Annual Report 2024

Accelerating the energy transition
a balancing act

STEDIN GROEP

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Introduction

Starting point for the year in brief

Dear reader

Energy is one of our basic needs. Energy allows us to inhabit our homes, work, do business and live the way we want. However, we cannot continue with our old energy system: it is too polluting. A lot of effort is therefore going into developing a new energy system that is much more in balance with the world around us. Fossil fuels will be replaced with sustainably generated energy and our consumption will be brought closer in line with natural rhythms. This will be better for the earth and for all of us. The new energy balance will make us less dependent and keep the Netherlands an attractive place to live and to do business. It will give you, me, all of us more options to meet our energy needs.

Stedin is helping to build this new system. And we still have some way to go. It is a huge transformation. grid operators are doing everything they can to build what is needed. Meanwhile, energy demand at peak times is growing faster than expected and faster than we can keep up with. In the coming years, we will not have enough capacity on the electricity network wherever and whenever we want. The year 2024 saw waiting lists for connections get even longer, putting further pressure on the network and on our organisation. It is a frustrating and annoying situation, particularly for businesses that want to expand or become more sustainable and are currently on waiting lists. Our employees are also noticing the impact: making the energy transition a reality is placing high demands on them both physically and mentally. The workload is increasing. At the same time, we are facing a shortage of staff with the right technical and other qualifications, a shortage of space to install facilities such as medium-voltage substations and challenges in the availability of materials.

Accelerating the energy transition: a balancing act

The answer to the congested electricity network is not always to expand our networks. That takes too long and is too expensive. Our strategy therefore focuses on three pillars: Construction, Utilisation and Management. Deploying flexible capacity and controlling and reducing demand are also a big part of the solution, as is broadening the energy mix to include options such as heat networks.

While the transformation is underway, we are working behind the scenes to keep the network – whose performance is coming under increasing pressure – safe and reliable. For our employees, customers and the environment. Accelerating the energy transition is a balancing act, which is also at risk of going wrong at times. When this happens, we cannot avoid taking additional measures to prevent overload.

Fortunately, we are not facing this challenge of achieving a new balance alone. Everyone is doing their bit. grid operators are building additional capacity as much and as fast as possible and are offering solutions to optimise the use of the existing network. Businesses and consumers are helping by reducing their energy consumption, particularly at times when the network is congested. And regional authorities are helping to keep things moving by providing space to build and speeding up licensing procedures. For example, new agreements with 65 municipalities mean that we can now build transformer substations, or medium-voltage substations, up to 6 months faster, significantly speeding up our work to reinforce the network.

A word of thanks

In this annual report, you will read how we sought a balance in 2024 so that we can contribute as effectively and as fast as possible to the development of the new energy system. We also take an in-depth look at the growth and sustainability of our organisation.

A word of thanks is in order for the colleagues who have served with me on the Board of Management over the past few years. Danny Benima stepped down on 31 December 2024. David Peters will do so on 30 April 2025, as will I. Trudy Onland will then take over from me as CEO. I wish her and all other colleagues every success in the important work of creating a world full of new energy.

On behalf of the Board of Management,

Koen Bogers

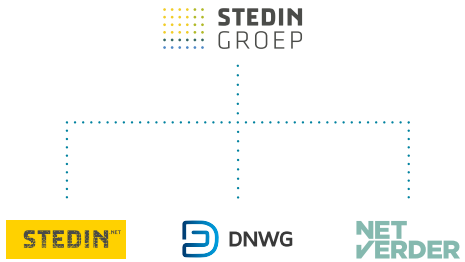
Koen Bogers, CEO of Stedin Group

“We are working towards an energy system that is more in balance with the world around us.”

About us

Our organisation

Stedin Group is a semi-public organisation: a public limited company whose shares are increowned by government authorities: 61 Dutch municipalities, two provinces and the State of the Netherlands. Stedin Group consists of several business units: grid operator Stedin operates in the regulated market, while our infra partners NetVerder and DNWG Infra carry out non-regulated activities. In 2024, the non-regulated activities accounted for 1.3% of revenue (2023: 1.6%). Stedin Netbeheer, NetVerder and DNWG Infra are separate subsidiaries of Stedin Holding. You will find more information on the various business units on the Stedin Group website.



Our activities

With our gas and electricity networks, we are a vital link in our service area. We concentrate on all activities related to building, managing and maintaining these energy networks and facilitating the energy market in our service area. We are also preparing to play a role in developing heat networks as part of the new integrated energy system.

Our service area

We manage and maintain the energy networks in most parts of South Holland, Utrecht and Zeeland. Our service area is home to roughly 5.5 million people. It includes three of the four largest cities in the Netherlands, the port and industrial areas of Rotterdam and Zeeland, as well as greenhouse horticulture regions. It also includes parts of the provinces of North Holland and Friesland. Stedin Group operates and has its registered office in the Netherlands. Our head office is located at: Blaak 8, 3011 TA in Rotterdam.

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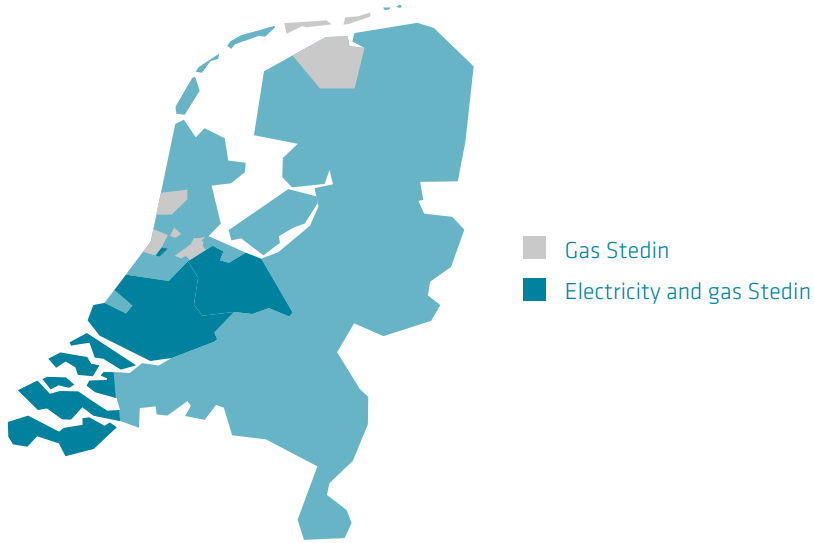

Our value chain and the energy transition

We collaborate with other parties in our value chain to give our customers access to energy. These include producers and national distributors of electricity and gas, our suppliers, other regional grid operators and organisations that monitor the reliability, affordability, safety and sustainability of our energy supply.

To fully understand who our stakeholders are and where we have impact on people and the environment, we analysed our value chain in 2024. As well as looking at our own operations, we looked at activities in our supply chain (upstream) and at our customers and end users (downstream). This was a first step towards identifying potential human and environmental impact in our value chain. For further information, see the section on Sustainability Due Diligence in the General disclosures of our Sustainability Statement.

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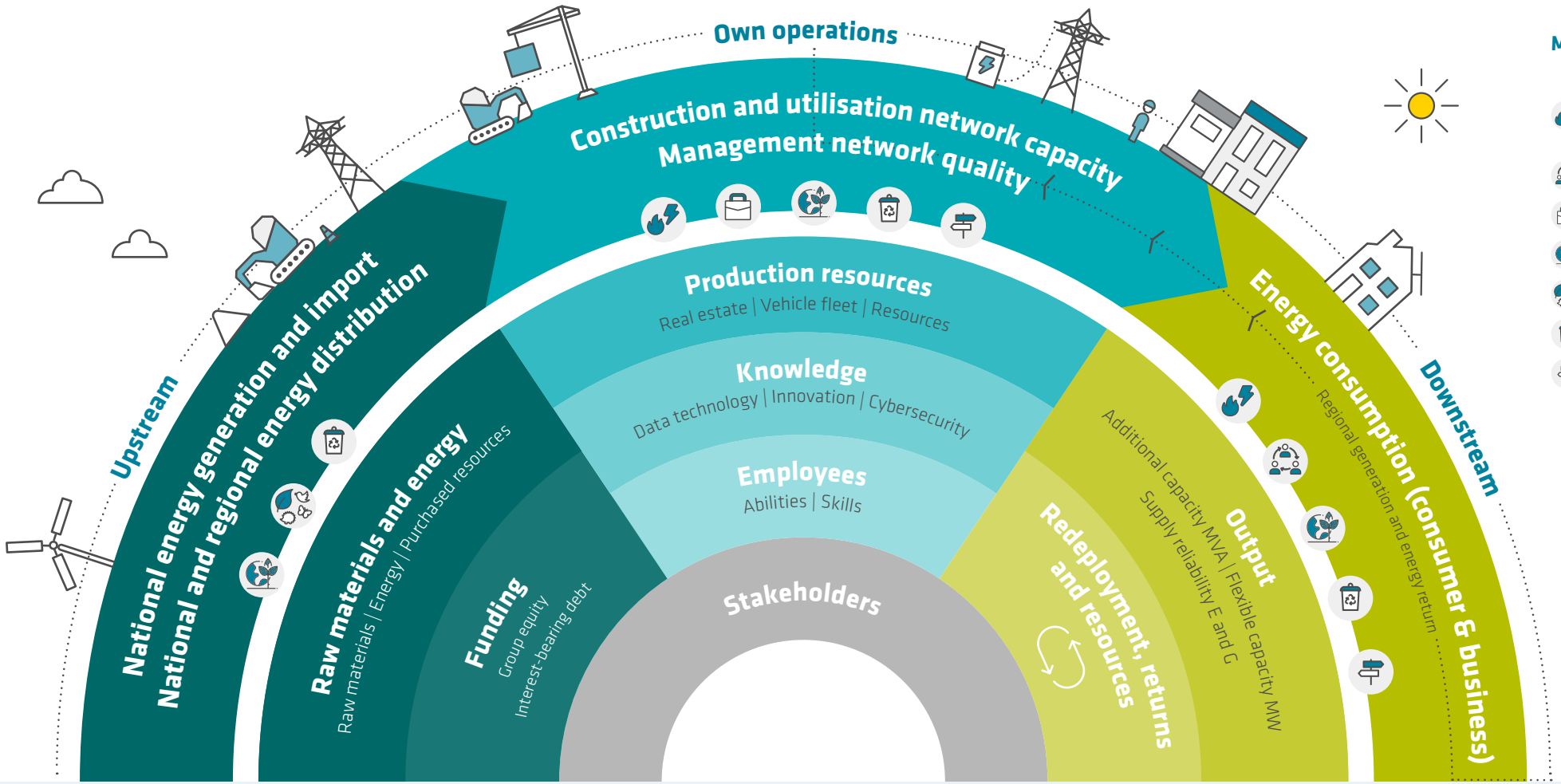
The diagram below shows the structure of our value chain, the activities and material topics within it, the required input and generated output, and the relationship with our stakeholders. For further information on our strategy, its relationship with material topics and long-term value creation, see the chapter Value creation.

Our value chain has a major impact on the energy transition and the rate at which this transition occurs. By constructing and maintaining our networks, we play a central role in the value chain and in making the energy transition a reality. At the same time, we have limited direct influence on factors such as the supply of and demand for specific forms of energy. This means that we are largely dependent on the other parties in our value chain to facilitate the energy transition.



Material topics:

- Access to energy and supply reliability
- Customer and stakeholder perception
- Good employment practices
- Climate change mitigation
- Biodiversity in the value chain
- Circular resource inflow
- Business ethics, integrity and good governance

Stakeholders

Upstream

Suppliers | (Tier-N) Suppliers | Nature | Employees in the value chain

Own operations

Employees | Shareholders | Nature | Groundwork Contractors

Downstream

Consumer customer | Business Customer | Nature | Sector Market Operators

External environment

Local and Regional authorities | National Government | Regulators | Grid Management Sector | Industry Associations | NGOs | Financial stakeholders | Interest groups | Knowledge partners | Communication / media

Overview

This annual report gives an overview of Stedin Group's performance in 2024 in the sections entitled Report of the Board of Management, Financial Statements 2024, Other information and finally Supplementary Information.

The Report of the Board of Management starts with an annual summary of Stedin in figures and an overview of our key communications. This is followed by a description of Stedin in the social context, taking a broad look at developments in the world around us that impact our sector, our organisation and our work. The next chapter looks at Value creation, describing how the Stedin strategy creates long-term value on the material topics for our stakeholders in our value chain visualised above in the section entitled About us.

Our 2024 results can then be found in the Results chapter. We present the results primarily based on our strategic priorities of Network Capacity (Construction and Utilisation) and Network Quality (Management). After an overview of the results achieved, we turn to the actions we have taken to ensure access to energy and supply reliability in our service area.

The Results chapter is followed by a section on Organisation and management. We close the Report of the Board of Management with a new section: the Sustainability Statement.

Sustainability Statement

Sustainability is one of the goals within Stedin's strategy, through which we focus on Environment, Social and Governance (ESG) aspects.

Stedin has reported sustainability results in its annual report since 2017. In the 2024 annual report, we do so for the first time in line with new European regulations: the Corporate Sustainability Reporting Directive (CSRD), which is part of the European Green Deal. With this Green Deal, Europe aims to be the most sustainable and first climate-neutral continent by 2050. This requires a proper understanding of companies' sustainability policies and results. The CSRD imposes certain transparency requirements on companies in Europe as a way to achieve and accelerate sustainable ambitions.

Pending the official implementation of the CSRD in Dutch legislation, we have already chosen to report in accordance with the requirements of the CSRD and the European Sustainability Reporting Standards (ESRS) in 2024. We report on how our organisation manages material sustainability issues. For us, reporting is an important tool in the sustainability transition. Both for providing information about our goals and progress towards them and for sharing insights and lessons learned to support the sustainability transition.

This means that the prescribed information in our Sustainability Statement is related to the rest of the Report of the Board of Management. To avoid duplication as much as possible, we choose to remain concise in some places and refer to more detailed explanations elsewhere in the report. You will also find references to the disclosure requirements from the ESRS, for example 'S1 SBM-3 14e'. A vertical line here in the Report of the Board of Management means that the reference applies only to that part of the relevant paragraph.

