	27,281	30,185	16,115
Incinerated waste	1,505	1,523	1,618	1,529	1,129
Waste to landfill	471	355	1,142	2,177	1,173
Biomass	126	92	203	-	-
Fermentation	78	95	101	-	-
Composting	33	33	35	-	-
Total	31,582	30,638	30,380	33,891	18,417
Of which hazardous waste (%)	9.3	4.7	5.3	0.4	0.7

1 Figures 2016 excluding Endinet.
2 Figures 2020 and 2019 contain the period januari 1st up to december 31st whithin which the last weeks of the year are based on an estimate by Milgro because the definite numbers are not yet known. Figures 2018 contain the 12 month period december 2017 up to november 2018.
3 From 2018 the Milgro classification method has been used. Up to the end of 2017, the SUEZ classification was used (Lansink ladder).
4 Enexis does not dispose of any radioactive waste. This is not released in our operating processes.

13.2

Enexis has been the only CO_2 neutral grid operator in the Netherlands since 2016. Our own net emissions are zero. In order to achieve this, we adhere to three principles:

1. We reduce our emissions where possible;
2. We purchase 'green' if this is possible;
3. If reduction or green purchasing is not possible, we compensate the climate effect. With the purchase of Gold Standard Certificates, we invest in projects that provide for reduction of emissions elsewhere in the world.

Based on our corporate social responsibility, we take concrete measures to reduce our CO_2 emissions. For example, by increasing the sustainability of our mobility. In 2017, we set the target for ourselves to reduce the emissions produced by the transport of people by 50% in 2020. We have achieved this target. The reduction in 2020 was even 57% due to the limited mobility as a result of the corona restrictions. In addition, we also developed our BREEAM certification by further increasing the sustainability of our office buildings, we implemented technical innovations in our grids to reduce emissions and we priced the CO_2 emissions (from € 40 to € 50 per ton in 2021) in our purchasing and investment decisions. Pricing CO_2 is part of the valuation of the ROBAM method (Risk & Opportunity Based Asset Management) and is periodically evaluated.

	2020[2]	2019	2018	2017	2016
Sustainable vehicle fleet[1]					
100% electric passenger cars	793	497	168	54	37
Compressed natural gas (CNG) passenger cars	1	-	-	-	-
Passenger cars on hydrogen	8	5	-	-	-
Passenger cars on biogas / natural gas	-	-	3	7	12
Hybride passenger cars	372	261	220	62	49

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 pate are exclued from this measurement.
2 At year-end 2020, the sustainable vehicle fleet consituted nearly 76% of the total vehicle fleet (excluding non-passenger vehicles).

A large share of our emissions is caused by grid losses; gas and electricity losses during the transmission of energy. We have chosen to purchase 100% renewable energy for these electricity grid losses. In 2020, 35.1% came from Dutch wind farms (2019: 24.9%). The other 64.9% came from Scandinavian and French hydroelectricity power stations (2019: 75.1%). In 2023, we aim for renewable generation of 40% of our grid losses with additional renewable energy generated in the Netherlands. In the coming year, we will take further steps towards achieving this goal.

Our emissions in 2020 amounted to 155,277 tons CO_2 equivalent. This is less than in previous years and can be attributed to less energy being lost during transmission to our customers (technical grid losses). A detailed explanation of our CO_2 footprint is provided in the Additional information section.

CO_2 FOOTPRINT (IN TONS OF CO_2 EQUIVALENT)

SCOPE 1

GAS GRID LEAKAGES
Gas leakage 3,262 million m^3 natural gas
57,275[1]
(2019: 54,266)

LEASED CARS AND COMPANY VEHICLES
Fuel consumption vehicle fleet 3.6 million litre and 0.0 million kg
9,034
(2019: 11,574)

NATURAL GAS CONSUMPTION OF BUILDINGS
0,8 million m^3 biogas
0
(2019: 0)

LEAKAGE SF_6 FROM SWITCHGEAR
Leakage 24.0 kg
564
(2019: 703)

SCOPE 2

ELECTRICITY TRANSMISSION GRID LOSS
1,075 kWh
0
(location based: 465,074 2019: 0; 568,549)

GREEN ELECTRICITY CONSUMPTION OF BUILDINGS
6.7 million kWh green electricity
0
(2019: 0)

LEASED CARS AND COMPANY VEHICLES
2.5 million kWh
227
(2019: 164)

SCOPE 3

COMMUTER TRAFFIC
6.8 million km
1,101 (2019: 2,159)

BUSINESS TRIPS
3.2 million km
522 (2019: 1,102)

PUBLIC TRANSPORT
Train trips: 2.2 million km, Air travel: 0.1 million km, Taxi trips: 0.0 million km
54 (2019: 333)

GRID COMPONENTS BY SUPPLIERS
4,309 km cable, 1,122 km gas pipelines, 472 transformers, 1,581 installations and stations
81,206[2] (2019: 94,518)

PROCESSING OF COMPANY WASTE
5,294 (2019: 4,985)

ENEXIS TOTAL EMISSIONS
155,277
(2019: 169,803)

COMPENSATION WITH GOLD STANDARD CERTIFICATES
68,777 (2019: 70,300)

CHAIN EMISSIONS NOT COMPENSATED
86,500
(2019: 99,503)

ENEXIS NET EMISSIONS
0

Scope: Emission scopes GHG (Greenhouse Gas protocol).
Scope 1: Direct emissions: These are emissions of greenhouse gasses 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.

1 The gas leakage loss increased by 6% compared to last year. This increase is fully attributable to the factor that is used in the conversion of the methane content.
2 A change took place in the calculation method in 2020, the new method is more in line with the raw materials passports of the relevant assets. The emissions in connection with Grid components by suppliers based on the former calculation method amounted to 74,974 tons of CO_2 in 2020.

8 Decent work and economic growth

IMPACT MEASUREMENT: POSITIVE WELL-BEING EFFECTS OF HAVING A JOB

Having a job at Enexis has a positive impact on employees. It increases their feeling of self-worth, independence, social relationships and social status. This is an important outcome of the impact measurement that we performed to gain more insight into our contribution to SDG 8 'Decent work and economic growth'.

We found out that we bring about a positive impact on society; both through our payments to employees as well as the positive well-being effects of working at Enexis. This quantitative insight is a valuable first step for us to be able to improve our societal performance in the future. We are pleased to share these results. In the coming years, we will try to gain insight into the composition and size of our impact for more SDGs.

IMPACT ON EMPLOYEES

+	**Employee benefits expense**
+	**Positive well-being effects of having a job:** ▪ employee satisfaction 7.8% ▪ number of employees (excluding employees with poor job prospects) 4,732 ▪ employees with poor job prospects: 35
–	-
	Total value of impact: € 46 million

You can find more information about our approach and calculation method in the section Additional information.

13 Climate action

IMPACT MEASUREMENT: CLIMATE

Our impact on the climate is negative despite our compensation of CO_2 emissions and our sustainable organisation. This is the outcome of an impact measurement that we performed in 2020 in order to be able to show what our contribution is to SDG 13 'Climate action'.

We are not proud of a negative impact. It is a direct consequence of our work. In the transmission of energy, a considerable amount of gas and electricity is lost resulting in CO_2 emissions. We take measures to reduce these emissions. This quantitative insight is a valuable first step for us to monitor the result of our efforts. We are pleased to share these results. In the coming years, we will try to gain insight into the composition and size of our impact for more SDGs.

IMPACT ON CLIMATE

+	**Limiting climate change:** + € 39 million ▪ Compensation of greenhouse gases: 538 k tons CO_2 equivalent
–	**Contribution to climate change:** - € 183 million ▪ CO_2 emissions own organisation: 68 k tons CO_2 equivalent ▪ CO_2 emissions in the supply chain: 25,456 k tons CO_2 equivalent
	Total value of impact: - € 144 million

You can find more information about our approach and calculation method in the section Additional information.

RISKS	STATUS COMPARED TO 2019
Realisation of customer demand remains below expectations due to a shortage of personnel, material and/or grid capacity	Likelihood decreased slightly
Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures	Unchanged
The timely provision of services by Enexis could be jeopardised by a pandemic	New risk
Failure to anticipate new developments in time due to insufficiently agile and robust organisation, inflexible processes and/or systems	Likelihood decreased slightly

We refer to the Risk Management section for more information about the risks and our measures.

ALSO READ

- Development workforce
- Supply chain responsibility
- Explanation of CO_2 footprint

"WE ALL KNEW **THIS WILL AFFECT ALL COLLEAGUES."**

JAAP MEIJS, MEMBER OF THE ENEXIS CORONA ISSUE TEAM IN 2020

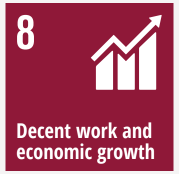
"We could not foresee in February 2020 how the corona virus would develop in the Netherlands. Nevertheless, we considered it important to be prepared for possible measures and to be able to answer questions from employees. It quickly became clear that this did not concern a crisis that would last a few days or weeks. Therefore, we put together an issue team with the most directly involved disciplines. We had to take difficult decisions, but the atmosphere was relaxed and open and there was room to share concerns.

We all knew: this is going to affect all colleagues directly, whether you work within the office or out in the field. This is why we wanted to be able to explain each decision properly. Working as much as possible from home was quickly implemented, but the work on our grids also had to go on safely to guarantee the continuity of the energy supply. Work instructions can easily be adapted, however, these do not remove all the concerns of colleagues. Fortunately, there was room everywhere to discuss these concerns. I think it is admirable how the whole organisation has shown so much flexibility. Everyone was willing to contribute to devising measures for each work flow. Urgent work behind the front door was always continued, even in buildings where there was an outbreak. Respect for our colleagues that still continued to carry out that work. I remember a picture of a colleague who entered a customer's house wearing a lot of protective gear. It appeared unreal, but then you actually see how big the impact is of the corona virus and of our measures. I also have a lot of respect for colleagues who immediately started working from home. Often under difficult circumstances, such as with children around you who could not go to school, a provisional work station or the lonely feeling that comes over you when working from home all day. And this now already for months.

What I experienced is that, in general, there was understanding for the measures that we took. It was appreciated that we communicated quickly and clearly. That in my role as a member of the issue team, I was able to mean something directly for my colleagues – despite all the difficulties – also gave me a positive feeling."

CONNECTIVITY
THROUGH
ENERGY

FINANCIAL POSITION



Financial value for shareholders

+ Positive impact	We facilitate economic activity in municipalities by investing in the energy grids and the sustainability of the energy grids. Shareholders receive an annual dividend. The green bond is used for projects that contribute to the share of renewable energy in our grids.
– Negative impact	Enexis's capital expenditure has increased in order to adapt the infrastructure for the energy transition; this puts pressure on the affordability of the energy supply.

FINANCIAL POSITION

Maintaining the confidence of shareholders and investors is essential for our robust financial position. To continue investing in the energy grids, we facilitate economic activity in the Netherlands.

Year after year, we are investing more in our grids to expedite the energy transition and to prepare our infrastructure for the transition. We continuously make our grids suitable to connect wind and solar farms and the transmission of sustainably generated energy. Our work package reached a record high of € 882 million in 2020; an increase of € 78 million compared to 2019. Of this amount, we invested € 734 million in the grids; € 148 million was spent on operational work, such as maintenance and resolving outages.

We have adopted a multifaceted approach in order to finance these rising investments. First of all, we are improving the efficiency of our organisation in order to limit expenses. We are working on innovations in order to make optimal use of the grids and to expand the grids as cost efficient as possible. In addition, together with companies in the sector, we are discussing the possibility with the Netherlands Authority for Consumers and Markets (ACM) of changing the regulatory method with the aim of taking costs and investments into account in the tariffs at an earlier stage. As within the existing regulatory framework, costs are incurred far ahead of revenues. Reimbursement for increased investments starts in the following regulary period and continues 40 till 50 years before we receive the total reimbursement. For the financing, liquidity and credit ratings, we refer to note 33 in the financial statements 'Financing policy and risks associated with financial instruments'.

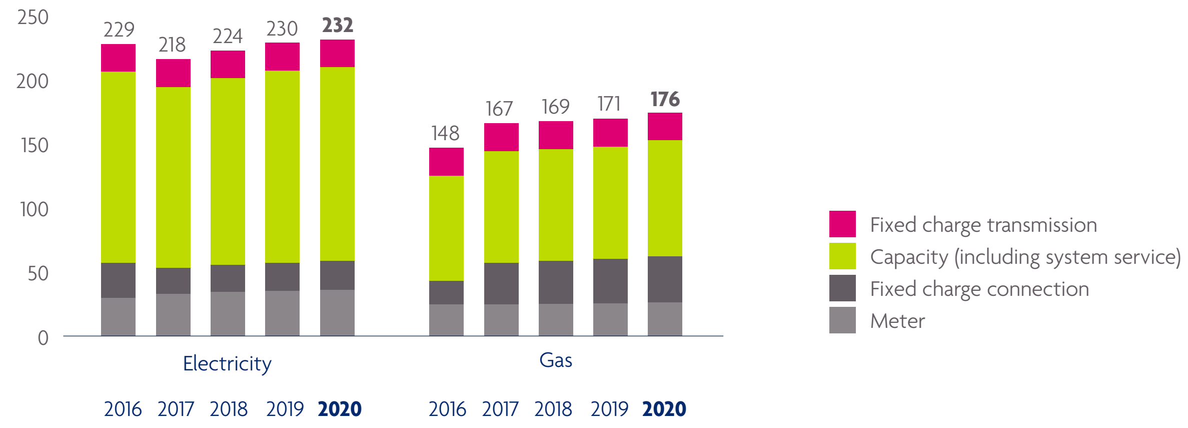
Our shareholders (provinces and municipalities) provided a € 500 million convertible hybrid shareholders' loan to Enexis in 2020, which is an important financial impulse to help with the realisation of the energy transition. This convertible hybrid shareholders' loan has the added advantage that the credit rating agency Standard & Poor's regards 50% of the loan as if it were equity capital. The loan is subordinated and has a maximum term to maturity of 60 years. In 2030, and every ten years after that, Enexis Holding has the right to repay the loan earlier. Under certain conditions, the whole loan can be converted into equity. We are very proud of the confidence that shareholders and investors have in Enexis. Due to their support, our financial position will remain stable and robust in the coming years. Enexis has a strong credit risk profile with an A+ credit rating from Standard & Poor's and an Aa3 credit rating from Moody's. This more than satisfies our financial policy to maintain an A credit rating profile.

Investors also expressed their support for Enexis in 2020 by subscribing to our inaugural € 500 million green bond. Issuing this bond, with a term to maturity of 12 years and an interest rate of 0.625%, is in line with our strategy to contribute actively to the realisation of the Sustainable Development Goals (SDGs). The proceeds will be used for projects that contribute to the share of renewable energy in Enexis's grids, such as grid expansions for wind and solar farms. The proceeds will also be used to create smarter grids with distribution automation, for the roll-out of smart meters and to increase the sustainability of our buildings. The Green Finance Framework was set up to enable the issue of our inaugural green bond and to be able to issue more of these bonds in the future. According to the independent rating agency ISS-ESG, the Framework contributes 'significantly' to realising the Sustainable Development Goals. By following the EU taxonomy and the Green Bond Principles and incorporating these in the Green Finance Framework, Enexis ensures that there is complete transparency in the process. In combination with good ratings at Sustainalitics and ISS-ESG, this provides guidance and assurance to investors. The Green Bond is listed on Euronext Amsterdam.

ADJUSTMENT OF THE GRID TARIFF STRUCTURE

In view of the investments that are required, a crucial issue for everyone is how we will ensure that the future energy supply remains affordable. In consultation with the Netherlands Authority for Consumers and Markets (ACM) and other grid operators, we are working on a new grid tariffs structure that is based on the consumed and fed-in capacity which is combined with a free to be used bandwidth that customers choose themselves based on their needs. This is more fair and stimulates customers to spread their energy consumption over the day. By making more efficient use of the grid, we will have to invest less in upgrading the grid.

AVERAGE HOUSEHOLD BILL (ANNUAL GRID COSTS IN EUROS)



In line with the ACM's tariff decisions, we raised our tariffs for consumers in 2020 by 0.9% for electricity and 2.9% for gas.

2020 FINANCIAL PERFORMANCE

Our net profit for 2020 amounted to € 108 million compared to € 210 million in 2019. This decrease is mainly attributable to a € 63 million increase in the TenneT procurement costs for transmission services and an addition of € 42 million to the deferred tax provision due to the reversal of an announced decrease in the corporate income tax rate from 25% to 21.7% as of 2021.

The corona crisis did not have a material impact on Enexis's financial result in 2020. The energy consumption of our business customers decreased due to the corona crisis which had a limited negative impact on our revenue from business customers. Revenue from low-volume energy customers is based completely on capacity tariffs and is therefore unaffected by fluctuations in consumption. The TenneT procurement costs were also lower in 2020 as a consequence of corona due to a lower customer demand. As a result, the effects on the gross margin were neutral. Corona did not have a material impact on our operating expenses. On the one hand, training and travel expenses were lower. On the other hand, employees took fewer days off which resulted in an increase in the leave provision. The liquidity did not reached critical boundaries at any time. Our realised work package in the year order book amounted to € 882 million, which is approximately € 4 million higher than planned. Despite the impact of corona, whereby work processes entailing direct customer contact were suspended and extra safety measures were taken, the work package increased by € 78 million in 2020 compared to 2019.

€ Million	2020	2019	2018	2017	2016
Result					
Revenue	1,516	1,491	1,445	1,398	1,376
Costs of transmission services and distribution losses	316	232	228	231	228
Other operating income	1	12	4	4	31
Balance available for operating activities	1,201	1,271	1,221	1,171	1,179
Operating expenses excluding depreciation, impairments and decommissioning	554	539	468	487	492
Depreciation, impairments and decommissioning	405	379	349	345	344
Operating profit	242	353	404	339	343
Share of result of associates and joint ventures	0	-1	0	-3	1
EBIT [1]	242	353	404	336	344
Financial income and expenses	-41	-52	-58	-59	-73
Profit before tax	201	300	346	277	271
Profit for the year	108	210	319	207	207
Financial position (before profit appropriation)					
Net working capital [1]	-106	-43	-89	-61	-53
Non-current assets	8,496	7,980	7,480	7,181	6,884
Capital employed [1]	7,418	7,056	6,594	6,386	6,150
Equity	4,116	4,112	4,024	3,912	3,704
Net interest-bearing liabilities [1]	2,677	2,634	2,272	2,201	2,078
Total assets	8,751	8,258	7,715	7,668	7,284
Ratios					
Solvency [1]	47.0	49.8	52.2	51.0	50.9
ROIC [1]	3.3	5.0	6.1	5.3	5.6
Return on equity [1]	2.6	5.1	7.9	5.3	5.6
Cash flow					
Cash flow from operational activities	726	647	679	628	528
Cash flow from investing activities	-872	-753	-646	-597	-813
Cash flow from financing activities	131	137	-58	-9	-217
Cash flow	-15	31	-25	22	-502

1 For definitions, please refer to the glossary.

BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The balance available for operating activities decreased in 2020 by € 70 million, mainly due to an increase in the TenneT procurement costs. This effect was partly offset by an increase in revenue. Total revenue amounted to € 1,516 million in 2020, up € 25 million compared to 2019.

The increase in revenue is mainly attributable to a € 22 million increase in regulated revenue. This was mainly caused by:

- Electricity: revenue rose by € 5 million compared to 2019. This increase is mainly attributable to an average tariff increase of 0.7% for low-volume customers.
- Gas: revenue rose by € 10 million compared to 2019. This increase is mainly attributable to an average tariff increase of 3.5% for low-volume customers.
- Revenue from regulated metering services rose by € 5 million compared to 2019 and is mainly due to an average tariff increase of 2.8%.

Non-regulated and other revenue amounted to about 9% of total revenue and rose by € 3 million compared to 2019. This increase is mainly attributable to the growth of the activities at Fudura B.V.

Costs of transmission services and distribution losses rose by € 84 million to € 316 million in 2020. This increase was mainly due to € 63 million higher procurement costs for transmission charged by the national grid operator TenneT. This increase is mainly attributable to adjustments of previous years and new investments associated with the energy transition. The increase in transmission costs is expected to be reimbursed in the revenue of 2022. In addition, the costs for compensating electricity distribution losses rose by € 12 million due to higher prices on the energy market. Finally, it is the case that the regional grid operators will have to purchase the grid losses for gas themselves as from 2020. This amounted to € 7 million in 2020.

Other operating income decreased by € 11 million compared to 2019 due to non-recurring income in 2019 from an agreed compensation payment.

OPERATING EXPENSES

Total operating expenses increased by € 41 million to € 959 million in 2020 mainly due to a larger work package.

The main developments were:

- € 8 million higher employee benefits expense: this increase is the balance of a € 7 million decrease in expenses for own personnel and a € 15 million increase in temporary staff hire. Despite an increase in the number of FTEs by 274 employees compared to year-end 2019, the expenses for own personnel decreased compared to 2019 as a result of a non-recurring expense in 2019 due to the new collective labour agreement (CAO). In addition, other employee benefit expenses decreased on balance due to lower training and travel expenses as a consequence of COVID-19. Employees took fewer days off in 2020 leading to an increase in provisions for leave. Expenses in connection with hiring temporary staff rose by € 15 million due to temporarily filling job vacancies with external personnel and the higher number of improvement and transition projects.
- Due to the growth of the work package, more employee benefit expenses were capitalised resulting in a € 14 million increase in capitalised production.
- € 26 million increase in depreciation charges due to the growth of investments in tangible and intangible fixed assets. Higher investments in the electricity and gas grids resulted in an increase in the depreciation charges on tangible fixed assets. The increase in the number of improvement and transition projects resulted in higher amortisation of intangible assets.
- The costs of work contracted out, materials and other external expenses and other operating expenses rose by € 21 million. This increase is mainly attributable to higher costs for our work package and higher advisory costs.

FINANCIAL INCOME AND EXPENSES

Net financial income and expenses amounted to € 41 million in 2020, down € 11 million compared to 2019. The main reason for the decrease in financial income and expenses was the refinancing of a maturing loan at more favourable interest rate conditions.

TAXES

The income tax expense amounted to € 93 million in 2020, € 3 million higher than in 2019. This difference is attributable, on the one hand, to an addition of € 42 million to the deferred tax provision due to a reversal of the earlier announced reduction of the corporate income tax rate from 25% to 21.7% as of 2021 and, on the other hand, a lower tax burden due to a lower realised profit before tax in 2020.

CAPITAL EXPENDITURES

As explained above, the growing work package is an important reason for the rising operating expenses. Obviously, the 10% growth of our work package also has consequences for the development of our investments. Gross investments amounted to € 854 million in 2020, € 108 million higher than the gross investments in 2019.

- Gross investments in electricity and gas grids rose by € 99 and € 9 million respectively. In response to increased customer demand, for instance, we are realising grid expansions and renewable onshore projects ('Duurzaam op Land') such as connections for solar and wind farms. In addition, we are investing in the safety of our gas grid. Due to COVID-19, our capital expenditures in connection with smart meters were € 30 million lower in 2020. These activities, which involve work carried out in the meter cabinets of our customers, were rescheduled to be carried out in 2021. Reference is made to the table on the next page for a specification of the investments in the electricity and gas grids.
- The other gross investments rose by € 32 million. For instance, there was an increase in investments at Fudura as a result of the expanding volume of customer projects, higher investments due to the location policy and an increase in the capitalised inventory of smart meters.

We receive a contribution from customers for some of our customer-driven activities. After deducting these contributions, net capital expenditures amounted to € 740 million, an increase of € 98 million compared to 2019.

The table below provides an overview of the gross investments (excluding customer contributions) in electricity, gas and smart meters.

	Gross investments				
€ Million	2020	2019	2018	2017	2016[1]
Electricity					
Standard connections	33	30	26	23	21
Customised connections	94	73	34	25	19
Grid expansions	254	194	153	120	93
Reconstructions	25	21	24	22	27
Replacements	48	38	34	38	46
Other	23	22	20	18	15
Total Electricity	**477**	**378**	**291**	**246**	**221**
Gas					
Standard connections	6	9	9	9	7
Customised connections	2	2	2	2	2
Grid expansions	13	16	17	19	17
Reconstructions	19	18	19	18	19
Replacements	153	139	127	127	116
Other	2	2	2	2	2
Total Gas	**195**	**186**	**176**	**177**	**163**
Smart meters					
Low-volume electricity	34	57	53	59	63
Low-volume gas	29	36	40	42	44
Total smart meters	**63**	**93**	**93**	**101**	**107**
Total	**734**	**657**	**560**	**524**	**491**

1 Figures 2016 excluding Endinet.

RISKS	STATUS COMPARED TO 2019
The energy transition and regulation method affect Enexis's financial position	Impact slightly higher

We refer to the Risk Management section for more information about the risks and our measures.

ALSO READ

- Financial Statements

"A FINANCIAL IMPULS WITH A LARGE **IMPACT ON SOCIETY.**"

MARCEL HÖLTERHOFF, TREASURER AT THE PROVINCE OF GRONINGEN AND INVOLVED IN THE PREPARATIONS FOR THE CONVERTIBLE HYBRID LOAN.

"As shareholder and co-owner, we closely follow the development of Enexis. Therefore, we were not surprised that Enexis called on the shareholders to strengthen its equity capital to carry out the energy transition. The ambition resulting from the Climate Agreement is so far-reaching and has such a large impact on the regional grid operators that you cannot only finance this with loan capital.

Various funding solutions were considered and assessed in an open dialogue with the shareholders. For instance, lowering dividend payments or paying in extra capital by the shareholders. I was part of small team that prepared the alternatives, referred to as the 'P4' in which representatives from the provincial and municipal shareholders have a seat. We considered it important that the process was carried out carefully as it concerns a lot of money and a complex subject. You have to be able to explain it within municipalities and provinces in an understandable manner. It was extremely helpful that Enexis toured around the country right before the corona crisis to provide a detailed explanation to all the shareholders. This deserves a compliment. Despite all of the financial and legal issues and corona restrictions, there was always the willingness on the part of shareholders and Enexis to arrive at a successful result. Therefore, during this whole process, we made use of the assistance of a good team of external advisers. We are shareholders of a healthy company and we want Enexis to also remain a health company in the future.

Ultimately, the convertible hybrid loan turned out to be the most suitable instrument. With this loan, five provinces and 65 municipalities provided a capital injection of € 500 million to Enexis in 2020 to carry out the energy transition; a task that the shareholders also consider to be very important for society. We think it is important that the energy transition is a success, and that our citizens and businesses can continue to count on a reliable and sustainable energy supply in the future."

CONNECTIVITY THROUGH ENERGY

CORPORATE GOVERNANCE

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

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

The articles of association, various regulations and other documents regarding corporate governance can be viewed on the website enexisgroep.nl.

EXECUTIVE BOARD

The Executive Board (EB) is responsible for the management of Enexis. The EB defines the strategy, sets the operational and financial objectives of the company and identifies the preconditions for the realisation of the strategy. The EB is responsible for ensuring compliance with all relevant laws and regulations as well as effective risk control and adequate funding of the company.

The EB operates within the provisions of the articles of association under the supervision of the Supervisory Board (SB) and exercises accountability to the General Meeting of Shareholders (AGM). The EB is responsible, together with the SB, for the corporate governance structure of Enexis and for compliance with the Dutch Corporate Governance Code.

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

The EB was expanded in 2020 to comprise four members and portfolios were rearranged. A new CEO was hired from outside the organization and three directors from the internal organization moved to a position on the EB. They ensure continuity within the organization, while the new CEO adds an external perspective. With the appointment of a female CFO, the male-female ratio as of 1 January 2021 has been improved; although, we do not yet meet the statutory requirement of at least 30% men and 30% women. The general section of the profile for the Executive Board contains a provision on diversity.

SUPERVISORY BOARD

The Supervisory Board (SB) has three tasks: exercising supervision, providing advice and acting as the employer of the EB. The SB supervises the policy of the EB, with a particular focus on the realisation of the company's objectives, the strategy and the risks associated with the business activities, the internal risk management and control systems, and the financial reporting.

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

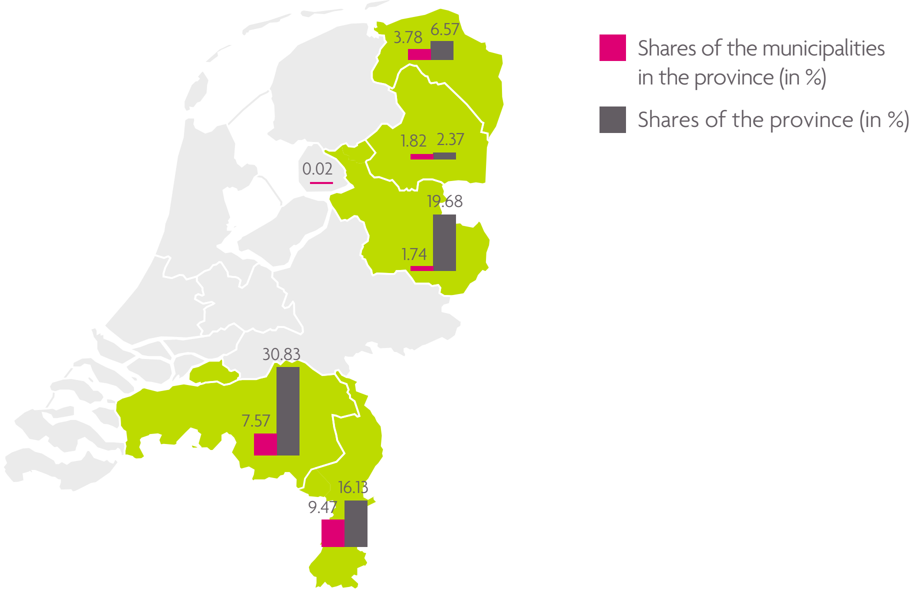
In 2020, the composition of the Supervisory Board changed. There was a reappointment and a new appointment.
The male-female ratio of the SB adheres to the statutory requirement of at least 30% men and 30% women.

GENERAL MEETING OF SHAREHOLDERS

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

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

SHARES IN ENEXIS HOLDING N.V.
(PERCENTAGE OF SHARES HELD BY THE PROVINCES AND THE MUNICIPALITIES IN THE PROVINCES)



INTERNAL AUDIT FUNCTION

Enexis has an Internal Audit & Risk Department with independent auditors. They provide additional assurance to the EB and management regarding operational control, effectiveness, efficiency and compliance.

