



**“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 successful 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 utmost 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 inaugural 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 Blacquièr 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