

## STRATEGY ON HEAT GRIDS

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The Netherlands is aiming for a climate-neutral society by 2050, and for this to happen, the energy system must be climate-neutral well before that. Natural gas will be replaced by sustainable alternatives such as collective heating networks, electrification, and sustainable gases. For roughly one-third of the built environment, a collective heating network is the best option for society. At the same time, we see that heat projects are struggling to get off the ground due to the financial risks inherent to heating networks (occupancy/under-occupancy risks, source risks, substitutions), public support and image, the complex field of parties involved, and uncertainties in legislation and regulations.

Enexis is a public company that focuses on realizing the energy transition and represents public interests. Our mission is: "We aim to provide more and more renewable energy to people. We do this by helping to shape the energy system of the future and by smartly investing in reliable energy infrastructure. This is how we keep the energy transition feasible and affordable. Heating networks contribute to the energy transition and align seamlessly with our sustainable mission and social character.

Our goal is to quickly realize affordable, sustainable heat in the built environment to achieve the climate goals in our service area. We can and want to play a substantial role in this. Despite the complex field in which heat finds itself, we have the ambition, together with partners, to realize the equivalent of 50,000 additional heat-powered homes in our service area by 2030.

We want to shape this by participations in integrated heat companies. This does justice to the dependency inherent in the heat chain and ensures that the customer has a single point of contact. Our preference is for a minority stake and for long-term committed co-shareholders with an interest in and influence on the success of heat projects. The coming years will be all about doing and learning together.

We use our knowledge and experience in the field of infrastructure, and where possible, we work with the market for heat production and supply. Additionally, we want to achieve synergy and economies of scale and share scarce knowledge and experience. Therefore, we prefer to form regional heat companies.

In our investment decisions, we consider operational and financial project risks, social interests, and financial impact for the heating company and for Enexis. This way, we ensure that the heating company remains financially healthy and that collective heat is provided where this is the best solution for society. Of course, decision-making on each participation follows the process according to the applicable governance agreements.

A prerequisite for all of this is that legislation and regulations create the right frameworks: a network company must be able to fully participate in a heating company, regulations must make it possible to achieve a reasonable return, and a municipality can appoint a heating company.

*This Strategy on Heat Grids replaces the text box on heat on page 13 of the Strategic Plan of Enexis Holding N.V. approved in 2022.*