Report of the Board of Management

Achieving a new balance

Annual summary

A lot happened in 12 months. For instance, the Delft neighbourhoods of Voorhof and Buitenhof switched to a heat network, and the very first energy hub was set up in Utrecht. And that is just the tip of the iceberg. An overview of 2024 based on our press releases.

Stedin in figures

Stedin is working to facilitate the energy transition in close cooperation with stakeholders by making substantial investments. We do this by safely accelerating **construction**, taking a more flexible approach to **utilising** the current network and ensuring effective network **management**. All in the interest of providing a reliable **service** to our customers. In all this, we are mindful of our **staff members.** We want them to enjoy their work, to be able to develop themselves and to feel **safe** within a socially engaged and **financially healthy** Stedin. By working as **sustainably** as possible on a new energy system based on locally generated renewable energy, we will help achieve national and international targets to reduce CO_2 emissions. We will do this by minimising the emissions from our own operations (scope 1 & 2), encouraging our suppliers to do the same (scope 3) and enabling our customers to reduce their CO_2 emissions (scope 3).

Construction

€ 1,096 mln
Investments

344 MVA
Additional capacity

11
Additional transmission stations

353
Additional MV substations

1,013 km
Additional cables laid

Optimisation

167 MW
Flexible capacity

Management

99.9960%
Electricity supply reliability

99.9999%
Gas supply reliability

Customer satisfaction with service provision

84%
Meters & Connections

88%
Meter cupboard problems

17%
Projects

Renewable gases & alternative heating

346 HEQ
Heat household equivalents

Market facilitation

99.3%
Smart meter data provision

Sustainability

6,804 kt of CO_2 eq
Total scope 1, 2 and 3 CO_2 equivalent including gas consumption customers

25%
CO_2 reduction compared to 2021

Financially healthy

A-
Credit rating

Employees, leadership & culture

6,232 FTEs

28 eNPS
Employee satisfaction

Safety

0.1 LTIR

0.4 RIF

Annual summary 2024

Q1

23 January

145,000
solar panel owners

Record number of solar panels installed in 2023
The year 2023 saw a record number of solar panels installed in our service area, with over 145,000 Stedin customers switching to solar power. We reported this along with a suggested New Year's resolution: use most of the solar power you generate yourself!

1 February

Obligatory congestion management
Four heavy-use consumers were asked to make flexible use of the grid. This marked the start of a new phase: obligatory congestion management to prevent overload at peak times. Customers still have influence on the price for helping to balance the power grid.

20 March

Raising the roof in Doorn
If a transformer is faulty, you replace it straight away - right? Not always: we discovered that one transformer substation in Doorne was home not only to a faulty transformer, but also a colony of bats. It is illegal to disturb a bat roost. A good example of the tension between natural values and infrastructure, and a reason to adopt a more nature-inclusive approach.

27 February

Stedin seeks more help to reduce congestion on the energy grid
In its previous Annual Report, Stedin called on people to switch off their charging points during the evening peak as capacity shortages on the power grid force municipalities and provinces to make tough decisions. Charging points take up a lot of capacity on the low-voltage grid: for each charging point switched off during the evening peak, Stedin can connect one more new home.

switch off charging points between
4 p.m. and
9 p.m.

Q2

9 April

Open heat grid in Delft
Breaking news: the Delft neighbourhoods of Voorhof and Buitenhof are switching to a heat grid managed by our subsidiary NetVerder. This will provide 6,000 rented homes with an affordable and sustainable heat supply. Heat grids are set to play a key role in the energy transition, as they are able to meet a large part of the energy demand in residential areas.

+6,000
connections

25 April

Measures to address power grid congestion in Utrecht
The power grid in Utrecht is so congested that emergency measures are needed to prevent overload and damage. We are deploying gas generators and batteries, as well as temporarily suspending charging points, to stop new homes from being added to the waiting list.

11 April

Cable Pooling in Koegorspolder
Stedin has achieved a first in Koegorspolder: cable pooling. Here, a wind farm, a solar farm and a large battery share a single power connection. This is possible because each uses the power cable at different times: it is usually not sunny when there are high winds, and vice versa. This enables us to optimise grid use and save manpower.

21 May

Heat grid less expensive than heat pump in populated districts
In densely populated residential areas, heat grids are almost 30% less expensive than installing heat pumps. What's more, heat grids relieve the burden on the electricity grid. This financial benefit is not yet reaching households. We are calling for this financial benefit to be used to help households get connected to a heat grid.

Annual summary 2024

Q3

4 July

Looking for adjustable generation for the energy transition

Stedin and TenneT are looking for market parties that can help with relocatable power generators. These generators provide power to residential areas on demand during peak times. The measure is essential for the energy transition and is temporary.

22 August

Collaboration with homeowners to relieve the burden on the Zeeland power grid

Eneco and Stedin have launched a pilot project in Zeeland. We are asking homeowners to switch off their solar panels for a fee. The aim is to learn how willing solar panel owners are to help relieve the burden on the power grid. Switching off helps reduce the burden on the grid and prevent overload.

5 September

Grid operators call for a fair distribution of grid costs

The grid operators are calling for a new distribution of grid costs. We believe it is fairer if the parties that generate energy, such as solar farms and wind farms, also contribute towards grid costs since they also use the grid infrastructure.

27 September

First energy hub in Utrecht

1st energy hub

Utrecht has its first energy hub: at the Lage Weide business park, five businesses exchange energy amongst themselves. The smart exchange of energy leads to more capacity on the power grid to improve sustainability and expand these five businesses.

Q4

25 October

Neighbourhood approach launched in Drechtsteden

The Drechtsteden region is one of the first in the Netherlands to opt for the 'Neighbourhood Approach' with the grid manager. The approach provides municipalities with a higher capacity grid in one go. For the Drechtsteden region, this means around 800 additional medium-voltage substations and many kilometres of cable.

+800
medium-voltage substations

11 November

Utrecht residential area built by new power contract

Grid congestion is ever growing. And yet a new residential district is to be built in Utrecht: 'Merwede'. The district will make smart use of a collective heating system and charge electric cars outside peak times. This means that more than new 4,200 homes can be delivered.

21 November

New in-house training school in Goes

Like other areas, Zeeland needs more fitters who have the technical skills to work with electricity and gas. Relevant training is now also available in Goes, saving on travel time. We can also now deploy Zeeland colleagues as instructors or supervisors.

5 December

Electricity grid in South Holland reaches maximum capacity

The electricity grid has reached maximum capacity in a number of areas, including South Holland. Businesses and organisations that want a larger-capacity connection will be added to the waiting list. Stedin and TenneT are calling on heavy-use consumers to 'avoid the peak'.

Stedin in the social context

Stedin has the important social responsibility of providing everyone in our service area with access to energy. At the same time, we are an indispensable link in the transition to a new energy balance. Our position at the heart of society means that political, economic and legal changes and developments in that society have an impact on our organisation and our work. In order to properly understand our year, it is important to understand the social context in which we operated in 2024.

Developments in society

The energy transition is increasingly taking shape. Fossil fuels are increasingly being replaced with renewable sources. This is a huge overhaul, which is increasingly gaining momentum. We saw the full effects of this again in 2024. There were substantial national and international shifts in the political sphere, in society and in and around Stedin.

European developments

After the European elections in June 2024, the President of the European Commission presented the political guidelines for the next European Commission (2024–2029). The Commission addresses many issues, including energy and climate. It wants to stick as closely as possible to the goals set out in the Green Deal to make Europe the first climate-neutral continent. The new Commission will also publish the Clean Industrial Deal, which aims to achieve further decarbonisation while making the energy transition more affordable for industry.

Geopolitical developments

Dependence on foreign energy remains a hot topic, following international developments and their impact on the production, supply and price of energy. The in 2024 elected government is placing a stronger focus on energy independence and national production. In the meantime, global demand for raw materials remains high thanks in part to the energy transition. Impending trade conflicts are having an impact on the commodity market and the availability of materials.

Gas prices were fairly stable in 2024 compared to 2023. The energy price cap was abolished from 1 January 2024. There was no longer a maximum tariff for gas, electricity and heat. Most consumers now pay tariffs that are lower than the former cap.

The growing threat of cybercrime is leading to an increased focus from both the European Union and the Dutch government. This is resulting in measures aimed at increasing digital resilience and protecting national and economic security.

Political developments in the Netherlands

The Framework Coalition Agreement 2024–2028 between the PVV, VVD, NSC and BBB parties stipulates that solving network congestion takes precedence. The Schoof coalition government, which took office in summer 2024, is in control of factors such as prioritising and reprioritising who gets access to the network and when. Further elaboration is needed. The same applies to feasibility given the ongoing challenges in areas such as manpower, use of space and availability of materials.

November 2024 saw the publication of the Government Programme, which sets out the details of the Framework Coalition Agreement. The Government Programme confirmed the abolition of the netting scheme, as well as the abolition of the mandatory hybrid heat pump and enforcement of existing climate targets. The Government Programme also announced cuts, including to incentives for battery and hydrogen use. Even the Sustainable Energy Generation Incentive (SDE++), the main scheme providing government support for large-scale renewable energy projects, will be subject to cuts. The coalition government is also focusing on nuclear power.

Bleak Climate and Energy Outlook

The Climate and Energy Outlook was presented at the end of October 2024. In this document, the Netherlands Environmental Assessment Agency (PBL) outlines trends in GHG emissions and the energy system in the Netherlands. The results showed that climate targets cannot be achieved with the current measures.

Updated or additional policies appear to be needed if this situation is to change. It is important for Stedin that any additional measures take into account the impact on the electricity network to avoid further network congestion.

National Energy System Plan (NPE)

Central government published the National Energy System Plan (NPE) in late 2023. The plan contains guiding choices that lay the foundation to develop the energy system in keeping with a climate-neutral society. One example is opting for 'maximum supply of renewable energy and energy infrastructure'. 'Energy conservation' is also mentioned, as well as 'deploying scarce energy and infrastructure where it is most needed, together with residents and businesses'. In the first half of 2024, grid operators called on the Dutch House of Representatives to translate the NPE into policy and laws and regulations. Clear choices for energy carriers are essential. The smart use of space will also play an important role in a future-proof energy system.

Energy Act passed

The Energy Act (Energiewet) was passed by the House of Representatives in June 2024 as a replacement to the Electricity Act (Elektriciteitswet) and the Gas Act (Gaswet). The Energy Act introduces new rules for the electricity and gas market and the energy system. The Act also provides essential guidance for building on the energy system, with a view to the energy transition. For example, the Energy Act focuses on more sustainable local energy production, storage and flexibility. The House of Representatives amended elements of the Act. For instance, grid operators can now deploy generation and storage as an emergency measure in the event of congestion if the market fails to take off. However, they must request permission from the Netherlands Authority for Consumers and Markets (ACM). The Dutch Senate approved the Energy Act on 10 December 2024. Several areas covered in the Energy Act will be developed in greater detail in underlying regulations (General Administrative Order and/or Ministerial Regulation).

Entry into force of the Environmental and Planning Act

The Environmental and Planning Act (Omgevingswet) came into force on 1 January 2024. The aim of this Act is to speed up spatial planning procedures. Every year, Stedin applies for a large number of planning permits from bodies such as provinces and water authorities. This means that we deal with the Environmental and Planning Act on a regular basis. We therefore made sure that we were well prepared.

For example, we set up a knowledge base to help our staff quickly check what rules apply at a particular government agency. We also created a link between the government's Digital System for the Environmental and Planning Act (DSO) and our own systems. This makes it easier to apply for permits to lay cables and pipelines. Many of our projects involve dealing with several municipalities and provinces. It is helpful to us if they are able to better coordinate rules. Municipalities still have until 2032 to switch their permit procedures to the DSO.

Impact of nitrogen regulations

Nitrogen regulations have limited impact on network expansions. This is because emissions from network expansions are limited by taking measures such as using electric construction equipment. Our projects can still be carried out without Natura 2000 permits, but they are delayed because we are required to perform nitrogen calculations. The Ministry of Climate Policy and Green Growth is investigating whether there could be a 'group exemption' on nitrogen for energy infrastructure projects to avoid delays. We are closely involved in this research. The nitrogen dossier creates a great deal of uncertainty. For example, new case law shows that internal offsetting – solving nitrogen excesses in other ways within a project – will again be subject to a licensing obligation. We are keeping a close eye on developments. We are also concerned about nitrogen emissions in the implementation of the Flextender, as described in the chapter Utilising network capacity. If the chosen emergency power solution leads to nitrogen emissions, the nitrogen regulations could cause substantial delays.

There is still a need for sustainable gas

Gas consumption has fallen in recent years as a result of continuing electrification. The stabilisation in consumption last year is a sign that, despite this, gas will continue to be an indispensable link in the Dutch energy mix for a long time to come. Renewable gases, such as green gas and hydrogen, can play an important role in the energy transition and in the energy system of the future. Gas is easy to store, efficient to transport and has a high energy density. Gas has applications for industry, for transport and for homes that are less easy to insulate and electrify. We can also make use of the valuable infrastructure already in the ground.

At the same time, developments are occurring that will make fossil gas as an energy source more sustainable. For instance, energy suppliers will be obliged to blend green gas from 2026, with the blending percentage rising to around 20% in 2030 for the built environment.

Heat

Heat is an important part of the overall energy system. A heat network takes pressure off the congested electricity network and, in our opinion, should preferably use renewable energy sources that are separate from the electricity network. To facilitate the heat transition, urgent clarity is required on the deployment and locations of heat networks, as well as their affordability. The Collective Heat Act (Wet collectieve warmte, Wcw) and the Municipal Instruments for the Heat Transition Act (Wet gemeentelijke instrumenten warmtetransitie, Wgiw) are needed for this purpose. Both Acts were under development in 2024.

The Collective Heat Act

The Collective Heat Act is an important building block in the energy transition and allows network companies to play a full role in heat networks. Among other things, this Act sets out conditions for the affordability of heat networks, for both consumers and heating companies. Swift consideration of this Act is important to provide the heat sector with clarity sooner and enable it to take steps. Stedin contributed to Netbeheer Nederland's position paper on the Collective Heat Act. This paper stresses the need for clarity and speed, because heat is part of the vital infrastructure and indispensable in the overall energy system. The paper also argues that the financial aspects need to be clarified now that grid operators are ready to get involved in the heat transition. The House of Representatives is expected to debate the Collective Heat Act in the first half of 2025. In anticipation of this, Stedin has agreed upon a heat strategy with its shareholders. For more information, see the section on Heat in the chapter entitled Renewable gases and alternative heating.