The Audit Committee supervises the Internal Audit & Risk Department and advises the SB on the role and functioning of the Internal Audit & Risk Department.

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

EXTERNAL AUDITOR

PricewaterhouseCoopers Accountants N.V. was Enexis's external auditor up to and including the financial year 2020. A new tender took place in 2020. Based on this tender, the General Meeting of Shareholders has appointed EY as external auditor as from the commencement of the audit activities pertaining to the financial year 2021. The Audit Committee supervises the relationship with the external auditor. The external auditor attends the annual AGM as well as all meetings of the Audit Committee.

DEPARTURES FROM THE DUTCH CORPORATE GOVERNANCE CODE

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

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

Provision 2.3.4: composition of committees

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

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

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

INTERVIEW WITH THE CHAIRMAN OF THE SUPERVISORY BOARD

As Chairman of the Supervisory Board (SB), Piet Moerland, discusses the challenges facing the distribution network operator. "Managing the company has become more and more demanding and increasingly complex due to the acceleration of the energy transition. The acceleration of the energy transition requires a robust company with sufficient visibility and agility."

TURBULENT 2020

"2020 was a turbulent year. The corona pandemic has affected everyone and everything and has had a huge impact on people's lives and on society as a whole. Obviously, Enexis also did not remain untouched by the virus. Employees had to structure their work differently, customers experienced that service behind the front door was suspended. Nevertheless, it can be concluded that the impact of the corona virus on Enexis has remained relatively limited for both customers and personnel as well as for the operating and financial result.

On behalf of the Supervisory Board, I would like to thank our employees and express our sincere appreciation for the professional manner in which they performed their duties under these abnormal circumstances. Hopefully, we will return to an as normal situation as possible within the foreseeable future.

NEW GOVERNANCE MODEL AND NEW BOARD MEMBERS

The energy transition gained momentum in the reporting year, among both producers of renewable energy and consumers and therefore also among the grid operators. The turbulence and dynamics inherent in the energy transition will intensify in the coming years and will also become more complex.

Enexis's policy is based on two strategic pillars: excellent grid management and accelerating the energy transition. When building the sustainable energy system of the future, we cannot make any concessions with regard to the safety and reliability of the energy supply, not now and not in the future. We know the expression 'the shop stays open as usual during reconstruction'. Well, the large-scale reconstruction that is called the energy transition will still go on for decades. During that period, grid operation and reconstruction will have to go hand in hand safely and uninterrupted: a tall order!

Therefore, the Supervisory Board has decided to scale up to a new governance model. The Executive Board was expanded in 2020 from two to four persons by adding a Chief Operating Officer and Chief Transition Officer. As mentioned, the management of the company has become increasingly demanding and complex. The acceleration of the energy transition requires a robust company with sufficient visibility and agility. The expansion of the Executive Board entails a reallocation of the portfolios on a board level to create manageable areas of focus. At the same time, the lines in the management of the company have become shorter and thus more efficient and effective. This organisational intervention entails a change in the composition of the board in that two existing board members have stepped down and made room for an entirely new team.

On behalf of the Supervisory Board, I would like to thank Peter Vermaat and Maarten Blacquière for all they have done for Enexis, including the manner in which they have carried out the transfer of leadership. Together with the management, they skilfully managed the successful development of Enexis during a period of many years, with which they leave behind a sound foundation for their successors.

The composition of the newly appointed team combines both 'fresh blood from outside' in the person of Chairman Evert de Boer (CEO), as well as continuity from within in the three other board members Marielle Vogt (CFO), Rutger van der Leeuw (COO) and Jeroen Sanders (CTO). The Supervisory Board is confident that these four board members are well-equipped to tackle the challenges that Enexis will face in the future. We wish each board member and the board as a whole a lot of success and satisfaction in exercising their important task.

CAPITAL INJECTION PROVIDED BY SHAREHOLDERS

The successful placement of the convertible hybrid shareholders' loan for an amount of € 500 million reinforces our solvency position and provides a strong foundation for further growth. With this capital injection, our shareholders have issued a vote of confidence with regard to Enexis's strategy. More than ever, the distribution network operator and the government authorities need each other as partners in the chain in order to create the energy system of the future.

The periodic dialogue between shareholders/government officials and the management of the company is clearly bearing fruit. For instance, this has led to an exchange of expertise and coordination regarding system efficiency and, for example, the optimal choices for locations for the renewable generation of energy and new infrastructure. This collaboration as chain partners has a favourable effect on the costs for society and thus the affordability of the energy transition.

ADAPTABILITY OF EMPLOYEES

The necessary labour force for scaling up the grid capacity in combination with a shortage of technical personnel leads to a scarcity of qualified personnel. Nevertheless, by intensifying its recruitment efforts, Enexis succeeded in recruiting dozens of young people for a training and trainee programme. An additional advantage is that this also contributes to a better balanced age distribution within the company. Agility and employability are expected of Enexis's employees. 'Lifelong learning' is gradually becoming the norm. The dynamics of the energy transition require a large degree of adaptability of all employees.

Ensuring the safety of employees and citizens is the company's priority. No concessions can be made where safety is concerned. We are constantly working on improving processes and procedures in this area, but also above all on influencing attitudes and behaviour. However, there is certainly still room for improvement of the systematic embedding of working safely and returning home safely, an issue that the Supervisory Board discusses in each meeting with the Executive Board.

LEGISLATION AND REGULATION

Grid operators are expected to help carry out the Climate Agreement; this is of course a justified expectation given their role in society. This requires a drastic increase in the level of investments in the coming decades. This also reflected in the plans for renewable generation of solar energy in Enexis's service area in which the grid capacity would have to be expanded in two years by as much as the grid has been expanded in the past 30 years. We have clearly entered into a new phase in the energy transition with the implementation of the Climate Agreement, which is a considerable change in the trend compared to the past.

The much higher capital expenditures imply an equally higher funding requirement over a long period of years. In this context, the question comes to the fore how this issue of the funding of the energy transition will be taken into account in the new method decision, for example in the composition of the tariffs that Enexis may charge its customers.

The Climate Agreement is a political choice supported by society. It may be expected from the government that it should want to facilitate this huge transformation to a sustainable energy system with the instruments that it has at its disposal such as legislation, funds, and subsidies. It is with great interest that we are looking forward to the solutions that are being initiated in this area on the part of the government and the regulators."

REPORT OF THE SUPERVISORY BOARD

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

COMPOSITION AND ORGANISATION

The composition of our Board changed during 2020. On the occasion of the General Meeting of Shareholders on 25 June 2020, Marc Calon resigned having reached his statutory 8-year term. We thank Marc Calon for his years of dedicated work as member and as vice-chairman of the Supervisory Board and as a member of the Audit Committee. Paul Rüpp was appointed to the Supervisory Board effective from that same date. He makes up the Audit Committee together with Carmen Velthuis (Chair) and Anita Arts. The Remuneration and Selection Committee consists of Piet Moerland (Chairman) and Joost van Dijk. The latter succeeded Marc Calon as vice-chairman of the Supervisory Board. Frans Voorwinde acted as secretary of our Supervisory Board in 2020.

INDEPENDENCE

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

DIVERSITY

Following the dialogue session with the Executive Board on the issues of diversity and culture, several diversity objectives were incorporated into the profiles of the Executive Board and the Supervisory Board. These can be summed up as the aspiration to achieve a balanced composition of the Executive Board and Supervisory Board that reflects the diversity that society requires.

EVALUATION OF THE FUNCTIONING OF THE SUPERVISORY BOARD

We evaluated our functioning with external support in November 2018. The functioning of the Supervisory Board and its individual members was discussed as part of this evaluation. The insights and recommendations emerging from the evaluation, including systematic discussions within the Supervisory Board, have been used since then to make continuous improvements in the functioning of the Supervisory Board.

OUR DUTIES

As the Supervisory Board, our most important duty is to oversee the policy of the Executive Board and the general conduct of business of the company and its subsidiaries. We exercise this oversight primarily through meetings with the Executive Board, working visits to company locations, attendance of meetings of the Works Council and the perusal of reports, publications and other information produced by or about Enexis. We have regular contact with the shareholders through periodic meetings and dialogue sessions with the Shareholders' Committee. In addition, we are looking for the right balance between formal meetings on the one hand and conducting more informal dialogues with the organization on the other. This was more difficult in 2020 as a result of the corona measures. We aim to continue the direct, valuable contact with management and employees (as they took place in recent years) in 2021.

The Supervisory Board convened seven times in 2020. Virtually all meetings were attended by all members of the Supervisory Board. In addition to our scheduled meetings, we held several meetings to discuss matters in more depth with the Executive Board, while also conferring internally with each other.

TOPICS DISCUSSED

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

The daily conduct of business is discussed in our meetings on the basis of an extensive management report. The performance of the grid operator (including reliability of supply) is a recurring subject in this report. Other reported topics concerned important projects, customer and other processes, customer satisfaction and financial data on a monthly and cumulative basis as well as forecasts for the financial results and cash flow. We monitor the well-being of employees and pay attention to topics that are important to the Works Council. The productivity is monitored based on investment summaries and personnel developments. The annual report, financial statements, interim report, annual plan and risk inventories are discussed and adopted based on the recommendations of the Audit Committee. In 2020, the Supervisory Board also discussed the acquisition of Mijnwater Warmte Infra B.V.

In 2020, we adopted, on the advice of the Audit Committee, the updated Treasury Charter and devoted considerable attention to themes and topics such as (the impact of) the corona crisis, the expansion and composition of the Executive Board, the funding of the energy transition, the convertible hybrid shareholders' loan and regulatory issues. Finally, special attention was given to the tender process for a new auditor cumulating in the appointment of a new auditor during the Extraordinary Meeting of Shareholders in November 2020.

The Supervisory Board appointed Evert den Boer as CEO and Chairman of the Board of Directors in 2020. As of 1 September 2020, Evert den Boer succeeded Peter Vermaat who had decided at the beginning of the year to transfer his activities to a successor. In light of the major changes the energy transition will entail for Enexis, the Supervisory Board decided to strengthen the Board of Directors with two new members. In addition to the CEO and the CFO, the board was expanded with a Chief Operating Officer (COO) and a Chief Transition Officer (CTO) as of 1 September 2020. In addition, CFO Maarten Blacquière, indicated that he wanted to transfer his duties to a successor at the beginning of 2021 and that he would leave Enexis. The new CFO was appointed as of 1 January 2021 following Mr. Blacquière's departure.

AUDIT COMMITTEE

The Audit Committee met six times in 2020. The Audit Committee supervises the internal risk management and control systems and the financial reporting procedures and prepares the decision-making of the Supervisory Board for these and other topics. The periodic management report is discussed insofar as this concerns technical reporting or valuation details. The committee took note of the audit plan of the external auditor as well as the audit plan of the Internal Audit & Risk Department and recommended their adoption by the Supervisory Board. Furthermore, the agenda contained the standard items, including the 2019 financial statements, the 2020 interim report, the audit findings of the external auditor, the management comments, the findings of the Internal Audit & Risk Department and the accompanying action points. The financial implications of the current regulatory method in combination with the structurally higher investments for the implementation of the Climate Agreement were also frequently discussed. The Audit Committee paid structural attention to the topic ICT in a broad sense (project management and controllability) and in particular also to cyber security during 2020.

REMUNERATION AND SELECTION COMMITTEE

The committee met three times in 2020. Important topics were the functioning and remuneration of the members of the Executive Board, the succession potential at senior management level and the developments with regard to the remuneration of the Executive Board within the framework of the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). In 2020, the committee was mainly busy with the appointment procedure of Paul Rüpp as the successor of Marc Calon (in close consultation with the Shareholders' Committee) and the expansion and composition of the Executive Board.

SUPERVISORY BOARD MEMBER ATTENDANCE

The attendance percentages of the Supervisory Board members at the meetings in 2020 were as follows:

	P. Moerland	M. Calon	P. Rüpp	J. v. Dijk	C. Velthuis	A. Arts
Supervisory Board meetings (4)	100%	100%	100%	100%	100%	100%
Audit committee meetings (6)	n/a	83%	100%	n/a	100%	100%
Remuneration and Selection Committee meetings	100%	n/a	n/a	100%	n/a	n/a

FINANCIAL STATEMENTS 2020

We took note of the financial statements for 2020, as prepared by the Executive Board, and of the audit findings, and the unqualified audit opinion and the assurance report on the sustainability information issued by the external auditor PwC. We approve the financial statements and recommend that the General Meeting of Shareholders adopt the 2020 financial statements unchanged.

WORD OF APPRECIATION

The Executive Board, managers and employees once again achieved good results throughout 2020 despite the corona crisis. We thank them for their flexibility, efforts and commitment and wish them success and hope that they will be able to enjoy their work in 2021 under more normal conditions.

's-Hertogenbosch, 3 March 2021

Supervisory Board

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

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT (ERM)

External events and events within Enexis can form a risk for the realisation of our strategic objectives or for our continuity. Risk management within Enexis is aimed at identifying these events in an early stage and then quantifying and, if necessary, mitigating the identified risks. At Enexis, management is responsible for ensuring that risk management is implemented effectively to support the realisation of our objectives.

Our risk management approach is derived from the COSO-ERM model and integrated in our regular processes: from strategy to operation, it is embedded in the planning and control cycle. We aim to promote integrity and a risk-aware culture. Through, for example, strong leadership and exemplary behaviour, we aim to increase risk awareness within the organisation. We also encourage employees to report and discuss incidents and risks.

We are transparent about our risks and we closely monitor the development of risks. This help us to respond quickly, create and maintain value, improve our performance and comply with applicable laws and regulations. The development of the most important risks is reported periodically to the Executive Board. Mitigating measures are incorporated in our business plans.

Enexis's risk management is set up according to the 'Three Lines' model. At all levels of the organisation, line managers are responsible for identifying risks and the timely implementation of measures. Our Business Controllers and other staff functions (Compliance, Security, Privacy, HSE, etc.) support the line management. The Internal Audit & Risk Department coordinates the risk management process.

STRATEGIC RISK MANAGEMENT

In our strategic risk analysis, we identify events that threaten our continuity or the realisation of our strategic objectives. Departments yearly identify the risks that are relevant for them and describe these risks on a risk card. After this bottom-up approach, the identified risks are analysed and quantified by determining the likelihood of the occurrence of an event and its impact on one or several business values. We make use of a risk matrix which specifies Enexis's risk appetite for each business value. Risks that score 'High' exceed the risk appetite and must be mitigated by means of additional measures to a 'Medium' score. Management assesses and determines for each risk with a 'Medium' score to what extent that risk has to be mitigated further. Each strategic risk is allocated to an owner who is responsible for taking adequate measures and for monitoring the development of the risk. The development of the risks and the effectiveness of the measures are monitored via the planning and control cycle.

OPERATIONAL RISK MANAGEMENT

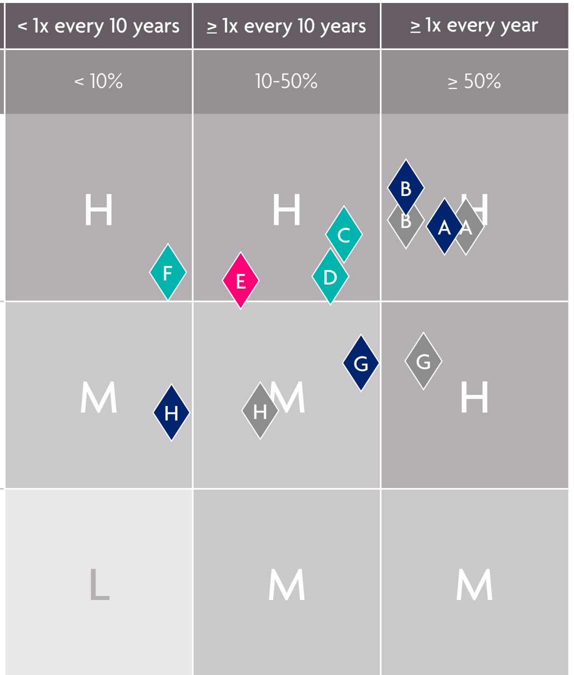
Integrated Operational Risk Assessments are performed to identify risks at tactical and operational levels that constitute a threat to Enexis's business processes. For compliance, privacy, security and data management, we have integrated the periodic assessments into our operational risk assessments. The risks and control measures are recorded in the Enexis Internal Control Framework. The effectiveness of this framework is assessed twice a year by line management by means of a Control Self Assessment (CSA). The outcomes of this assessment are evaluated by the department management and, if necessary, included in the internal Letter of Representation (LOR). In this LOR, the departments indicate the extent to which the internal risk management and control systems are adequate. The 'hard controls' in the Internal Control Framework are supplemented with 'soft controls' focusing on integrity, engagement and teamwork. Where it comes to integrity and fraud, Enexis has its own integrity committee that performs a fraud risk assessment periodically and discusses the control of fraud risks.

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

Potential consequences

	Business values					
	Affordability	Reliability	Stakeholders	Compliance	Safety	Sustainability
H	Damage > 50 million	> 20,000,000 outage minutes[1] (HV/MV station, > 16 hours outage)	International commotion > 20,000 complaints Serious conflict with multiple groups of stakeholders	Silent administrator: criminal proceedings against a Board member; financial penalty > 0.1% of revenue	Accident resulting in 1 or more fatalities	Emissions > 250 kiloton CO_2
M	Damage 5-50 million	2,000,000 - 20,000,000 outage minutes[1] (HV/MV station, 4 hours outage)	National commotion 2,000-20,000 complaints Conflict with multiple stakeholders or groups of stakeholders	Warning or appointment of competent authority; financial penalty 4th-5th category	Accidents with injury resulting in absenteeism	Emissions 25-250 kton CO_2
L	Damage < 5 million	< 2,000,000 outage minutes[1] (MV-T station, 4 hours outage)	Local or regional commotion < 2,000 complaints Conflict with a single stakeholder or group of stakeholders	Investigation by competent authority; financial penalty < 4th category	Accidents requiring first aid (no absenteeism) or incident	Emissions < 25 kton CO_2

Frequency or probability of occurrence



L = Low / M = Medium / H = High / Risk = Probability x Impact

■ Position 2019 ■ Same position 2019/2020 ■ New position 2020 ■ New risk

[1] Outage minutes: the number of minutes a user spends without electricity and/or gas due to a grid outage.

RISKS	COMPARED TO 2019
A. Realisation of customer demand remains below expectations due to a shortage of personnel, material and/or grid capacity	Probability decreased slightly
B. The energy transition and regulatory method affect Enexis's financial position	Impact slightly higher
C. Unauthorised use of data and/or systems	Unchanged
D. Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures	Unchanged
E. The timely provision of services by Enexis could be jeopardised by a pandemic	New
F. Extensive and prolonged interruptions of the energy supply due to natural disasters, external causes or asset failures	Unchanged
G. Failure to anticipate new developments in time due to insufficiently agile and robust organisation, inflexible processes and/or systems	Probability decreased
H. A too limited task description in the new Dutch Energy Act could have a negative impact on our ability to facilitate the energy transition	Probability decreased

DESCRIPTION OF THE IDENTIFIED STRATEGIC RISKS

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

A. Realisation of customer demand remains below expectations due to a shortage of staff, materials and/or grid capacity

The energy transition is accelerating and expanding which leads to extra work on and investments in the grid. In dertain parts of our grid transmission capacity is becoming scarce, which means that customers cannot be connected at short notice. The extra demand is also putting growing pressure on available resources (staff and materials). Personnel shortages pose a problem for both Enexis and its contractors. In addition, in the materials supply chain, it is becoming more and more challenging to anticipate which materials Enexis will require within which term.

We seek to facilitate specific projects for the sustainable generation of energy immediately. We carry out work on the main infrastructure proactively based on estimated customer demand. We participate in Regional Energy Strategy (RES) teams and analyse developments in an early stage. We invest in our collaboration with TenneT and implement flexible solutions. We seek to minimise the consequences of scarce resources by implementing new, more efficient and effective processes and increasing the predictability of our own capacity and material. In addition, we are raising our staffing levels through intensified recruitment, extra training capacity and programmes to retain skilled technicians. Based on the initial results of the measures taken, we estimate that the likelihood of this risk of a shortage of personnel and materials will be slightly lower than last year; however, the uncertainty remains high. More information about the rising customer demand and scarce grid capacity can be found in the section 'Our impact on society'. You can read more about our approach to increasing our own capacity in the section 'Committed employees in a sustainable organisation'.

B. Financial position is influenced by the effects of the energy transition and regulatory method
The existing regulatory method is not equipped to deal with a changing trend in investments and operating expenses. Reimbursements for extra investments and higher costs as a result of the energy transition are postponed until the next regulatory period. In addition, the compensation for the cost of capital and energy costs is based on historical tariffs. This puts pressure on the financial ratios and limits the capacity for extra investments, while the energy transition demands large investments. We estimate that the potential impact of this risk is higher than last year.

We are working on improving the means of financing the energy transition in various ways. Within a national context, we are looking into how the regulatory method could be adjusted, we are constantly working on improving our internal efficiency and we are engaged in a constructive dialogue with our shareholders regarding the funding of the energy transition which led to a convertible hybrid shareholders' loan. More information about this risk can be found in the sections 'Our impact on society' and 'Financial position'.

C. Unauthorised use of data and/or systems
Unauthorised access to our systems and data can lead to incidents or disasters in the area of security, business continuity and compliance (GDPR). We are becoming increasingly dependent on digital systems due to ongoing digitalisation, also in our grids (Smart Grids).

We have implemented an operational Information Security Management System (ISMS) and taken a wide range of structural Privacy & Security measures, such as implementing a Security Operations Centre (SOC). Specific steps have also been taken to protect our operational technology (OT), including staff certification, firewalls and security assessments at our stations. The Privacy & Security Steering Group is responsible for the central coordination of these measures. Higher threat levels and extra measures are well-balanced and keep this risk at the same level. More information about this risk can be found in the section 'Our impact on society'.

D. Accidents involving employees and/or bystanders due to unsafe situations and/or asset failures
Working on the energy grids entails risks for the health of employees and/or bystanders. Due to the nature of our primary processes (working on electricity and gas infrastructure and working in public spaces), accidents are an ever-present risk. The growing number of new employees poses an extra safety risk. Asset failures can also have serious safety consequences.

Safety is a top priority for Enexis and its senior management. Safety is also paramount in the COVID-19 measures. We are continuously improving our safety measures and strengthening the safety awareness and alertness of both personnel and management. Extra attention is also being devoted to our role as a contracting authority and the performance of contractors.

Safety is a prominent feature in all our training courses and programmes. We structurally analyse the risks of unsafe situations and incidents in our electricity and gas grids. We have a Gas and Electricity replacement programme and we carry out preventive maintenance. In view of our constant strong focus on safety, we estimate this risk to be at the same level as last year. More information about public safety can be found in the section 'Our impact on society'. More information about working safely is provided in the section 'Committed employees in a sustainable organisation'.

E. The (timely) provision of services by Enexis is threatened by a pandemic
The current COVID-19 pandemic is not yet under control; there is a real likelihood of a new surge in infections. In addition, the likelihood of a new pandemic occurring, due to the outbreak of a new virus, is not improbable. If a possible new surge or new pandemic leads to a greater impact on society than we have experienced during the first COVID-19 infections, this could lead to the disruption of crucial Enexis processes.

We have had our crisis approach evaluated by an external agency and the outcome was positive. We have crisis manuals and fall-back scenarios. All steps that were taken in 2020 concerning the responsible downscaling and upscaling of work flows are well documented and our governance is structured properly. The communication with customers, which is necessary when we have to suspend work flows, has been documented. Specific arrangements have been made to ensure that employees in crucial positions, such as the Business Operations Centre (BOC) can work in isolation. The supply of materials for outages has been increased to three months. In addition, agreements have been made within the sector and with contractors on what actions to take in the event of a new surge in infections. More information about our approach in connection with the corona measures can be found in the section 'Committed employees in a sustainable organisation'.

F. Extensive and prolonged interruptions of the energy supply due to natural disasters, external causes or asset failures natural disasters, such as flooding and earthquakes, deliberate wrongdoing or asset failures can cause serious interruptions in our grids
This can result in extensive and prolonged interruptions of the energy supply. We estimate that this risk is at the same level as last year.

Our Maintenance Engineering, Design Guidelines, Grid Redundancy and Maintenance Programmes are aimed at keeping the grid as reliable as possible. Regarding earthquake and flooding risks, specific preventive measures have been taken and extra checks are carried out after incidents. In addition, our crisis management plans provide for an adequate post-incident response to make the situation safe and restore the energy supply as quickly as possible. In collaboration with other nationwide and regional grid operators, we are working on increasing the security level of our high- and medium-voltage stations. More information about this risk can be found in the section 'Our impact on society'.

G. Failure to anticipate new developments in time due to an insufficiently agile and robust organisation and inflexible processes and/or systems

Enexis aims for high customer satisfaction and that means meeting the increasingly higher expectations of our customers. The growing complexity of the ICT, internal processes and processes in the sector affects our ability to change and our agility. The risk exists that we may fail to improve our organisation, systems and customer processes in time, which could jeopardise the realisation of our objectives with regard to customer satisfaction. Constant changes and working longer with fewer people, due to ageing and shortages, place great demands on our employees' mental and physical resilience.

A broad range of organisation-wide measures have been implemented and are being developed to enhance our agility. The Enexis-wide transition programme Behaviour & Leadership has already made an important contribution to achieving a high level of flexibility and engagement. The focus remains on increasing the resilience and vitality of employees. In order to improve our customer expectation management, we are constantly working on improving our customer processes, communicating proactively and strengthening the cooperation with our supply chain partners (e.g. contractors). Portfolio management has been professionalised, ICT projects are prioritised based on our strategic objectives and market demand. A new Application Life Cycle Management (ALCM) process has improved the predictability of changes. As measures taken in the past year are having an effect, we estimate this risk to be lower than last year. More information about this risk can be found in the section 'Committed employees in a sustainable organisation'.

H. The limited task description in the new Dutch Energy Act could have a negative impact on our ability to facilitate the energy transition

Enexis wishes to help achieve the climate targets. We are taking measures to keep the electricity grid stable and reliable, while coping with an extra supply of energy. We are also developing visions and concepts for the energy transition aimed at increasing the sustainability of the heat supply. The Energy Act and related regulations, which regulate both the grid company and the grid operator, are under development. If the task description for grid companies or the permitted ancillary activities for grid operators are too restrictive, this could hamper or block our efforts to achieve our energy transition objectives for the benefit of society.

To increase our alignment with the needs of society, we have strengthened our stakeholder management process and our activities in the area of Public Affairs. In view of these measures and other developments, we estimate the likelihood that our ambitions will be restricted to be lower than last year. More information about this risk can be found in the section 'Our impact on society'.

IDENTIFIED ASPECTS IN THE INTERNAL CONTROL

Due to the more prominent role of IT in Enexis's strategy and the multi-year SAP transition programme, Enexis's IT environment is constantly being further developed and upgraded. In the past year, with the hard work and dedication of all layers in the organisation, the foundation was laid for the roll-out of S/4HANA and Oracle for the work management processes. The business processes are being migrated step-for-step to the new SAP environment. An important milestone in 2020 was the go-live of S/4HANA. After the go-live of S/4HANA in January 2020, the 'hypercare phase' and embedding the operational business processes dominated the first few months. In this phase, Enexis opted for a period in which various users had access to critical functions in the system to support the user organisation.

From an internal control perspective, we observed attention points with regard to the allocation and monitoring of user rights in S/4HANA. Due to the fact that various users had access to critical functions during the financial year, there was the risk of unauthorised transactions as a result of critical function separations being overruled. Enexis took additional mitigating measures, including performing analyses of potential overruling of critical function separations in order to identify unauthorised transactions during the financial year 2020. The management was thus able to conclude that access to critical functions had not led to unauthorised transactions in the systems. Various clean-up actions have been carried out to ensure the rights were registered correctly in S/4HANA.

EMPLOYEE PARTICIPATION AT ENEXIS

Within the Works Council, employees actively contribute to the policies of the organisation. The corona measures and the expansion of the Executive Board were important items on the agenda of the Works Council in 2020.

The corona outbreak and the measures that Enexis had to take affected all our employees in 2020. Consequently, this was one of the most important issues discussed in the Works Council. Safety for customers, employees and business partners was the point of departure. Enexis's active and meticulous approach was appreciated by the Works Council; in particular, the communication towards employees and the employer's engagement.

Enexis was one of the first companies where working from home became the standard for employees (if possible). The safety measures that were taken have achieved their objective. A major concern for the Works Council in these corona times is the social isolation that groups of employees experience. In the employee satisfaction survey, employees were also explicitly asked whether they were receiving help and whether they were able to concentrate sufficiently on their work at home. The Works Council will discuss the results of this survey with the Executive Board in 2021.

EXPANSION OF THE EXECUTIVE BOARD

The expansion of the Executive Board was a central theme in 2020. The Works Council spoke regularly (informally) with the Supervisory Board about the necessity of a stronger focus on aligning internal and external developments in the energy transition. Collaboration and engagement with regard to employee participation were important criteria for the Works Council in the search for suitable candidates. For this reason, the chair of the Works Council had a seat in the confidential committee. The Works Council is pleased that the company made use of the existing potential by promoting three colleagues to a position in the Executive Board. This confirms the perception that employees within Enexis are given the opportunity to grow and to expand their capabilities. In order to facilitate the collaboration right from the beginning, it is important to get to know each other.

To this end, an extensive session was organised in September to enable the Works Council and the new Executive Board to become acquainted. The change in the structure of the Executive Board means a change in the governance. This will also have consequences for the employee participation. Employee participation elections are scheduled to be held in June 2021. In any case, the governance structure will have consequences for the employee participation structure, and this will be effectuated in the summer of 2021.

Finally, the Works Council is content with the remote online internal collaboration. As a result, employee participation processes were also able to run smoothly in 2020. The Works Council worked hard on preparing a Vision and Strategy document. The objective of this document is to provide direction for the manner in which employee participation is structured and integrated in the overall policy of the organisation. An important development in this context is the realignment of Enexis's strategy. Developments in the area of the energy transition, sustainability, information technology and the labour market are important strategic themes. Based on its own vision the Works Council seeks to deliver a constructive contribution to the development of Enexis's strategy.