Municipal Instruments for the Heat Transition Act

The Municipal Instruments for the Heat Transition Act allows municipalities to determine when a particular neighbourhood should stop using fossil gas. As soon as there is a good and affordable alternative, the grid operator will cease supplying gas. The Act also provides clarity on what is needed to ensure that heat networks are affordable. The House of Representatives passed the Act in April 2024, and the Senate agreed to the Act on 10 December 2024.

Slow initial take-up of hydrogen as an alternative

Under the National Hydrogen Programme (NWP), hydrogen will mainly be used by industry and other hard-to-electrify sectors until around 2035. As a result, hydrogen plays a limited role in the built environment for the time being. Although hydrogen can technically be used in existing gas networks, the focus for homes and buildings will remain primarily on alternative heating solutions (such as heat pumps, heat networks, gas and biogas) until 2035.

Scarce, therefore expensive

There are currently no clear rules and regulations for the use of hydrogen. In addition, renewable hydrogen in particular is still scarce and therefore expensive. As a result, hydrogen is expected to be deployed first in areas where no sustainable alternatives are available and where business processes require high temperatures.

Making networks work together

If we want to encourage the use of hydrogen, more hydrogen needs to become available at both national and international level. In the Netherlands, production can potentially take place on a smaller scale, close to the customer. We can then make the electricity and gas networks work together. Hydrogen can be used to store excess power and can be converted back into power when there is a shortage of electricity. If hydrogen becomes more widely available, costs will fall. It is anticipated that it will then be possible to use hydrogen more often and in more ways.

Regulations applicable to home batteries

The current social and political debate on network capacity often focuses on the purchase of home batteries and their potential to prevent network congestion. If batteries are used without taking into account the local situation, there is a risk of local peaks resulting in overloading of the local network. In the absence of clear rules, home batteries could therefore make local network congestion worse. Consequently, it is important that these rules are put in place soon to ensure that home batteries are mainly used to store and use self-generated solar power, thus helping to prevent network congestion rather than exacerbate it. In 2024, following the motto 'First the rules, then the game', Stedin specifically drew media attention to the risks that home batteries pose to the electricity network.

Increasing network congestion

The year 2024 saw a much stronger focus on network congestion. For example, Rob Jetten, the then Minister for Climate and Energy Policy, sent a letter in April to the House of Representatives about stepping up and expanding measures to combat network congestion in the areas of Utrecht, Flevoland and Gelderland. In these provinces, unconventional measures are needed to prevent network congestion from also affecting low-volume consumers. Although some of these measures fall outside our organisation, we are fully committed to making them happen. We are working on this in collaboration with national and local authorities and other stakeholders.

Extent of the challenge and progress of the energy transition in the Stedin area until the end of 2030

The diagram below shows the scale and progress of the energy transition task in our service area, which is influenced by the developments in society described. The estimated task for 2030 is based on several factors, including the future scenarios drawn up by Netbeheer Nederland, Elaad and the Statistics Netherlands' Climate Monitor, and will be periodically updated based on aspects such as the previously described developments in society. The figures may therefore change each year. In the diagram below, the external and internal task is translated into a work package for Stedin, taking into account estimated limitations in areas such as manpower, space and materials.

Renewable energy

Onshore wind
1.6 GWp
68%
NL: 9 GWp

Hydrogen
n.n.b.

Rooftop and ground solar
9.6 GWp
46%
NL: 40 GWp

Green gas
194 MCM
12%
NL: 1,100 MCM

Heat
0.8 mln GJ
1%
NL: 13.5 mln GJ

Batteries
0.3 GWp
41%
NL: 12 GWp

Living, working & transport

Gas-free homes
168,000
22%
NL: 803,000

Electric cars
513,000
29%
NL: 2.3 mln

New homes connected
216,000
36%
NL: 810,000

Electric buses
1,350
64%
NL: 4,700

Households with heat pumps
All-electric or hybrid
374,000
35%
NL: 1.7 mln

Electric trucks
3,660
14%
NL: 24,000

Workload Stedin

Transport stations
37 new: 14%
98 expanded: 20%

Medium-voltage substations
6,000
19%

Cables in km
12,000
22%

expected installed power challenge until the end of 2030
realisation from 2022 until the end of 2024 in the Stedin area

expected challenge in numbers by 2030
realisation from 2022 until the end of 2024 in the Stedin area

expected additional challenge in numbers from 2022 until the end of 2030
realisation from 2022 until the end of 2024 in the Stedin area

Consequences for Stedin and our service area

The aforementioned developments had an impact on Stedin's service area in 2024 and have a multi-year impact on the ability to achieve the Netherlands' climate ambitions. We describe the exact consequences for Stedin and our service area below.

Scarcity of space, technicians and materials

Stedin expects to construct around 5,000 medium-voltage substations and lay over 9,000 kilometres of cables for the energy transition up to 2030. To do this, we not only need materials but also space and appropriately trained technicians. Scarcity makes this challenging. However, it is a challenge that we are addressing together with our stakeholders.

Space is limited

Over the past year, Stedin has made significant progress in expanding and reinforcing our networks to meet the growing demand for energy. This expansion requires not only technical upgrades but also sufficient physical space to install new infrastructure. Identifying suitable sites and obtaining the necessary planning permission are crucial parts of this process. This is increasingly difficult in Stedin's predominantly urban and densely built-up service area. Nevertheless, we succeeded in finding 10 sites for new transmission stations in 2024.

An essential aspect of our strategy is intensive cooperation with local and regional authorities within our service area at both official and administrative level. Working more closely together enables us to respond faster and more efficiently to our customers' needs and the challenges of the energy transition. This collaboration has led to better coordination, faster decision-making and a shared commitment to achieving sustainable solutions. For more information, see the section entitled Starting construction earlier in the chapter on Building more network capacity.

Shortage of staff

Stedin experienced rapid growth in 2024. We need to scale up our organisation, but labour market shortages are making this increasingly difficult to achieve. The main job categories in which we are experiencing shortages are fitters, technical specialists, site managers and engineers. These specialists have become very hard to find, and this situation is expected to get worse in the coming years. Our need is too big to be met through recruitment, meaning that we must train these job categories internally. Achieving that in a timely, high-quality and stable manner remains a major challenge. Important preconditions are further expansion of training capacity, facilities such as the new Stedin Academy building, the availability of instructors and apprentice trainers from operational practice and the organisation's capacity to supervise larger numbers of new employees. We can only achieve this through an integrated approach to recruitment, training and advancement.

Availability of material

Expanding the energy network requires materials that are sometimes difficult to obtain. One of the reasons for this is disruptions in the raw material supply chain. These disruptions are the result of international tensions and trade conflicts and are not always predictable. Global demand for raw materials is increasing. We critically monitor the supply of materials such as network components and take measures to anticipate potential shortages and long delivery times. These measures have so far ensured the continuity of our operations.

Affordability of the energy transition

European and Dutch climate ambitions and policy choices are accelerating the energy transition and require the large-scale adaptation, expansion and reinforcement of network infrastructure. At the same time, national and regional grid operators are continuing to ensure high supply reliability and price levels are rising due to inflation. The result is a sharp increase in network investments. For example, Stedin's annual investments have grown over five years from €0.6 billion in 2019 to €1.1 billion in 2024.

Major investment means higher tariffs

Over the coming years, we will need to invest much more in order to facilitate the transition to a new energy system and safeguard access to energy. Recent research commissioned by Netbeheer Nederland shows that, together with the other grid operators, we need to invest around €236 billion in network infrastructure for electricity, gas, heat and hydrogen in the period from 2024 to 2040. These investments will be passed on to a limited extent to the respective customer when a connection is installed or adapted. The remaining part – net investments of around €219 billion – will be reimbursed through tariffs by all domestic and foreign energy consumers over the lifetime of the networks. Based on this investment forecast, we expect to see a two to three-fold increase in network tariffs for electricity between now and 2040. This does not include inflation. For gas, we expect tariffs to go up to a limited extent despite falling network costs. This is because the number of gas connections is also decreasing.

Energy bills are rising, but investment is crucial

For our customers, what ultimately matters is the total energy bill including supply costs and taxes. This energy bill is expected to increase in the coming years, with the share of network costs rising. We realise that the sums involved are considerable. At the same time, investment in network infrastructure is crucial for the energy transition and the Dutch economy. For example, consulting firm BCG stated in a recent publication that the network congestion in the Netherlands could cost society some €10 billion to €40 billion each year.

How do we keep costs manageable?

Stedin is concerned about these rising costs and their impact on households and businesses. Timely and clear design choices for the new energy system are needed to keep the social costs as low as possible. A more flexible approach to using new and existing network infrastructure is also key. A better utilised network is a more affordable network. Together with the other grid operators, we advocate a new allocation of network costs and are actively involved in various studies on possible measures.

The coalition government commissioned interdepartmental policy research (IBO) into costing and financing the electricity infrastructure in the Spring Memorandum 2024. As a grid operator, we are closely involved in this research. The final report of the IBO is expected in the first quarter of 2025 and should lead to specific recommendations.

Feed-in of green gas

Although grid operators do not have a legal obligation to provide connections to green gas, Stedin wants to encourage green gas feed-in as much as possible. However, the increasing feed-in of green gas into our network means that we are already encountering limited available network capacity in some regions. We therefore need to expand and reinforce our gas network to meet the growing feed-in of green gas and facilitate the blending obligation safely and reliably.

Overloaded power network

Due to limited availability of experienced staff and space, demand for electricity and new or larger-capacity connections exceeds what we can currently add to the network. As a result, national and regional power networks are becoming overloaded. This creates queues on the electricity network, also known as network congestion. Consequently, access to energy is no longer a given. Both companies and households found themselves unable to return their generated energy to the network in 2024. We know that this will remain the case for the time being and will have painful consequences for our customers. We take this very seriously. We are making every effort to mitigate the impact of an overloaded power network on customers, catch up with waiting lists as soon as possible and provide actionable solutions for customers who are unfortunately on the waiting list.

TenneT congestion areas in Stedin service area

In 2024, high-volume customers within large parts of Stedin's service area faced congestion on TenneT's national high-voltage network. This concerned the entire province of Zeeland for consumption, the Rotterdam port area and surroundings for consumption and the entire province of Utrecht for consumption and feed-in. On 5 December 2024, TenneT also announced congestion for consumption on the high-voltage network in the province of South Holland. We are working with TenneT to accelerate network expansions. We are exploring technical solutions and working on a variety of measures to reduce peak load at specific times.

To ensure that we can still serve users waiting for a connection, we deploy alternative solutions such as flexible capacity or the failure reserve: a spare cable or transformer designed for when a power cable breaks.

The situation on the Utrecht power network is acute

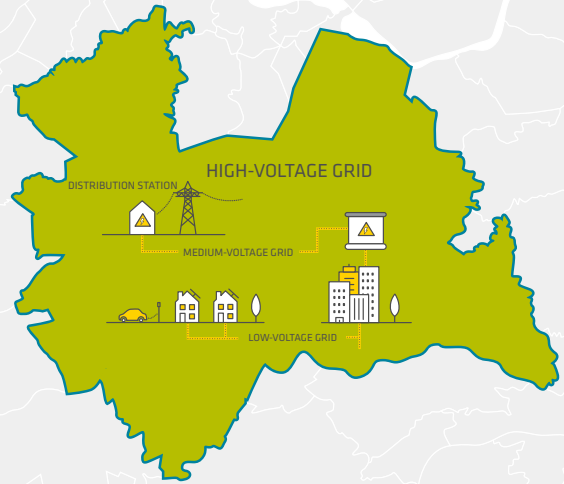
The electricity network in Flevopolder, Gelderland and Utrecht (FGU) is under pressure. The networks of TenneT, Liander and Stedin are closely linked in these areas. As a result, an overload in one province affects the others. To ensure a reliable power supply, provinces, grid operators and ministries are working with market players and industry associations on measures to reduce the burden on the network while leaving capacity to meet housing construction targets. On 25 April 2024, the Minister for Climate and Energy Policy informed the House of Representatives that some of the network congestion measures will initially be applied in the province of Utrecht.

The package of measures is designed to reduce peak electricity demand in the province. For example, the package encourages network-conscious charging of electric vehicles, the construction of network-conscious new buildings with the Utrecht district of Merwede as an example, the use of hybrid heat pumps in existing homes and the re-calibration of heat pumps. We are also increasing the capacity of the network through network expansions and by adding adjustable electricity generation. In addition, we are putting a heavier load on the network wherever possible. The package of measures is expected to reduce the burden on the electricity network in the short term. We carried out a risk assessment in 2024 based on several scenarios (including a lower growth scenario). Based on the results, we took the decision to not yet set up a waiting list for low-volume consumers in November. We will perform a new assessment in 2025. The risk of power outages remains high as ever, making the introduction of a waiting list a viable option.

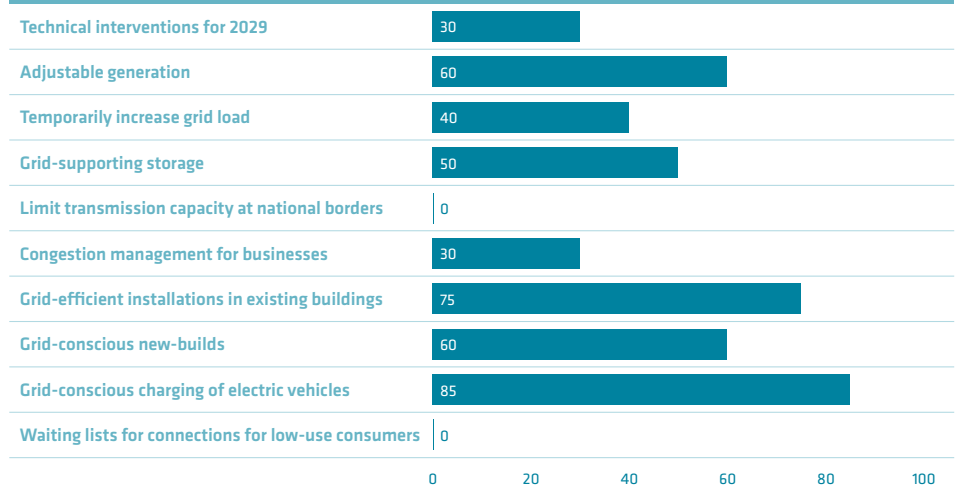
We are closely monitoring developments and the impact on the power network. We will issue the next update with possible steps in spring 2025. It is important that no new policies are introduced that further encourage electrification in the province.