MEMBERS OF THE WORKS COUNCIL (AS OF 31-12-2020)

Eef Verhoeven (chair), Han de Jong (deputy chair), Peter Weldam (secretary), Dik Brokken (deputy secretary), Frank Niessen, Chris Warmerdam, Peter van Huizen, Liza Wilts, Marysia Zolik, Agnes Vissers (secretary).

LINKING PINS FROM THE SUB-COMMITTEES

Rianne van den Oever (OC-Enpuls), Harrie Darding (OC-Fudura), Ronald Jager (OC-Klant en Markt), Sanne Stevens (OC-Infra), Arnoud Brouwer (OC-StAM).

BOARD STATEMENT

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

The section on 'Risk management' describes our internal risk management and control system and our risk profile. No system can provide absolute certainty concerning the achievement of company objectives or prevention of material errors, losses, fraud or violations of laws and regulations that may occur in the processes and financial reporting. The EB has evaluated the design and operation effectiveness of the internal risk management and control system during 2020, based on the business control information, 'Letters of Representation' and reports from the internal auditor. The outcomes of this evaluation and the risk profile were discussed with the Audit Committee of the Supervisory Board, in the presence of the internal and external auditors.

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

's-Hertogenbosch, 3 March 2021

Executive Board Enexis Holding N.V.

Evert den Boer, CEO
Mariëlle Vogt, CFO
Rutger van der Leeuw, COO
Jeroen Sanders, CTO

EXECUTIVE BOARD

EVERT DEN BOER
CHAIRMAN OF THE EXECUTIVE BOARD / CEO

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

MARIËLLE VOGT
MEMBER OF THE EXECUTIVE BOARD / CFO

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

RUTGER VAN DER LEEUW
MEMBER OF THE EXECUTIVE BOARD / COO

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

JEROEN SANDERS
MEMBER OF THE EXECUTIVE BOARD / CTO

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

SUPERVISORY BOARD

PIET MOERLAND

JOOST VAN DIJK

CARMEN VELTHUIS

ANITA ARTS

PAUL RÜPP

PIET MOERLAND

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

JOOST VAN DIJK

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

CARMEN VELTHUIS

Ms Velthuis (1974) was appointed as a Supervisory Board member in 2020 and is due to retire in 2024. She is also the Chair of the Audit Committee. Ms Velthuis has been CFO of the European Cluster at Vodafone Group in London since 2017. Before that, she was CFO at Vodafone Netherlands. She is a Dutch national.

ANITA ARTS

Ms Arts (1959) was appointed as a Supervisory Board member in 2019 and is due to retire in 2023. She is also a member of the Audit Committee. Ms Arts has held positions in the railway sector for 20 years, her last position was member of the Executive Board of Pro Rail. Her main position at present is Chair of the Executive Board of Flevo Hospital in Almere. In addition, she is a board member of NVZ (the Dutch Association of Hospitals) and in that capacity she is co-portfolio holder for ICT, information policy and digitalisation and also a member of the national information council for healthcare on behalf of NVZ. Co-portfolio holder employee benefits has recently been added to her responsibilities. She is also a member of the Advisory Board of SEO Economic Research and a member of the Higher Education Development Board of University of Applied Sciences Windesheim Almere. She is a Dutch national.

PAUL RÜPP

Mr Rüpp (1957) was appointed as a Supervisory Board member in 2020 and is due to retire in 2024. He is a member of the Audit Committee. Mr Rüpp has held the position of Chairman of the Board of Directors of Avans Hogeschool since 2009, before that he was a member of the Provincial Executive of Noord-Brabant. Mr Rüpp is Chairman of the Supervisory Board of KRO-NCRV, Chairman of the Supervisory Board of Sitech B.V., Chairman of the Supervisory Board of Instituut voor de Nederlandse Taal (Dutch Language Institute) and member of the Supervisory Board of Eindhoven Airport. In addition, Mr Rüpp is Chamberlain of His Majesty the King in the province of Noord-Brabant. He is a Dutch national.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED INCOME STATEMENT

€ Million	Notes	2020	2020	2019	2019
Revenue	1		1,516		1,491
Less: Transmission services and distribution losses	2		316		232
Other operating income	3		1		12
Balance available for operating activities			1,201		1,271
Employee benefit expenses	4	501		493	
Depreciation, impairments and decommissioning	5	405		379	
Costs of subcontracted work, materials and other external expenses	6	228		208	
Other operating expenses	7	30		29	
Capitalised expenses of own production	8	-205		-191	
			959		918
Operating profit			**242**		**353**
Share of result of associates and joint arrangements	9		0		-1
Financial income	10	2		3	
Financial expenses	10	43		55	
Financial income and expenses			**-41**		**-52**
Profit before tax	11		**201**		**300**
Corporate income tax expenses	12		-93		-90
Profit for the year			**108**		**210**
Attributable to:					
Minority shareholders			0		0
Shareholders			108		210
Average number of shares during the financial year			149,682,196		149,682,196
Profit per share [1]			**0.72**		**1.40**

1 Stated in euros, dilution of earnings does not apply.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ Million	2020	2019
Profit for the year	108	210
Released part of non-realised income through hedge reserve	1	0
Tax released on non-realised income through equity	0	0
Total result including non-realised income [1]	**109**	**210**
Attributable to:		
Minority shareholders	0	0
Shareholders	109	210

1 The non-realised amounts in the total result solely concern amounts recognised in later periods in the income statement.

CONSOLIDATED BALANCE SHEET

€ Million	Notes	31 December 2020	31 December 2019
Assets			
Property, plant and equipment	13	8,091	7,598
Intangible assets	14	266	252
Right-of-use assets	15	116	106
Associates and joint arrangements	16	8	8
Other financial assets	17	15	16
Non-current assets		**8,496**	**7,980**
Inventories	18	36	18
Receivables	19	165	181
Corporate income tax	20	-	7
Other financial assets (current)	21	7	10
Cash and cash equivalents	22	47	62
Current assets		**255**	**278**
Total assets		**8,751**	**8,258**

€ Million	Notes	31 December 2020	31 December 2019
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
General reserve		1,423	1,318
Hedge reserve		-1	-2
Profit for the year		108	210
Equity	23	**4,116**	**4,112**
Non-current interest-bearing liabilities	24	2,872	1,868
Non-current provisions	25	44	36
Advance contributions for the installation of grids and connections	26	947	859
Deferred corporate income tax	27	335	283
Other non-current liabilities	28	1	1
Non-current liabilities		**4,199**	**3,047**
Trade and other payables	29	296	245
Current interest-bearing liabilities	30	104	828
Corporate income tax	31	6	-
Current provisions	25	5	4
Advance contributions to be amortised in the following year	26	25	22
Current liabilities		**436**	**1,099**
Total liabilities		**8,751**	**8,258**

CONSOLIDATED CASH FLOW STATEMENT

€ Million	Notes	2020		2019	
Profit for the year		108		210	
Depreciation and impairments	5	405		379	
Amortised contribution for installation of grids and connections	26	-23		-21	
Received contributions for the installation of grids and connections	26	114		105	
Share of result of associates and joint ventures	9	0		1	
Change in operational working capital	32	63		-46	
Change in deferred corporate income tax	12	50		21	
Change in non-current provisions	25	8		-1	
Change in other non-current liabilities	28	0		-1	
Others		1		-	
Cash flow from operating activities			**726**		**647**
Investments in property, plant, equipment	13	-806		-694	
Investments in intangible assets	14	-48		-52	
Acquisition of Mijnwater Warmte Infra B.V. [1]		-22		-	
Loans granted	17	-6		-14	
Repayment of loans granted	17	10		7	
Increase deposits [2]	21	-200		-50	
Decrease deposits [2]	21	200		50	
Cash flow from investing activities			**-872**		**-753**
Cash flow before financing activities			**-146**		**-106**
Green bond issue [3]	24, 30	497		-	
Bond issue	24, 30	-		496	
Convertible hybrid shareholders' loan issue [4]	24, 30	500		-	
Increase interest-bearing liabilities [5]	24, 30	1,807		1,649	
Repayment of shareholder loan tranche D	24, 30	-		-350	
Repayment of bonds	24, 30	-500		-	
Repayment of interest-bearing liabilities [5]	24, 30	-2,034		-1,508	
Repayment of lease obligation	15	-34		-28	
Dividend paid	34	-105		-122	
Cash flow from financing activities			**131**		**137**
Total cash flows			**-15**		**31**
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year	32		62		31
Cash and cash equivalents at the end of the period	32		**47**		**62**

1 For further explanation on the acquisition of Mijnwater Warmte Infra B.V., reference is made to section 4. Acquisitions and disposals.
2 In 2020, € 200 million in excess liquidity was placed in money market funds and was withdrawn again during the year. No liquidities are outstanding in money market funds at year-end 2020.
3 € 500 million face value minus € 3 million emission costs which will be amortised during the term of the loan.
4 € 500 million face value minus € 0,4 million emission costs which will be amortised during the term of the loan.
5 Concerns the issuance and repayment of commercial paper under the Euro Commercial Paper (ECP) programme and the obtaining and repayment of bilateral cash loans.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ Million	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve	Profit for the year	Total equity
At 1 January 2019	**149,682,196**	**150**	**2,436**	**1,121**	**-2**	**319**	**4,024**
Profit for the year 2019	-	-	-	-	-	210	210
Amortisation hedge reserve for the year 2019	-	-	-	-	0	-	0
Total result including unrealized results	**-**	**-**	**-**	**-**	**-**	**210**	**210**
Profit appropriation for 2018	-	-	-	197	-	-197	0
Dividend paid for 2018	-	-	-	-	-	-122	-122
At 31 December 2019	**149,682,196**	**150**	**2,436**	**1,318**	**-2**	**210**	**4,112**
At 1 January 2020	**149,682,196**	**150**	**2,436**	**1,318**	**-2**	**210**	**4,112**
Profit for the year 2020[1]	-	-	-	-	-	108	108
Amortisation hedge reserve for the year 2020	-	-	-	-	1	-	1
Total result including unrealized results	**-**	**-**	**-**	**-**	**1**	**108**	**109**
Profit appropriation for 2019	-	-	-	105	-	-105	0
Dividend paid for 2019	-	-	-	-	-	-105	-105
At 31 December 2020[2]	**149,682,196**	**150**	**2,436**	**1,423**	**-1**	**108**	**4,116**

1 The dividend for 2020, to which the shareholders are entitled in 2019 and which has been paid to shareholders in 2020, amounted to € 0.70 per share (2019: € 0.82), calculated on the basis of the number of shares at year-end.
2 Total equity per share (before profit appropriation) at year-end 2020 was € 27.50 (2019: € 27.47), calculated on the basis of the number of shares at the end of the period.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

Enexis Holding N.V. is a public limited liability company under Dutch law. The consolidated financial statements of the company for the financial year 2020 comprise the company and its subsidiaries (hereafter referred to as the Group). 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 88 municipalities. Enexis Holding N.V. heads the Group.

The financial statements, prepared by Enexis Holding N.V. and audited by PricewaterhouseCoopers Accountants N.V., were presented to the Supervisory Board for signing on 3 March 2021. The financial statements, signed by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 15 April 2021.

2. ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING

2.1 GENERAL

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

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

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

2.2 AMENDMENTS TO IFRS

NEW STANDARDS EFFECTIVE IN 2020

The following new or amended IFRS standards and IFRIC interpretations are effective from 1 January 2020 and 1 june 2020.

- Amendments to IFRS 3 Business combinations, into effect on 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7 interest rate benchmark reform, into effect on 1 January 2020;
- Amendments to IAS 1 and IAS 8 definition of materiality, into effect on 1 January 2020;
- Amendments to references in the conceptual framework in IFRS standards, into effect on 1 January 2020;
- Amendments to IFRS 16 leases COVID-19 related lease concessions, into effect on 1 June 2020.

These amendments to the standards as from 2020 do not impact equity and result of Enexis or are not applicable.

FUTURE STANDARDS NOT YET IMPLEMENTED ON THE REPORTING DATE

The following improvements and amendments to IFRS standards have been published and are implemented in the coming years.

- IFRS 17 Insurance policies, effective 1 January 2023;
- Amendments to IAS 1 Presentation of the financial statements: classification of liabilities as current or non-current, effective 1 January 2023;
- Amendments to IFRS 3 business combinations; IAS 16 property, plant and equipment; IAS 37 provisions, contingent liabilities and contingent assets as well as annual improvements, effective 1 January 2022;
- Amendments to IFRS 9 financial instruments; IAS 39 financial instruments; IFRS 4 insurance contracts and IFRS 16 leases. Interest rate benchmark reform - phase 2 effective 1 January 2021;
- Amendments to IFRS 4 insurance contracts - postponement of IFRS 9 financial Instruments, effective 1 January 2021.

The amended standards as from 2021 have no direct impact on Enexis' equity and result or are not applicable to Enexis.

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 initial recognition, the interest is recognised as an investment in accordance with the “equity” method.

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

ESTIMATES AND ASSUMPTIONS

Preparing financial statements requires making use of estimates and assessments. In the event of significant estimates there is, per definition, a high degree of uncertainty involved in making estimates. Due to the uncertainty in the estimates, actual results will often differ from the estimates and assumptions. The calculation of the net realisable amounts in connection with the goodwill impairment test (note 14) is an estimate involving a high degree of judgement and complexity. Management qualifies this estimate as significant. Detailed information about this estimate, including an explanation of the criteria applied and the sensitivity is provided in note 14. Intangible fixed assets.

CURRENCIES

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

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 an influence in the short term.

VALUATION AT FAIR VALUE

Enexis Groep values a number of financial instruments (such as derivatives) at fair value on the balance sheet date. In addition, an explanation of the fair values of interest-bearing liabilities is provided in note 33. ‘Financing policy and risks associated with financial instruments’. Fair value is the price that would be received when selling an asset on the valuation date or, if transactions take place regularly between market participants, that would be paid to transfer a liability on the valuation date. Valuation at fair value assumes that the sale of the asset or transfer of the liability takes place:

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

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

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

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

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

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

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

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

Where goodwill is allocated to a cash-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 costs 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

Assets are valued at amortised cost, provided that they are held within a business model aimed at acquiring contractual cash flows and these cash flows only concern repayments and interest payments. In all other cases, assets are valued at fair value through unrealised results or fair value via the income statement.

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 the Group transfers the contractual rights to the receipt of the cash flows from the financial asset by means of a transaction, whereby all of the risks and rewards connected with ownership of this asset are transferred. On initial recognition, assets are accounted for at fair value.

Financial assets and liabilities at amortised cost

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

Financial assets and liabilities at fair value through unrealised results
Enexis does not hold any interests that are classified at fair value through unrealised results.

Financial assets and liabilities at fair value via the income statement
Within this category Enexis holds only derivatives and deposits.

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

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

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

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

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

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

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

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

LEASES

ENEXIS GROEP AS LESSEE

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

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

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

At the commencement date, lease liabilities are measured at the present value of the lease payments that have not been made at that date. Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of the lease liability;
- all lease payments made at or before the commencement date less all lease incentives received;
- all initial direct costs incurred by Enexis; and

- an estimate of the costs to be incurred by Enexis for decommissioning and removing the underlying asset and for restoring the site where it is located, or for restoring the underlying asset to the condition described in the terms of the lease, unless those costs are incurred for producing inventories. Enexis will assume the corresponding liability either at the commencement date or as a result of the fact that it has used the underlying asset for a certain period of time.

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

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

ENEXIS GROEP AS LESSOR

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

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

CASH FLOW STATEMENT

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

SEGMENT INFORMATION

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

3. SEGMENTATION

Enexis Holding N.V. 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 is more than 90%). Enexis Netbeheer B.V. is responsible for the construction, management, maintenance and modernisation of the regional gas and electricity grid over which the supplier delivers gas or electricity to consumers at home or to businesses. Enexis Personeel B.V. provides labour for the companies in its group as well as providing other services and supplying goods with respect to its own employees. To the extent that Enexis Personeel B.V. works for the 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., Enpuls B.V. (including Enpuls Projecten B.V. and Mijnwater Warmte Infra B.V.) and Fudura B.V. Enexis Vastgoed B.V. leases its own real estate within Enexis. Enpuls B.V. and its related entity Enpuls Projecten B.V. were established with the objective of facilitating energy saving and greening by achieving scalable solutions within the context of Enexis’s objectives. Mijnwater Warmte Infra B.V. manages and maintains heating and cooling networks, expands existing heating and cooling networks and invests in new heating and cooling networks in the Parkstad region. Fudura B.V. offers additional services to organisations, such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations and provides advice. Fudura B.V. ensures that companies can organise their energy supply efficiently. Fudura B.V. is also responsible for non-regulated activities that help organisations increase the sustainability of their energy supply.

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

	Enexis Regulated		Enexis Other		Subtotal		Normalisations, eliminations and reconciliations		Enexis total	
€ Million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Income statement										
Revenue	1,434	1,420	90	87	1,524	1,507	-8	-16	1,516	1,491
Transmission services and distribution losses	316	232	0	0	316	232	0	0	316	232
Other operating income	7	13	4	4	11	17	-10	-5	1	12
Balance available for operating activities	1,125	1,201	94	91	1,219	1,292	-18	-21	1,201	1,271
Operating expenses	897	857	80	82	977	939	-18	-21	959	918
Operating profit	228	344	14	9	242	353	0	0	242	353
Share of result of associates and joint ventures	0	-1	0	0	0	-1	0	0	0	-1
Financial income and expenses	-38	-47	-3	-3	-41	-50	0	-2	-41	-52
Profit for the year	143	223	8	4	151	227	-43	-17	108	210
Assets and liabilities										
Total assets	8,008	7,328	298	249	8,306	7,577	445	681	8,751	8,258
Non-consolidated associates and joint ventures	8	7	0	1	8	8	0	0	8	8
Liabilities (provisions and debts)	3,699	3,056	90	82	3,789	3,138	846	1,008	4,635	4,146
Others										
Additions in property, plant and equipment, intangible assets and right-of-use-assets	830	772	67	28	897	800	0	0	897	800
Number of employees at year-end (FTE)	4,304	4,051	287	266	4,591	4,317	0	0	4,591	4,317

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

NON-RECURRING ITEMS PER SEGMENT

Enexis reports the normalised results per segment internally. This normalisation takes place based on the items as included in note 11. Non-recurring items. No non-recurring items were taken into account for the segments Enexis Regulated and Enexis Other in 2020.

In 2019, non-recurring items can be broken down by segment as follows:

€ Million	Enexis Regulated	Enexis Other	Total 2019
Changes and compensatory measures company labour agreement	11	1	12
Once-only damage compensation from supplier	-10	0	-10
Total non-recurring items (before tax)	**1**	**1**	**2**
Impact on corporate income tax			
Total non-recurring items (after tax)	**1**	**1**	**2**

4. ACQUISITIONS AND SALES

ACQUISITION OF MIJNWATER WARMTE INFRA B.V.

Enpuls Projecten B.V. signed a purchase and sales agreement on 9 December 2020 to acquire 100% of the shares with voting rights of Mijnwater Warmte Infra B.V. from Mijnwater Holding B.V. As a result, Enpuls Projecten B.V. acquired the decisive control over Mijnwater Warmte Infra B.V. on 9 December 2020. Consequently, Mijnwater Warmte Infra B.V. has been included in the consolidation of Enexis Holding N.V. as from this date. The result and the rights and obligations connected to the shares of Mijnwater Warmte Infra B.V. are for the account and risk of Enpuls Projecten B.V. with retrospective force as from 1 July 2020.

Mijnwater Warmte Infra B.V. manages and maintains heating and cooling networks, expands existing heating and cooling networks and invests in new heating and cooling networks in the Parkstad region. This acquisition is part of a programme within Enpuls B.V. (100% subsidiary of Enexis Holding N.V.) to contribute to the energy transition and to accelerate this transition where possible.

The purchase price of Mijnwater Warmte Infra B.V. for and amount of € 22 million will be paid completely in cash. At year-end 2020, € 21 million was paid. The remaining € 1 million will be paid in 2021 and is therefore recognised at year-end 2020 as a current liability in the consolidated financial statements of Enexis Holding N.V. The acquisition price consists of the purchase price of the shares plus the investments (Work in progress) for the period 1 July 2020 up to and including the acquisition date of 9 December 2020.

The fair value of the acquired assets and liabilities of Mijnwater Warmte Infra B.V. on the acquisition date can be specified as follows:

€ Million	2020
Property, plant and equipment	24
Total acquired assets	**24**
Deferred corporate income tax liabilities	2
Total acquired liabilities	**2**
Fair value net-assets	**22**
Purchase price of acquisition	22
Goodwill	**0**

Property, plant and equipment (€ 24 million) concerns the pipelines and installations of the heating and cooling networks as well as work in progress for the expansion of existing heating and cooling networks and the construction of new heating and cooling networks

The deferred tax liability (€ 2 million) is attributable to temporary differences between the commercial valuation and the valuation for tax purposes of property, plant and equipment due the valuation of property, plant and equipment at fair value on the acquisition date in the consolidated financial statements of Enexis Holding N.V.

The costs incurred for the acquisition of Mijnwater Warmte Infra B.V. amounted to € 0.6 million, of which € 0.1 million is recognised in the income statement of 2019 and € 0.5 million in the income statement of 2020.

The revenues and net profit of Mijnwater Warmte Infra B.V. as from the acquisition date of 9 December 2020 are not significant for the 2020 financial statements.

5. COVID-19

The corona crisis had a very limited impact on the 2020 financial result of Enexis Groep. Also the valuation of property, plant and equipment and intangible fixed assets at year-end 2020 was not impacted by the corona crisis. Because of its solid credit rating (see note 33. Financing policy and risks associated with financial instruments), Enexis Holding N.V. expects to continue to have sufficient access to financial funds that are necessary to carry out its business activities to be able to meet its payment obligations so that the continuity of the company is assured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REVENUE

Revenue consists of regulated and non-regulated income.

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

The transmission and connection fees agreed in the contracts with low-volume energy consumers and high-volume energy consumers are identified as a single performance obligation given that the transmission of the electricity and gas cannot take place without the connection and grid. The transaction price is determined on the basis of the standard tariffs adopted by Enexis, 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 provides its services to the customer.

Enexis 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 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	2020	2019
Regulated		
Periodic transmission- and connection fees for electricity		
High-volume consumers	325	329
Low-volume consumers	557	548
Periodic transmission- and connection fees for gas		
High-volume consumers	43	41
Low-volume consumers	294	286
Metering services	136	131
Amortised contributions	23	21
Other	6	6
Total regulated	**1,384**	**1,362**
Non-regulated		
Income from sale of products and services	62	61
Metering services	33	33
Total non-regulated	**95**	**94**
Other revenue		
Rental income	37	35
Total	**1,516**	**1,491**

Revenue rose by 1.7% compared to 2019. This increase is mainly attributable to a 1.6% increase in regulated revenue, which is mainly due to a tariff increase in the periodical transmission and connection charges for gas of 3.5% and for electricity of 0.7%. Regulated revenue from electricity and gas metering services rose by 3.8% compared to 2019. 2.8% of this increase is attributable to a tariff increase.

Non-regulated and other revenue combined rose by 2.3% compared to 2019. This increase is mainly attributable to the growth of the activities at Fudura B.V.

In the revenue for 2020, the estimated grid charges for low-volume customers amounted to € nil (2019: € 80 million) and for high-volume customers € 30 million (2019: € 31 million), together 2.0% (2019: 7.5%) 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	2020	2019
Transmission services	250	185
Distribution losses	66	47
Total	**316**	**232**

The costs of transmission services and distribution losses increased by € 84 million to € 316 million in 2020. This increase is mainly attributable to higher costs for TenneT for transmission services, in particular due to tariff increases (€ 66 million) and quantity differences (-/- € 3 million).

In addition, the costs for distribution losses rose by € 19 million. Of this increase, € 12 million is attributable to electricity, largely due to higher prices on the energy market and € 7 million is attributable to gas, largely due to the fact that gas distribution losses are purchased as from 1 January 2020. As from that date, regional grid operators have the statutory task based on the "Code decision allocation gas grid losses" to purchase gas distribution losses, which was formerly a task of the suppliers.

Enexis divides the transmitted energy among its customers through its allocation and reconciliation process. In this case, the allocation is the advance and the reconciliation is the final settlement. The difference between the energy taken up by the distribution grid and the energy allocated to end users after allocation and reconciliation is the distribution loss.
The reconciliation of the calendar year in question is only finalised after a reconciliation process that takes 20 months.
Using forecasts, Enexis 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 distribution loss from reconciliation amounted to € 4 million in 2020 (2019: € 4 million).

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	2020	2019
Subsidies and received refunds	1	1
Other income	0	11
Total	**1**	**12**

Other operating income decreased by € 11 million compared to 2019. Other income consists mainly of a compensation payment for damages agreed with a supplier in 2019.

4. EMPLOYEE BENEFIT EXPENSES

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

€ Million	2020	2019	Difference
Salaries	284	279	5
Social security contributions	34	34	0
Pension costs	39	37	2
External staff	129	114	15
Allocation to/release from employee-related provisions	2	3	-1
Other employee-related expenses	13	26	-13
Total	**501**	**493**	**8**

The development of the workforce in 2020 can be specified as follows:

	2020	2019	Difference
Own staff	4,591	4,317	274
External staff with a temporary employment	1,088	1,113	-25
Total FTE at year-end	**5,679**	**5,430**	**249**

The average number of FTEs in 2020 amounted to 5,555 (2019: 5,259). There are no employees working outside the Netherlands.

Total employee benefit expenses increased by € 8 million compared to 2019. This increase is the balance of a € 7 million decrease in expenses for own personnel and a € 15 million increase in connection with hiring temporary staff.

Despite the increase in the number of FTEs by 274 employees compared to year-end 2019, the costs for own personnel decreased by € 7 million mainly due to a non-recurring expense item in 2019, i.e., the compensation for amended and/or terminated schemes in the company collective labour agreement agreed on 1 January 2020.

Expenses in connection with hiring temporary staff rose by € 15 million due to temporarily filling job vacancies with external personnel and the higher number of improvement and transition projects.

In addition, other employee benefit expenses decreased on balance due to lower training and travel expenses as a consequence of COVID-19. Employees took fewer days off in 2020 leading to an increase in employee-related provisions for leave.

A large part of the increased employee benefit expenses relates to investment projects and as such is the main reason for the increase in capitalised expenses of own production (see note 8. Capitalised expenses of own production).

PENSION OBLIGATIONS

Enexis employees participate in the pension scheme of Stichting Pensioenfonds 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 2020 amounted to 93.2% (year-end 2019: 97.8%). The government temporarily lowered the lower limit of this cover ratio from 104% to 90%. As a result, a reduction in pension benefits is not necessary in 2021. The possibility of a reduction in the years after 2021 continues to exist; an increase is not be expected in the coming years.

The contribution for the retirement and surviving dependants' pension for 2020 amounted to 24.9% (24.9% as well in 2019).

As from 1 January 2021, the contribution for the retirement pension and the surviving dependants' pension has been set at 25.9%. This represents a 1 percentage point increase compared to 2020. The fund expects a lower than forecast return and therefore a higher contribution is required in order to fund the pensions.

In 2021, the employer-employee contribution allocation was respectively 70% and 30% (the same as in 2020), which amounts to 18.13% for the employer and 7.77% for the employee.

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

5. DEPRECIATION AND DECOMMISSIONING

The depreciation charges can be specified as follows:

€ Million	2020	2019
Depreciation of property, plant and equipment	323	309
Depreciation of intangible assets	32	26
Depreciation of use of right assets	34	28
Decommissioning	16	16
Total	**405**	**379**

PROPERTY, PLANT AND EQUIPMENT

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

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

	Period
Buildings	25 - 50 year
Cables, pipelines and equipment	25 - 55 year
Other non-current assets	5 - 15 year
Work in progress	Not applicable

INTANGIBLE FIXED ASSETS

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

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

	Period
Software	5 year
Goodwill	Not applicable
Work in progress	Not applicable

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 14. Intangible fixed assets.

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

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

€ Million	2020	2019
Subcontracted work	82	75
Materials	24	24
ICT costs	76	70
Other external expenses	46	39
Total	**228**	**208**

Cost of subcontracted work, materials and other external expenses increased by € 20 million to € 228 million. This increase is mainly attributable to higher costs for our work package and higher advisory costs due to an increase in improvement projects.

AUDITOR'S FEES
Fees charged by PricewaterhouseCoopers Accountants N.V. in the financial year for the audit of the financial statements amounted to € 0.8 million in 2020 (2019: € 0.8 million) and for other audit assignments € 0.1 (2019: € 0.1 million). No services of any other type were provided.

7. OTHER OPERATING EXPENSES

€ Million	2020	2019
Allocated to/released from provisions	11	10
Other	19	19
Total	**30**	**29**

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 in 2020 were practically the same as in 2019.

8. CAPITALISED EXPENSES OF OWN PRODUCTION

€ Million	2020	2019
Capitalised employee benefit expenses	-163	-152
Capitalised supplements and logistic surcharge	-42	-39
Total	**-205**	**-191**

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

The increase in capitalised production costs relative to 2019 can largely be attributed to the growing work package and the extra deployment of company and contracted employees to upgrade and transition projects eligible for capitalisation.

9. SHARE OF RESULTS OF ASSOCIATES AND JOINT ARRANGEMENTS

€ Million	2020	2019
ZEBRA Gasnetwerk B.V.	1	-1
Other foundations and associates	-1	0
Total	**0**	**-1**

For a more detailed explanation of the results and carrying amounts relating to associates and joint arrangements and the dividends received, please refer to note 16. Associates and joint arrangements.

10. 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 13. Property, plant and equipment).

€ Million	2020	2019
Financial income	2	3
Total financial income	**2**	**3**
Interest added to provisions		
Other financial expenses	43	55
Total financial expenses	**43**	**55**
Financial income and expenses	**-41**	**-52**

Financial expenses mainly consist of interest payments related to borrowings. For further details on these loans, please refer to note 24. Interest-bearing liabilities (non-current) and note 30. Interest-bearing liabilities (current).

The decrease in financial income and expenses is mainly due to the expiration of the shareholders' loan with conditional right of conversion into equity (tranche D) in the amount of € 350 million as at 30 September 2019. As a result, the interest expenses related to this loan are no longer included in the financial expenses in 2020. This loan with a high interest rate (7.2%) has been refinanced by a bond (€ 500 million) at a significantly lower interest rate (0.75%). The € 500 million green bond and the € 500 million convertible hybrid shareholders' loan issued in 2020 also have significantly lower interest rates. The interest on the green bond is 0.625% and the interest on the convertible hybrid shareholders' loan is 2.15% for Tranche A (€ 422 million) and 1.4% for Tranche B (€ 78 million).