Additional measures for Utrecht power grid

250mw of capacity needed between 2026 and 2029



Potential of additional measures (in MW)



Congestion on regional networks

Stedin has announced 19 congestion areas for the regional electricity network in 2024. There were several areas in the provinces of South Holland and Zeeland where customers faced a congested power network for the first time. New requests to return power or more power back to the network, or to purchase power or more power, will be put on a waiting list. At three locations in our area, there is congestion for both generation and consumption. Both are represented in the diagram opposite.

Grid operators use research into congestion management to determine whether consumption or feed-in from large customers can be shifted to create space on the electricity network. We refer to this as flexible capability with customers. If the flexible capacity offered creates space on the electricity network, customers on the waiting list can get a connection with transmission capacity. In some areas, however, the situation is different. There, the pressure on the power network is so high that all space is needed to accommodate the growing power consumption to keep the energy supply reliable.

There are now several areas where both TenneT and Stedin have announced congestion. This means there is a lack of transmission capacity on both TenneT's and Stedin's networks. If congestion management succeeds in creating space on TenneT's high-voltage network, customers on the waiting list will not automatically receive new or increased transmission capacity until the congestion on Stedin's networks is also resolved. Transparent communication on the timing of problem-solving is therefore essential. For more information on how we do this, see the section on Transparent communication in Building more network capacity.

At year-end 2024, there were 40 congestion areas in total in our service area. Congestion is caused by several factors. In particular, more requests for onshore solar, rooftop solar, wind farms and rising energy consumption by consumers and small-business customers are placing high demands on energy network capacity. Reasons for this rising consumption include electric vehicle charging and electric home heating. We continuously monitor our service area for increasing network load so that we can take measures in good time.

TenneT

1 Heemstede
2 Port of Rotterdam & Goeree Overflakkee
3 Province of Zuid-Holland
4 Province of Utrecht
5 Province of Zeeland

Stedin

6 Mijdrecht
7 Baarn
8 Woerden
9 Maarssenbroek
10 Bilthoven
11 Amersfoort
12 Oudenrijn
13 Driebergen
14 Nieuwegein
15 Houten-Oost
16 Doorn
17 Veenendaal
18 Wijk bij Duurstede
19 Den Haag Centrum-Noordwest, Scheveningen and Duindorp
20 Nootdorp and Ypenburg-Oost
21 Waddinxveen - Piet Stuurmanweg
22 Waddinxveen - Schielandweg
23 Reeuwijk and Gouda-Noord
24 Waarder and Driebruggen
25 Berkel en Rodenrijs - Noordeinde
26 Waddinxveen - Doelwijk
27 Berkel en Rodenrijs - Kleihoogt/ Centrum Noord
28. Bleiswijk – Bergschenhoek
29. Zuidplas - 2e Tochtweg
30 Tinte
31 Rotterdam-Zuid and surrounding municipalities I
32 Rotterdam-Zuid and surrounding municipalities II
33 Gedeelte Drechtsteden and central Molenlanden
34 Alblasserwaard-Oost, Vijfheerenlanden West Betuwe-Noordwest
35 Dordrecht Centrum and – Oost
36 Hoeksche Waard and Zuidelijk Dordrecht
37 Tholen and Schouwen-Duivenland (Noordring)
38 Walcheren-Noord
39 Vlissingen-Oost harbours
40 Zuid-Beveland

Growing waiting lists

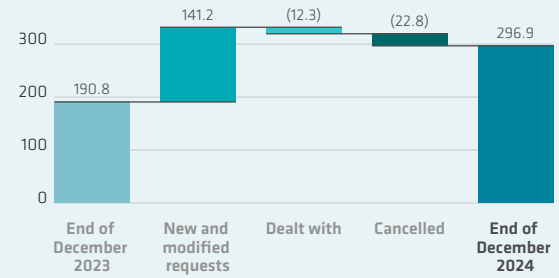
If we announce congestion in an area, we place new requests for new or additional transmission capacity in that area on a waiting list. At year-end 2024, 1,600 requests from high-volume customers were on the waiting list for transmission capacity for consumption and 563 requests from high-volume customers for feed-in. Compared to the situation at year-end 2023, this represents an increase of 115%/856 customer requests for consumption and 58%/208 customer requests for feed-in respectively. We were able to provide transmission capacity to 36 customers on the feed-in waiting list in 2024. In addition, TenneT expects to be able to contract additional flexible capacity in the province of Zeeland during 2025. This is of course good news and will help us reduce the waiting lists. At the same time, the shortages of space, technicians and materials mentioned earlier mean that we cannot catch up with waiting lists overnight.

Our website provides a monthly update on congestion in our service area. An up-to-date transmission-capacity waiting list for large corporate customers can also be found there, along with information on how these customers are distributed across different provinces and whether the congestion relates to consumption or feed-in. Finally, we provide information where possible on the steps we are taking to manage and resolve congestion and the envisaged timeframe.

Energy return
Capacity on waiting list

2024
296.9

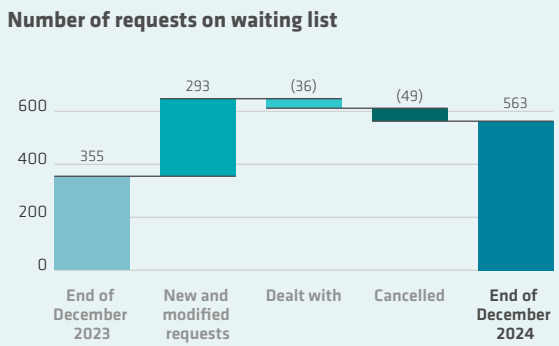
2023
190.8



Energy return
Requests on waiting list

2024
563

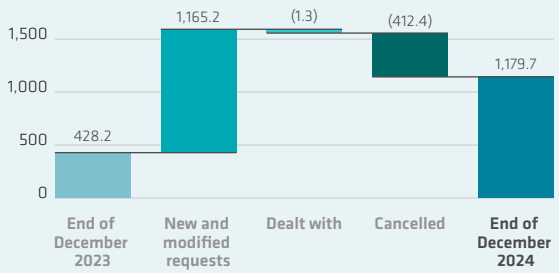
2023
355



Consumption
Capacity on waiting list

2024
1,179.7

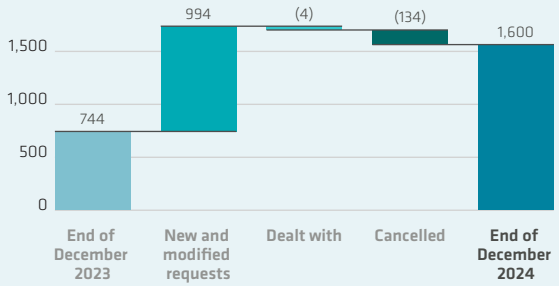
2023
428.2



Consumption
Requests on waiting list

2024
1,600

2023
744



Prioritising the waiting list for customer requests

From 1 October 2024, Stedin will apply social prioritisation in congestion areas. This is due to the code decision taken by ACM on 18 April 2024. Social prioritisation gives customers who fall within certain social frameworks priority when allocating transmission capacity. Priority requests can be submitted for three categories:

1. congestion mitigators (feed-in and consumption requests), on a case-by-case basis;
2. security functions (consumption requests), such as the fire service and police force;
3. basic needs (consumption requests), such as education and housing needs.

Category 1 has the highest priority, followed by 2 and 3 and then other requests. Within these categories, the 'first come, first served' principle applies. Priority for some means longer waits for others. We therefore take great care in prioritising the waiting list and dealing with priority requests. Customers must provide documentary evidence that they meet the requirements. Stedin checks for completeness and assesses the procedural requirements. It is important to note that prioritisation does not mean additional space on electricity networks will become available faster in the places where priority requests are made. What it does mean is that, as soon as space becomes available, the waiting list will be dealt with in the prioritised order.

In 2024, we prioritised 28 customer requests based on the above categories.

Value creation

Stedin is working on sustainable value creation for the longer term. We take our responsibility for sustainable and fair working practices, in collaboration with supply chain partners. Our starting point for this is our Strategy 2023–2027. We review this each year by analysing our value chain, the material topics within it and our stakeholders.

ESRS2
SBM-1 40e,f,g;
S4-1 15
MDR-P 65a,b

Stedin strategy

Mission

Working together to create an environment filled with new energy

Vision

Enabling the energy transition by accelerating construction, better utilising and effective management of the networks

Strategy

PRIORITIES	**Network capacity** (Construction and Utilisation)	**Network quality** (Management)
OTHER GOALS	Service provision and effectiveness | Market facilitation | Sustainability | Renewable gases and alternative heating	
PRECONDITIONS	Financially healthy | Employees, leadership and culture | ICT and capacity for change | Safety and cybersecurity	

Working together to create an environment filled with new energy

The Netherlands is moving from a fossil energy system to a sustainable energy system – from centrally generated energy to decentralised generation, such as using solar panels or offshore wind turbines. Even if the sun does not shine or the wind does not blow for a while, the energy system based on supply and demand must be kept in balance.

We are working towards sustainable value creation by implementing our strategy for the period 2023–2027. Our strategy is based around expanding our network capacity while keeping network quality high. We will achieve this by accelerating construction, better utilising networks and continuing to manage networks reliably, and doing this as sustainably as possible.

Ensuring network capacity

- **Construction**: we are laying even more cables and pipelines and building additional stations. In this way, we can connect our customers to our energy network, including new customers and electricity generators.
- **Utilisation:** construction alone will not suffice. We will improve the utilisation of the network by optimally matching supply and demand, and by using the available network capacity in the smartest possible way. This will reduce network congestion.

Ensuring network quality

- **Management:** we want to maintain the quality of our performance. Among other things, we do so by safeguarding the quality of our energy network. Our top priority is to continue to ensure a reliable and safe energy supply.

Caring for people and the environment

- **Sustainability**: the biggest contribution Stedin can make towards improving sustainability in the Netherlandsis to expand our network capacity as quickly and effectively as possible. This will enable companies and private citizens in our service area to become more sustainable. We also set ourselves targets to minimise the impact and emissions of our own operations.

Stakeholders and material topics

In implementing our strategy, it is needless to say that we deal with a broad range of stakeholders. Our stakeholders are the people, groups or authorities that have an influence on Stedin and vice versa. We liaise closely with high-impact stakeholders. Our contact with other stakeholders is less intensive but still takes place on a regular basis.

Listening and engaging with our stakeholders is an essential step towards doing the right things correctly. It also helps to have a shared understanding of the challenges we face in the energy transition. By engaging in dialogue, we stay connected and aware of what those around us are asking and demanding of us.

Material topics: where do we have an impact?

We asked stakeholders about the positive or negative impact they experience in their relationship with Stedin. We also investigated the topics that are material in this regard and that bring focus to the execution of our strategy. To best identify these topics, we carried out a double materiality assessment consisting of an inside-out and an outside-in analysis. This is in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The inside-out analysis shows the topics for which Stedin has the most positive and negative impact on society. The outside-in analysis reveals the risks and opportunities in our environment for our operations.

The Board of Management determined the material topics based on the analysis of these impacts, risks and opportunities. The material topics allow us to assess our strategic choices and ensure that we direct our efforts where needed, increasing positive impact and reducing negative impact. They also enable us to better manage long-term value creation within our value chain, for example by focusing on constructing more network capacity to enable Stedin customers to electrify and reduce their negative climate impact. Or by focusing on the material topic Good Employment Practices, so that Stedin has a positive impact on the well-being of its employees.

The results of the double materiality assessment reconfirmed our strategic focus as described above. For a detailed description of how we carried out the double materiality assessment, including key considerations, see the section on Management of impacts, risks and opportunities in the General disclosures of our Sustainability Statement.

The table below provides insight into our material topics and the link to long-term value creation for each strategic topic.

STRATEGY	MATTER AND SUBMATTERS	LONG TERM VALUE CREATION
Construction, Utilisation & Management; Cybersecurity	**Access to energy and supply reliability** a. Investing in infrastructure for the energy transition b. Affordability c. Cyber, data, and information security	Energy is available to all our customers with high reliability and at socially acceptable costs. Customers receive a reliable energy supply, which is delivered safely. By increasing our grid capacity, we accelerate the energy transition and help our customers reduce gas consumption. This reduces CO_2 emissions in our service area and supports climate mitigation.
Services	**Customer and stakeholder perception**	Positive experience for customers and stakeholders through Stedin's strong performance.
Sustainability; Renewable gasses and Alternative heating	**Climate change mitigation**	Supporting climate mitigation by reducing greenhouse gas emissions (own emissions and in the value chain) in line with the Paris Climate Agreement (1.5-degree scenario).
Sustainability	**Biodiversity in the value chain**	Expansion of the variety of organisms on land and in water. The greatest impact lies in Stedin's value chain through reduced extraction of raw materials, energy production, and service delivery by value chain partners.
Sustainability	**Circular resource inflow**	Reduced depletion of raw materials through decreased use of primary materials for our assets.
Sustainability	**Business ethics, integrity and good governance**	As a public organisation, Stedin makes ethically responsible choices and treats chain partners and stakeholders with integrity.
Staff, leadership & culture; Safety	**Good employment practices** a. Health and safety b. Diversity and inclusivity c. Training, learning and development	Our employees are able to contribute effectively and sustainably to Stedin's operations. This is made possible by physically and socially safe and inclusive conditions, the resources and opportunities for learning and development, supported by a diverse workforce.

The right ingredients

We are seeking a balanced combination of energy carriers.

Results

The year 2024 required a difficult balancing act. The number of companies that were told that their application for a new or larger electricity connection had been placed on a waiting list increased yet again. We announced 19 new regional congestion areas. This is frustrating. Working as fast as possible was simply not fast enough.

On the one hand, we realise it is not enough. On the other hand, we have a sense of pride in our results and the progress we have made. We are proud of our achievements in our efforts to scale up. Of how we continue to work with businesses, the general public, authorities and all other stakeholders to seek solutions. Of our sustainability. Of all the customers who have been satisfied with our services. And of our high supply reliability.

We are committed to increasing our network capacity and implementation capacity year on year. Here too, we always seek a balance between ambition and realism. We continue to construct, utilise and manage. These three key priorities are also reflected in the nature of our investments: we invest in increasing not only the capacity of our network but also its quality.

Based on our strategic priorities and other goals, this section summarises our results and the underlying actions that led to them.

Building more network capacity

Although we are growing faster and investing more than ever, the capacity shortage on our networks increased. We cannot expand the network overnight. By remaining committed to structural annual growth in our implementation capacity, we expect to start seeing more and more results from expanding our network capacity in the coming years.

KPIs Construction	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Investments	€ 1 m.	832	960	1,096	1,300
Irrevocable zoning plans	#	12	10	10	12
Partnership agreements with municipalities	%	-	-	55	95
Execution of Network-Driven scope E and G	%	99/110	100/100	128/93	100/100
Additional capacity	MVA	513	500	344	753

Investments in our networks

We divide our investments into four categories:

- **network-driven investments** (investments to increase network capacity or maintain network quality)
- **Customer-driven investments** (investments requested by customers or government authorities)
- **Meter-driven investments** (investments in smart meters)
- **Other investments**

Compared to 2023, there was a sharp rise in all categories in 2024, with the strongest growth in our network-driven investments. This is in line with the ever-increasing challenge of expanding our network capacity.

Network-driven investments

The network-driven investments are the investments that we make to increase network capacity and guarantee the quality of the existing network. This includes the installation, replacement and reinforcement of stations and cables. Our network-driven investments in 2024 were €682 million: €508 million in our electricity network and €174 million in our gas network. That is €192 million (39%) more than in 2023. This enabled us to increase the pace of our investments, which is the result of improvements in the way our execution chains work.

Partly as a result of that, we realised 128% of our planned network-driven investments in our electricity network. Some of the planned network-driven investments have nevertheless been delayed by external factors. For example, due to longer planning permission procedures, environmental reasons or due to changes in the timing of investments in the national high-voltage network. We therefore continue to seek solutions with those around us to accelerate investments where possible.

We did not achieve our target for the implementation of network-driven investments in the gas network in 2024 (93%) mainly due to lack of contractor capacity. These investments are primarily aimed at replacing brittle pipelines (such as grey cast iron and asbestos cement pipelines) in our gas network so that we can continue to distribute gas safely and reliably. Removing brittle pipelines (see also the section on Gas network safety and replacement of brittle pipelines in the chapter Managing network quality) helps to reduce our CO_2 emissions.

Customer-driven investments

Customer-driven investments are made at the request of customers and public authorities. In 2024, these investments amounted to €328 million. Customer-driven investments were thus €43 million (15%) higher than in 2023. This was mainly due to investments in network expansion (€40 million, 22% growth) for the purpose of meeting customer requests for new connections and upgrading existing connections and mobility.

Meter-driven investments

Our investments in smart meters in 2024 were €48 million. A total of 275,000 meters were replaced for this purpose. In 2023, investment in meters was €41 million and 232,000 meters were replaced. Compared to 2023, investment has therefore risen by 17%, while the number of replacements went up by 19%. The ambition in terms of number of meter replacements was 320,000 meter replacements in 2024. The main reason we failed to achieve this goal was insufficient available implementation capacity in 2024. Currently, 88% (2023: 86%) of the households in Stedin's service area have a smart meter.

Other investments

Other investments in 2024 were €38 million. Which is €22 million more than in 2023. We invested €16 million in IT and the telecommunications network in 2024. In the increasingly complex and flexible energy system, it is necessary to have ongoing insight into the status of our electricity network. The telecommunications network is therefore an indispensable asset for our business operations, which is strategically expanded and managed. In line with our new heat strategy (see the section on Heat in the chapter Renewable gases and alternative heating), we also invested €12 million in expanding steam and heat networks in our region. Finally, we invested €2 million in a new distribution centre in 2024 to increase the availability of materials for our operations. We expect this distribution centre to be fully operational in 2025.

Starting construction earlier

Expanding the network is a time-consuming process. Naturally it takes time to build a station, but a larger part of the time is spent on preparing and planning a project. The start-up period can take up to twice as long as the actual implementation. This depends on factors such as the availability of land, zoning plans and permits, the availability of manpower and materials, and agreements with contractors. We are committed to reducing this start-up time and being able to start construction earlier. In this area, agreements with 65 municipalities in 2024 resulted in reducing procedures for new transformer substations from 9 to 3 months.

Looking for space in good time

Expanding our networks requires physical space. A new transmission station can be the size of a few football pitches. But even when expanding an existing space, construction cannot start until the land is found (with the right zoning and permits). For larger stations, this process sometimes takes up to seven to eight years. In 2024, we therefore put a lot of work into speeding up the processes of finding space and changing zoning plans. Our efforts paid off: we achieved our target for irrevocable zoning plans. We also trialled an accelerated approach in several projects. This means involving municipalities as early as possible, including at administrative level. By ensuring joint support and tight planning, we were able to obtain a joint location decision within as little as six months in some cases. A massive acceleration.

Many municipalities also recognise the need to speed up the construction of small and larger medium-voltage substations. In the period up to 2030, Stedin needs to construct almost 5,000 additional medium-voltage substations in 76 municipalities. We concluded partnership agreements with 42 municipalities (55%). These agreements set out how we will find suitable space together and how we will deal with landownership. Another 23 municipalities have already verbally committed. An excellent result and one we are proud of.

Need to prioritise

We cannot implement all projects when we would like to. This increases the need for both objective prioritisation and transparent frameworks. We owe our stakeholders a clear explanation as to why we are doing something earlier or later. To free up more manpower and resources to solve congestion as soon as possible, our first decision is to minimise reconstructions. We also delay connection of high-volume consumers in congested areas until the congestion is resolved. We will continue to build on this prioritisation system in 2025.

Transparent communication

When making difficult choices, transparency is essential. Businesses are increasingly dependent on our planning and choices. The same applies to political and policy agendas, such as housing construction targets and climate ambitions. We are therefore being asked more and more questions about this, which we answer as best we can.

We prefer to provide information proactively in order to avoid questions. We have made significant progress in this area. In June 2024, for example, we and the other grid operators published a new version of the national capacity map. An update with additional features followed in November. The map now provides new information such as where and when electricity network expansions are planned. The year 2024 also saw the publication of the first Implementation Status Report: a new report in which the six regional grid operators provide the House of Representatives with insight into what they have jointly achieved and expect in terms of remaining construction and other projects.

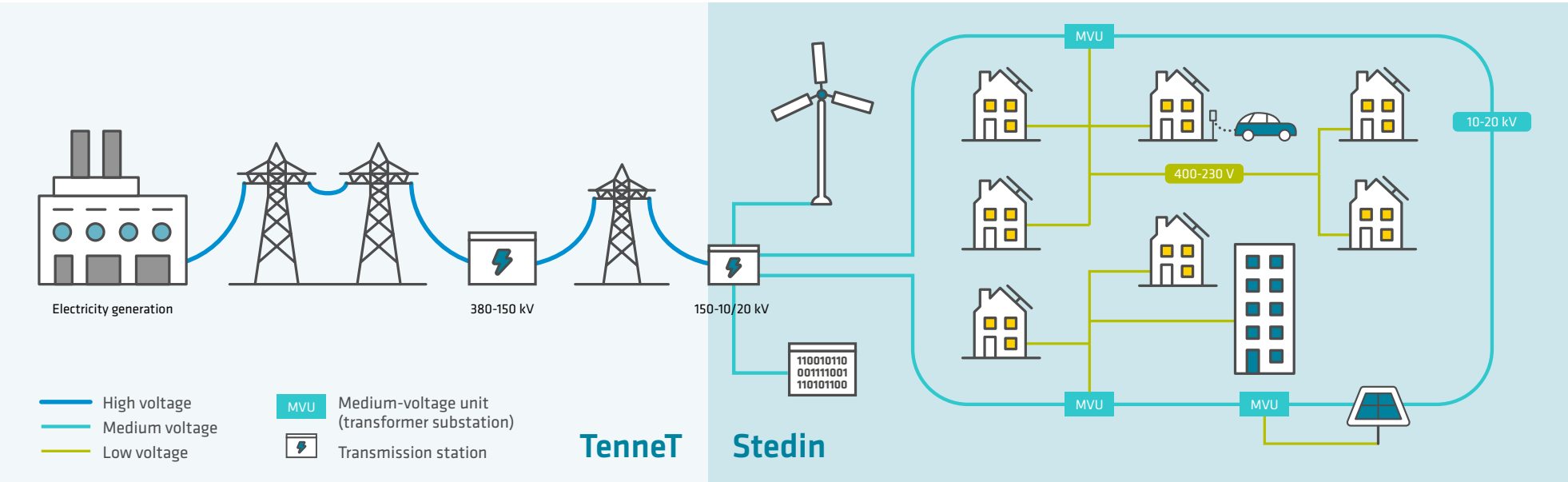
More regional cooperation

Over the past year, Stedin has made significant steps towards further improving regional cooperation with stakeholders. We see the outside world organising itself more and more at regional level. The feasibility issues of the coming years mark the start of a new phase in our relationship with our stakeholders. In anticipation of this, we are gradually improving our internal organisation and actively participating in national and regional partnerships. By doing so, we invest in mutual understanding, trust, cooperation and collaboration.

At regional level, Stedin is very active in the energy boards of South Holland, Utrecht and Zeeland. Within these boards, we work with parties including representatives of provinces, municipalities and other grid operators to address issues mainly relating to congestion at provincial level. We develop joint energy visions and Provincial Multi-year Programmes for Energy and Climate Infrastructure. These programmes are used as input for our prioritisation and planning. We are also working on identifying land for our construction task and measures to reduce the peak load on the networks.

Accelerated construction

In addition to saving time in the preliminary process, there is also scope to accelerate construction itself. We do this by increasing our building capacity, working closely with neighbourhoods with our Neighbourhood Approach and ensuring sufficient materials.
The diagram below shows the structure of our electricity network: TenneT's above-ground high-voltage network is converted by our medium-voltage substations into mostly underground medium-voltage rings. These rings branch out through the low-voltage network to individual high-volume or low-volume consumers.



Accelerating and increasing construction capacity

Notwork driven investments exceeded planning by 28% in 2024. We laid more than 1,000 kilometres of cables and constructed more than 350 additional medium-voltage substations. By installing new transmission stations and additional transformers in existing stations, we added 344 MVA of additional power to our electricity network in 2024. This capacity is enough to power 230,000 households at once, which is around three-quarters of all homes in the municipality of Rotterdam. The added power is around 150 MVA less than we had planned. The main reason for this was delays in the construction of transmission stations. As a result, this capacity will not actually be added to our network until later. In 2025, we expect to achieve over 750 MVA of additional capacity, roughly double what we achieved in 2024.

Construction

344 MVA

Additional capacity

Sufficient vital and skilled employees are essential if we are to meet this target. Our growing workload means that we need an increasing number of employees to carry out that work. This will require a combination of external recruitment and internal training. For more information, see the chapter Employees, leadership and culture.

However, it is not enough to simply hire more people. To increase the pace, a different way of working is needed throughout the chain. Stedin took several measures to meet growing demand in 2024. Examples include gaining insight into available scope within contracts with our contractors and when we need to enter into new contracts with contractors. We have also improved our own working methods, such as reducing the number of handover moments, shortening lead times and involving contractors earlier in the process.

Cooperation with contractors

Stedin wants to be a reliable partner for our contractors. Knowledge of each other and each other's capabilities is essential. In 2024, we therefore focused our efforts on strengthening our relationships and cooperation with our partners. We also hold regular discussions with contractors at tactical and strategic levels. The aim is to gain mutual understanding of organisational strategy, evaluate performance and determine where processes need to be improved. All of this makes processes increasingly efficient and faster.

In order to realise our construction task and speed up implementation, we need more contractor capacity. We have adopted a tender strategy specifically for the Neighbourhood Approach and medium voltage projects. This has resulted in agreements covering the next 15 years, which allow contractors scope to innovate and which facilitate collaboration in the chain. Our aim with this approach is to ensure predictable and partly guaranteed work packages, speed and innovation.

Accelerating the construction task through the Neighbourhood Approach

We are faced with a major construction task. Our challenge is to upgrade, replace and add medium-voltage substations, reinforce and install additional cables and replace and upgrade both domestic and commercial connections. To speed up construction and ensure that the electricity network can cope with the growing demand for electricity, we developed the Neighbourhood Approach. This involves upgrading the electricity network neighbourhood by neighbourhood: we lay more and thicker cables in the ground and install additional medium-voltage substations. By adopting this approach, we can accelerate much more than by moving from problem to problem.

The Neighbourhood Approach will be visible in a third of all streets in our service area in the coming years. Residents will notice this immediately. We realise this will cause inconvenience to the surrounding area. That is why we inform residents and businesses about the work and seek to minimise disruption.

We are switchting from reactively responding to complaints to a much more proactive and, most importantly, systematic approach. We do this in collaboration with the entire chain, neighbourhood by neighbourhood. Together, we select neighbourhoods, decide when to start work and organise permits and locations for stations. We also make arrangements with municipalities. We ensure that contractors have sufficient materials and capacity, that smart combinations are made with other work and that customers are properly informed about what this means in terms of voltage issues they experience or will experience and when we can resolve them. This also includes assessing whether we will still resolve a complaint that comes in separately, or whether it will be included in the Neighbourhood Approach.

We started implementing this Neighbourhood Approach in 13 neighbourhoods in 2024. Work has been completed in three neighbourhoods. Our ambition is to work on more than 200 neighbourhoods a year. We expect to have future-proofed the network in around 1,000 neighbourhoods by 2030. To achieve this, we need to add around 5,000 medium-voltage substations and 9,000 kilometres of cable by 2030.