11. NON-RECURRING ITEMS

Non-recurring items include income and expense items which, in the opinion of the management, do not arise in the normal course of business and/or which, because of their nature and size, should be considered separately for a better analysis of the results. In determining the non-recurring items for the financial year 2020, the management has made a different consideration compared to 2019. This has led to an adjustment of the comparative figures.

The following non-recurring items have been included in the result:

2020

NON-RECURRING CORPORATE INCOME TAX EXPENSES

With the adoption of the Tax Plan 2021, a previously announced decrease in the corporate income tax rate as from 2021 was reversed. The corporate income tax rate in the highest bracket remains 25% as from 2021. This change leads to higher future corporate income tax expenses and, as a result, € 42 million has been added to the deferred tax liability from the result.

2019

NON-RECURRING CORPORATE INCOME TAX EXPENSES

The Tax Plan 2019 was adopted in 2018. This Tax Plan provided for a lowering of the highest corporate income tax rate in the years 2019 up to and including 2021 (highest rate as from 2021: 20.5%). This led to a decrease of the deferred tax liability by € 56 million in the 2018 consolidated financial statements of Enexis Holding N.V., which was credited to the result.

In the Tax Plan 2020 that was adopted in 2019, the reduction of the highest corporate income tax rate was postponed and the rate reduction for the years as from 2021 was partially reversed (highest rate as from 2021: 21.7%). This change has led to a recalculation of the deferred tax liability and thus to a non-recurring tax expense in 2019 of € 13 million. The corporate income tax return for 2018, prepared in 2019, also resulted in an expense of € 1 million. These two items were classified in 2019 as non-recurring expenses (€ 14 million).

CHANGES AND COMPENSATORY MEASURES FOR THE NEW COMPANY COLLECTIVE LABOUR AGREEMENT THAT CAME INTO FORCE ON 1 JANUARY 2020

The collective labour agreement (CLA) implemented as from 1 January 2020 has given rise to new arrangements, while some existing arrangements elapsed as at 31 December 2019. The total employee benefit expenses resulting from the changes and compensatory measures amount to € 12 million.

COMPENSATION RECEIVED FOR LOSS DUE TO ACCELERATED DEPRECIATION OF METERS

Compensation of € 10 million was agreed with the supplier of the meters that did not meet the applicable quality requirements and were depreciated at an accelerated rate in 2018.

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

€ Million	2020	2019
Profit before tax (including non-recurring items)	**201**	**300**
Changes and compensatory measures company labour agreement	-	12
Once-only damage compensation from supplier	-	-10
Total non-recurring items	**-**	**2**
Profit before tax (excluding non-recurring items)	**201**	**302**

€ Million	2020	2019
Profit for the year (including non-recurring items)	**108**	**210**
Total non-recurring items	-	2
Tax on non-recurring items	-	0
Profit for the year (excluding non-recurring items)	**108**	**212**
Non-recurring corporate income tax expense/income	-42	-14
Normalized profit for the year	**150**	**226**

12. CORPORATE INCOME TAX EXPENSES

BASIC TAX RULES AND TAX RISK MANAGEMENT

Fulfilling its tax obligations correctly and fully is an important area of attention for Enexis Groep. Enexis aims to control tax risks and to provide tax information quickly and comprehensively in order to meet its tax obligations.

Enexis Groep applies the following basic tax rules:

- Compliance with laws and regulations: Enexis acts in accordance with the applicable tax laws. In doing so, Enexis does not make use of unconventional tax structures.
- Transparency: Enexis is transparent about the manner in which it fulfils its tax obligations. Enexis aims to maintain an open, constructive and respectful relationship with all bodies that are involved in the taxation process. These elements are also reflected in the Horizontal Supervision covenant concluded with the Tax and Customs Administration in February 2012. The existing covenant will expire no later than on 31 December 2022. Enexis aims to have concluded new agreements with the Tax and Customs Administration regarding the continuation of Horizontal Supervision well before that date.

Enexis's tax risk management system is aimed at compliance with Dutch laws and regulations when preparing tax returns. Enexis monitors the functioning of the control measures taken. In accordance with the procedures in the area of risk management, the tax risk management system is evaluated periodically. In this manner, Enexis ensures that now, as well as in the future, timely, correct and comprehensive tax returns are submitted and that taxes that are due are paid timely.

CORPORATE INCOME TAX EXPENSES

The business activities of Enexis Groep are subject to corporate income tax. Enexis Holding N.V. is head of the tax group for corporate income tax and, in this capacity, it is jointly and severally liable for the obligations of the companies within the tax group. As at year-end 2020, tax group companies included Enexis Netbeheer B.V., Enexis Personeel B.V., Enexis Vastgoed B.V., Fudura B.V., Enpuls B.V. and Enpuls Projecten B.V. and Mijnwater 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.

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

In 2020, corporate income tax amounted to € 93 million (2019: € 90 million). This amount includes an allocation to the deferred tax liability in the amount of € 42 million This allocation to the deferred tax liability stems from Tax Plan 2021, which was adopted at the end of 2020. With the adoption of the Tax Plan 2021, a previously announced decrease in the corporate income tax rate as from 2021 was reversed. The corporate income tax rate in the highest bracket remains 25% as from 2021. This change in the future tax rate has resulted in a recalculation of the deferred tax liability and therefore to a non-recurring tax expense of € 42 million (in 2019, the non-recurring tax expense in connection with a change in the future tax rate amounted to € 13 million).

€ Million	2020	2019
Acute portion of corporate income tax fiscal year	44	65
Latent portion of corporate income tax fiscal year	7	11
	51	**76**
Change in deferred corporate tax liability following future tax rate changes	42	13
	93	**89**
Acute portion of corporate income tax for previous years	0	4
Latent portion of corporate income tax for previous years	0	-3
Total corporate income tax expense	**93**	**90**

The corporate income tax can be specified as follows:

€ Million	2020	2019
Profit before tax	201	300
Non-taxable results and non-deductible expenses	2	2
Profit for calculation of corporate income tax expense	**203**	**302**
Tax on current year	**51**	**76**
Change in deferred tax liability following future tax rate changes	42	13
Adjustment(s) for preceding years	0	1
Total corporate income tax expense	**93**	**90**

The non-taxable results and non-deductible expenses can be specified as follows:

€ Million	2020	2019
Results exempt from corporate income tax	1	1
Non-deductible part of taxable salaries	1	1
Total non-taxable results and non-deductible expenses	**2**	**2**

There were no uncertain tax liabilities arising from previous years as at year-end 2020.

The reconciliation of the statutory income tax rate with the reported income tax rate (€ 93 million), expressed as a percentage of profit before tax (€ 201 million), is as follows:

	2020	2019
Nominal statutory corporate income tax rate in the Netherlands	25.00%	25.00%
Effect from non-taxable results and non-deductable expenses	0.29%	0.20%
Change in deferred tax liability following future tax rate changes	20.84%	4.51%
Effect of adjustments for preceding years	0.05%	0.25%
Effective tax rate [1)]	**46.18%**	**29.95%**

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

The higher effective tax rate in 2020 compared to the statutory rate is mainly due to the non-recurring tax expense resulting from the adjustment of future tax rates.

13. 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.

Changes in property, plant and equipment in 2020 were as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2020
Cost at 1 January 2020	737	12,833	117	331	14,018
Accumulated depreciation at 1 January 2020	354	6,012	54	-	6,420
Carrying amount at 1 January 2020	**383**	**6,821**	**63**	**331**	**7,598**
Reclassified work in progress	15	179	0	-194	0
Reclassified	0	1	0	0	1
Acquired through acquistion [1]	0	14	0	10	24
Additions [2]	14	466	18	308	806
Depreciated	-13	-299	-11	-	-323
Impairment	0	-1	0	-	-1
Decommissioning	0	-14	0	-	-14
Carrying amount at 31 December 2020	**399**	**7,167**	**70**	**455**	**8,091**
Accumulated depreciation at 31 December 2020	369	6,263	52	-	6,684
Cost at 31 December 2020	**768**	**13,430**	**122**	**455**	**14,775**

1 On December 9th 2020, Enpuls Projecten B.V. has acquired 100% of the shares of Mijnwater Warmte Infra B.V. For further explanation on the acquisition of Mijnwater Warmte Infra B.V., reference is made to section 4. Acquisitions and disposals.
2 In 2020 € 2.5 million (2019: € 2.6 million) in construction interest was capitalised and recorded as financial income. This was calculated based on an interest rate of 1.53% (2019: 2.15%).

The comparative overview for 2019 is as follows:

€ Million	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2019
Cost at 1 January 2019	720	12,327	239	258	13,544
Accumulated depreciation at 1 January 2019	343	5,794	181	-	6,318
Carrying amount at 1 January 2019	**377**	**6,533**	**58**	**258**	**7,226**
Reclassified work in progress	11	153	4	-168	0
Reclassified	0	0	2	0	2
Additions	8	436	9	241	694
Depreciated	-13	-286	-10	-	-309
Decommissioning	0	-15	0	-	-15
Carrying amount at 31 December 2019	**383**	**6,821**	**63**	**331**	**7,598**
Accumulated depreciation at 31 December 2019	354	6,012	54	-	6,420
Cost at 31 December 2019	**737**	**12,833**	**117**	**331**	**14,018**

IMPAIRMENT OF INDIVIDUAL ASSETS

The recoverable value of all individual assets is only 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 the interim publication in order to ascertain whether such events or changes have occurred.

For the future outlook of the gas network and its impact on valuation, please refer to note 14. Intangible fixed assets.

14. INTANGIBLE FIXED ASSETS

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

Changes in intangible fixed assets in 2020 were as follows:

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

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 comparative overview for 2019 is as follows:

€ Million	Goodwill	Software	Lease contracts	Work in Progress	Total 2019
Cost at 1 January 2019	115	402	7	26	550
Accumulated depreciation at 1 January 2019	0	319	2	-	321
Carrying amount at 1 January 2019	**115**	**83**	**5**	**26**	**229**
Reclassified work in progress	0	23	0	-23	0
Reclassified	0	-2	0	0	-2
Additions	0	5	0	47	52
Depreciation	0	-25	-1	-	-26
Decommissioning	0	-1	0	-	-1
Carrying amount at 31 December 2019	**115**	**83**	**4**	**50**	**252**
Accumulated depreciation at 31 December 2019	0	210	3	-	213
Cost at 31 December 2019	**115**	**293**	**7**	**50**	**465**

IMPAIRMENT OF INDIVIDUAL ASSETS

The recoverable value of all individual assets is only calculated if events or changes in circumstances give cause to do so ("triggering event" analysis).

The results of this calculation are used to determine if any impairment exists. An assessment is performed annually and in the event of interim publication in order to ascertain whether such events or changes have occurred.

GOODWILL IMPAIRMENT TEST

In this case, goodwill relates to the acquisitions of Intergas Energie B.V. in 2011, Endinet Groep B.V. in 2016 and N.V. Stedin Netten Weert in 2017 and is the result of the difference between the cost of the acquisition and the fair value of the net assets at the time of the acquisition.

An assessment was performed during the year under review to detect any indication of impairment with regard to the segments Enexis Regulated and Enexis Other, taking the net realisable value as the starting point. In addition to the above, goodwill is included in the impairment test carried out on the segments containing goodwill in December of each year. Goodwill due to acquisitions has been attributed to the segments as follows:

€ Million	Enexis Regulated	Enexis Other	Total
Intergas Energie B.V.	15	0	15
Endinet Groep B.V.	78	19	97
N.V. Stedin Netten Weert	3	0	3
Total	**96**	**19**	**115**

OUTCOMES

Accordingly, the net realisable amounts, i.e., the fair value less cost of sales, of the regulated and other assets are considerably higher than the carrying values of the corresponding assets, plus the goodwill allocated to these assets. As a result, there is no necessity for an impairment of goodwill.

ASSUMPTIONS

Net realisable amounts of the regulated and other assets are determined based on the most recent Long-Term Financial Calculation. This calculation comprises a period of fifteen years. The forecast period was adjusted in 2020 from five to fifteen years as this corresponds better with the investments and the revenue generated by these investments in connection with the energy transition.
The main assumptions in this calculation concern the estimate of the regulated tariffs and the development of the number of connections and services (which serve as the basis for the forecast of the cash flows) and the discounting rate based on the WACC percentages used by the ACM. The investment and cost-savings plans, the market share and the convergence assumptions are also relevant in this context.
The chosen assumptions concern estimates, mainly based on the most recent information with regard to tariff regulation (Method Decision 2017-2021), the investment programme (quality and capacity document and strategic asset management plan), the smart meter roll-out programme and Enexis's efficiency objectives.

There will be a strong increase in revenue in 2021 relative to 2020. This increase is mainly attributable to a non-recurring adjustment of the tariffs following a decision of the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven), in which it was concluded that the tariffs based on the Method Decisions 2017-2021 for the years 2017 - 2020 were set too low, and accelerated compensation for higher purchase costs at the national electricity grid operator TenneT. Together with the inflation adjustment and the reduction imposed by the ACM to promote efficient business operations, the x-factor, this leads to a tariff increase for electricity of nearly 10% and a tariff increase for gas of nearly 4% higher than in 2020.

Consultations are currently being held with the ACM about the Method Decisions for the new regulatory period, which will start in 2022 and will probably continue until 2026. The outcome of these consultations, which are mainly about the necessary changes in the regulatory method in connection with the trend break in the development of costs due to the energy transition, is still uncertain. However, it is already clear that the capital costs compensation in the tariffs will be substantially lower as from 2022 due to the current situation on the financial markets.

Pursuant to Method Decision 2017-2021, revenue will decrease due to the x-factors that it contains, which constitute a discount in order to promote efficient business operations. This is offset by a revenue increase due to an inflation adjustment and a combination of growth of the number of connections and the expected capacity demand of customers. The revenue growth as a result of these effects is expected to show a slight cumulative increase of between 0% and 0,5% over the whole period 2017-2021. Subsequent calculations of the ACM are not included in this expectation. Enexis 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). A growth rate of 1.6% applies for the non-regulated activities based on the free cash flows.

The impairment assessment is based on the variables:

	Assumptions regulated assets	Assumptions non-regulated assets
Variables		
Segments	Enexis Regulated	Enexis Other
Source: financial results in future years	Long Term Financial Calculation	Long Term Financial Calculation
Cost of debt	1.7%	2.7%
Cost of equity	3.1%	16.1%
Discount rate after taxes	2.2%	6.3%

SENSITIVITY ANALYSIS

Enexis Groep performed a sensitivity analysis on the most important criteria used to determine the net realisable values of the regulated assets in order to obtain insight into the degree of uncertainty of estimates. The impact of other assets on the outcome of the net realisable value calculation is limited. This has resulted in the following outcomes:

- A decrease in the expected market share, expressed in Compound Output, of Enexis Netbeheer B.V. by 0.1% leads to a decrease in the realisable value by € 19 million.
- A delay of the convergence assumption, the year in which all regional grid operators operate equally efficiently, by one year leads to a decrease in the realisable value by € 36 million.

- An increase in the discounting rate after tax by 0.1% leads to a decrease in the realisable value by € 97 million.
- A structural increase in the expected operating expenses by € 10 million a year leads to a decrease in the realisable value by € 26 million, due to the delay of the compensation in the future tariffs.
- A structural increase in the expected operating expenses by € 50 million a year leads to a decrease in the realisable value by € 29 million, due to the delay of the compensation for capital costs in the tariffs.

It can be concluded that a reasonable change of the criteria on which the realisable values are based will not lead to an impairment of the goodwill.

FUTURE OUTLOOK FOR THE GAS GRID

Part of the National Energy Agenda of the Ministry of Economic Affairs and Climate Policy is the aim of the Netherlands to achieve a low-carbon energy supply by 2050. An interim target has been set whereby total Dutch emissions are to fall by at least 49% below 1990 levels by 2030. In 2018, various measures were proposed in the outline for the Dutch climate agreement to achieve this ambition and to significantly reduce the contribution of natural gas to energy supplies as a whole, if not terminating them entirely. The abolition of the gas connection obligation for new buildings is one of the first concrete measures in built-up areas. The Regional Energy Strategies and Municipal Heating Transition Proposals will also reduce the dependence of existing buildings on natural gas as from 2020. A potential risk associated with this development might be that the useful lives of the gas grids transporting this natural gas become shorter than the currently applied depreciation periods

However, Enexis Netbeheer B.V. does not believe that the gradual phasing out of natural gas will also lead to the large-scale decommissioning of gas grids. A growing consensus maintains that it is virtually impossible to meet the heating demand without a gaseous energy carrier. Use of electricity alone is not always a technically and economically feasible option.
A heating grid is by no means suitable for use everywhere. In such situations, the use of sustainable gaseous energy carriers – such as hydrogen produced from sustainable electricity or green gas – in combination with the use of hybrid heat pumps is the most viable route to sustainability. A safe and reliable gas grid is expected to continue to be necessary – even within a (more) sustainable energy supply.

In preparation for the next regulatory period (2022 and beyond), grid operators are currently in discussion with ACM regarding adaptation of the regulatory methodology in connection with the reduced use of gas grids. The basic principle in this respect is that, in any scenario involving reduced use of gas grids, grid operators will continue to be compensated for their efficient costs, including a reasonable return on investment.

Enexis therefore believes that there is currently no need to shorten the depreciation periods of the existing gas grids or to start impairing the existing gas grids. To further limit this risk however, Enexis Netbeheer B.V. is extremely reluctant to construct new or replace existing gas grids when alternative heating systems, such as heat networks or all-electric solutions, are available. Where appropriate, intensive consultations will be held with other parties involved, such as municipalities, project developers and housing corporations. Analyses conducted 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.

15. RIGHT-OF-USE ASSETS

Enexis Groep has recognised assets with rights of use and lease liabilities for those leases that were previously classified as operating leases, with the exception of short-term leases, leases for low value assets, and agreements which do not qualify as lease under the IFRS 16 standard.

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 2020 were as follows:

€ Million	Land and Buildings	Lease cars	2020
Cost at 1 January 2020	46	88	134
Accumulated depreciation at 1 January 2020	8	20	28
Carrying amount at 1 January 2020	**38**	**68**	**106**
Additions [1]	11	33	44
Decommissioning	0	0	0
Depreciation	-8	-26	-34
Carrying amount at 31 December 2020	**41**	**75**	**116**
Accumulated depreciation at 31 December 2020	16	46	62
Cost at 31 December 2020	**57**	**121**	**178**

1 € 9 mln additions from contractmodifications.

Changes in right-of-use assets in 2019 were as follows:

€ Million	Land and Buildings	Lease cars	2019
Cost at 1 January 2019	28	52	80
Accumulated depreciation at 1 January 2019	-	-	-
Carrying amount at 1 January 2019	**28**	**52**	**80**
Additions	0	36	36
Modifications of contracts	18	0	18
Depreciation	-8	-20	-28
Decommissioning	0	0	0
Carrying amount at 31 December 2019	**38**	**68**	**106**
Accumulated depreciation at 31 December 2019	8	20	28
Cost at 31 December 2019	**46**	**88**	**134**

For the lease liabilities related to the rights of use of assets, reference is made to note 24. Interest-bearing liabilities (non-current).

LEASE EXPENSES

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

€ Million	Land and Buildings	Lease cars	Total 2020
Depreciation and decommisioning	8	26	34
Financial expenses	0	0	0
Total	**8**	**26**	**34**

16. ASSOCIATES AND JOINT ARRANGEMENTS

ASSOCIATES

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

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

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

JOINT ARRANGEMENTS

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

Associates and joint ventures consist of the following:

€ Million	2020	2019
Associates:		
-Energie Data Services Nederland B.V.	0	0
-Other associates and foundations	0	1
Joint ventures:		
-ZEBRA Gasnetwerk B.V.	8	7
At 31 December	**8**	**8**

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

The realisable value of this participation at year-end 2020, taking into account the agreed sales price as at 31 December 2020 and the result from ordinary business operations, amounted to € 12 million. Enexis's share (67%) amounted to € 8 million, which means that the valuation of the participation ZEBRA compared to 31 December 2019 of € 7 million had increased by € 1 million due to a reversal of an impairment of € 1 million. In addition, an impairment on the other associates of € 1 million took place in 2020.

Changes in the value of joint arrangements were as follows:

€ Million	2020	2019
At 1 January	8	9
Profits for the year	0	0
Impairments	0	-1
Dividends received	0	0
At 31 December	**8**	**8**

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

€ Million	2020	2019
Non-current assets	12	21
Current assets	12	6
Non-current liabilities	-14	-10
Current liabilities	-2	-9
Book value at 31 December	**8**	**8**
Revenue	20	18
Costs (including financial income and expenses)	-20	-18
Profit before tax	**0**	**0**
Corporate income tax expense	0	0
Profit for the year	**0**	**0**

A list of all associates and joint arrangements (group companies, joint arrangements and other associates) is included in note 55. Associates and joint arrangements. None of the associates and joint ventures is listed on a stock exchange.

17. OTHER FINANCIAL FIXED ASSETS

Other financial fixed assets consist of the following:

€ Million	2020	2019
Loans and receivables	15	16
Total	**15**	**16**

Changes in financial fixed assets in 2020 were as follows:

€ Million	Loans granted to staff	Other loans	Total 2020
At 1 January 2020	**2**	**24**	**26**
New loans	1	6	7
Repayments	-1	-10	-11
At 31 December 2020	**2**	**20**	**22**
Less: current portion	1	6	7
Total non-current portion	**1**	**14**	**15**

Other financial fixed assets concern loans provided to EDSN B.V. and Stichting Mijnaansluiting.nl, as well as loans provided to employees in connection with financing arrangements. The average weighted effective interest rate amounted to 1.3% (2019: 1.4%).

The interest rate charged for the loans included in other financial fixed assets differed from the market interest rate at the end of 2020. Due to the limited size, the deviation from the market rate did not have a significant effect on fair value.

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

In 2020, the total amount of new loans made available to EDSN was € 6 million, On the other hand, € 4 million in outstanding loans to EDSN were repaid in 2020. In addition, a loan made available to ZEBRA Gasnetwerk B.V. of € 6 million was repaid in 2020.

On 15 December 2020, Enexis and the other Regional Grid Operators and EDSN agreed to a change in the financing structure of EDSN as from 2021, in which the existing financing structure with the issued loans would be replaced by a current-account facility. The interest on the current-account facility was determined based on the arm's length principle, which results in a market interest surcharge on top of the standard market interest rate.

18. 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	2020	2019
Materials	39	22
Provision for obsolescence	-3	-4
Total	**36**	**18**

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

Impairments of inventories amounted to nil in 2020 (2019: also nil).

19. RECEIVABLES

€ Million	2020	2019
Trade receivables	47	53
Amounts receivable	112	114
Other receivables	19	28
Provision for expected credit losses	-13	-14
Total	**165**	**181**

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

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

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

As at 31 December 2019, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

								2019
	Trade receivables			Amounts receivable			Other receivables	Total
€ Million	Expected credit losses	Gross	Provision	Expected credit losses	Gross	Provision	Gross	Net
Not past due	3%	18	0	0.2%	111	0	28	157
0-30 days past due	4%	7	0	0%	1	0	0	8
31-60 days past due	3%	9	0	0%	1	0	0	10
61-90 days past due	34%	1	0	0%	0	0	0	1
91-365 days past due	62%	4	-3	2%	1	0	0	2
Over 365 days past due	69%	14	-11	0%	0	0	0	3
Total		**53**	**-14**		**114**	**0**	**28**	**181**

20. CORPORATE INCOME TAX

The corporate income tax consists of the corporate income tax payable less the amounts paid under a provisional tax assessment. At year-end 2019, there was an amount of € 7 million prepaid corporate income tax, which only related to the financial year 2019. The prepaid corporate income tax was refunded at the end of 2020 after the corporate income tax return was submitted. At year-end 2020, there was still an amount of € 6 million of corporate income tax to be paid, which only related to the financial year 2020. For more information, reference is made to note 31. Corporate income tax.

€ Million	2020	2019
Prepaid corporate income tax	-	7
Total	**-**	**7**

21. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2020	2019
Loans with maturity < 1 year	7	3
At 31 december	**7**	**3**

The share of the loans provided to EDSN B.V. that will be repaid in 2021, an amount of € 6 million, is recognised as a current portion of the other financial assets. In addition, € 1 million in loans provided to employees will be repaid in 2021, which has been recognised as current portion of other financial assets.

Excess liquidity of € 200 million was transferred to deposits in 2020. These amounts were withdrawn again during the course of the year. No deposits were outstanding at the end of 2020.

22. 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	2020	2019
Cash at bank and cash balances	47	62
Total	**47**	**62**

For a breakdown of cash flows, please refer to the cash flow statement and the explanatory notes to the cash flow statement included in note 32. Notes to the cash flow statement.

Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V., Fudura B.V. and Enpuls B.V. have placed all bank accounts in a cash pool at the Rabobank. Credit balances of Enexis Holding N.V., Fudura B.V., Enexis Vastgoed B.V., Enexis Personeel B.V. and Enpuls B.V. in the cash pool 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 are included in 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 are not included in 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 2020. Cash and cash equivalents amounted to € 47 million at year-end 2020.

Excess liquidity of € 200 million was placed in money market funds in 2020. These amounts were withdrawn again during the course of the year. No cash or cash equivalents were outstanding in money market funds at year-end 2020.

23. EQUITY

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

The share premium reserve is recognised for tax purposes.

The cash flow hedge reserve relates to the equivalent value of the interest rate swaps settled in 2012 that Enexis concluded in order to hedge the risks arising from expected future interest payments. The loss recorded in the cash flow hedge reserve is debited from the income statement over the remaining term of the borrowings. The change in the hedge reserve was € 1 million (2019: nil).

The proposed dividend distribution for 2020 is based on 50% of the profit from ordinary business operations after tax and shall be distributed to the shareholders as an exact amount pro rata to the number of shares. The proposed dividend distribution for 2020 amounts € 0.50 per share (2019: € 0.70 per share). The proposed dividend payment amounts to € 75 million; and, as a result, the reservation to be credit to the general reserve amounts to € 33 million. This profit appropriation proposal has not been taken into account on the balance sheet as at 31 December 2020.

The result before taxes for the financial year 2020 presented on the income statement exclusively relates to realised results. At year-end 2020, equity amounted to € 4,116 million (2019: € 4,112 million). At year-end 2020, total equity per share amounted to € 27.50 (2019: € 27.47).

Reference is made to the consolidated statement of changes in equity on page 57 for further details.

24. INTEREST-BEARING LIABILITIES (NON-CURRENT)

€ Million	2020	2019
Euro Medium-Term Notes	2,287	1,787
Convertible hybrid shareholders' loan	500	-
Private green loan	2	2
Lease obligations	83	79
Total	**2,872**	**1,868**

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year. The amounts for repayments due for repayment 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 33. Financing policy and risks associated with financial instruments.

The total nominal value of listed bonds with a term > 1 year was € 2,300 million; deducting the costs to be amortised from these loans results in a residual value of € 2,287 million.

Enexis Holding N.V. issued a green bond in June 2020 of which the proceeds may only be used for existing and new sustainable investments. The green bond was issued on 17 June 2020 for a nominal amount of € 500 million at an interest rate of 0.625% with a term of 12 years to 17 June 2032. Enexis Holding N.V. has laid down which investments do and do not qualify as 'sustainable' in a Green Finance Framework, which was assessed positively by an external consultancy agency and by the credit rating agency ISS ESG. Concretely, Enexis Holding N.V. will use the bond for investments in grid expansions that are necessary for the accommodation of renewable energy, for automation distribution, smart meters and its green buildings.

Enexis Holding N.V. also procured a convertible hybrid shareholders' loan in 2020. This convertible hybrid shareholders' loan was issued 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 the outstanding interest at that point in time) will be converted into an equal market value of the shares whereby the market value of the shares will be determined by an independent party. The conversion right is a right but not an obligation of Enexis Holding N.V.

The convertible hybrid shareholders' loan is a hybrid financial instrument that includes various embedded derivates.
The embedded derivatives concern, for example, the conditional right of Enexis to convert the loan into shares as well as the conditional right of Enexis to redeem the loan earlier. Based on the assessment of these embedded derivatives, Enexis concludes that the embedded derivatives do not have to be separated from the base contract and that the whole convertible hybrid shareholders' loan must be recognised as a non-current interest-bearing liability with valuation at amortised cost.
On 30 November 2020 Enexis expects to use the option to repay the convertable hybrid shareholders' loan early. For this reason, a term to maturity up to 30 November 2030 has been taken into account in determining the amortised cost.

Lease liabilities amounted to € 116 million at year-end 2020, of which € 33 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 2020 was 0.003%. The average term of the liability arising from the right-of-use assets at year-end 2020 was 6.7 years and can be broken down as follows:

€ Million	Land and Buildings	Lease cars	Total 2020
< 1 year	8	25	33
> 1 year	33	50	83
Total	**41**	**75**	**116**

25. 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 2020 can be specified as follows:

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

The current portion of provisions amounting to € 5 million (2019: € 4 million) has been included separately under the current liabilities.

The comparative overview for 2019:

€ Million	Service-related benefits	Other employee benefits	Other	Total 2019
Obligations at beginning of year	21	4	15	40
Additions	4	1	13	18
Released	-4	0	-7	-11
Benefits paid	-2	-1	-4	-7
Total	**19**	**4**	**17**	**40**
Less: current portion	1	1	2	4
Total non-current portion	**18**	**3**	**15**	**36**

ESTIMATES FOR EMPLOYEE-RELATED PROVISIONS

The most important assumptions on which the calculations of the employee-related provisions are based are the following:

	2020	2019
Discount rates	-0,41%-0,76%	-0,24%-1,17%
Estimated future annual CLA wage increases	1.5%	1.5%
Company-specific annual periodic indexation	1.0%	1.0%
Estimate future departure probability	4.0%	4.0%
Markup social security expenses	8.0%	7.7%

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.

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 2020, other provisions consisted of provisions for claims and disputes.

26. 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	2020	2019
At 1 January	881	797
Received during the year	114	105
Depreciated	-23	-21
Total	**972**	**881**
Current portion to be amortised in following financial year	25	22
Total non-current portion as of 31 December	**947**	**859**

27. DEFERRED CORPORATE INCOME TAX

Deferred corporate income tax assets and liabilities are created to reflect temporary differences between the carrying value of assets and liabilities in these financial statements and the value in the corporate income tax return.

The deferred income tax asset relates to unrealised results on derivative transactions recognised as a hedge provision under other comprehensive income. In addition, a deferred corporate income tax asset has been formed with regard to the impact of IFRS 16 (Leases) on the commercial result. The deferred tax asset at year-end 2020 was a fractional amount of the total deferred corporate income tax amount. The deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of intangible assets and property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), the separation of ownership from Essent (2009) and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. The acquisition of Mijnwater Warmte Infra B.V. in 2020 has also led to a deferred tax liability. Finally, a fractional part of the deferred tax liability relates to provisions and obligations valued differently for tax purposes. The deferred tax liability is mainly of a long-term nature.

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.

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. The Tax Plan 2021 was adopted in 2020. With the adoption of the Tax Plan 2021, a previously announced decrease in the corporate income tax rate as from 2021 was reversed. The corporate income tax rate in the highest bracket remains 25% as from 2021. As a result of this change in the future tax rate, € 42 million was added to the deferred tax liability in 2020. This addition has been charged to the 2020 result.

The deferred tax liability can be broken down as follows:

€ Million	2020	2019
Deferred corporate income tax liabilities for property, plant and equipment	335	283
Total	**335**	**283**

28. OTHER NON-CURRENT LIABILITIES

€ Million	2020	2019
Payments to employees	1	1
Total	**1**	**1**

These liabilities relate to employee entitlements to leave.

29. TRADE AND OTHER PAYABLES

€ Million	2020	2019
Suppliers	110	66
Tax and social security contributions	67	69
Payments to employees	34	40
Other	85	70
Total	**296**	**245**

30. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2020	2019
Cash loan	20	50
Lease obligations	33	28
Euro Commercial Paper	50	250
Interest-bearing deposits received	1	0
Euro Medium-Term Notes	0	500
Total	**104**	**828**

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

The € 500 million Euro Medium-Term Note with a coupon interest rate of 1.875% was redeemed in 2020.

At year-end 2020, a total of € 70 million was raised in order to finance liquidity needs by issuing commercial paper under the Euro Commercial Paper (ECP) programme or by raising bilateral cash loans.

The current portion of the interest-bearing liability concerns lease payments to be made in 2021.

31. CORPORATE INCOME TAX

The corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments. At year-end 2020, the corporate income tax payable amounts to € 6 million, which only related to the financial year 2020.

€ Million	2020	2019
Corporate income tax payable	6	-
Total	**6**	**-**

32. 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	2020	2019
Cash at bank and cash balances	47	62
Total	**47**	**62**

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

Changes in net working capital can be specified as follows:

€ Million	2020	2019
Corporate income tax expense recognised through profit or loss	-93	-90
Corporate income tax paid or received	-38	-50
Interest received and paid recognised through profit or loss	-41	52
Interest paid	37	-57
Interest received	2	3
Working capital before tax and interest	70	96
Total	**-63**	**-46**

Specification net working capital:

€ Million	2020	2019	Delta
Inventories	36	18	-18
Receivables	165	181	16
Subtotal	**201**	**199**	**-2**
Trade and other payables	-296	-245	51
Corporate income tax	-6	7	13
(Current) provisions	-5	-4	1
Subtotal	**-307**	**-242**	**65**
Total	**-106**	**-43**	**63**

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

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

1 The total incoming cash flow from borrowings in 2020 amounts to € 2,804 million and the total outgoing cash flow from loans repaid in 2020 amounts to € 2,568 million. In 2020 € 200 million of liquidities is deposited on deposits. The deposits were withdrawn again during 2020.

33. 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 is then loaned 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 2019, Enexis Holding N.V. did not use derivatives to hedge interest rate risks in 2020, 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, 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 2020:

€ Million	Nominal value	Book value	Contractual maturity date	Initial contract period (years)	Remaining period (years)	Interest
Convertible hybrid shareholders' loan Tranche A	422	422	30 November 2080	60	59.9	2.150%
Convertible hybrid shareholders' loan Tranche B	78	78	30 November 2080	60	59.9	1.400%
Euro Medium-Term Notes (Green bond)	500	497	17 June 2032	12	11.5	0.625%
Euro Medium-Term Notes	300	300	26 January 2022	10	1.1	3.375%
Euro Medium-Term Notes	500	498	20 October 2023	8	2.8	1.500%
Euro Medium-Term Notes	500	495	28 April 2026	10	5.3	0.875%
Euro Medium-Term Notes	500	497	2 Juli 2031	12	10.5	0.750%
Private green loan	2	2	26 April 2023	10	2.4	1.700%
Euro Commercial Paper	50	50	miscellaneous	miscellaneous	0.1	-0.520%
Cash loan	20	20	miscellaneous	miscellaneous	0.1	-0.490%
Lease obligations	116	116	miscellaneous	miscellaneous	6.7	0.003%
Total	**2,988**	**2,975**				

The fair value of the interest-bearing loans amounted to approximately € 3,025 million at year-end 2020 (year-end 2019: € 2,706 million). The fair value for the bonds is in accordance with the listed price and for the other loans in accordance with the calculation method based on the Euro Utility (A) BFV yield curve on 31 December 2020. In the calculation of the fair value of the convertible hybrid shareholders' loan, a mark-up for the subordinated and illiquid character of the loan is taken into account. The fair value of the interest-bearing loans increased due to the listed green bond of € 500 million and the convertible hybrid shareholders' loan (Tranche A and B) of in total € 500 million issued in 2020. On the other hand, the issue of Euro Commercial Paper and bilateral cash loans decreased at year-end 2020 compared to year-end 2019 by in total € 230 million. Finally, a listed bond of € 500 million was redeemed in 2020.

At year-end 2020, all interest-bearing loans were fixed-interest loans.

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

FOREIGN EXCHANGE RATE RISK

Enexis may be exposed to foreign exchange rate risk when issuing financial instruments and when making purchases in currencies other than the euro. It is Enexis's policy to directly hedge both the exchange rate risk and the interest rate risk when issuing financial instruments in foreign currencies. In the case of investments or larger purchases denominated in other currencies with an equivalent value exceeding € 250,000, it will be considered whether the foreign exchange rate risk should be fixed directly.

The total amount of cash and cash equivalents, receivables and liabilities held in foreign currencies at the end of 2020 amounted to nil, which means that foreign exchange rate risks and sensitivity to foreign exchange rate fluctuations were not relevant. As in 2019, Enexis Holding N.V. did not use derivatives to hedge foreign exchange rate risks in 2020, nor does it have any derivatives outstanding to hedge foreign exchange rate risks.

COMMODITY PRICES RISK

For Enexis Groep, this relates to the risk of changes in commodity prices, in particular concerning energy purchases for grid losses at Enexis Netbeheer B.V. and, to a limited extent, Guarantees of Origin with regard to making energy purchases more sustainable. The risk associated with the purchase of energy is largely hedged through price fixing by means of forward purchases, in which the predicted volumes have already been purchased at the beginning of the year. This purchasing method ensures a predictable result and is only sensitive to volume differences and unpredictable price differences for regular buying and selling activities during a distribution year. The purchasing risk is reduced by spreading the purchasing at fixed prices over a period of approximately two years prior to the date of actual settlement. No use is made of derivatives in connection with the purchase of energy for grid losses.

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 rating (A/A2 with a stable outlook) for both Enexis Holding N.V. and Enexis Netbeheer B.V. This objective is monitored on the basis of defined minimum financial ratios in relation to interest coverage, debt coverage and solvency. This credit rating ensures that Enexis Holding N.V. has sufficient access to international capital markets.

LIQUIDITY RISK AND CONTRACTUAL TERM ANALYSIS

Liquidity risk

Liquidity risk concerns the risk that the 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.

As part of its measures, Enexis Holding N.V. has a committed Revolving Credit Facility (RCF) in place of € 850 million to hedge liquidity risk. The three short-term bilateral RCFs totalling € 450 million were terminated in August 2020 after the convertible hybrid shareholders' loan Tranche A was procured.

Enexis Holding N.V. did not make use of these RCFs in 2020; however, Enexis retains this facility for any unforeseen liquidity requirements. In order to retain the RCFs, 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. The RCFs do not have any financial covenants.

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

Enexis Holding N.V. had a consolidated positive cash balance of € 47 million at the end of 2020 (year-end 2019: positive net balance of € 62 million).

Contractual term analysis

The table below shows the contractual non-discounted cash flows at year-end 2020:

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

The contractual and non-discounted cash flows at year-end 2019 amounted to:

€ Million	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	0	0	0	856	1,012	1,868
Trade and other payables	135	0	110	0	0	245
Current interest-bearing liabilities	302	5	521	0	0	828
Interest on interest-bearing liabilities	0	0	35	67	31	133
Total	**437**	**5**	**666**	**923**	**1,043**	**3,074**

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

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

In order to realise the objective of maintaining at least an A credit rating and a financially sound capital structure, the following financial ratios are aimed for:

	Standard	Actual 2020	Actual 2019
FFO-interest cover [1]	≥ 3,5	15.8	11.5
FFO/net interest-bearing liabilities [1]	≥ 16%	20%	23%
Net interest-bearing liabilities /(equity + net interest-bearing liabilities) [1]	≤ 60%	39%	39%

1 For definitions, please refer to the glossary.

The long-term credit ratings of Enexis Holding N.V. and Enexis Netbeheer B.V. did not change in 2020. The credit rating issued by Standard & Poor's (S&P) for Enexis Holding N.V. and Enexis Netbeheer B.V. remained unchanged at A+ stable outlook. Moody's only issues a credit rating for Enexis Holding N.V. and this remained unchanged at Aa3 stable outlook. The long-term credit ratings at year-end 2020 of Aa3/A+ with a stable outlook more than satisfy the internal requirements for maintaining an A credit rating profile.

The short-term credit rating of Enexis Holding N.V. at year-end 2020 was P-1 (Moody's) and A-1 (Standard and Poor's).

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

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

GROUP FUNDING

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

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

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

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

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

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

34. RELATED PARTY DISCLOSURES

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

In 2020, Enexis Holding N.V. classified the shareholders and their affiliates, associates and senior officials as related parties. The shares of Enexis Holding N.V. are held by Dutch provinces and municipalities.

No purchase transactions outside the course of the company's regular operations took place with major shareholders (interest >20%) in 2020. The total amount of liabilities at the end of 2020 amounted to nil.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2020 (2019: nil). Interest payments on these loans amounted to € 3 million in 2020 (2019: € 19 million). Dividend payments to shareholders amounted to € 105 million (2019: € 122 million).

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

With own associates and participations, sales transactions were concluded amounting to € 2 million (2019: € 1 million) and purchase transactions were concluded amounting to € 21 million (2019: € 20 million).

The total value of liabilities to associates at year-end 2020 amounted to nil (2019: nil).

Loans provided by Enexis Holding N.V. to associates at year-end 2020 amounted to € 20 million (2019: € 24 million). Loans provided to Enexis Holding N.V. by associates at year-end 2020 amounted to nil (2019: nil).

No dividends were received from associates in 2020 (2019: also nil).

The term "senior officials" is used to refer to members of the Executive and Supervisory Boards. Transactions with senior officials only concern remunerations. For more information, please refer to note 36. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT).

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 2020	Equity stake held by Enexis Holding N.V. 31 December 2019	Structure of division of
ZEBRA Gasnetwerk B.V. [1]	Bergen op Zoom	67%	67%	Enexis Netbeheer B.V.
Energie Data Services Nederland B.V.	Arnhem	23%	23%	Enexis Netbeheer B.V.
Sustainable Buildings B.V. [2]	Groningen	0%	40%	Fudura B.V.

1 Association is not included in the consolidation as there is no decisive control (decisions with a majority of 75%).
2 In August 2020, the associate Sustainable Buildings B.V. was sold.

35. OFF-BALANCE SHEET COMMITMENTS AND ASSETS

LONG-TERM FINANCIAL LIABILITIES

The long-term financial liabilities (with the exception of the purchase of materials) amounted to € 247 million at year-end 2020 (2019: € 238 million).

	2020			2019		
€ Million	< 1 year	1-5 year	> 5 year	< 1 year	1-5 year	> 5 year
Service agreements	12	0	0	12	23	0
ICT	47	53	3	46	21	0
Grid loss	65	50	0	71	63	0
Investment and financing obligation	11	3	0	0	0	0
Others	0	2	1	0	1	1
Total	**135**	**108**	**4**	**129**	**108**	**1**

Enpuls Projecten B.V. acquired 100% of the shares of Mijnwater Warmte Infra B.V. on 9 December 2020. Mijnwater Warmte Infra B.V. entered into a long-term collaboration with Mijnwater Energy B.V. The multi-year investment and financing obligation entered into on the balance sheet date in connection with this collaboration amounted to € 14 million and is included in the above summary.

LEGAL PROCEEDINGS AND DISPUTES

Enexis Holding N.V. and its group companies were involved in various legal proceedings and disputes at year-end 2020. Based on the financial risk, provisions have been made or liabilities have been included in the financial statements with respect to the claims received.

GUARANTEES ISSUED

Enexis Holding N.V. has issued guarantees to third parties through its group companies Enexis Netbeheer B.V., Enexis Personeel B.V., Fudura B.V., Enexis Vastgoed B.V. and Enpuls B.V. for a total of € 6 million (2019: € 6 million).

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

CONTINGENT LIABILITIES

Contingent liabilities were agreed for the year 2021 when Buurkracht became independent.

LESSOR RECEIVABLES

As lessor, Enexis Groep has made assets available under operating leases, mainly related to compact substations, fields and transformers. The lease receivables have a term between 5 and 15 years. All lease agreements contain a clause providing for an annual adjustment to the lease amounts based on the price level as at 1 July. No guarantees are provided for the residual values of any assets supplied under lease. Rental receivables from operating leases amounted to € 128 million (2019: € 89 million).

RISK MANAGEMENT

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

The minimum lease receivables under non-cancellable operating leases as at 31 December 2020 (and 2019) were as follows:

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

€ Million	< 1 year	1-5 years	> 5 years	Total 2019
Compact stations	2	8	3	13
Fields	3	11	6	20
Transformators	10	31	13	54
Other	0	1	1	2
Total	**15**	**51**	**23**	**89**

36. REMUNERATION AND THE STANDARDS FOR REMUNERATION OF SENIOR OFFICIALS IN THE PUBLIC AND SEMI-PUBLIC SECTOR ACT (WNT)

The Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) came into force on 1 January 2013. The Act to Reduce the Maximum Remuneration of Senior Officials in the Public and Semi-Public Sector [Wet verlaging bezoldigingsmaximum] (WNT) came into force on 1 January 2015. As of 1 January 2015, the statutory maximum remuneration for senior officials subject to the WNT has been set at 100% of the remuneration of a government minister.

This maximum is adjusted annually by means of a Ministerial Order. For 2020, the WNT maximum is set at € 201,000 and for 2021 at € 209,000. A remuneration maximum also applies with regard to senior officials who are Supervisory Directors (the chairman and members of the Supervisory Board). The maximum for Supervisory Directors in 2020 is 10% of the applicable remuneration maximum under the WNT and 15% for the Chairman. Transitional law provides that the maximum limit applying to a senior official may be exceeded during a transitional period.

REMUNERATION POLICY FOR SENIOR OFFICIALS
The WNT is applicable to Enexis Netbeheer B.V., a subsidiary of Enexis Holding N.V. The members of the Executive Board of Enexis Holding N.V. are, as natural persons and Executive Directors appointed under the articles of association, responsible for the management of Enexis Netbeheer B.V. The members of the Executive board and the members of the Supervisory Board of Enexis Holding N.V. are therefore regarded as senior officials within the meaning of the WNT.

The WNT transitional law therefore applies to two members (Mr Blacquière and Mr Vermaat) of the Executive Board.
In compliance with this transitional law, the existing remuneration of these members of the Executive Board in the amount of € 230,474 was respected up to and including 2018. This remuneration for members of the Executive Board is being reduced in three years (four steps), starting in 2019. The reduction period started on 1 January 2019, so that the legal standard will be reached by 1 January 2022. In accordance with WNT transitional law, the remuneration of these members of the Executive Board was decreased in the second year of reduction by 33.33% of the to be reduced amount, which means that the maximum remuneration in 2020 was € 214,570. In the third year of reduction (2021), the remuneration will be reduced by 50% of the to be reduced amount. The WNT transitional law does not apply to the other members of the Executive Board (Mr Den Boer, Mr Sanders and Mr Van der Leeuw). The remuneration of the directors of Enexis Netbeheer B.V. thus satisfies the provisions of the WNT in 2020.

REMUNERATION POLICY FOR OTHER EXECUTIVES WHO ARE NOT SENIOR OFFICIALS
Members of the Management Team at Enexis are responsible for the management of a business unit and, in that capacity, are not regarded as senior officials within the meaning of the WNT. The remuneration of the members of the Management Team of Enexis complies with the WNT framework that came into effect on 1 January 2013. In connection with the lower standard as of 1 January 2015 to 100% of the remuneration of a Minister of State, the remuneration of a number of executives is higher than the reduced WNT standard of € 201,000 for 2020.

REMUNERATION OF SENIOR OFFICIALS (MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD)
The remuneration of the members of the Executive Board and the Supervisory Board (see tables 1, 2, 4 and 5) amounted to € 0.74 million in 2020 (2019: € 0.55 million).

REMUNERATION POLICY FOR THE EXECUTIVE BOARD
The remuneration policy for the Executive Board of Enexis Holding N.V. was adopted by the General Meeting of Shareholders on 5 December 2012 and came into effect on 1 January 2013.

As the remuneration level for position of a comparable complexity and social impact is substantially higher than the absolute maximum standard of the WNT, the decision was taken to set the remuneration of the Executive Board of Enexis at the maximum level permitted by the WNT. The remuneration policy of the Executive Board does not include a variable remuneration component.

PENSION SCHEME
The members of the Executive Board participate in the pension scheme that has been placed with the Stichting Pensioenfonds ABP (the Dutch pension fund for employees in the government, public and education sectors), in accordance with the pension regulations applicable to the employees of Enexis. Executive Board members are required to pay a personal contribution for participation in the pension scheme.

OTHER TERMS OF EMPLOYMENT
As a basic principle, the collective labour agreement for the Grid Operators of Energy and Utilities companies (ENb) and collective labour agreement of Enexis Personeel B.V., which are both applicable to employees working at Enexis, also apply to members of the Executive Board, subject, however, to compliance with the stipulations in the WNT. Relevant employment benefits arising from the collective labour agreements which apply to the employees of Enexis are therefore also included in the remuneration of the member of the Executive Board, if and to the extent these are in accordance with the WNT. Members of the Executive Board are entitled to holiday leave and the disability scheme according to the provisions in the collective labour agreement for Grid Companies.

The policy furthermore includes a fixed net expense allowance, which will be capped in accordance with applicable tax regulations, a company car that satisfies sustainability requirements, accident insurance and director's liability insurance.

No loans or advances have been provided to members of the Executive Board.

EMPLOYMENT CONTRACTS
Employment contracts for an indefinite period were entered into with all members of the Executive Board, in accordance with the remuneration policy that was adopted at the end of 2012. This policy differs from the guidelines in the Dutch Corporate Governance Code of 2016. The Supervisory Board sees no reason to pursue a policy whereby contracts are concluded for a fixed term. A policy with employment contracts for an indefinite period suffices. There are sufficient opportunities to take measures in the event of an inadequate performance by Executive Board members.

Enexis Personeel B.V., a subsidiary of Enexis Holding N.V., is the employer of the members of the Executive Board.

REMUNERATION OF THE EXECUTIVE BOARD IN 2020
Mr Vermaat transferred his duties as the chairman of the Executive Board of Enexis Holding N.V. to his successor Mr den Boer as of 1 September 2020. In connection with the transfer of his duties and taking up his remaining leave days, the employment of Mr Vermaat was terminated on 31 December 2020. The decision was taken in 2020 to expand the Executive Board of Enexis Holding N.V. with two members to four members. Mr Sanders and Mr Van der Leeuw were appointed as CTO (Chief Transition Officer) and COO (Chief Operating Officer) respectively on 1 September 2020. Mr Blacquière transferred his duties as CFO (Chief Financial Officer) of Enexis Holding N.V. to his successor Ms Vogt as of 1 January 2021.

Each year, the Supervisory Board determines the individual remuneration of the members of the Executive Board on the basis of the applicable remuneration policy. The tables 1 and 2 below show the development of the remuneration of the members of the Executive Board.

Table 1 Senior executives with an employment contract 2020

2020 in €	M. Blacquière	E.G. den Boer	J.K. Sanders	R.B.A. van der Leeuw	P. Vermaat
Position details	CFO	CEO	CTO	COO	CEO
Start and end dates of duties in 2020	1 January - 31 December	1 September - 31 December	1 September - 31 December	1 September - 31 December	1 January - 31 December
Scope of appointment (in FTEs)	1.0	1.0	1.0	1.0	1.0
Employment relationship?	yes	yes	yes	yes	yes
Remuneration					
Remuneration plus taxed expense allowances	191,704	59,483	59,620	59,528	191,704
Remuneration payable over time	22,866	7,516	7,379	7,471	22,866
Subtotal	214,570	66,999	66,999	66,999	214,570
Maximum remuneration for position holder	201,000	66,999	66,999	66,999	201,000
-/- Amount paid but not owed and not yet refunded	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Remuneration	**214,570**	**66,999**	**66,999**	**66,999**	**214,570**
Amount of excess remuneration	13,570	Not applicable	Not applicable	Not applicable	13,570
Reason for (non-) allowability of excess	Transitional law	Not applicable	Not applicable	Not applicable	Transitional law
Information on receivable due to amount paid but not owed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Table 2 Senior executives with an employment contract 2019

2019 in €	M. Blacquière	P. Vermaat
Position details	CFO	CEO
Start and end dates of duties in 2019	1 January - 31 December	1 January - 31 December
Scope of appointment (in FTEs)	1.0	1.0
Employment relationship?	yes	yes
Remuneration		
Remuneration plus taxed expense allowances	199,553	199,553
Remuneration payable over time	21,801	21,801
Subtotal	221,354	221,354
Maximum remuneration for position holder	194,000	194,000
Remuneration	**221,354**	**221,354**
Reason for (non-) allowability of excess	Transitional law	Transitional law
Information on receivable due to amount paid but not owed	Not applicable	Not applicable

In addition to the above remuneration, the members of the Executive Board receive a fixed tax-free expense allowance on an annual basis of € 3,600 for the Chairman and € 3,300 for the CFO, COO and CTO. The social security contributions that the employer is legally obliged to pay have not been included in the above table, the social security contributions do not count for the WNT. The social security contributions amounted to € 8,384 in 2020 (2019: € 8,210) for Mr Blacquière, € 8,384 (in 2019: € 8,210) for Mr Vermaat and € 2,795 for Mr Den Boer, Mr Sanders and Mr Van der Leeuw.

An amount of € 75,000 was paid to Mr Vermaat in 2020 in connection with the termination of his employment contract. This payment for termination is specified in table 3 below.

Table 3 Payment for termination paid to senior executives in connection with termination of employment contract

2020	
in €	P. Vermaat
Position details	
Position(s) upon termination of employment	CEO
Scope of appointment (in FTEs)	1.0
Year in which employment was terminated	2020
Payment for termination of employment	
Agreed payment for termination of employment	75,000
Maximum for position holder	75,000
Total payment for termination of employment	**75,000**
Of which paid in 2020	75,000
Amount paid but not owed and not yet refunded	Not applicable
Reason for (non-) allowability of excess	Not applicable
Information on receivable due to amount paid but not owed	Not applicable

REMUNERATION OF THE SUPERVISORY BOARD IN 2020

The General Meeting of Shareholders adopted the remuneration policy for members of the Supervisory Board on 18 April 2016. This remuneration policy for members of the Supervisory Board has been determined in accordance with the WNT maximum.

The WNT limits the remuneration of the highest supervisory body to 10% of the maximum remuneration applicable to Enexis Netbeheer B.V. for members and 15% for the chairman. This means that for the year 2020 the maximum for the chairman of the Supervisory Board on an annual basis amounts to € 30,150 (15% of € 201,000) and for the members of the Supervisory Board on an annual basis € 20,100 (10% of € 201,000). These amounts are adjusted annually in accordance with the indexed remuneration in the WNT regulations.

Mr Calon stepped down as a supervisory board member of Enexis Holding N.V. as of 25 June 2020 in accordance with the schedule. Mr Rüpp was appointed as a supervisory board member of Enexis Holding N.V. as of 25 June 2020.

The tables 4 and 5 below show the development of the remuneration of the individual members of the Supervisory Board.

Table 4 Supervisory senior officials 2020

2020						
in €	J.C.H.G. Arts	M.A.E. Calon	J.F.M. van Dijk	P.W. Moerland	P.L.A. Rüpp	C.M. Velthuis
Position details	Member	Member	Member	Chairman	Member	Member
Start and end dates of duties in 2020	1 January - 31 December	1 January - 25 June	1 January - 31 December	1 January - 31 December	25 June - 31 December	1 January - 31 December
Remuneration						
Remuneration	20,100	9,720	20,100	30,150	10,434	20,100
Maximum remuneration for position holder	20,100	9,720	20,100	30,150	10,434	20,100
-/- Amount paid but not owed and not yet refunded	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Remuneration	**20,100**	**9,720**	**20,100**	**30,150**	**10,434**	**20,100**
Reason for (non-) allowability of excess	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Information on receivable due to amount paid but not owed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Table 5 Supervisory senior officials 2019

2019					
in €	J.C.H.G. Arts	M.A.E. Calon	J.F.M. van Dijk	P.W. Moerland	C.M. Velthuis
Position details	Member	Member	Member	Chairman	Member
Start and end dates of duties in 2019	11 April - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December
Remuneration					
Remuneration	**14,011**	**19,400**	**19,400**	**29,100**	**19,400**
Maximum remuneration for position holder	14,085	19,400	19,400	29,100	19,400

In addition to the above remuneration, the members of the Supervisory Board receive a fixed tax-free expense allowance on an annual basis of € 2,000 for the chairman and € 1,500 for the members of the Supervisory Board.

DISCLOSURE BY VIRTUE OF THE WNT

In accordance with the WNT disclosure obligation, the remuneration of non-senior officials of Enexis Netbeheer B.V. must be disclosed if the remuneration amounts to more than the applicable WNT remuneration maximum.

The WNT remuneration maximum for 2020 is an amount of € 201,000. The disclosure for non-senior officials working at Enexis Netbeheer B.V. takes place based on the position title and is shown in tables 6 and 7 below. Officers who work at Enexis for the non-regulated activities (Enpuls and Fudura) are not included in the disclosure.

In accordance with Enexis's policy no officers employed by an Enexis entity in 2020 received a remuneration that was higher than the maximum standard of the former WNT regulations in 2014 (€ 230,474).

Table 6 Remuneration of non-senior officials 2020

2020 in €	Director	Director	Director	Director	Manager
Position details					
Start and end dates of duties in 2020	1 January - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December
Scope of appointment (in FTEs)	1.0	1.0	1.0	0.9	1.0
Remuneration					
Remuneration plus taxed expense allowances	196,878	201,175	184,106	161,868	180,207
Remuneration payable over time	22,282	22,402	22,396	19,876	21,307
Remuneration	**219,160**	**223,577**	**206,502**	**181,744**	**201,514**
Maximum remuneration for position holder	201,000	201,000	201,000	180,900	201,000
Reason for excess of maximum remuneration for position holder	Individual employment contract	Individual employment contract	Individual employment contract	Individual employment contract	Individual employment contract

Table 7 Remuneration of non-senior officials 2019

2019 in €	Director	Director	Director	Director	Manager
Position details					
Start and end dates of duties in 2019	1 January - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December	1 January - 31 December
Scope of appointment (in FTEs)	1.0	1.0	1.0	0.9	1.0
Remuneration					
Remuneration plus taxed expense allowances	180,486	195,315	176,481	152,729	187,500
Remuneration payable over time	21,092	21,674	21,188	18,892	20,181
Remuneration	**201,578**	**216,989**	**197,669**	**171,621**	**207,681**

37. EVENTS AFTER THE BALANCE SHEET DATE

The tariff structure and conditions for gas regulation in connection with laying down rules for the allocation of costs for the removal of gas connections came into effect on 25 February 2021. The regulation in connection with the amended Code Decision Gas of the Authority for Consumers and Markets came into effect on 1 March 2021. This provisional regulation forces the grid operator as of 1 March 2021 to remove the gas connection free of charges at the consumer's request. The costs for the grid operator's account may temporarily be settled in the general periodic connection tariff. We are currently examining the financial impact of this regulation and the related Code Decision Gas.

COMPANY FINANCIAL STATEMENTS 2020

COMPANY INCOME STATEMENT

€ Million	Notes		2020		2019
Share of result of group companies	38		152		227
Financial income	39	41		54	
Financial expenses	39	43		56	
Financial income and expenses			**-2**		**-2**
Profit before tax			**150**		**225**
Corporate income tax expense	40		-42		-15
Profit for the year			**108**		**210**

COMPANY BALANCE SHEET

(BEFORE PROFIT APPROPRIATION PROPOSAL)

€ Million	Notes	31 December 2020	31 December 2020
Assets			
Investments in group companies	41	4,519	4,440
Other financial assets	42	2,362	1,370
Non-current assets		**6,881**	**5,810**
Receivables	43	398	616
Corporate income tax expense	44	-	7
Other financial assets (current)	45	13	510
Cash and cash equivalents	46	47	62
Current assets		**458**	**1,195**
Total assets		**7,339**	**7,005**

€ Million	Notes	31 December 2020	31 December 2020
Liabilities			
Issued and paid-up share capital		150	150
Share premium reserve		2,436	2,436
Hedge reserve		-1	-2
General reserve		1,423	1,318
Profit for the year		108	210
Equity	47	**4,116**	**4,112**
Deferred corporate income tax	48	335	283
Provisions		**335**	**283**
Non-current interest-bearing liabilities	49	2,789	1,789
Non-current liabilities		**2,789**	**1,789**
Trade and other payables	50	23	21
Current interest-bearing liabilities	51	70	800
Corporate income tax expense	52	6	-
Current liabilities		**99**	**821**
Total liabilities		**7,339**	**7,005**

EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING

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

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

Enexis Holding N.V. is a public limited liability company under Dutch law. Approximately 76% of the shares of Enexis are held by five Dutch provinces and approximately 24% of the shares are held by 88 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

38. SHARE OF RESULTS OF GROUP COMPANIES

€ Million	2020	2019
Enexis Netbeheer B.V.	143	223
Fudura B.V.	20	17
Enexis Vastgoed B.V.	0	0
Enexis Personeel B.V.	0	0
Enpuls B.V.	-11	-13
Total	**152**	**227**

Enexis Personeel B.V. and Enexis Vastgoed B.V. work solely for the other operating entities within the group, consequently a full settlement of costs has taken place. The costs incurred by Enpuls B.V., having energy savings and the greening of energy as their objectives, generate virtually no revenue, with the consequence that the result is negative.