Ensuring sufficient materials

In order to accelerate construction, we need materials. However, these are often more difficult to obtain. Stedin is not discouraged by this situation. We critically monitor the supply of network components and take measures to anticipate potential shortages and long delivery times.

First, we analysed all the risks we face, such as wars and natural disasters. However, other factors such as laws and regulations, market developments and price fluctuations also affect the availability of products and materials. Based on this analysis, we started talking to our strategic suppliers about better coordinating supply and demand and about sustainable aspects of purchasing. As a result, we are now better able to predict material requirements in our chains. Where delivery times could be an issue for certain materials, we will order them earlier from now on.

Another measure involves risk diversification. Entering into new, additional contracts makes us less dependent on one or a small number of suppliers of items such as high-voltage cables or power transformers. We also standardise materials wherever possible. Reducing the number of variants of switchgear, for example, simplifies production and facilitates storage. This also reduces delivery times. Finally, we took a closer look at our strategic stock. For example, we will be keeping more failure stock from now on, as this is vital for the continuity of the energy supply.

New distribution centre

Keeping more stock means we also need more space to store everything. That is why we are building a new distribution centre (DC) in Vianen. This is expected to be completed by summer 2025. The centre will double our current storage capacity, which means we are also literally building renewal.

New Stedin DC: additional storage increases supply security and efficiency

Building a new energy system requires more and more materials and therefore more storage space. That is why we are working with developer HVBM Vastgoed and the municipality of Vijfheerenlanden to construct a new distribution centre in Vianen.

The new distribution centre will have an area of 34,000 square metres and will soon be used to stock around 4,000 different types of materials, from screws to transformers. This new facility will increase security of supply, enabling our technicians to continue working efficiently on reinforcing and expanding our electricity network.

National distribution hub

The new distribution centre will be located on the De Biezen business park in Vianen. This site is a stone's throw from where the A2 and A27 motorways intersect and a few minutes from the A12 and A28. The distribution centre is also easily accessible by public transport. What's more, it is adjacent to the Merwede Canal, meaning transport by water is also an option. All this makes De Biezen the perfect location to build a national distribution hub: we can supply our technicians with the materials they need more quickly anywhere in our service area.

Sustainability per linear metre

HVBM Vastgoed, from whom we are renting the building long term, is developing the new distribution centre on the basis of the BREEAM-NL New-Build 'Excellent' guidelines. The distribution centre will be constructed using sustainable materials. A wide range of energy-saving measures are being taken, and there is a strong focus on making the building pleasant and preserving the environment. For instance, the centre will feature sustainable green areas, solar panels and electric vehicle charging points.

Construction started in April 2024. We expect to be able to store our materials in this huge building from mid-2025. Stedin is setting aside around €50 million for this new distribution centre.

IN CONVERSATION WITH

Trudy Onland and Jeroen Bulthuis

It is their first meeting: Trudy Onland, Stedin's Chief Operations Officer, and Jeroen Bulthuis, alderman responsible for housing and energy transition at the municipality of Amersfoort. Yet the conversation flows as if they have known one another for years. There is an instant click, and they frequently find themselves nodding in agreement during the conversation. This is a good thing, because there are common challenges – the energy transition, network congestion, the construction of 400 additional medium-voltage substations – they need to face. 'We will need each other in the coming years.'

It is a wintry Monday morning. It is chilly outside, as it should be this time of year. This is in contrast to the news a week earlier that the 1.5-degree global warming threshold had been breached for the first time. That limit was set by the Paris Climate Agreement in 2015, in which countries promised to take measures to use less fossil energy to combat global warming. 'The newspaper devoted a single column to it. As though it's unimportant. That gives me a heavy heart,' Trudy reveals. 'We need each other to turn the tide. To build a new energy system that is more in balance with nature. That's something I'm proud I can contribute to.'

Jeroen nods in agreement. 'The energy transition is also a hot topic in our municipality. This makes sense, as it directly affects organisations, businesses and people. Grid operators and national and local authorities need to work together to get this right. What's great is that we are really doing something new, outside the known rules and structures.' 'Exactly,' agrees Trudy.

"We need to build in any case and are doing so at full speed. At the same time, it is a unique opportunity to really put an ecologically sound, future-proof network in place now."

Trudy Onland, COO of Stedin Group

"I can see that Stedin recognises that we are dependent on each other and that we face these challenges together."

Jeroen Bulthuis, alderman responsible for housing and energy transition at the municipality of Amersfoort

'We are going to try all kinds of things. They may not have the desired results right away, but we will keep going until we find something that works. I have every confidence in that.'

Agreeing on commitment

There are many participants in this journey of discovery. Collaboration is key. Amersfoort is one of the municipalities that has underlined its commitment to working together by entering into a partnership agreement with Stedin. 'To facilitate the energy transition, 50,000 more medium-voltage substations need to be built in the Netherlands, including 400 in Amersfoort. If you still can't agree on commitment to that situation, it becomes very complicated,' argues Trudy. 'And even then, it's a case of trialling, assessing and adapting. It's difficult to find space, especially in densely built-up areas.' 'We also need to better coordinate supply and demand,' Jeroen adds. 'In terms of sustainability, but also to reach proper agreements on things like avoiding network congestion, which is increasingly an issue here, as much as possible and making the most of the remaining capacity on the electricity network.'

'We thought we had it covered'

When our current network was constructed, we looked at when power consumption was highest in the Netherlands: the last two weeks of December. The network had to be able to cope with this peak time, with many people being at home, the Christmas lights on and meals being cooked. An additional 20% capacity was placed on top of that, just to be on the safe side. Trudy: 'Back then, we thought: if we maintain and manage this electricity network properly, we've got it covered. But that's no longer enough. The increase in electrical appliances has led to a significant rise in our usage, particularly at peak times. We therefore need to look for solutions in that area too. For example, making sure people charge their cars outside peak times.'

Three times more with three times less

The solution lies to some extent in user awareness and behaviour. According to Trudy, there is also a need for smart technology, manpower and space. 'When building infrastructure in new residential areas, for example, we now use a lot of prefabricated modules. Our fitters do not need to visit for this. It's a case of plug in and go. This allows us to accelerate despite shortages on the labour market. The aim: to construct three times more, while making it three times less labour intensive. We simply don't have that many people. We also need to be mindful of those around us.

We want to avoid a situation where angry citizens are bringing all kinds of proceedings with the municipality because there is an ugly little building on their doorstep. So we are thinking together about how to keep these medium-voltage substations as attractive as possible.'

'We want to meet the need for standardisation and make progress,' Jeroen adds. 'However, it does need to look nice too, and we want to involve local residents properly. It's helpful to start the conversation about location and appearance of the medium-voltage substations in good time and upfront. Let's focus above all on what is possible.'

Huge social impact

Some tough challenges await in Amersfoort. For example, there is the construction of a new secondary school. Jeroen recounts, 'This school wants to open its doors after summer 2025, but it doesn't have an electricity connection yet. Or take our new city hall, which is also not yet connected. It also affects our business community. And there are many uncertainties when it comes to housing projects in our city. network congestion has a huge social impact. In our municipality, it is only affecting high-volume consumers for the time being, but I think we have to consider all scenarios. So we should also look at how to make the best use of the remaining capacity. It is important to think together now about how to deal with this. When that capacity is gone, there's no other option, and it is difficult to adjust. It's a permanent pain in the neck. Again, we need to work together and figure out how to solve this. The default route offers no solution, so we need to step out of the box. For that, we need each other. I can see that Stedin recognises that we are dependent on each other and that we face these challenges together.'

The pair talk a little more about the importance of influencing our behaviour in a positive way – turning charging stations and heat pumps off at peak times! – but reinforcing the network also remains vital. 'We need to build in any case and are doing so at full speed,' says Trudy. 'At the same time, it is a unique opportunity to really put an ecologically sound, future-proof network in place now.' 'The energy transition is actually driving us to achieve new sustainable solutions and change our behaviour faster,' Jeroen concludes. 'It's important to get it right now, so we can arrive where we want to be in two generations' time. I'll say it again: so let's get it right from the start!'

Utilising network capacity

Our work to better utilise the network focuses mainly on making peak times manageable. To this end, we deploy a combination of technical solutions, flexible contracts and behavioural solutions.

KPIs Utilisation	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Capacity covered by flexible contracts*	MW	60	500	167	500
Digitally metered MV substations	%	21	26	24	40

*The 2023 result for flexible capacity has been adjusted due to a change in the calculation and improved insight.

Flexible capacity and digital metering

Our aim was to have 500 MW in flexible capacity in 2024. We did not achieve this goal. We expect the actions we took in 2024, including obligatory participation in congestion management and the Flextender Utrecht (see the section on Flexible solutions), to result in an increase in flexible capacity in 2025. Another ambition is to ensure that the flexible capacity is available in those areas where there is congestion. We realise that meeting this KPI is a challenge. It is a task for the whole of society, in which everyone can play a part: politicians, businesses and consumers.

A second goal we have set in order to better utilise the network use is to increase the number of medium-voltage substations equipped with a digital metering device. This is known as a Distribution Automation (DA) system and offers capability such as measuring ambient conditions around the medium-voltage substation, providing insight for network planning and fraud detection, and controlling public lighting. Over the past year, we have made significant progress in network digitalisation. In 2024, we digitalised around 600 medium-voltage substations, which is 24% of the total number of medium-voltage substations in our service area.

Optimisation

167 MW

Flexible capacity

By comparison, in 2023, this number was only 50. Although our goal was to digitalise 1,000 units, meaning that 26% of the total would be equipped with a digital metering device, we did not reach this number. Our technical infrastructure was not ready at the required security level in time. This has delayed the scaling up process. In addition, all percentages have been revised, as we now compare them with the actual population rather than the target population.

For more information, see the section on network modernisation in the chapter Managing network quality.

Predicting customer demand

Better utilisation starts with understanding how our networks are used. It is therefore important for Stedin to be able to predict customer demand. A key tool we use for this is the sector scenarios drawn up every two years by Netbeheer Nederland (NBNL). The latest scenarios were adopted at the end of 2024. They look at how the Netherlands will implement the energy transition over the next 25 years, with the ultimate goal of being climate neutral by 2050. Within each scenario, certain energy carriers are more dominant or less dominant. NBNL thus establishes the frameworks within which the energy transition is likely to develop.

We then use the scenarios in preparing our customer demand forecasts. For example, to support anticipated numbers of new homes to be connected. For more information, see the visual 'Extent of the challenge and progress of the energy transition in the Stedin area until the end of 2030' in the chapter Consequences for Stedin and our service area.

Technical solutions to reduce peaks

We are currently using or developing several technical solutions and propositions for managing capacity demand, which help to reduce peaks, for instance, by using our network's existing failure reserve, by letting more customers use one connection or by deploying batteries.

Deployment of the failure reserve

The electricity network often has what is known as a failure reserve. Our entire network is essentially duplicated to enable us to deploy a spare cable if a cable breaks. The failure in the original power cable can then be safely remedied, without customers experiencing an outage. We also call this failure reserve the 'rush-hour lane' of the energy network. We use the reserve to divert energy transmission and prevent or reduce interruptions in large areas. This measure also provides a solution during maintenance work and commissioning of new components. The step we are now taking in some areas is to use this rush-hour lane even when there is no failure. By doing so, we create additional transmission capacity.

Using the failure reserve also has drawbacks. In locations where we use the reserve, the spare cable no longer offers enough capacity in case of a failure. We therefore make arrangements with the solar and wind farms that use the rush-hour lane at these locations. If a failure occurs, we can temporarily reduce the capacity to prevent the cable from becoming overloaded. We call this generation management.

Successful implementation of the Realtime Interface

We have developed a control box that allows us to control solar and wind farms remotely: the Realtime Interface (RTI). This technology enables us to remotely slow down the generation capacity of large solar and wind farms with a production capacity of more than 1 MW. For example, in the event of a failure or when weather conditions deviate from forecasts, resulting in a risk of imbalance on the network. This process is known as power control and helps to reduce network overload and use available capacity more efficiently. It allows us to connect more customers to our network than without the option to switch them off when needed.

After several field tests, we brought the first RTI system into use in October 2024. We brought another five systems into use in the fourth quarter of 2024. The forecast for 2025 is that this number will increase to between 50 and 70 systems.

Cable pooling: power connection with zero digging

In many cases, the total capacity of connections to power generation facilities is used only to a limited extent. One of the ways in which we optimise the use of the connection is by combining a solar farm and a wind farm behind a single connection. After all, the wind often does not blow when the sun shines, and vice versa. We call this cable pooling. If the wind does blow while the sun shines, the customers themselves reduce the solar or wind farm's generation at these peak times to avoid overloading the cable. This solution enables us to optimise use of the cable: fewer connections needed and more generation capacity on the network.

Cable pooling was initially only allowed for renewable generation. However, in June 2024, the House of Representatives approved the new Energy Act. This Act enables cable pooling for all types of customers. From now on, any combination of generation, consumption, storage and conversion is permitted on a single cable. A great example is the shared connection to Stedin's network at the Koegorspolder wind farm in Zeeland, where we enabled cable pooling for the first three customers. Two more groups of customers then followed suit in 2024.

Koegorspolder pilot project highlights the benefits of cable pooling

In the Koegorspolder in Zeeland, Stedin was the first in the Netherlands to connect as many as three customers simultaneously to one power connection. This 'cable pooling' pilot project shows that combining multiple systems on a large connection results in shorter lead times, savings in manpower and costs, and better utilisation of the network.

For the time being, cable pooling is only possible with an existing connection. In addition, the contracted transmission capacity in the area cannot be increased. The conditions and combination of customers for the pilot project in the Koegorspolder are ideal. The three customers are a wind farm (the original user of the connection), a battery and a solar farm. Within the existing transmission capacity, additional power can still be connected here via cable pooling. The three major users need to be close together for this to happen, which is the case at this location.

A leap forward

According to the most conservative calculations, we will soon save ourselves a year's worth of excavation work if we apply cable pooling to just 1% of our high-volume customers. As far as we are concerned, this means we can connect multiple customers to a single power connection in many more places. 'We are very happy with this successful pilot,'' says David Peters, Stedin's CTO. 'We want to use this form of collaboration on a larger scale. It offers a lot of potential now that there is so much pressure on the electricity network in the Netherlands.'