39. FINANCIAL INCOME AND EXPENSES

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

€ Million	2020	2019
Interest income	41	54
Total financial income	**41**	**54**
Other interest expenses	43	56
Total financial expenses	**43**	**56**
Financial income and expenses	**-2**	**-2**

Interest income concerns interest in connection with the convertible hybrid shareholders' loan and part of the bonds which were loaned on to Enexis Netbeheer B.V. in full and under the same conditions. With the exception of the bond of € 500 million issued in 2015 that was not loaned on to Enexis Netbeheer B.V. and was mainly used for the acquisition of Endinet Groep B.V. in 2016.

The decrease in financial income and expenses is mainly due to the expiration of the shareholders' loan with conditional right of conversion into equity (tranche D) in the amount of € 350 million as at 30 September 2019. As a result, the interest expenses related to this loan are no longer included in the financial expenses in 2020. This loan with a high interest rate (7.2%) has been refinanced by a bond (€ 500 million) on 2 July 2019 at significantly lower interest rates (0.75%). The € 500 million green bond and the € 500 million convertible hybrid shareholders' loan issued in 2020 also have significantly lower interest rates.
The interest on the green bond is 0.625% and the interest on the convertible hybrid shareholders' loan is 2.15% for Tranche A and 1.4% for Tranche B.

40. CORPORATE INCOME TAX EXPENSES

As head of the tax group, Enexis Holding N.V. is liable for the corporate income tax payable by the tax group. Corporate income tax on the result for the reporting period comprises current and offsettable corporate income tax, deferred corporate income tax, adjustments for prior years and corporate income tax charged to the entities included in the fiscal entity.

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

€ Million	2020	2019
Corporate income tax expense	42	15
Total corporate income tax expense	**42**	**15**

The 2021 Tax Plan was adopted in the end of 2020. With the adoption of the Tax Plan 2021, a previously announced decrease in the highest corporate income tax bracket was reversed. The corporate income tax rate in the highest bracket remains 25%. This change in the future tax rate has resulted in a recalculation of the deferred tax liability and therefore to a non-recurring tax expense of € 42 million (in 2019, the non-recurring tax expense in connection with a change in the future tax rate amounted to € 13 million).

The effective tax rate for Enexis Holding in 2002 was 28.07% (2019: 6.25%). For the group as a whole, this was 46.18% in 2020 (2019: 29.95%). See note 12. Corporate income tax expenses in the consolidated financial statements The effective tax rate for Enexis Holding N.V. was largely influenced this years by a non-recurring tax expense of € 42 million in 2020.

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

41. INVESTMENTS IN GROUP COMPANIES

€ Million	2020	2019
Enexis Netbeheer B.V.	4,318	4,286
Fudura B.V.	151	131
Enexis Vastgoed B.V.	14	14
Enexis Personeel B.V.	0	0
Enpuls B.V.	36	9
Total	**4,519**	**4,440**

Changes in the investments in group companies were as follows:

€ Million	2020	2019
At 31 January	**4,440**	**4,407**
Profit for the year	152	227
Dividends paid	-111	-134
Capital contribution	38	17
Mergers and demergers	-	-77
At 31 December	**4,519**	**4,440**

For the specification of the results for 2020, please refer to note 38. Share in results of group companies. In 2020, dividends of € 111 million for 2019 were received from Enexis Netbeheer B.V. A capital contribution into Enpuls B.V. of € 38 million took place in 2020 (2019: € 17 million).

For more information about the investments in group companies, please refer to note 55. Associates and joint arrangements.

42. OTHER FINANCIAL FIXED ASSETS

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

€ Million	2020	2019
Loans granted to group companies	2,349	1,356
Loans granted to associates	13	14
Total	**2,362**	**1,370**

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. Other financial fixed assets are valued at amortised cost as the loans provided to group companies and associates are held within a business model aimed at acquiring contractual cash flows, which only concern repayments and interest payments.

For the relevant conditions, reference is made to note 33. Financing policy and risks associated with financial instruments.

Loans to group companies increased by € 1,000 million due to the green bond (€ 500 million) and convertible hybrid shareholders' loan (€ 500 million) issued in 2020 being loaned on to Enexis Netbeheer B.V. by Enexis Holding N.V. Loans to group companies decreased by € 507 million due to redemptions in 2020. This mainly concerns the redemption of the listed bond (€ 500 million) with a coupon interest rate of 1.875%. The fair value of the loans to group companies (including the current portion) amounted to € 2,503 million at year-end 2020 (2019: € 1,954 million).

The loans granted to associates concern loans provided to EDSN B.V. EDSN redeemed € 4 million and € 6 million in new loans were provided to EDSN in 2020.

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

€ Million	Loans granted to group companies	Loans granted to associates	Total 2020
At 1 January 2020	**1,863**	**17**	**1,880**
New loans	1,000	6	1,006
Redemptions	507	4	511
At 31 December 2020	**2,356**	**19**	**2,375**
Less: current portion	7	6	13
Total non-current portion	**2,349**	**13**	**2,362**

43. RECEIVABLES

€ Million	2020	2019
Receivables from group companies	383	600
Interest receivable from group companies	15	16
Total	**398**	**616**

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

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

44. CORPORATE INCOME TAX

The item corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments.

€ Million	2020	2019
Prepaid corporate income tax	-	7
Total	**-**	**7**

For a further explanation of this item, see notes 12. Corporate income tax expenses and 31. Corporate income tax.

45. OTHER FINANCIAL ASSETS (CURRENT)

€ Million	2020	2019
Loans granted to group companies	7	507
Loans granted to associates	6	3
Total	**13**	**510**

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

The bond of nominal € 500 million lent to Enexis Netbeheer B.V. with a coupon interest rate of 1.875% was repaid on 13 November 2020.

The loans granted to participants concern the current portion of the loans to EDSN B.V.

46. CASH AND CASH EQUIVALENTS

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

€ Million	2020	2019
Cash at bank and cash balances	47	62
Total	**47**	**62**

47. 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 23. Equity.

48. DEFERRED CORPORATE INCOME TAX

As corporate income tax is settled with participations in group companies based on the commercial result, the deferred taxes are determined on a holding level and presented as taxes.

The deferred income tax asset relates to unrealised results on derivative transactions recognised as a hedge provision under other comprehensive income. In addition, a deferred corporate income tax asset has been formed with regard to the impact of IFRS 16 (Leases) on the commercial result. The deferred income tax asset at year-end 2020 was a fractional amount of the total deferred corporate income tax amount. The deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of intangible assets and property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), the separation of ownership from Essent (2009) and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. The acquisition of Mijnwater Warmte Infra B.V. in 2020 has also led to a deferred tax liability. Finally, a fractional part of the deferred tax liability relates to provisions and obligations valued differently for tax purposes. The deferred tax liability is mainly of a long-term nature.

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.

Deferred taxes are recognised at nominal value. This is calculated based on the tax rates that are expected to apply when the temporary differences cease to exist on the basis of the tax rates that have been adopted on the reporting date or are already materially agreed as at the balance sheet date.

The 2021 Tax Plan was adopted in 2020. With the adoption of the Tax Plan 2021, a previously announced decrease in the corporate income tax rate as from 2021 was reversed. The corporate income tax rate in the highest bracket remains 25% as from 2021. As a result of this change in the future tax rate, € 42 million was added to the deferred tax liability in 2020. This addition has been charged to the 2020 result.

€ Million	2020	2019
Deferred corporate income tax liabilities	335	283
Total	**335**	**283**

49. INTEREST-BEARING LIABILITIES (NON-CURRENT)

€ Million	2020	2019
Euro Medium-Term Notes	2,287	1,787
Convertible hybrid shareholders' loan	500	-
Private green loan	2	2
Total	**2,789**	**1,789**

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year.

The non-current interest-bearing liabilities can be specified as follows, according to remaining term and interest rate percentages:

Amounts in millions of euros	Interest	Remaining period (years)	2020		2019	
			1-5 year	> 5 year	1-5 year	> 5 year
Convertible hybrid shareholders' loan Tranche A	2.150%	59.9	0	422	-	-
Convertible hybrid shareholders' loan Tranche B	1.400%	59.9	0	78	-	-
Euro Medium-Term Notes (Green bond)	0.625%	11.5	0	497	-	-
Euro Medium-Term Notes	3.375%	1.1	300	0	299	0
Euro Medium-Term Notes	1.500%	2.8	498	0	497	0
Euro Medium-Term Notes	0.875%	5.3	0	495	0	495
Euro Medium-Term Notes	0.750%	10.5	0	497	0	496
Private green loan	1.700%	2.3	2	0	2	0
Totaal			**800**	**1,989**	**798**	**991**

The non-current interest-bearing liabilities amount to in total nominal € 2,802 million; deducting the costs to be amortised from these loans results in a residual value of € 2,789 million.

The fair value of the non-current interest-bearing loans amounted to approximately € 2.955 million at year-end 2020.

50. TRADE AND OTHER PAYABLES

€ Million	2020	2019
Interest payable	18	17
Other current liabilities	5	4
Total	**23**	**21**

Interest payable relates to the interest due at year-end on the interest-bearing liabilities.

51. INTEREST-BEARING LIABILITIES (CURRENT)

€ Million	2020	2019
Euro Commercial Paper	50	250
Euro Medium-Term Notes	0	500
Cash loan	20	50
Total	**70**	**800**

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 a coupon interest rate of 1.875% was redeemed in 2020.

At year-end 2020, an amount € 50 million in current loans was outstanding under the Euro Commercial Paper programme. A short-term cash loan of € 20 million was also outstanding at year-end 2020.

52. 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 12. Corporate income tax expenses and 31. Corporate income tax expense of the consolidated financial statements of Enexis Holding N.V.

€ Million	2020	2019
Corporate income tax payable	6	-
Total	**6**	**-**

53. 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 2020 (2019: € 0 million). Interest payments on the shareholders' loans amounted to € 3 million in 2020 (2019: € 19 million). Dividend payments to shareholders amounted to € 105 million (2019: € 122 million).

Loans provided to group companies at year-end 2020 amounted to € 2,356 million (2019: € 1,863 million). Loans provided to associates at year-end 2020 amounted to € 19 million (2019: € 18 million).

54. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

REMUNERATION OF THE EXECUTIVE BOARD

For more detailed information, reference is made to note 36. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) of the consolidated financial statements of Enexis Holding N.V.

REMUNERATION OF THE SUPERVISORY BOARD

For more detailed information, reference is made to note 36. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) of the consolidated financial statements of Enexis Holing N.V.

55. 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 all qualify as joint ventures. Joint ventures are entities in which Enexis, together with one or several other investors, has joint control. These are valued based on the equity method.

	Registered office	Equity stake held by Enexis Holding N.V. 31 December 2020	Equity stake held by Enexis Holding N.V. 31 December 2019	division of	Joint and several liability statement
Group companies					
Enexis Netbeheer B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	No [1]
Enexis Personeel B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Enpuls B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Fudura B.V.	Zwolle	100%	100%	Enexis Holding N.V.	Yes
Enexis Vastgoed B.V.	's-Hertogenbosch	100%	100%	Enexis Holding N.V.	Yes
Enpuls Projecten B.V.	's-Hertogenbosch	100%	100%	Enpuls B.V.	No
Mijnwater Warmte Infra B.V. [2]	Heerlen	100%	0%	Enpuls Projecten B.V.	No
Other associates en Joint ventures (non-controlling interests)					
ZEBRA Gasnetwerk B.V. [3]	Bergen op Zoom	67%	67%	Enexis Netbeheer B.V.	No
Energie Data Services Nederland B.V.	Baarn	23%	23%	Enexis Netbeheer B.V.	No
Entrade Pipe B.V. [3]	Tilburg	67%	67%	Zebra Gasnetwerk B.V.	No
ZEBRA Activa B.V. [3]	Middelburg	67%	67%	Zebra Gasnetwerk B.V.	No
ZEBRA Pijpleiding V.O.F. [3]	Middelburg	67%	67%	Entrade Pipe B.V.	No
Sustainable Buildings B.V. [4]	Groningen	0%	40%	Fudura B.V.	No
Cohere Energy Solutions B.V.	Amsterdam	5%	5%	Fudura B.V.	No

1 As of 2020, Enexis Netbeheer B.V. has been designated as an "organization of public interest" in accordance with Dutch law. For this reason, the joint and several liability statement for Enexis Netbeheer B.V. was withdrawn in 2020.
2 On December 9th 2020, Enpuls Projecten B.V. has acquired 100% of the shares of Mijnwater Warmte Infra B.V. For further explanation on the acquisition of Mijnwater Warmte Infra B.V., reference is made to section 4. Acquisitions and disposals.
3 Associates are not included in the consolidation because there is no decisive control (decisions are taken with a majority of 75%).
4 In August 2020, the associate Sustainable Buildings B.V. was sold.

56. PROFIT APPROPRIATION

Under the articles of association, the profit remaining after the addition to the reserves is at the disposal of the General Meeting of Shareholders (Article 36.2). In addition to these provisions, it has been agreed with the shareholders that the dividend payable during the Strategic Plan period shall not exceed 50% of the net profit, while aiming to distribute a minimum annual dividend of € 100 million. This percentage shall be reduced if this dividend payment places the company at risk of losing its A rating profile within five years.

The proposed dividend distribution for 2020 is based on 50% of the realised profit from ordinary activities after taxes of € 150 million, being the profit after tax of € 108 million adjusted for a non-recurring tax expense of € 42 million, and shall be distributed to the shareholders as an exact amount pro rata to the number of shares. The proposed dividend distribution for 2020 amounts to € 0.50 per share (2019: € 0.70 per share). This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2020.

The proposal for the appropriation of the 2020 result is as follows:

€ Million	2020	2019
Profit for the year	108	210
Allocation to the general reserve	-33	-105
Proposed dividend	**75**	**105**

57. EVENTS AFTER THE BALANCE SHEET DATE

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

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the supervisory board of Enexis Holding N.V.

REPORT ON THE FINANCIAL STATEMENTS 2020

OUR OPINION

In our opinion, the financial statements of Enexis Holding N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the Dutch Standards for Remuneration Act (WNT).

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements 2020 of Enexis Holding N.V., 's Hertogenbosch. The financial statements include the consolidated financial statements of Enexis Holding N.V. including its subsidiaries and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2020;
- the following statements for 2020: the consolidated and company income statement, the consolidated statements of comprehensive income, the consolidated cashflow statement, the consolidated statement of changes in equity; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Audit protocol WNT 2020. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Enexis Holding N.V. in accordance with the European Union 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 assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

OUR AUDIT APPROACH

Overview and context

Enexis is a regional grid operator in the energy sector. Enexis is responsible for construction, maintenance, management and development of its electricity and gas transmission grids in the provinces Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg and other relating activities. The other activities of the group mainly relate to supporting, non-regulated activities in relation to measuring energy flows, the rental of transformers, the maintenance of private energy grids, accelerating the energy transition to sustainable energy supply.

The group comprises of different components and therefore we considered the scope and approach for the group as detailed further in the paragraph 'the scope of our group audit'. We tailored our audit approach to specifically cover areas that relate to the business activities of the group.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.4 of the financial statements, the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty in the valuation of property, plant and equipment (PPE) and intangible fixed assets, we considered this a key audit matter.

The operational processes of Enexis are IT dependent. The financial year 2020 is characterized by the transition to the new SAP-system, as part of a multi-year SAP-transition program. Given the importance of IT and the SAP-implementation for Enexis and the impact on the audit approach, we have identified this as a key audit matter.

We also focussed on elements of special importance due to the regulated environment in which the group operates, as for instance the regulated revenues from transportation and connection services to customers for gas and electricity. We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a grid company. We therefore included experts and specialists in the areas of IT, regulation, tax, valuations and WNT in our team.

The audit of this financial year is not performed on-site but mostly in a virtual way due to the (travel)restrictions relating to COVID-19. The business and finance operations of Enexis were almost entirely conducted digitally, therefore we have not experienced any restrictions in the accessibility of the required audit evidence.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: € 15 million (2019: € 15 million).

Audit scope

- Enexis Netbeheer B.V. and Enexis Personeel B.V. are jointly identified as a significant component. This significant component covers 90% of the consolidated revenues, balance sheet total and profit before taxes.

Key audit matters

- Valuation of property, plant and equipment (PPE) and intangible fixed assets.
- Reliability of automated data processing, also relating to the SAP-implementation.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€ 15 million (2019: € 15 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.25% of property, plant and equipment.
Rationale for benchmark applied	We used total assets as benchmark based on our stakeholder analysis. The core business and purpose of Enexis is mainly the construction, maintenance, management and development of its electricity and gas transmission grids (property, plant and equipment). The return on investments in property, plant and equipment is governed by regulated tariffs which represent the earnings capacity of the grid company. This benchmark also evolves with the high investment level caused by the energy transition. On this basis, we believe that property, plant and equipment is an important metric for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above € 750.000 (2019: € 750.000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Enexis Holding N.V. is the parent company of a group of entities. The group structure is dislcosed in the the paragraph 'our organisation' in the annual report. The financial information of this group is included in the consolidated financial statements of Enexis Holding N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the business area in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

All activities of the group are in the Netherlands and group entities are managed centrally. We have identified Enexis Netbeheer B.V. and Enexis Personeel B.V. jointly as a significant component of the group. For this component, the audit was performed on the complete set of financial information. For this component the administrative processes and internal controls are almost entirely centralized. Our audit is performed by a single audit team.

Our audit procedures on these significant components have a coverage of 90% of the consolidated revenue, the balance sheet total and profit before tax. The group components not included in the scope of our audit, Fudura B.V., Enpuls B.V., Enpuls projecten B.V., Mijnwater Warmte Infra B.V., Enexis Vastgoed B.V., do not represent more than 5% of the consolidated revenue or the consolidated balance sheet total. For the financial information of those remaining components we performed, among others, analytical procedures to support our assessment that there are no significant risks of material misstatements within those components.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

OUR FOCUS ON THE RISK OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our objectives

The objectives of our audit are:

In respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

In respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with management with the oversight of the supervisory board.

Our risk assessment

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 the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as laws and regulations relating to regulation, tax and pensions and the WNT.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters valuation of (in)tangible assets, that is an example of our approach related to areas of higher risk due to accounting estimates where management makes significant judgments.

Our response to the risks identified

We performed the following audit procedures to respond to the assessed risks:

- We have inquired several layers of management for the understanding and assessment of fraud risk factors and related internal controls.
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.
- We performed data analysis of high-risk journal entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We evaluated key estimates and judgements for bias by Enexis Holding N.V., including retrospective reviews of prior year's significant estimates.
- Assessment of matters reported on the Group's whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of fraud in revenue we have performed substantive audit procedures. These procedures included testing of transactions back to source information.
- The implementation of the new SAP-system resulted in a period in which multiple users in the system had access to critical functions, leading to the risk of unauthorized transactions. Our procedures performed are explained in the key audit matter 'Reliability of automated data processing, also relating to the SAP-implementation'.
- We incorporated an element of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we reevaluated our assessment of fraud risk and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements. As to the other laws and regulations, we inquired with the board of directors and/or the supervisory board as to whether the entity is in compliance with such laws and regulations. In addition, we have inspected correspondence with relevant licensing and regulatory authorities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the 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 identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	Our audit work and observations
Valuation of property, plant and equipment (PPE) and intangible fixed assets *The disclosures on the valuation of PPE and intangible fixed assets are included in notes 13 and 14 to the financial statements.*	
PPE and intangible fixed assets excluding advance payments for the installation of grids and connections are carried at €7.385 million as of 31 December 2020 and are a significant financial statement line item in the financial statements of Enexis. The energy transition and the Dutch climate agreement will cause significant changes to the energy landscape and give rise to major investments and uncertainty regarding the future role of natural gas. These factors could affect the valuation of the PPE and intangible fixed assets of the grid operators. Enexis conducted an impairment assessment to identify whether a potential impairment on goodwill (and thus PPE and intangible fixed assets) exists. Enexis determined the recoverable amount, being fair value less cost of disposal, based on the most recent Long-Term Financial Outlook (LTFO). The most significant assumptions in this outlook are the estimate of regulated tariffs, the growth of services and amount of connections (which are the basis of future cashflows) and the discount rate partly based on WACC-percentages as determined by the ACM. Other relevant assumptions are the investment and cost reduction plan, the market share and convergence assumption. These are also noted in note 14 to the financial statements. Management determined that there are no indications for impairment and disclosed in note 14 that the difference between the recoverable amount of the PPE and intangible fixed assets (incl. goodwill) and the carrying amounts per 31 December 2020 is still sufficient. Based on the significance of PPE and intangible fixed assets to the financial statements, and because of the complexity and subjectivity of the impairment assessment on goodwill, we consider this a key audit matter.	We performed our audit procedures on the annual impairment assessment (and thus impairment of PPE and intangible fixed assets) of Enexis in close cooperation with our valuation specialists. We specifically focused our attention on the reasonableness and the support of assumptions used to determine the recoverable amount. We compared the assumptions with internal budgets, historical financial information of Enexis, the current regulatory framework ('methodebesluit 2017-2021') by the ACM and industry developments and information. As part of our procedures we checked consistency of the future cashflows with the LTFO. We also inquired management about the assumptions underlying the future cashflows. Based on regulatory and industry developments, we consider the assumptions to be reasonable. We examined the WACC-percentages applied, which are in line with the percentages determined by the ACM. The sensitivity assessment, prepared by Enexis, covers the assumptions applied in the goodwill impairment assessment We tested the reasonability and accuracy of those assumptions. Enexis disclosed this in note 14 to the financial statements. Furthermore, we tested whether the methodology and models used by Enexis to determine the recoverable amount are valid and in line with IAS 36. We also tested the mathematical accuracy of these models. Based on our work performed as described above, we noted no significant matters.

Key audit matter	Our audit work and observations
Reliability of automated data processing, also relating to the SAP-implementation **The disclosure on the strategic importance of IT-systems is included in the section 'identified aspects in the internal control' of the annual report.** The reliability and continuity of electronic data processing of Enexis is dependent on the operating effectiveness of IT general controls (ITGC's) and relevant IT-controls. These IT-controls are the basis for continuous and reliable data processing. IT is taking an increasingly prominent role in the strategy of Enexis. Enexis is implementing a multi-year SAP-transition program. Business processes are migrated on project basis to a new SAP environment. After the implementation of the new SAP-system, focus points relating to assigning and monitoring user rights in the new SAP-system were identified. During the financial year 2020, several users had access to critical functions, causing the risk of unauthorized transactions. Enexit took additional mitigating measures, such as analyzing potential breaches of segregation of critical duties, to identify unauthorized transaction during the financial year 2020. Management determined that access to critical functions did not cause unauthorized transactions as a result of breaches of segregation of critical duties. Considering the importance of IT in our audit approach and the focus points after the SAP-implementation concerning segregation of critical duties, we determined this as a key audit matter.	In order to perform an effective and efficient audit, we relied on ITGC's and specific IT-control measures of Enexis. To determine the continuity and reliability of the data processing, we have performed audit procedures on the design, existence and operating effectiveness of the following relevant IT-controls: ■ IT-governance, IT-risk management and IT-security management; ■ Physical and logical access management to applications, databases and networks, including the policies and procedures regarding identification, authentication and authorization; ■ Change management of applications and IT-infrastructure, including the policies and procedures related to requesting, testing and implementation of changes in the production systems; and ■ Policies and procedures in relation to back-up and recovery and incident management. We had special focus on the ITGC's of the new SAP environment. These procedures have been performed by our specialized IT-auditors as part of the audit team. Regarding specific risks related to potential breaches of segregation of critical duties, we performed the following audit procedures: ■ Determined that used criteria in the analyses are appropriate in order to identify protentional breaches in segregation of critical duties. ■ Tested the reliability of data used in the analyses by reconciling it to the source data in SAP. ■ Performed substantive audit procedures on identified transactions by means of testing transaction by reconciling to source documentation. Based on our work performed as described above, we noted no significant matters.

COMPLIANCE WITH ANTI-ACCUMULATION PROVISIONS WNT NOT AUDITED

In accordance with the Audit protocol WNT 2020 we have not audited the anti-accumulation provisions of article 1.6a WNT and article 5, paragraph 1 (n and o) Uitvoeringsregeling WNT. This means we have not audited whether or not there is a breach of anti-accumulation remuneration standards resulting from remuneration for a possible employment as a high-ranking official of other WNT-entities, nor have we audited if any related disclosure requirement are correct and complete.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Structure of this report;
- Foreword by the executive board;
- Key figures;
- Report on 2020;
- Governance and risk management;
- Additional information.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OUR APPOINTMENT

We were appointed as auditors of Enexis Holding N.V. on 20 April 2015 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 20 April 2015. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 6 years.

NO PROHIBITED NON-AUDIT SERVICES

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

SERVICES RENDERED

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 6 to the financial statements.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS, with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 3 March 2021
PricewaterhouseCoopers Accountants N.V.

drs. K. Hofstede RA

(This auditor's report is a translation of the original auditor's report accompanying the original consolidated financial statements 2020, both stated in Dutch. In case of any conflict between this translation and the original auditor's report, the latter will prevail. The original auditor's report can be found on the website of Enexis Holding N.V.)

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020 OF ENEXIS HOLDING N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, the Audit protocol WNT 2020, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- 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 management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the general meeting of shareholders and the supervisory board of Enexis Holding N.V.

ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION 2020

OUR CONCLUSION

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2020 of Enexis Holding N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social reporting; and
- the thereto related events and achievements for the year ended 31 December 2020

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'reporting criteria'.

WHAT WE HAVE REVIEWED

We have reviewed the sustainability information included in the annual report for the year ended 31 December 2020, as included in the following sections in the annual report (hereafter: 'the sustainability information'):

- Structure of this report;
- Foreword by the executive board;
- Key figures;
- About Enexis (with the exception of paragraph 'Sustainable Development Goals');
- Report on 2020 (with the exception of paragraph 'Financial position');
- Additional information, with respect to the paragraphs 'About this report' and 'Facts and figures'.

The sustainability information comprises a representation of the policy and business operations of Enexis Holding N.V., 's-Hertogenbosch (hereafter: "Enexis") with regard to corporate social reporting and the thereto related business operations, events and achievements for the year ended 31 December 2020.

THE BASIS FOR OUR CONCLUSION

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports'), which is a specified 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'. This review is aimed at obtaining a limited level of assurance.

Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of this assurance report.

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

INDEPENDENCE AND QUALITY CONTROL

We are independent of Enexis in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality 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.

REPORTING CRITERIA

The sustainability information needs to be read and understood in conjunction with the reporting criteria. Management of Enexis is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in section 'About this report' in chapter 'Additional information' of the annual report. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

LIMITATIONS TO THE SCOPE OF OUR REVIEW

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherently, the actual results are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and the achievability of prospective information in the sustainability information.

The links to external sources or websites in the sustainability information are not part of the sustainability information reviewed by us. We do not provide assurance over information outside of this the annual report.

RESPONSIBILITIES FOR THE SUSTAINABILITY INFORMATION AND THE REVIEW

RESPONSIBILITIES OF THE MANAGEMENT AND THE SUPERVISORY BOARD

Management of Enexis is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in section 'reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by management regarding the scope of the sustainability information and the reporting policy are summarized in section 'About this report' in chapter 'Additional information' of the annual report. Management is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

Management is also responsible for such internal control as management determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

OUR RESPONSIBILITIES FOR THE REVIEW OF THE SUSTAINABILITY INFORMATION

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements is therefore substantially less than the assurance obtained in audit engagements.

PROCEDURES PERFORMED

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our procedures included amongst others:

- Performing an analysis of the external environment and obtaining insight into relevant social themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate level responsible for the (sustainability) strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive;
  - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Reconciling the relevant financial information with the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board on the planned scope and timing of the engagement and on the significant findings that result from our engagement.

Utrecht, 3 March 2021
PricewaterhouseCoopers Accountants N.V.

drs. K. Hofstede RA

Please note: this review report is an unofficial translation of the official review report in Dutch, signed by K. Hofstede RA on 3 March 2021.

ABOUT THIS REPORT

SCOPE

The scope of the report is Enexis Holding N.V., registered at 's-Hertogenbosch. This also includes the activities of Enexis Netbeheer B.V., Fudura B.V., Enexis Personeel B.V., Enexis Vastgoed B.V. and Enpuls B.V. The activities of other associates are not in scope.

The statutory board report is included on pages 16 through 51. The reporting period runs from 1 January 2020 up to and including 31 December 2020. Enexis reports semi-annually on its strategic and financial performance. The annual report is published in the first quarter of each year on the website www.enexisgroep.nl; this year on 4 March 2021. The report for 2019 was published on 27 February 2020.

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 provisions of Title 9, Book 2 of the Dutch Civil Code.
- The non-financial information is consolidated. In general, we aim to integrate non-financial information of new acquisitions as soon as possible and by no later than after a full year of ownership.
- The non-financial information was compiled in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the Electric Utilities Sector Supplement.

TRANSPARENCY

Our stakeholders attach great value to transparency – and so do we. Our ambition is to secure a permanent position among the leaders in the Transparency Benchmark of the Ministry of Economic Affairs and Climate Policy. This report complies with the:

- Sustainability Reporting Standards of the GRI, application level CORE;
- Internal reporting criteria;
- Transparency Benchmark Guidelines;
- Dutch Corporate Governance Code insofar as applicable;
- EU Directive on disclosure of non-financial information and diversity information.

DIALOGUE WITH STAKEHOLDERS

Enexis distinguishes eight distinctive stakeholder groups with whom we are in contact regularly. In this dialogue with our stakeholders, we also address wider societal developments in the long term, such as the Sustainable Development Goals and our contributions to these goals.

The overview below outlines how we conduct our dialogue with stakeholders; however, it is not exhaustive. The most important topics are formulated according to material issues. The manner in which we add value was discussed in 2020 in meetings with the Executive Board with shareholders, market and chain partners, employees and other stakeholders.

STAKEHOLDER GROUP:	CUSTOMERS	EMPLOYEES	SHAREHOLDERS	LOCAL ENERGY PARTNERS	MARKET AND CHAIN PARTNERS	INVESTORS	POLICYMAKERS	INTEREST GROUPS
OUR STAKEHOLDERS	Low-volume customers (consumers and SMEs), high-volume customers (corporates)	Works Council, Sub-Committees, unions	Provinces and municipalities in the role of shareholder	Municipalities, energy cooperatives, water authorities, project developers, housing associations	Contractors, suppliers, infrastructure companies, technology companies, energy suppliers, independent service providers (ODAs), start-ups	Bond investors, banks, rating agencies	Political parties, Ministry of Economic Affairs and Climate Policy, Netherlands Authority for Consumers & Markets, Dutch State Supervision of Mines, Dutch Data Protection Authority, sector organisations Uneto-VNI and KVGN	NBNL, NVDE, VNG, IPO, Energie Nederland, Dutch Water Authorities
MAIN DISCUSSION POINTS[1]	Customers central, reliability, accessible energy supply	Safety, change capacity of the organisation, employment conditions	Increasing the sustainability of the energy supply, financial value, sustainability of own business operations, compliance	Innovation and digitisation, increasing the sustainability of the energy supply, change capacity of the organisation	Innovation and digitisation, safety, reliability, accessible energy supply	Financial value	Increasing the sustainability of the energy supply, compliance, safety, reliability, innovation and digitisation, accessible energy supply	Various
INTERACTION WITH ENEXIS THROUGH:	Periodic customer satisfaction surveys, customer service, account managers	Internal communications, staff meetings, Works Council meets with Executive Board (approx 8 times a year), meetings between sub-committees and management of business units	Annual General Meeting of Shareholders, Shareholders' committee that meets with the Executive Board 3 to 4 times a year	Area teams, stakeholder managers, environment investigators, FD energy debate	Periodic discussions within the NEDU platform, periodic discussions within KLO cables and pipelines platform, via account managers, FD Energy Debate	Investor Presentation, annual report	Consultations, Public Affairs, periodic meetings with regulators	Periodic Public Affairs discussion and discussions at Board level, FD Energy Debate

1. This represents our own interpretation of the discussions with the various stakeholders.

REALIGNMENT OF STAKEHOLDER GROUPS IN 2021

We realigned the classification of our stakeholder groups in preparation for the new strategy. After an internal assessment, we analysed the stakeholder classification of other infrastructure companies and the interests of stakeholders and/or Enexis. The outcome is again a classification into eight stakeholder groups (as of 1 January 2021), i.e.: customers, employees, shareholders, energy market parties, investors, chain partners, policymakers, and local energy transition partners. Special interest groups are no longer included as this is not a homogeneous group. The group market and chain partners is too diverse and has therefore been split up into energy market parties and chain partners. Local energy partners have been renamed local energy transition partners.

COLLABORATION WITH LOCAL PARTNERS

We recognise that collaboration is required in order to speed up the energy transition. As a distribution network operator, we believe we have a role to play in bringing parties together. In 2020, we met with representatives of provincial councils, the industry and universities in order to collaborate on devising innovative, scalable solutions that work for all parties. We are also joining forces within the sector in order to increase our social impact and speed up the energy transition. Enexis is a member of organisations such as Netbeheer Nederland, MVO Nederland, Dutch Power, Nederlandse Vereniging Duurzame Energie, EDSO for smart grids, KVGN and the Coalitie Groene Netten.

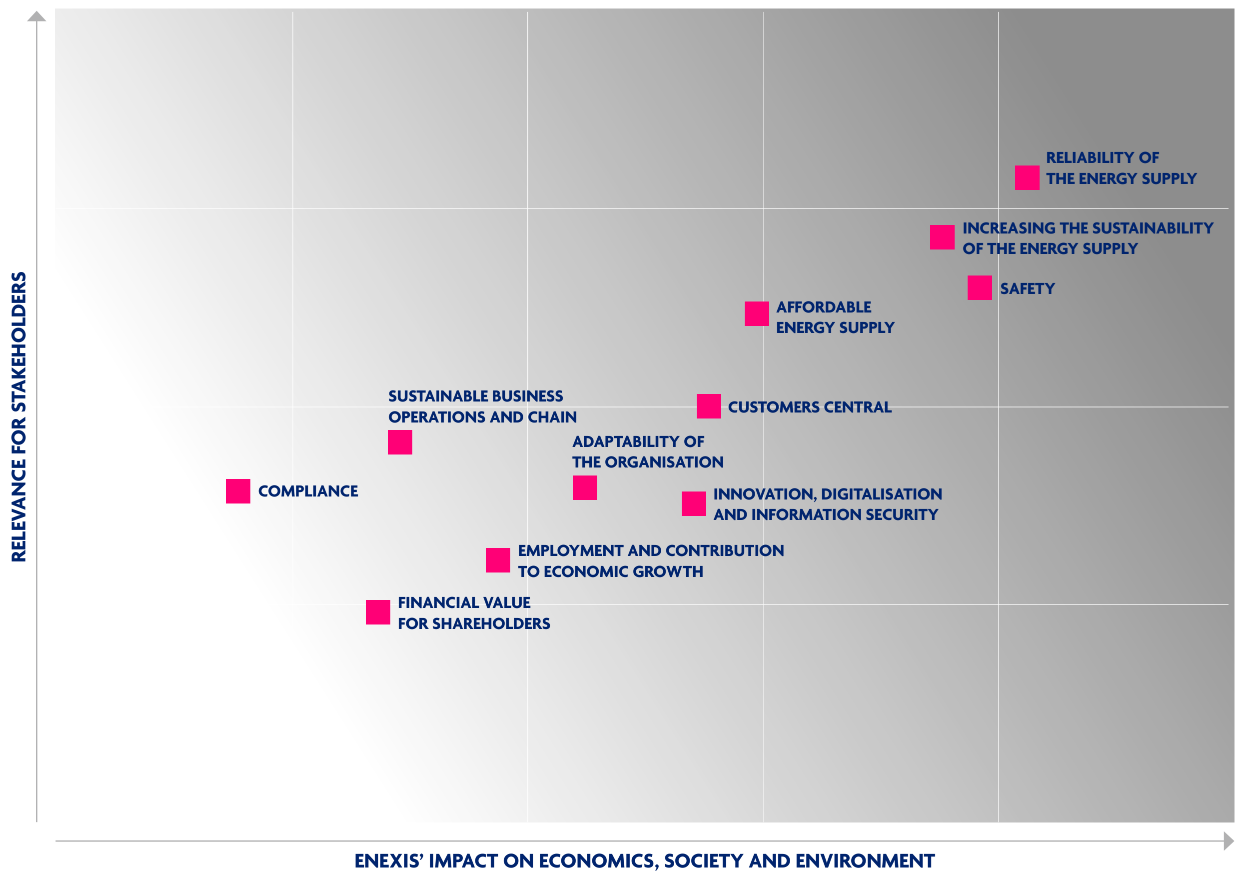
DETERMINING THE MATERIAL ISSUES

In our annual report, we provide an account of our performance on issues that are relevant to stakeholders and have an impact on Enexis. We call these 'material issues'. We carry out a detailed materiality analysis once every four years and an update once every two years. The biannual update and validation took place in 2020.

The process

In order to determine the initial material issues, we compared Enexis's material issues to the material issues of other infrastructure companies. We also examined whether material issues should be added based on the quick scan, media analysis or strategic risk matrix. Based on the initial list, 15 management team members and staff department managers of Enexis were asked to rank the issues according to their economic, environment, and/or social impact. Each vote counted equally. Based on these outcomes, we also decided to combine a number of issues, i.e.: Reliable and accessible energy supply, Innovation, digitalisation and information security, Agility and vitality of the organisation. Subsequently, eight stakeholder groups were asked, via an online survey, how relevant they considered material issues to be for Enexis from their perspective. Within a stakeholder group each vote counted equally.

The materiality matrix was drawn up for 2020 based on the outcomes. We plan to review the materiality matrix in 2021 ahead of the new strategic plan.



DEFINITIONS OF MATERIAL ISSUES

RELIABLE AND ACCESSIBLE ENERGY SUPPLY	Positive impact	Negative impact
The degree in which customers can rely on an uninterrupted energy supply, availability of and access to an energy grid with sufficient capacity, and a well-functioning energy market.	+ an interrupted energy supply keeps the economy and society up and running + access to an energy grid with sufficient capacity + well-being of consumers and business customers	- an outage can have major consequences for the lives or businesses of customers - costs for the construction, maintenance, development and operation of the energy grids
SAFETY		
Limiting the risks for people and society arising from working on and making use of the energy grid.	+ well-being of employees, their families, customers and the environment in which we work + improving our services by making use of data + digital security: preventing cyber crime and hacking	- working on the grids entails risks for the health of our employees and/or bystanders
INCREASING THE SUSTAINABILITY OF THE ENERGY SUPPLY		
Reducing the impact on the environment by developing the energy supply as an independent party in consultation with stakeholders.	+ contribution to climate goals and Sustainable Development Goals + reducing Enexis's environmental impact + collaboration in the chain	- cost of gird losses and environmental impact caused by grid losses
AFFORDABLE ENERGY SUPPLY		
The construction and maintenance of the energy grid at cost that are acceptable for society.	+ energy available for everyone	- projects can be restricted due to financial limitations and considerations
CUSTOMERS CENTRAL		
The customer's wishes and customer satisfaction are the point of departure for the service level and the performance level in the customer processes.	+ social aspects including respect and non-discriminating treatment + help customers realise the energy transition	- impact on Enexis's reputation
INNOVATION, DIGITALISATION AND INFORMATION SECURITY		
Changing operational and customer processes and grids due to innovations and digital technology and ensuring that data transport, data storage, systems and privacy-sensitive information are adequately secured.	+ increasing customer satisfaction + affordability of the energy supply through efficiency + technological developments together with suppliers + developing knowledge among employees	- unauthorised use of data and/or systems - charging costs to customers
AGILE AND ROBUST ORGANISATION		
The degree in which the organisation and its employees are able to timely adapt to organisational and energy transition issues. Also comprises the degree in which employees are stimulated to develop themselves and to remain mentally and physically fit.	+ development of employees + to be able to respond timely to issues in the organisation and energy transition + well-being of employee	- lower customer satisfaction
EMPLOYMENT AND CONTRIBUTION TO ECONOMIC GROWTH		
Providing direct and indirect employment (suppliers, contractors) and contributing to economic growth through investments.	+ providing work to employees, suppliers and contractors + investing in suppliers and collaborations	- impact on the environment due to purchase of materials
SUSTAINABLE BUSINESS OPERATIONS		
The direct and indirect footprint of the organisation on society and the environment and the efforts that have to be made to improve this.	+ contributions to climate goals by means of CO_2 reduction and other measures	- impact on the environment due to grid losses, purchase of materials and waste
FINANCIAL VALUE FOR SHAREHOLDERS		
The total financial value created that accrues to shareholders.	+ dividend + contributions to Regional Energy Strategies and the sustainability of municipalities	- growing investments in the energy grids
COMPLIANCE		
The compliance with laws and regulations that apply to the domain of the grid company and the grid operator including the codes of conduct for employees and supply chain partners.	+ our stakeholders can have confidence in an honest and straightforward relationship with Enexis.	- costs

MANAGEMENT OF MATERIAL ISSUES

The management directs the company based on various aspects of social entrepreneurship. Forming part of the Balanced Score Card, these aspects include promoting health and safety at work, ensuring a reliable and safe energy supply, reducing energy consumption and CO_2 emissions, contributing to the energy transition and controlling costs. As part of the Balanced Score Card, these aspects also fall within the scope of audits and are reported to the Supervisory Board.

Enexis applies an integrated management system, comprising both financial and non-financial material issues. This is described in the 'Governance and risk management' section. Within the annual business planning cycle, strategic goals are translated into concrete objectives for the coming year. These annual objectives are then incorporated into the business plan and Balanced Score Card. Progress is reported monthly to the Executive Board and also discussed in the Supervisory Board A formal risk management process, internal audit function and compliance function are in place to ensure the timely identification and recognition of strategic risks. The Netherlands Authority for Consumers & Markets (ACM) and the Dutch State Supervision of Mines (SodM) oversee our core activities.

The 'Committed employees in a sustainable organisation' section contains an explanation of the manner in which the topic sustainability has been accounted for. In addition, a clarification of the management approach to individual corporate responsibility issues, as based on ISO 26000, can be found in the CSR principles on the Enexis 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. External Reporting & Accounting of the Finance Department is responsible – with the involvement of Business Control – for the collection and substantiation of the non-financial data. The GRI Index is included in the Additional Information section.

The qualitative information was supplied and substantiated by the staff members in the organisation responsible for the various topics. The reported data was generated with the highest level of reliability; however, we are aware that part 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 issues is outlined below:

Reliable and accessible energy supply
Reports on outage time for electricity and gas, transmitted quantities and section lengths.

Safety
Reported accidents and incidents in 2020, 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 Lost Time Injury Frequency. Reports on State of Supervision of Mines (SSM) notifications 2019, measurement of public safety, report on WAVE integrated permit management system. Data leak reports, reports of any fines imposed by supervisors.

Increasing the sustainability of the energy supply
Overview of measures and CO_2 savings in 2020, results and analysis of surveys.

Affordable energy supply
Overview of controllable costs and revenues of Enexis Netbeheer B.V. (including corporate staff departments).

Customers central
Reports from GfK market research institute, reports from Perspective and Avaya, results of visits to the Enexis.nl website.

Innovation, digitisation and information security
Reports on numbers of stations fitted with distribution automation (Light).

Agility and vitality of the organisation
Employee survey, workforce reports including male/female ratio, age categories, absenteeism.

Employment and contribution to economic growth
Workforce reports including the number of FTEs, inflow and outflow and development budget.

Sustainability of our own operations
Source documentation on claimed kilometres, lease fleet fuel consumption, CO_2 emissions due to grid and leakage losses and waste material reports of waste processors. All waste is stored and processed, taking account of the specific risks attached to each type of waste.

SUSTAINABLE DEVELOPMENT GOALS IMPACT MEASUREMENT METHOD

Enexis is constantly working on an energy supply that provides access to reliable, affordable and renewable energy for everyone. Our activities have an impact on many aspects within society: the economy, nature, knowledge development and safety. In short, on our prosperity (money and economy) and well-being (health and happiness).

For the first time, Enexis is providing more insight into the impact on many aspects of society by quantifying and valuing these (by expressing this in one unit: €). With these initial results, we acknowledge that the current method is still being developed within Enexis. However, we are making an effort to increase the transparency of our reports, so that, in the future, we can steer on creating value and decision-making. The method will be evaluated in three years to possibly reconsider the direction..

SDG Baseline

For each SDG, we made an inventory of the positive and negative impact that we have in relation to the material issues and our strategic plan (see the illustration on page 12 of this report). The impact indicators were collected based on qualitative research. No assurance has been provided on this due to insufficient robust criteria. We are working on further developing this method in the future.

Impact measurement on the climate and on the well-being effects of having a job

Two indicators, related to our material issues and our contribution to SDGS, were subsequently examined quantitatively. The auditor has provided assurance on this. We report these figures in accordance with the Impact Measurement Grid Organisations Manual (September 2020). This manual contains a number of standardised elaborations and guidelines regarding basic concepts, process steps and impact calculations and it lays a basis for agreements regarding the uniform measurement and reporting of impact. The criteria applied in this case are:

- Impact: the positive and negative impact is analysed and quantified per indicator (expressed in costs and revenues for society) as these cannot be offset directly against each other.
- Attribution: the choice has been made to divide the impact over the stakeholders in the value chain. In this case, the chain is taken into account from the generation to the consumption of energy. Downstream, there are Enexis's business and household customers. Upstream, there are the energy suppliers, national grid operators, material and energy suppliers of Enexis and, of course, Enexis itself.
- Limitations: criteria, points of departure and assumptions are used when calculating impacts, if applicable, these are explained separately.
- Calculation: the explanation of the calculation and the sources used is as transparent as possible.
- Sources: the most recent sources are used.

In this paragraph, we describe the frameworks, scope, method, source data and definitions used for the calculation of the indicators 'contribution to climate change' and 'well-being effects of having a job'.

CONTRIBUTION TO CLIMATE CHANGE

Definition and description of impact

The emission of greenhouse gases of our own organisation and in the value chain leads to climate change, which has a negative impact on people and ecosystems. Enexis emits greenhouse gases when carrying out its activities, this concerns, for example, its buildings and mobility. The biggest impact of Enexis's own operations are in the grid losses of gas and electricity. This concerns the scope 1 and 2 emissions as set out in the Greenhouse Gas Protocol.

Description:

Impact of the emission of greenhouse gases on the climate.

Stakeholder group:

Society.

Delineation of activities:

Energy consumption and other activities of our own organisation and the value chain that cause the emission of greenhouse gases in our own organisation.

Valence:

Combination of negative (for emissions) and positive (for compensation).

Calculation and limitation

The impact contribution to climate change is calculated based on greenhouse gases emitted by our own organisation and in the value chain. The emissions that arise in the value chain are reported in scope 2 and 3, in line with the GHG Protocol. Point of departure for the impact calculation is therefore the CO_2 figures as reported in the CO_2 footprint in the annual report.

- Scope 2 emissions are classified under upstream impact (together with scope 3).
- The total emissions of chain partners to which the organisation contributes in the indirect user phase are reported under Scope 3.
- The compensation of greenhouse gases is reported separately as a separate (positive) impact limiting climate change.

Valuation

Monetisation coefficient	Unit
0.152	EUR per ton CO_2

Primary and other data

Primairy data			
Indicator	Unit	Attribution factor	Source
Own gas consumption	kg CO_2-eq/year	54.53%	CO_2 footprint
Own electricity consumption	kg CO_2-eq/year	4.53%	CO_2 footprint
Emissions mobility	kg CO_2-eq/year	54.53%	CO_2 footprint
Grid losses	kg CO_2-eq/year	4.53%	CO_2 footprint
Leakage losses	kg CO_2-eq/year	54.53%	CO_2 footprint
SF_6-emissions	kg CO_2-eq/year	54.53%	CO_2 footprint
Scope 3, upstream: own suppliers	kg CO_2-eq/year	4.53%	CO_2 footprint
Electricity transmission grid	kWh/year (in millions)	4.41%	Annual report Enexis Holding N.V.
Gas transmission grid	M^3/year (in millions)	4.84%	Annual report Enexis Holding N.V.
Greening direct	kg CO_2-eq/year	54.53%	CO_2 footprint
Greening indirect	kg CO_2-eq/year	4.53%	CO_2 footprint

Other data			
Indicator	Unit	Value	Source
CO_2-price	EUR per ton CO_2	0.152	True Price Monetisation factors
Emission factor Electricity mix (WTW)	kg CO_2-eq/year	0.475	CO_2 emission factors 2020
Emission factor natural gas (WTW)	kg CO_2-eq/m^3	1.884	CO_2 emission factors 2020

WELL-BEING EFFECTS OF HAVING A JOB

Definition and description of impact

The well-being effects of having a job has impact on self-confidence, independence, social relationships and status. Having a job increases personal well-being, due to social contacts and more confidence in society, as well as a higher work fitness and a greater feeling of self-worth.

Description:

The well-being effects of having a job for employees of the organisation.

Stakeholder group:

Employees (own organisation)

Delineation of activities:

Employment of people.

Valence:

Positive (for absolute impact).

Calculation and limitation

- Well-being effects of having a job consist of two components: well-being effects of having a job for employable employees and well-being effects of having a job for employees with poor job prospects.
- For employable employees, the Dutch average of well-being effects of having a job are estimated making use of the best available well-being factor for having a job (European Social Survey). This factor indicates the average difference in life satisfaction between a person with and without a job, independent of the difference in income.
- For employees with poor job prospects, the Dutch average of the well-being effects of having a job are estimated making use of a well-being factor (specific for persons that are hampered in their daily activities due to sickness, a handicap, disability or mental problems), in this case also from the European Social Survey (ESS).
- The well-being factors for both groups are specified with a correction factor based on employee satisfaction surveys of Enexis: the ratio between the average employee satisfaction in the Netherlands and the average employee satisfaction of Enexis. This ratio is multiplied by the well-being factor for employee satisfaction of the ESS (expressed in life satisfaction per employee satisfaction) and added to the well-being factor of having a job.The factor for employable employees is multiplied by the number of employable employees per organisation.
- The factor for employees with poor job prospects is multiplied by the number of employees with poor job prospects per organisation.
- The sum of these calculations is the footprint of the impact, expressed in life satisfaction points.
- This footprint is multiplied by the monetisation coefficient.

Valuation

Monetisation coefficient	Unit
0.152	EUR per ton CO_2

Primary and other data
An attribution factor of 54.71% is linked to the data below.

Other data

Indicator	Unit	Value	Source
CO_2-price	EUR per ton CO_2	0.152	True Price Monetisation factors
Emission factor Electricity mix (WTW)	kg CO_2-eq/year	0.475	CO_2 emission factors 2020
Emission factor natural gas (WTW)	kg CO_2-eq/m^3	1.884	CO_2 emission factors 2020

Other data

Indicator	Unit	Value	Source
Average increase life satisfaction of having a job per person	Life satisfaction points (0-100)	7.0	ESS 2018
Average increase life satisfaction of having a job per person - employee satisfaction	Life satisfaction points (0-100) employee satisfaction (0-100)	0.18	ESS 2012
Average increase life satisfaction of having a job per person (employees with poor job prospects)	Life satisfaction points (0-100)	15.9	ESS 2018
Average employee satisfaction in the Netherlands	Employee satisfaction points (0-100)	72.75	CBS

CHANGES IN COMPARISON TO PREVIOUS REPORTING YEARS

-

ASSURANCE

PwC performed an assurance engagement to obtain limited assurance that the sustainability information in the sections:

- Structure of this report
- Foreword by the Executive Board
- About Enexis, except the SDG baseline
- Report on 2020, except the section 'Financial Position'
- Additional Information (sub-sections 'About this Report' and 'Facts and Figures')

In this Annual Report 2020 of Enexis is fairly presented in all material aspects in accordance with the 'Sustainability Reporting Standards' of the Global Reporting Initiative and the internal reporting criteria of Enexis. For more information, we refer to the assurance report of the independent auditor.

PROFIT APPROPRIATION ACCORDING TO THE ARTICLES OF ASSOCIATION

Under the articles of association, the profit remaining after the addition to the reserves is at the disposal of the General Meeting of Shareholders (Article 36.2).

In addition to these provisions, it has been agreed with the shareholders that the dividend payable during the Strategic Plan period shall not exceed 50% of the net profit, while aiming to achieve a minimum annual dividend of € 100 million. This percentage shall be reduced if this dividend payment places the company at risk of losing its A rating profile within five years.

This dividend policy ensures that the shareholders can expect a predictable and stable dividend. At the same time, this policy ensures sufficient equity growth and demonstrates the shareholders' active support for a healthy financial position.

For the proposed appropriation of the result of the financial year 2020, please refer to 'Profit appropriation'.

FACTS AND FIGURES

This part of the report gives you a section-by-section run-down on specific facts and figures.

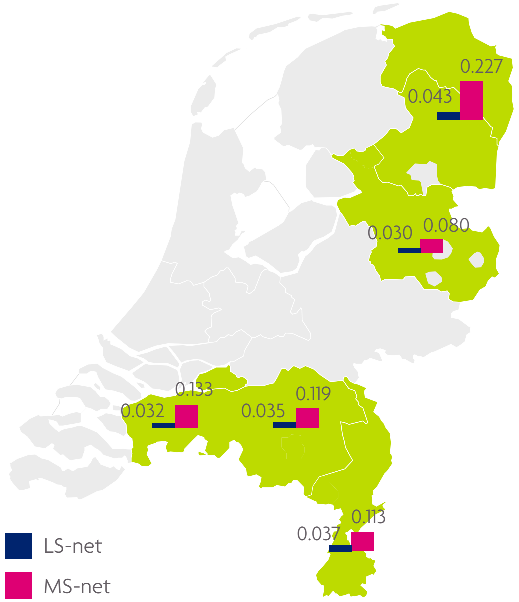
OUR IMPACT ON SOCIETY

	2020	2019	2018	2017	2016
The grids					
Section lengths (x 1,000 km)					
Electricity grid	142.2	141	139.9	139.1	136.9
- Low voltage	96.9	96.1	95.3	94.7	92.8
- Medium voltage	45.2	44.8	44.5	44.4	43.9
- Intermediate voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	46.3	46.4	46.4	46.4	46.2
- Low pressure	37.5	37.6	37.6	37.5	37.4
- High pressure	8.8	8.8	8.8	8.9	8.9
Stations					
E-stations (x 1,000)	55.7	54.6	53.8	53.1	53.1
G-stations (x 1,000)	22.4	22.4	22.5	22.7	22.8
Distribution Automation (DA)-stations	390	250	379	364	-
Distribution Automation Light (DALI)-stations	3,531	2,447	1,502	-	-
Number of connections (x 1,000)					
Electricity	2,880	2,849	2,814	2,786	2,752
- Domestic (including 3x25 A)	2,640	2,618	2,597	2,578	2,549
- Low-voltage connections other (small-volume as from 3x25A)	223	215	202	193	189
- Medium voltage connections	17	16	15	15	14
Gas	2,324	2,328	2,324	2,315	2,285
- Domestic (G4 and G6)	2,266	2,267	2,260	2,249	2,213
- Low pressure other (small-volume as from G10)	55	58	61	63	69
- High pressure connections	3	3	3	3	3

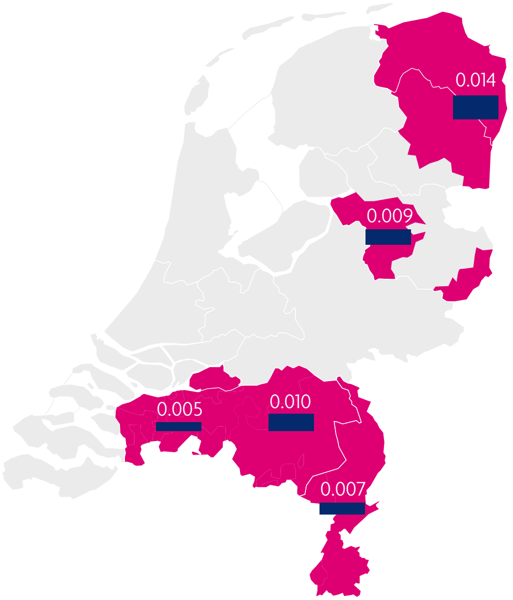
	2020	2019	2018	2017	2016
The grids					
Transported quantities[1]					
Electricity (GWh)	31,176	33,759	34,112	34,592	34,453
Gas (Mm^3)	5,636	5,935	6,204	6,241	6,075
Of which green gas	63	59	54	51	45
Product quality					
Outage time electricity (in minutes)	13.0	14.2	16	13.8	15.2
- High voltage	0.0	0.5	0.2	0.1	0.2
- Medium voltage	7.4	8.4	10.5	8.7	10
- Low voltage	5.6	5.4	5.3	5.1	5
Outage time gas (in seconds)	81	51	90	50	45

1 December 2020 is an estimation.

AVERAGE NUMBER OF LOW-VOLTAGE OUTAGES AND MEDIUM-VOLTAGE OUTAGES PER CUSTOMER



AVERAGE NUMBER OF GAS OUTAGES PER DISTRICT PER CUSTOMER



INCIDENTS IN THE GAS AND ELECTRICITY GRIDS

To keep the public safe and prevent incidents, we closely monitor our grids to spot any signs of possible faults. We measure the number of incidents according to the seriousness of the incident. We also measure 'early warning indicators' that signal an increased risk of the occurrence of an incident. No serious accidents occurred in 2020. Safety is also our number one priority in 2021. We are of the opinion that every accident is one too many. To ensure public safety, Enexis has an intensive risk-based replacement programme for main and connecting pipes. A lot of attention is also devoted to preventing excavation damage and ensuring that technical spaces with equipment and installations are well-locked after use. Prevention staff are present in as far as possible when high-risk activities are carried out and we inform our customers about the attention points for safe excavation.

Milestones	At 2020 year-end	
Public safety	Gas	Electricity
Number of incidents with a moderate or considerable impact[1] ≤ 4	0	0
Number of incidents with a serious impact[2] ≤ 2	0	0
Number of incidents with a disastrous impact[3] = 0	0	0

1 Moderate or considerable impact: Accidents requiring First Aid or treatment by medical staff (victim(s) among the public) or damage to the environment amounting to between €10,000 and €1 million.
2 Serious impact: Accidents resulting in serious (permanent) injury (victim(s) among the public) or damage to the environment amounting to between €1 million and €10 million.

LIMITED IMPACT OF MEASURES FOR NATURE, CONSTRUCTION AND INFRASTRUCTURE

Nitrogen and PFAS remained major environmental issues in 2020. The cabinet took measures already in 2019 for the accelerated rehabilitation and reinforcement of nature areas so that new construction and infrastructure projects could go ahead. As in 2019, the impact of these measures on our operational activities remained limited in 2020. We did not have to stop any of our projects.

COMPLAINTS AND DISPUTES PROCEDURE

It can occur that customers are not satisfied with our services. In such cases, they can report their complaint or claim via our website or by telephone. Enexis Netbeheer assesses 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. Customers generally receive a detailed response within eight 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.

LAWS AND REGULATIONS

The Legal and Administrative Affairs Department and other relevant departments did not receive any fines in 2020 with regard to services provided by Enexis or for non-compliance with the E Act, G Act or environmental legislation.

COMMITTED EMPLOYEES IN A SUSTAINABLE ORGANISATION

The tables below provide an impression of the development of our workforce in 2020. 99.75% of the workforce falls under the collective labour agreement for grid operators (cao Netwerkbedrijven).