To read more about cable pooling, visit Stedin.net.

Deployment of large batteries

Batteries are important for the energy transition. If deployed properly, they present an opportunity to optimise our network. Charging batteries at times when a lot of energy is being generated can help to smooth out feed-in peaks. And if the stored energy is then consumed when the need for energy is high, this helps to level off the spike in consumption. In 2024, we received nearly 20 requests for large batteries with a total capacity of around 600 MW. For comparison, this is enough to power 400,000 homes simultaneously at peak demand. Stedin is not able to provide this capacity. We will connect batteries only if there is capacity, and if battery operators are prepared to commit to agreements on network-neutral battery use – in other words, only on the condition that they contribute to a stable network.

Flexible solutions

Alongside technology, other methods can be used to better utilise the network. For example, entering into agreements on the flexible use of electricity. We are concluding more and more of these agreements, with the upward trend continuing in 2024. A total of 15 new agreements were signed in 2024, of which more than 80 MW with parties that store energy on a large scale without causing problems on the network. In addition, we deployed several new solutions in 2024. We also started developing alternative transmission rights. These will give us additional opportunities in mid-2025 to work with our customers to better utilise the electricity network.

Energy hubs: local cooperation to reduce network load

An e-hub is a local energy collaboration between multiple parties. Generators and consumers work together to generate, trade, consume and/or store energy. By doing so, they ensure that the local energy network is used more efficiently, thus achieving an economic or social return. Coordinating energy supply and demand at local level means that less transmission capacity is needed from the electricity network. This reduces the load on the network, freeing up space for growth or sustainability improvements. One of the locations where we have deployed this flexible solution is the Lage Weide business park in Utrecht, allowing participating companies to expand and improve the sustainability of their operations.

Innovative group collaboration to facilitate new construction

Keeping combined new construction projects (domestic and high-volume consumers) going despite congestion is a major challenge. We made successful progress in this area in 2024. For example, during construction of the new Merwede district in Utrecht, we devised a method where the total group must collectively stay below a single network limit.

Obligatory participation in congestion management

For the first time, we imposed a requirement on high-volume consumers (both producers and consumers) in two congestion areas to provide congestion management services in 2024. We took this decision after it became clear that the yield from flexible capacity identified in the voluntary phase was not enough to meet the capacity shortage in the region. We are obliged to take this measure under the Smart network Management Code of Conduct. The measure sends a clear signal that we will try every available means to manage the pressure on the electricity network. The pilot project in Noordring (feed-in congestion) marked the beginning for producers (who return electricity to the network). In November 2024, we announced the first obligatory participation for high-volume consumers in Utrecht (consumption congestion). Participation can currently only be made obligatory for high-volumers consumers of 1 MW or more. ACM has set very clear rules for this.

What is congestion management?

If major customers are consuming or returning a lot of electricity at the same time, this leads to peak times that the current electricity network is not designed to cope with. The network then becomes overloaded. Existing major customers (businesses and industry) can make a significant contribution to preventing this by temporarily consuming less electricity (or returning more electricity to the network). We call this congestion management. Stedin is approaching customers in the congestion area to cooperate in this process, in return for financial compensation. When existing customers do not offer enough flexible capacity, we can require companies and organisations with capacity of 1 MW or more to participate in congestion management. This will prevent network overload and failures. In this situation, customers still of course receive compensation for their flexible capacity.

Merwede canal zone: an example of network-conscious new buildings

How can you supply 4,225 newly built homes and 33 high-volume customers with power when the new district is being built in a congestion area? The answer? By adopting a smart, joint, different and collective approach to utilising available network capacity! The yet-to-be-built new district of Merwede in Utrecht shows how this can be done.

The solution in 'Merwede' lies in making agreements with future 'Merwede' consumers. They take a flexible approach to energy. This 'network-conscious' consumption allows us to level off the daytime peak in the generation of solar power during spring, summer and autumn. In winter, we can shift part of the consumption peak between 4 p.m. and 8 p.m. to the middle of the day. This creates a flatter profile. With monitoring, smart control and applications such as heat buffering, delayed charging and electricity storage, we can also keep the network load below 5.2 MW. If all consumers stay below the limit, then Merwede can be equipped with a wide range of amenities despite being in a congestion area. To achieve this, we are working in close cooperation with parties such as the property developer, the heat supplier and the municipality.

We see a great deal of potential in the Merwede canal zone solutions, also given the very positive response from the market. Together with other grid operators and industry associations, we have therefore set out these and other solutions in design principles for network-conscious new buildings. We expect this to facilitate more new construction within the scarce capacity. Moreover, we believe we can go one step further if we are involved at an early stage of the design process.

Behavioural solutions

An important part of optimising use of the network is properly informing our customers about the challenges on the power network and making them aware of their energy behaviour and how it affects the network. Awareness and activation of our customers have a positive impact on reducing congestion problems. This also has a positive impact on reducing gas consumption and related CO_2 emissions. That is why we are committed to changing our customers' behaviour. We are deploying various campaigns to achieve this.

Spitsnieuws for businesses

Between 14 May and 7 July 2024, we ran the 'Spitsnieuws' campaign. The aim of this campaign was to make businesses aware of the shortage of network capacity on the congested power network, the associated consequences and the flexible solutions we offer the region. The campaign resulted in a slight increase in the percentage of customers who know what congestion means. There was also an increase in the percentage who know what flexible solutions are and how they can help.

Helping consumers prepare

We ran a campaign in 2024 to raise awareness and change behaviour in relation to voltage problems among retail consumers. In October 2024, we launched a campaign on the Neighbourhood Approach. The campaign explains why the Neighbourhood Approach is needed and why local residents may experience inconvenience. This helps customers to better prepare for the work.

Flextender: looking for adjustable generation

To help keep the congested network accessible in a safe way, we are looking for flexible solutions. One of them is 'adjustable power generation as a service'. This involves customers and market parties supplying us with emergency power in the event of network overload. We launched a tender for this solution in 2024: the Flextender. In 2025, we hope to award the first 60 MW of controllable power generation through this Flextender.

Stedin and TenneT want to have an emergency power supply available on demand, starting in and around Utrecht, because that is where the need is greatest. This supply comes from power generators made up of modules, which are each capable of producing up to 10 MW of power. We are working with TenneT to identify the best locations in our network to deploy these relocatable modules. We initially plan to deploy six modules with a total capacity of 60 MW.

Support is essential

Maximum support from Utrecht municipalities is essential to get the power generators to the right places in time. We are therefore approaching municipalities with the specific request to make land available. We are also pushing for an accelerated permit process and the removal of nitrogen barriers. We will distribute the solutions across the province of Utrecht and, if necessary, elsewhere in our service area, until the network has been reinforced. We expect to achieve this by the end of 2029. By using their power generators, the market parties offer the emergency power as a service. The devices therefore remain their property.

'Smart Switching' pilot project

On Tholen, Sint Philipsland and Schouwen-Duiveland, as much as 50% of the electricity generated comes from consumers' solar panels during sunny weather. This share is expected to grow further in the future. From a sustainability perspective, this is obviously good news. At the same time, the simultaneous generation of so much electricity by solar panels creates an excessive peak load on our network at times. In response to this problem, Stedin and Eneco launched the 'Smart Switching' pilot project. Homeowners with solar panels were asked 10 times during August and September 2024 to temporarily switch off their solar panels for a fee. The pilot project was used to learn how to encourage consumers to participate in flexible solutions. We saw a high level of willingness and effectiveness. We will incorporate the results into a follow-up project in which we ask consumers on a larger scale to contribute to reducing the burden on the power network. This will help to prevent and remedy network congestion in the future.

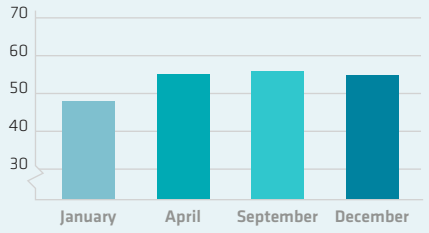
When you use energy matters

2024 saw a continuation of our awareness campaign 'When you use energy matters'. Using renewable energy when it is there – when the sun shines or when it is windy – relieves the burden on the power network. Whereas in 2023 we focused on the 'Solar Washing' campaign, in 2024 we introduced the digital eClock. With this eClock, we offer consumers a tool to help them understand how busy the network is. This encourages them to change their behaviour. The eClock shows everyone in real time the best time to use power, and each person can independently use this information to be more energy conscious.

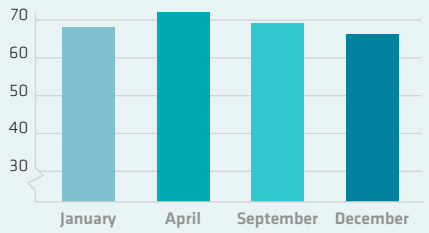
The graphs to the right show that our campaigns are having an effect. Giving people an opportunity to take action causes them to adjust their behaviour. However, we also see that people fall back into 'old' patterns of behaviour when our message is out of sight, namely in the period between April and September. So we are making an impact, but we will need to keep repeating our message over a long period of time to convince the wider audience that when you use energy matters and to act accordingly.

Watch the explainer video about the eClock on our YouTube channel.

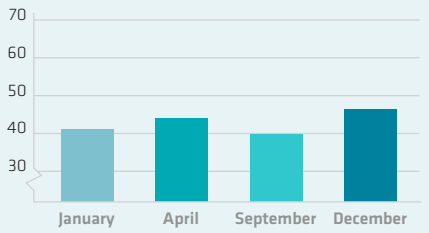
I take into account at what times I use power
% of respondents



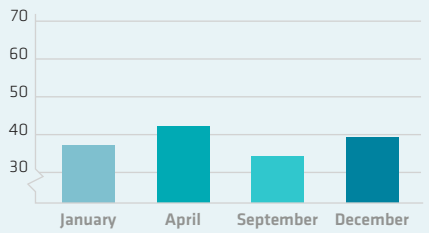
I use my washing machine before 4 p.m.
% of respondents



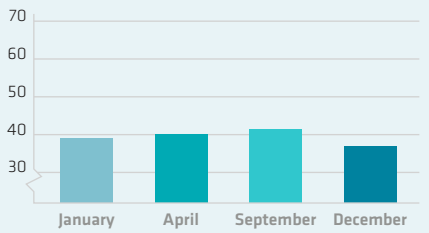
I use my washing machine after 9 p.m.
% of respondents



I charge my car before 4 p.m.
% of respondents



I charge my car after 9 p.m.
% of respondents



Managing network quality

Our customers expect not only network capacity but also quality: the light should simply turn on when you press the switch. network quality is therefore of strategic importance to us. We ensure a safe and reliable energy supply by replacing and managing our assets in a controlled manner. This is how we achieve high supply reliability. Our ambition remains to keep downtime to a minimum. However, we are also preparing for a scenario in which downtime increases. Better insight into network performance remains as important as ever, as does forecasting the number of outages. This helps us to make the right choices when investing and prepare for any increase in outages.

KPIs Management	Unit	Result 2023	Target 2024	Result 2024	Target 2025
SAIDI LV/MV	min.	20	<22	21	<22
SAIDI G	sec.	44	0	31	0

Insight into our networks

Congested networks make it more difficult to plan work and resolve failures. Availability of spare capacity in all areas is no longer a given, which means that we can no longer carry out work everywhere without customers noticing. This makes our operations more difficult. It also requires us to actively monitor the load on our networks. Insight into the network is therefore essential for effective management. We use metering data from the networks for capacity analyses, while network event data are used for fault analyses and quality assessments of assets.

Electricity supply reliability

Stedin works continuously to ensure that the electricity network is safe and reliable for all customers. In 2024, we again achieved a high supply reliability for our electricity network: the average duration of an interruption per consumer was 21 minutes. This is in line with 2023 and within the target we set.

The average duration of interruption per outage also fell for the third year in a row, to below the norm. This is a great sign that our measures are having an effect. It equates to a supply reliability of 99.9960%. A result we are proud of.

However, this is not to say that we are resting on our laurels. Growing congestion on our electricity networks means that we as a grid operator need to continue to focus on keeping our infrastructure accessible now and in the future.

In 2024, we carried out almost 9,000 maintenance jobs, in line with the number of planned jobs. We did this for both low and medium voltage. We carried out a lot of maintenance in locations that have proved difficult to access in recent years.

Despite all that maintenance, failures are unavoidable. More than half of failures are caused by excavation work or an internal defect. By 'internal', we mean damage to a cable or a cable sleeve between two cables.

Annual average downtime for electricity (in minutes)

Source: Netbeheer Nederland.

Smart circuit breaker helps to accelerate the energy transition

For several years now, much attention has been devoted to reducing repeat failures. These are failures that cause the same cable to be disabled every time, affecting the same customers. It is sometimes difficult to identify the cause of these failures. The failures are leading to an increase in the Customer Average Interruption Duration Index (CAIDI): the average duration of an unforeseen interruption of electricity supply per customer affected. In 2024, the CAIDI was 83 minutes, 6 minutes less than in 2023. We think it should be even lower.

One solution we are now applying is the smart circuit breaker. The breaker produces a 'fault finding image' during a short circuit, allowing the fitter to pinpoint the exact location of the failure faster. This can halve the cost of fixing a complex failure. A further advantage: a smart circuit breaker can reactivate automatically after a short circuit without the intervention of a fitter. This means that the customer experiences hardly any disruption. We conducted a pilot project with the smart circuit breaker in 2024. The project showed that deploying the breaker could almost halve the number of repeat failures and reduce the average duration of interruption by 17%.

Accelerating the energy transition

The pilot project underlines the added value of this innovation. Firstly, customer satisfaction is higher with a lower CAIDI. The smart circuit breaker is also good news for our fitters, as it reduces the number of times they need to go out (often at night) to resolve a failure. Because repeat failures no longer require rapid staff deployment, we can better schedule and deploy our staff in other areas that help to accelerate the energy transition. Better scheduling also means that our fitters have to travel less, reducing CO_2 emissions. The smart circuit breaker is also attractive in terms of cost: based on sophisticated assumptions, we need 86 smart circuit breakers, which will generate 2 million euros each year.