Personnel	Male	Female	Year-end 2020
Own personnel			
FTEs	3,783	808	4,591
Labour contract:			
-specific	380	90	470
-indefinite	3,402	718	4,121
Number	3,828	939	4,767
Labour contract:			
-specific	385	98	483
-indefinite	3,443	841	4,284
Contractors			
FTEs	854	234	1,088
- temporary workers	135	116	251
- consultants	531	94	625
- call specialist	181	23	205
- fixed price[1]	6	-	6
Number	1,072	321	1,393
- temporary workers	150	146	296
- consultants	585	110	695
- call specialist	211	33	244
- fixed price	126	32	158

1 Carrying out work in accordance with a preset price; FTE factor = o.

	Definite period	Indefinite period	Total
Origin and type of employment agreement			
Belgium	5	38	43
Germany	3	30	33
Total outside of the Netherlands	**8**	**68**	**76**
Groningen	48	490	538
Friesland	5	96	101
Drenthe	32	371	403
Gelderland	34	164	198
Overijssel	55	572	627
Flevoland	2	14	16
Noord-Holland	1	16	17
Zuid-Holland	4	32	36
Utrecht	10	58	68
Noord-Brabant	175	1,435	1,610
Zeeland	3	12	15
Limburg	106	956	1,062
Total Netherlands	**475**	**4,216**	**4,691**
Total	**483**	**4,284**	**4,767**

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 2020, employees used the budget mainly for vitality-related purposes (around 70%).

ACCIDENTS RESULTING IN ABSENTEEISM

	2020	2019
LTIF[1),2)]		
Location Groningen	3.62	1.90
Location Overijssel Oost	-	3.66
Location Drenthe	2.94	-
Location Noord-Brabant W	2.89	-
Location Noord-Brabant NO	2.50	5.17
Location Noord-Brabant ZO	-	2.46
Location Limburg Noord	-	5.53
Location Limburg Zuid	4.12	-
Logistics	-	10.92
Fudura	-	2.34

1 For the regional split, the organisational chart is used.
2 Nil accidents resulting in absenteeism in a location leads to a LTIF of zero. Each LTIF> 0 is identified as an attention point.

STANDARDS AND NORMS

Enexis subscribes to the guidelines for employment terms and conditions that are regarded as fundamental principles and rights at work as formulated by the International Labour Organization (ILO). We have a Code of Conduct and a Compliance Protocol for employees. All employees are required to sign a confidentiality statement when they enter our employment, in which they state that they will comply with that which is stated in the Compliance Protocol.

In addition, employees who have access to price-sensitive information are required to sign a confidentiality statement. As described in the 'Committed employees in a sustainable organisation' section, the Supplier Code of Conduct is applicable to suppliers.

The quality systems of Enexis Netbeheer and Fudura are ISO9001 certified. The asset management system of Enexis Netbeheer is certified according to ISO-55001, NTA-8120 and ISO27001. In addition, Enexis has structured its CSR policy and activities in accordance with the international ISO 2600 guideline for CSR. The CSR policy is embedded in a board statement and in principles.

SUPPLY CHAIN RESPONSIBILITY

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. Our policy to prevent corruption or bribery of employees has been laid down in our Socially Responsible Procurement Policy, our Code of Conduct for Employees and our Suppliers Code of Conduct.

To monitor the conduct of our suppliers and to avoid potential abuses, we discuss compliance with the Suppliers Code of Conduct regularly with our suppliers. In addition, we carry out technical inspections of purchased components. If there are reasons for this, we have an audit performed by an external party. We discuss the findings of this audit with the supplier and, if necessary, we impose measures. Suppliers are required to cooperate with this and, if necessary, draw up an improvement plan. We continue to engage in a dialogue with the supplier to monitor the implementation and improvement If there is no improvement, Enexis can end the relationship with the supplier. No audits were performed and no measures were imposed in 2020.

CO_2 FOOTPRINT

We determine our CO_2 footprint in accordance with the International Greenhouse Gas Protocol (GHG). As in previous years, we report our emissions in three different scopes. These scopes are explained below. The following points of departure apply with regard to our CO_2 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 emissions of greenhouse gases from property owned or equipment leased by Enexis resulting directly from Enexis's core activities.

In this category, Enexis reports the CO_2 emissions arising from gas grid leakages, switch equipment leakages (SF6), use of leased cars and company vehicles (excluding electricity) and the heating of buildings. Gas leakage losses increased by 6% compared to the previous year. This increase is attributable to a change in the factor that is used in the conversion of the methane content. The greenhouse gases reported in our footprint are expressed in CO_2 equivalents. Besides CO_2, 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.CO_2 emissiefactoren.nl, in accordance with the previous year. Our footprint in connection with leased cars and company vehicles (excluding electricity) decreased by 22% compared to last year. This decrease is attributable, on the one hand, to the greening of the vehicle fleet and, on the other hand, largely the consequence of less commuter traffic due to COVID-19.

SCOPE 2: INDIRECT EMISSIONS

This concerns all emissions of greenhouse gases when producing electricity consumed by the company, but generated by third parties.

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 take place by means of two different methods. Location-based is the quantity that is reported at the 'location' or in other words: the physical grid loss quantity. Market-based is based on the quantity as purchased. As we do this entirely with Guarantees of Origin (GoOs), this is zero.

The electricity grid losses decreased by 138 million kWh during 2020. The allocation profile was adjusted downwards in the second half of the year. Therefore, 84 GWh less allocated grid loss was purchased. In addition, the reconciliation result increased by 54 GWh resulting, on balance, in a 138 GWh lower grid loss compared to 2019. The grid loss decreased by 11.40% in 2020 (2019: 2.46%). The amount of additionally purchased Dutch Guarantees of Origin also rose again this year. In 2023, we aim to ensure that more than 40% of our grid losses are generated sustainably with additional renewable energy generated in the Netherlands. We show, on the one hand, that we are transparent about our grid losses and, on the other hand, that we make a conscious choice to purchase these grid losses entirely green and to thus minimise our impact.

SCOPE 3: OTHER INDIRECT EMISSIONS

This concerns the 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.

The latter category comprises a number of elements on which Enexis can exercise direct influence, 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 grid components supplied by suppliers and the processing of waste. Not all grid components have been reported as we have not yet received all information from our partners for some of the components. We see a decrease in the CO_2 emissions for grid components compared to 2019 of 14%. The decrease is attributable to the purchase of smaller quantities of mid-voltage cable. Furthermore, new elements have been added to the model, i.e. smart meters for electricity and gas and gas stations. Our footprint in connection with mobility decreased by 49% compared to last year. This decrease is the consequence of less commuter traffic due to COVID-19. The emissions that Enexis can influence are entirely compensated via Gold Standard Certificates. This means that scope 1 and 2 and a large share of scope 3 are fully compensated resulting in our net emissions for 2020 equalling 0.

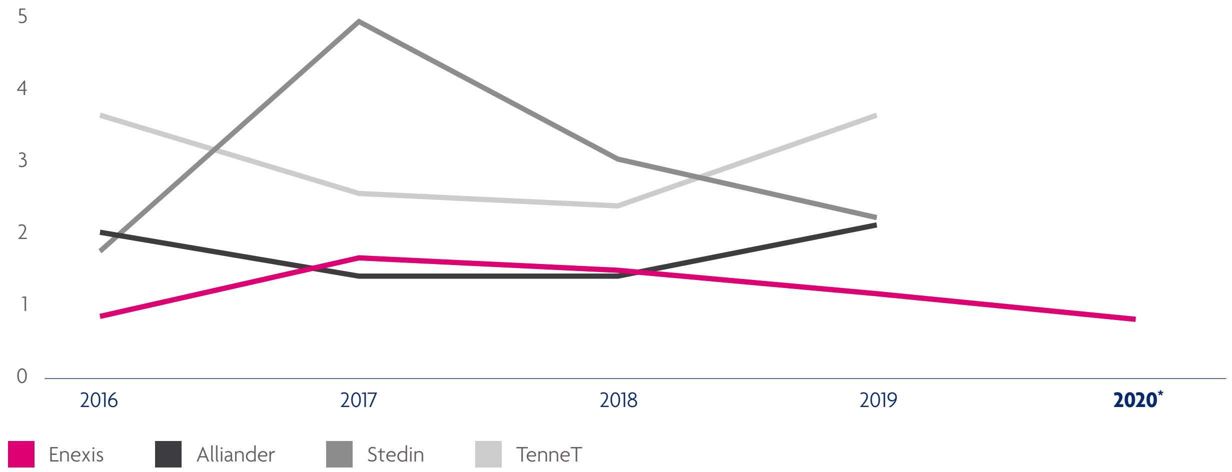
We also feel responsible for emissions in the chain (remainder of scope 3), such as in connection with the production of cables and pipelines and the processing of waste. Our suppliers of grid components cooperate actively in providing information on these CO_2 emissions by means of a raw materials passport. As a result, we are able to report in more detail and more accurately on the CO_2 emissions arising from our chain partners. In order to make our environmental impact more comparable, we also calculated our carbon intensity in addition to our CO_2 footprint. Our carbon intensity is calculated by dividing the CO_2 emissions in scope 1 and 2 by the revenue figures in millions of USD. The revenue figures were converted into US dollars using the average exchange rate over the years in question. Enexis's carbon intensity amounted to € 307 million in 2020 (2019: € 381 million; 2018 € 366 million).

BENCHMARKS

We are transparent about our results, even when they are lower than the average in the sector. We compare our performance to other companies to see where we are doing well and where there is room for improvement. Where relevant and possible, the benchmarks are being expanded further every year.

SAFETY

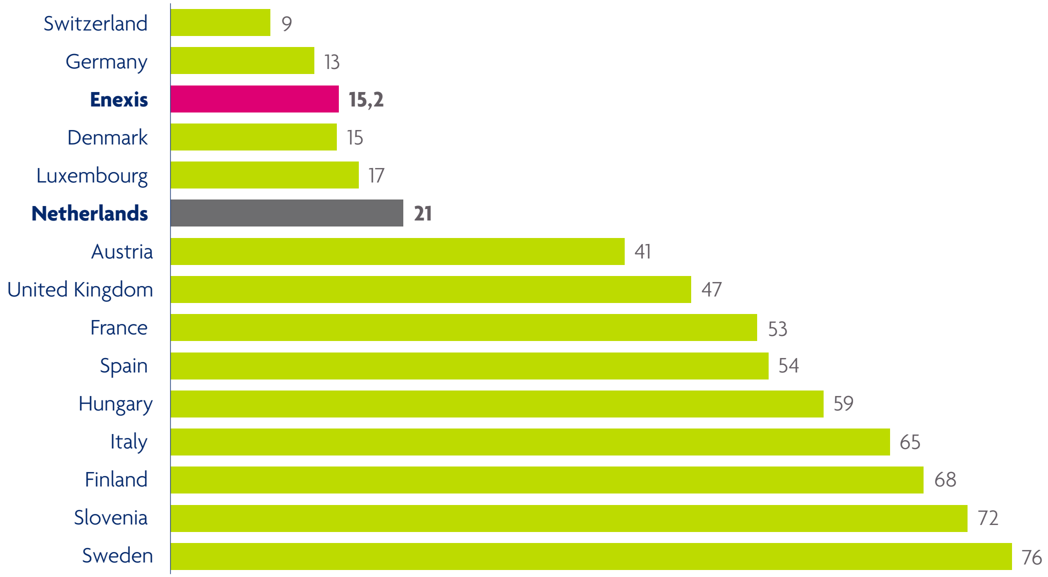
To be able to compare safety performance better within the sector, Enexis measures the number of accidents via the Lost Time Injury Frequency (LTIF), i.e. the number of accidents resulting in absenteeism per 1,000,000 hours worked. Enexis's safety score is satisfactory compared to its sector peers. However, we believe that every accident is one too many. Safety remains a central focus of attention in the coming years.



LTIF: Lost Time Injury Frequency (LTIF) represents the number of accidents resulting in absence per 1,000,000 hours worked.
* 2020: The LTIF scores of industry peers were not yet known at the time of publication of this annual report.

ELECTRICITY OUTAGE TIME

The grids in the Netherlands are among the top 5 most reliable grids in Europe. Dutch grid operators have minimal interruptions in the electricity grid. Enexis Netbeheer is even one of the most reliable grid operators in the Netherlands. In recent years, our electricity outage time was lower than the Dutch average. A graph and explanation can be found in the 'Our impact on society' section.

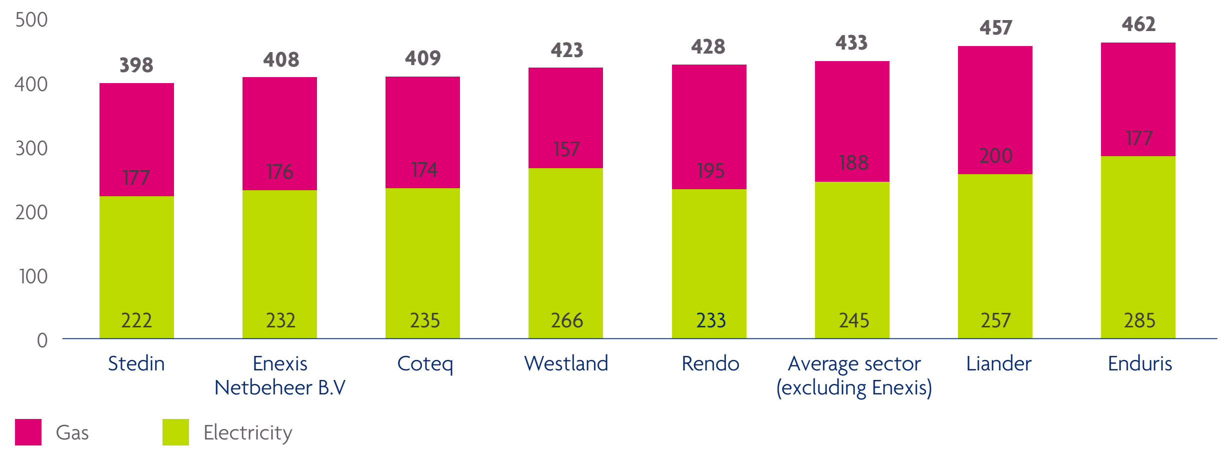


Source: CEER – Continuity of Electricity and Gas supply (2016).

AFFORDABILITY

The Netherlands ranks third in Europe with regard to the affordability of its electricity grid. The costs of the electricity grid are twice as low as in Belgium, four times lower than in the United Kingdom and six times tower than in Germany. The tariffs charged by Enexis Netbeheer are consistently among the lowest in the Netherlands. Overviews provided by the Netherlands Authority for Consumers & Markets (ACM) show that only Stedin is cheaper with regard to the total energy bill due to an extremely low meter rent charge.

ENERGY BILL COMPARISON 2020 (INCLUDING METER RENT CHARGE AND VAT, IN EUROS)



TRANSPARENCY

Our annual report is assessed every year for the Transparency Benchmark and the Crystal Award by the Ministry of Economic Affairs and Climate Policy. This provides insight into which companies report transparently about their CSR policy and performance.

As assessment was not carried out in 2020; however, the annual reports were assessed for the Crystal Award on the theme 'climate transparency'. The presentation of this award has been rescheduled to 2021 due to the corona crisis. The traditional biannual Transparency Benchmark will be compiled again in 2021. The theme for the Crystal Award 2021 is 'Transparency about the impact of climate factors against the background of other global challenges'.

It is relevant for our stakeholders to know Enexis's short- and long-term risks and opportunities where climate change is concerned. Therefore, in our 2020 annual report, we report in detail about our positive and negative impact (financial and non-financial) on, for example, increasing the sustainability of the energy supply and the sustainability of our own business operations. At present, we are not yet using the model of the Task Force on Climate-related Financial Disclosures to report on climate change. We are looking for ways to control our climate-related risks, such as natural disasters that could cause, for example, floods or earthquakes.

ABSENTEE RATE

For several years now, the average absenteeism rate in the Netherlands has remained fairly stable at 3.9%. However, the rate was higher in 2020 (i.e. 4.9%). This is probably due to the corona pandemic . Last year, the absenteeism rate at Enexis was 4.85%, which was higher than the Dutch average, and lower than in 2019. The sector average for 2020 was not yet available at the time of the publication of this annual report.

GRI INDEX

Category name / indicator	Name of the indicator	Reference	Not reported
GENERAL STANDARD DISCLOSURES			
GRI 102-1	Name of the organisation	About Enexis	
GRI 102-2	a. A description of the organisation's activities. b. Primary brands, products and/or services including a description of the products and/or services that are prohibited in certain markets.	About Enexis	
GRI 102-3	Location of the the organisation's headquarters	Appendix: Colophon	
GRI 102-4	The number of countries where the organisation operates, and names of the countries where either the organisation has significant operations or that are specially relevant to the sustainability topics covered in the report.	The Netherlands	
GRI 102-5	Nature of ownership and legal form	About Enexis; Our organisation Governance and risk management; Shares in Enexis Holding N.V.	
GRI 102-6	Markets served (geographical breakdown, sectors served and types of customers/beneficiaries)	Key data	
GRI 102-7	Scale of the reporting organisation	Key figures; Employees Enexis	
GRI 102-8	a. Number of employees by type of employment contract (temporary and permanent) and gender. b. Number of employees by type of employment contract (temporary and permanent) and region. c. Number of employees by type of employment contract (full-time and part-time) and gender. d. Whether a significant proportion of the organisation's activities are carried out by staff who are not employees. If applicable, a description of the nature and scope of the activities carried out by staff who are not employees. e. Any significant variations in the figures reported in the information provided under 102-8a, 102-8b and 102-8c (such as seasonal variation in the tourism or agricultural industries). f. An explanation of how the data are collected, including the assumptions used.	Appendix: Facts and figures Committed employees in a sustainable organisation	
GRI 102-9	Description of the organisation's supply chain, including the most important elements relating to the organisation's activities, principal brands, products and/or services.	About Enexis	
GRI 102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain.	Appendix: About this report; Scope	
GRI 102-11	Report whether and how the precautionary approach or principle is addressed by the organisation.	Risk management	
GRI 102-12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.	Appendix: Facts and figures; Norms and standards	
GRI 102-13	Principal memberships of associations (such as industry associations) and national and international advocacy organisations.	Appendix: About this report; Collaboration with local partners	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 102-14	The statement of the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	Foreword by the Executive Board	
EU3	The number of household, industrial and institutional customers.	Appendix: Facts and figures; Our impact on society The grids	Enexis has opted for a different classification of customers; focused on grid operator.
EU4	The length of the transmission and distribution grids per regulatory regime.	Appendix: Facts and figures; Our impact on society The grids	
GRI 102-16	Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Committed employees in a sustainable organisation; Ethical organisation	
GRI 102-18	The governance structure of the organisation, including committees of the highest governance body. Report any committees responsible for decision-making on economic, environmental and social impacts.	Corporate governance; Appendix: About this report; Management of material issues	
GRI 102-40	List of stakeholder groups engaged by the organisation.	Appendix: About this report; Dialogue with stakeholders	
GRI 102-41	Percentage of total employees covered by collective labour agreements.	Appendix: Facts and figures; Committed employees in a sustainable organisation	
GRI 102-42	Basis for identification and selection of stakeholders with whom to engage.	Appendix: About this report; Dialogue with stakeholders	
GRI 102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and whether any of the engagement was undertaken specifically as part of the report preparation process.	Appendix: About this report; Dialogue with stakeholders	
GRI 102-44	The key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Appendix: About this report; Dialogue with stakeholders	

Category name / indicator	Name of the indicator	Reference	Not reported
GRI 102-45	a. List of all entities included in the organisation's consolidated financial statements or equivalent documents. b. List whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Explanatory notes to the consolidated financial statements; General information	
GRI 102-46	a. Process for determining the report content and defining the aspect boundaries of the report. b. Explanation of the points of departure used by the organisation to determine the report content.	Structure of this report; Appendix: About this report; Determining the contents	
GRI 102-47	List of all material aspects identified in the process for determining report content.	Appendix: About this report; Definitions of material issues	
GRI 102-48	The effect of any restatements of information provided in previous reports and the reasons for such restatements.	Changes in definitions in 2020 as stated in the footnotes to the relevant KPIs.	
GRI 102-49	Significant changes from previous reporting periods in the scope and aspect boundaries.	Appendix: About this report; Changes compared to previous reporting years	
GRI 102-50	The reporting period for information provided.	2020	
GRI 102-51	Date of most recent previous report.	Enexis Holding N.V. Annual Report 2019, 27 February 2020	
GRI 102-52	Reporting cycle.	Annual	
GRI 102-53	The contact person for questions regarding the report or its contents.	Appendix: Colophon	
GRI 102-54	The chosen application level.	Core	
GRI 102-55	GRI content index	-	
GRI 102-56	a. Policy and current practice with regard to seeking external assurance for the report. b. If the report has received external assurance i. A reference to the external assurance report, statements or advice. A description of the aspects that are and are not covered by assurance and the basis for this, including the norms, the degree of certainty and any limitations if not described in the assurance statement accompanying the sustainability report. ii. The relationship between the organisation and the assurance provider. iii. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	Appendix: About this report; Assurance	

Category name / indicator	Name of the indicator	Reference	Not reported
SPECIFIC STANDARD DISCLOSURES			
Financial value for shareholders			
GRI-103	Management approach	Financial position; Appendix: About this report; Scope; Determining the material issues	
GRI 201-1	Direct economic value generated and distributed.	Financial position; Consolidated financial statements	
Enexis indicator	Net profit	Financial position; Consolidated financial statements	
Sustainability own operations and supply chain			
GRI-103	Management approach.	Committed employees in a sustainable organisation; Appendix: About this report; Scope; Determining the material issues	
GRI 305-1	Direct greenhouse gas emissions (scope 1)	Committed employees in a sustainable organisation; Appendix: Facts and figures; CO_2 footprint	
GRI 305-2	Indirect greenhouse gas emissions (scope 2)	Committed employees in a sustainable organisation; Appendix: Facts and figures; CO_2 footprint	
GRI 305-3	Other indirect greenhouse gas emissions (scope 3)	Committed employees in a sustainable organisation; Appendix: Facts and figures; CO_2 footprint	
GRI 305-4	GHG emission intensity	Committed employees in a sustainable organisation; Appendix: Facts and figures; CO_2 footprint	
Enexis indicator	Amount of waste. Reduction in CO_2 of leased cars and claimed mileage. Sustainable vehicle fleet	Committed employees in a sustainable organisation; Sustainable operations	
Safety			
GRI-103	Management approach	Committed employees in a sustainable organisation; Appendix: About this report; Scope; Determining the material issues	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender for both Enexis and third parties.	Objectives and performance; Committed employees in a sustainable organisation; Safety as our number one priority	
Enexis indicator	Lost Time Injury Frequency Contractors	Objectives and performance; Committed employees in a sustainable organisation; Safety as our number one priority	

Category name / indicator	Name of the indicator	Reference	Not reported
Agile and robust organisation			
GRI-103	Management approach	Committed employees in a sustainable organisation; Appendix: About this report; Scope; Determining the material issues	
GRI 404-1	Average hours of training that an employee has undertaken per year by employee category and gender.	Committed employees in a sustainable organisation; Lifelong learning	Employee category is not reported; not relevant for Enexis. Job level is not reported. In 2018 is Enexis started a phased introduction of roles; phasing continued in 2019. It has been agreed that a business unit will determine when it will start making use of roles.
GRI 404-2	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Committed employees in a sustainable organisation; Lifelong learning; Appendix: Facts and figures; Committed employees in a sustainable organisation; sustainable employability	
Enexis indicator	Engagement of employees and teamwork Absence due to illness percentage	Objectives and performance; Committed employees in a sustainable organisation; Agile to facilitate the energy transition	
Compliance			
GRI-103	Management approach	Corporate governance; Appendix: About this report; Scope; Determining the material issues; Dialogue with stakeholders	
GRI 307-1	Monetary value of significant fines and total number of non-monetary sanctions due to non-compliance with environmental laws and regulations.	Appendix: Facts and figures; Our impact on society; Laws and regulations	
GRI 419-1	a. Significant fines and non-monetary sanctions for non-compliance with laws and regulations relating to social and economic matters in terms of: i. monetary value; ii. non-monetary sanctions; iii. cases pending through dispute resolution. b. If the organisation has not identified any non-compliance with laws and/or regulations, a brief explanation of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were imposed.	Appendix: Facts and figures; Our impact on society; Laws and regulations	

Category name / indicator	Name of the indicator	Reference	Not reported
Customer central			
GRI-103	Management approach	Our impact on society; Appendix: About this report; Scope; Determining the material issues	
Enexis indicator	Customer Effort Scores	Objectives and performance; Our impact on society; Provision of services to customers	
Increasing the sustainability of the energy supply			
GRI-103	Management approach	Our social impact; Appendix: About this report; Scope; Determining the material issues	
Enexis indicator	Expanding transmission capacity	Objectives and performance; Our impact on society; Sustainable and affordable	
Innovation, digitalisation and information security			
GRI-103	Management approach	Our impact on society; Appendix: About this report; Scope; Determining the material issues	
Enexis indicator	Number of stations equipped with distribution automation (Light).	Appendix: Facts and figures; Our impact on society; The grids	
Reliable and accessible energy supply			
GRI-103	Management approach	Our impact on society; Appendix: About this report; Scope; Determining the material issues	
EU 28	The frequency of electricity outages.	Our impact on society; Appendix: Facts and figures; Our impact on society	
EU 29	Average outage time	Objectives and performance; Our impact on society; Safe, reliable and accessible	
Enexis indicator	Quantitative progress year order book	Objectives and performance; Our impact on society; Sustainable and affordable	
Affordable energy supply			
GRI-103	Management approach	Financial position; Appendix: About this report; Scope; Determining the material issues	
Enexis indicator	Controllable costs and revenues	Objectives and performance	
Employment and contribution to economic growth			
GRI-103	Management approach	Committed employees in a sustainable organisation; Appendix: About this report; Scope; Determining the material issues	

DISCLOSURE OF NON-FINANCIAL INFORMATION

	Description	Reference
EU DIRECTIVE DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION		
Business model		
	General description of the core processes and activities, in order to place non-financial information in the right context.	About Enexis
Environmental matters		
Policy pursued and its results		Committed employees in a sustainable organisation
Risks and their management	Extensive and prolonged interruptions of the energy supply due to natural disasters, external causes or asset failures. A too limited task description in the new Dutch Energy Act could have a negative impact on our ability to facilitate the energy transition. The timely provision of services by Enexis could be jeopardised by a pandemic.	Corporate governance and risk management; Risk management
Non-financial performance indicators	Amount of waste Sustainable vehicle fleet Reduction in CO_2 of leased cars and claimed mileage CO_2 footprint	Sustainable operations
Social and personnel matters		
Policy pursued and its results		Committed employees in a sustainable organisation
Risks and their management	Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures. Failure to anticipate new developments in time due to insufficiently agile and robust organisation, inflexible processes and/or systems. The timely provision of services by Enexis could be jeopardised by a pandemic.	Corporate governance and risk management; Risk management
Non-financial performance indicators	Accidents and Lost Time Injury Frequency Engagement and teamwork % Absence due to illness Age category Inflow and outflow Labour participation Training and education	Safety as our number one priority; Agile to facilitate the energy transition; Lifelong learning

	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 May 2019). Enexis has a complaints procedure, confidential counsellors and a whistleblower scheme to report any breaches. Enexis also abides by 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 the website Breaches will be reported.	Committed employees in a sustainable organisation: Ethical organisation; Facts and figures: Supply chain responsibility
Risks and their 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. Making our social performance measurable is something we regard 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' policy to prevent corruption or bribery of employees is laid down in the Corporate Social Responsibility Purchasing policy, Code of Conduct for employees (updated in May 2019) 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 the cultural anchoring of integrity.	Committed employees in a sustainable organisation: Ethical organisation; Facts and figures: Supply chain responsibility
Risks and their 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. Making our social performance measurable is something we regard as an important topic, on which we will focus our attention in the coming years.

GLOSSARY

NON-FINANCIAL TERMINOLOGY

NETHERLANDS AUTHORITY FOR CONSUMERS & MARKETS (ACM)
The Netherlands Authority for Consumers & Markets ensures fair competition between companies and protects consumer interests, regulates the tariffs of energy companies and oversees compliance with the Electricity Act 1998 and the Gas Act.

DUTCH DATA PROTECTION AUTHORITY (DDPA)
The Dutch Data Protection Authority is the independent regulator in the Netherlands that promotes and safeguards the protection of personal data.

RELIABILITY
The degree of reliability of the energy supply is expressed as the average duration and frequency of interruptions of the energy transmission to end users.

CUSTOMER EFFORT SCORE (CES)
The Customer Effort Score shows how much effort a customer needs to put into getting an issue resolved.

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.'

ENERGY CHAIN
Everything relating to the origin, production, transmission and end use of energy.

ENERGY TRANSITION
Term referring to the ongoing efforts to switch the energy supply from centralised fossil generation to decentralised renewable generation.

GRI
Global Reporting Initiative. A global standard for annual sustainability reports.

ANNUAL OUTAGE TIME (AOT)
Annual outage time as a result of unforeseen interruptions (outages). The average number of minutes (electricity) or seconds (gas) that the customer is without energy in a calendar year.

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.

LTIF Lost Time Injury Frequency.
Indicator for employee safety during the performance of work expressed in the number of accidents resulting in absenteeism per 1 million hours worked.

CSR Corporate Social Responsibility
Sustainable approach to business aimed at minimising the negative operational impact on the environment and maximising the positive operational impact on society.

GRID OPERATOR
An independent utility company appointed in a designated area to provide for the transmission of gas and electricity between supplier and customer and to construct and maintain grids for this purpose. The tasks of the grid operator are laid down in the Electricity Act 1998 and the Gas Act.

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.

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 an RES region is adopting in order to set and achieve local/regional energy goals.

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
State Supervision of Mines (SodM) is 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. Enexis identifies the following stakeholders: customers, employees, shareholders, market and chain partners, investors, policymakers, special interest groups, local energy partners.

ENERGY FEED-IN
Process where a customer feeds self-generated (and usually renewable) energy into the energy grid.

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.

FOOTPRINT
Indication of the volume of CO_2 that Enexis emits in a calendar year. Within the footprint, Enexis distinguishes between its own emissions and chain emissions.

FINANCIAL TERMINOLOGY

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 – amortisations + 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) plus 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. From 2020 the work package contains no mark-up for general expenses.

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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