Network modernisation

The network is not only being used more; it is also becoming more dynamic. It has a wider range of applications and customer groups. This is another reason why network capacity is being tested up to and sometimes even beyond the limit. If we want the network to remain safe and stable, we need to deploy flexibility services on a wider scale. These services provide a balance between supply and demand, emergency capacity and congestion control capacity. To adequately integrate these new applications and be able to operate them well over their lifecycle, our networks need to become smarter. We need to make significant progress in digitalising our networks. A secure and stable network requires more frequent and higher quality data exchange. A major challenge, made even greater by the Dutch Energy Act and European legislation. These laws mean a huge increase in dynamic information.

That is why Stedin is investing in modernising its networks. Key elements are:

- **Active Network Management (ANM)** – This is a platform that gives us control over the utilisation of and load on the network in its daily preparation and operation, as well as enabling us to provide customers with the best possible service. Under normal operating conditions, but also during failures and maintenance. ANM provides round-the-clock insight into the network capacity forecast (in the different time periods) and the capacity actually used, allowing us to take appropriate capacity measures.
- **Forecasting and Digital Twins** – These are energy network models to support network planning and operations. The models can predict and provide insight into energy flows several hours to days in advance. These predictions and insights are essential not only for the functioning of the energy markets but also for our own operation of the network.
- **Distribution Automation (DA)** – Distribution Automation automates the medium-voltage network. The rollout of the third generation, DA 3.0, has begun. This allows us to take even more precise measurements in the medium-voltage network, providing greater visibility for network planning and fraud detection. Another advantage of DA 3.0 is that it helps to detect wear and ageing of cables, switches and transformers. DA 3.0 will also be used for public lighting. This will allow municipalities to offer more flexible switching times, giving them more scope to determine themselves when street lights turn on and off. We will eventually roll out DA 3.0 to 22,000 medium-voltage substations by 2030.
- **Station Automation (SA)** – Station Automation (SA) systems enable high-voltage and medium-voltage transmission stations to be controlled remotely.
  These are the larger transmission stations, which often consist of several buildings. We have been using SA systems for decades, but because they have an average technical life of 20 years, we carry out 15 to 20 major SA projects every year. Our modern SA systems have smart functions, for example to automatically switch on a standby transformer in the event of a failure.

Gas supply reliability

One of our core tasks is to transmit fossil gas safely and reliably. Outages of the gas network are quite rare. In 2024, average downtime for gas was a total of 31 seconds per customer. This is less than in 2023 (44 seconds). Nearly three-quarters of downtime is caused by what we refer to as internal defects. Examples include damage to pipelines, for instance due to ageing, corrosion or a construction error. An average downtime of 31 seconds means a delivery reliability of 99.9999%.

Annual average downtime for gas (in seconds)

Source: Netbeheer Nederland.

Gas network safety and replacement of brittle pipelines

To ensure safety, we at Stedin replace part of our gas networks every year. The most important element of this is the replacement of brittle pipelines that are sensitive to ground movement. We removed and replaced 180 kilometres of brittle gas pipeline in 2024. This was 85% of our target, due to extended engineering work and lack of implementation capacity. We expect to catch up in the next three years and thus remain on track to remove all brittle pipelines from our gas network before 2028 and replace them with modern materials (such as plastic).

Smart, data-driven maintenance

We are constantly inspecting and maintaining the gas network to ensure high levels of quality and safety. In 2024, we carried out 44,000 maintenance jobs and inspections, which was more than scheduled. In particular, we increased the number of visual inspections to be carried out during the year. This was made easier by the favourable weather conditions in the last two quarters of the year.

Data-driven maintenance involves the use of data to more accurately pinpoint where maintenance is really needed and which elements need replacement. In addition to quality improvements, this yields annual savings. An example of using data for maintenance is using sensors to measure the cathodic protection of our high-pressure gas pipelines online. This is a form of corrosion control. Continuous monitoring enables us to identify damage at an early stage, minimising the risk of leaks. We are using this type of sensor more and more.

Monitoring green gas feed-in

As with electricity, network control is becoming increasingly important for the gas network. This is due to the heat transition, the growing feed-in of green gas and the anticipated role of hydrogen. There is a need for real-time monitoring of gas quality at green gas and hydrogen feed-in points. In the gas network, green gas has priority over fossil gas. Control is needed to enforce those priority rules.

IN CONVERSATION WITH

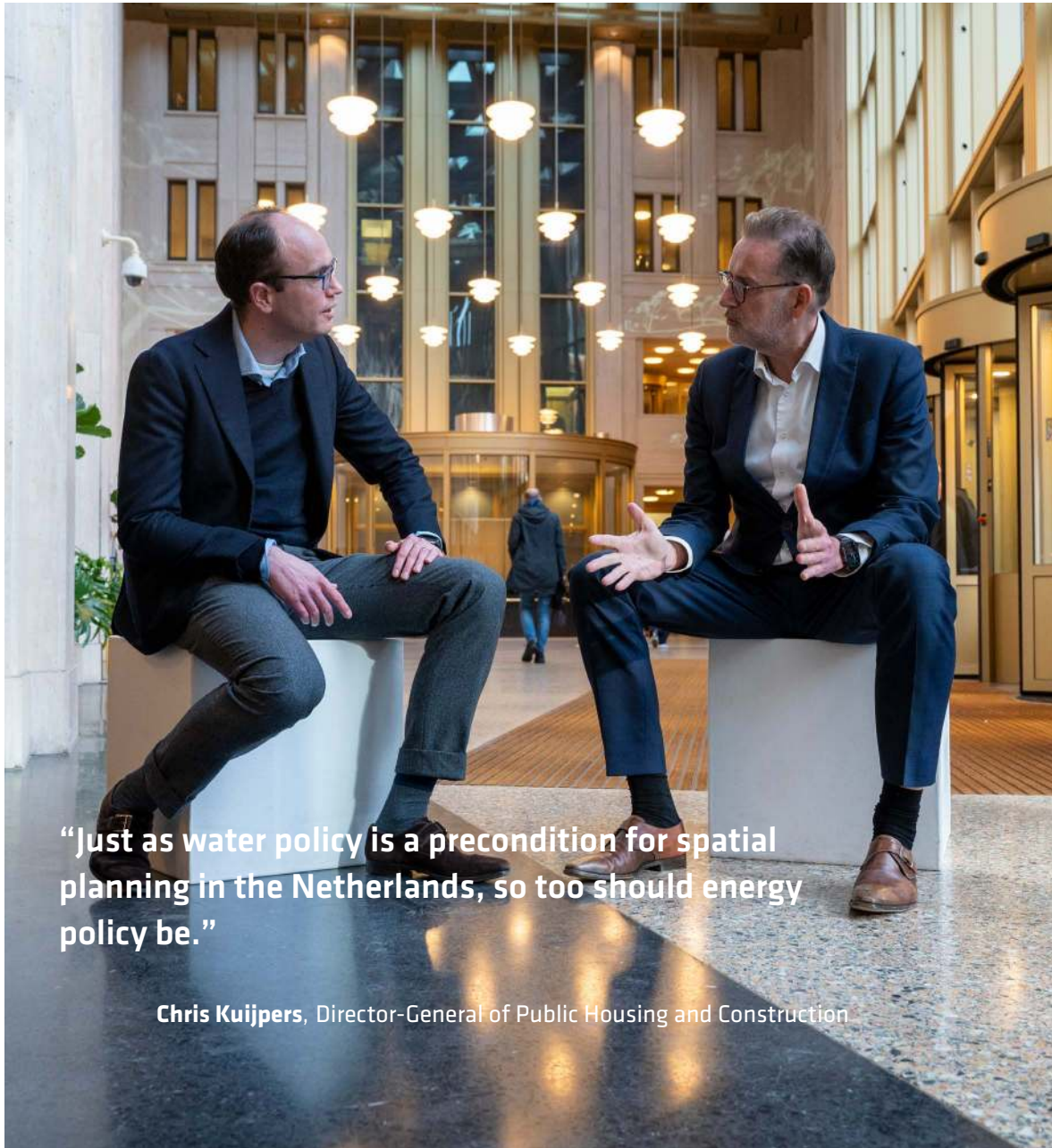
David Peters and Chris Kuijpers

'Do you think we are doing enough?' This question posed by Chris Kuijpers, Director-General of Public Housing and Construction, to David Peters, Stedin's CTO, testifies to the shared commitment to network-conscious construction. Stakeholders, including politicians, the construction industry, the general public and grid operators, are keen for this method of enabling new construction in congestion areas to succeed. Unsurprisingly, the returns are high. 'What we are doing here is laying building blocks for the energy system of the future.'

'Where there is a will, there is a way'. That is Chris Kuijpers' motto. This is good news, because the Director-General and his Ministry are tasked with building 100,000 new homes a year, while the power networks are so full in some areas that there is precious little spare capacity. And so the idea of network-conscious new buildings emerged.

network-conscious construction

First, let us discuss that term. Network-conscious construction is basically an agreement between new-build developers and the grid operator, where the grid operator gives the developer a budget of a maximum capacity to be used. The developer then determines how energy will be provided in the neighbourhood, for example with sustainable innovations such as heat networks and smart control. Residents and businesses in the neighbourhood agree to act in a 'network-conscious' way, for example by charging their electric cars outside peak times.



"Just as water policy is a precondition for spatial planning in the Netherlands, so too should energy policy be."

Chris Kuijpers, Director-General of Public Housing and Construction

"What we are doing here is laying building blocks for the energy system of the future."

David Peters, CTO of Stedin Group

Network-conscious new buildings are expected to reduce peak loads by an average of 20% compared to traditional new buildings. The approach therefore benefits from broad social and political support. During the December 2024 Housing Summit, Minister Mona Keijzer, Bouwend Nederland, Netbeheer Nederland and the provinces of Utrecht and Gelderland were among the parties to commit to network-conscious construction.

'In the past, we never had connection problems. Now it's a real issue,' Chris says. 'Is it possible to connect all these new homes in time? It's good that we drew closer together during the Housing Summit and agreed to do things like involve grid operators as early as possible in the process and coordinate earlier what is going to happen. How many houses will there be, and what are the heat solutions within those houses? Is this in keeping with plans to expand the network? No one in our country benefits from network congestion. The main aim of network-conscious construction is to organise that awareness and bring grid operators and decision-makers to the table earlier.'

Joining forces to seek solutions

'We are now working together first and foremost to seek solutions,' David adds. 'We accept that we have a problem: we can no longer connect new residential areas to the network without consequences. And we are looking at how we can make better use of the network.' 'Of course, there were discussions before the Housing Summit agreement was signed,' Chris reports. 'On affordability. On laws and regulations. It was a challenge to get everyone on the same page. But we succeeded. It's good that we are all in this together. Don't underestimate how important that is, because there are so many areas in which we take opposite sides.'

There are still some obstacles to overcome. Chris: 'Mainly the decision-making on realisation. That process takes too long. Why should it take 10 years to develop a site? It needs to be faster. After all, you can build very quickly these days. And there really are enough locations.' 'There also has to be space for infrastructure and enough materials and people to get the job done,' David chimes in. 'But that's more of a general challenge. The main challenge specific to network-conscious construction is laws and regulations. Currently, the same standards apply to new homes everywhere in the Netherlands. But the ideal would be to differentiate in some areas. A tailored approach needs to be possible at local level. This requires coordination of all parties involved. In some places, this is already being done.'

A kick-start for upcoming new construction projects

David is referring here to the pilot projects in Utrecht and Veenendaal. Expectations are high. 'We will undoubtedly run into some issues along the way,' agrees Chris. 'But if we effectively facilitate the process and learn from it, these pilots can act as a kick-start for upcoming new-build projects.' 'The main thing that makes the pilots in Utrecht and Veenendaal so special is the combination of all possible solutions,' states David. 'First of all, the politicians have created "scope to experiment" in the existing laws and regulations. On top of that, a wide range of technical innovations and smart optimisation technologies are being used, such as heat buffering and delayed charging. Such innovations have been around for some time but are now being cleverly combined. This is also social innovation: all parties involved are working together. Everyone is contributing. Including the future residents and businesses: they are willing to adapt their user behaviour. "Veenendaal" and "Utrecht" are therefore projects that are part of the future energy system. They are showing us how, despite an overloaded electricity network, we can still build homes and keep housing and business affordable in the neighbourhood.'

Connection

'Just as water policy is a precondition for spatial planning in the Netherlands, so too should energy policy be,' argues Chris. 'It is still too much in a world of its own. With its own practices and regulations. More connection is needed. It should be quite normal to involve grid operators in urban development from now on. We need to invest in that in the period ahead.' 'In the meantime, let's make sure that we keep moving towards solutions,' David adds. 'There is more scope than we think.'

The conversation continues for a while about another big challenge: the expansion of the electricity network. 'Are there any issues that are really difficult and where the Ministry could help?' asks Chris. 'Do you think we are doing enough?' David does not need to think for long: 'We want to expand even faster. But, as you said yourself, finding space and the associated decision-making processes take too long.' 'Let's see what is possible,' Chris concludes. 'Because we want to pull out all the stops to maximise speed!'

Service provision

More than 2.4 million customers rely on us. Day and night. The quality of our service provision and the satisfaction of our customers are very important to us. We therefore measure customers' perception of our services after every personal customer contact. We want our customers to experience doing business with us as effortless.

KPIs Services	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Customer convenience and inconvenience Meters and connections	%	79/11	78/12	84/8	78/14
Customer convenience and inconvenience Meter cupboard problems	%	87/6	83/7	88/6	85/7
Customer convenience and inconvenience Projects	%	-	40/40	17/61	40/40
Lead time for low-volume connections 18 weeks	%	-	90	42	67
Lead time for low-volume connections 12 weeks	%	-	90	81	85

Insight into customer convenience and inconvenience

We constantly measure the convenience or inconvenience our consumers experience as customers when buying connection and metering products and during meter cupboard problems. Among our business customers, we conduct a customer satisfaction survey once a year.

Customer convenience for meters and connections

In the case of our consumers, we see a stable picture for 2024 when it comes to metering and connection products. For activities related to meters and connections, 84% (target: at least 78%) of our customers said they found it easy to do business with Stedin. Of the customers, 8% (target: maximum 12%) experienced inconvenience, particularly during the application for, and installation of, a new connection. Customers do not always know what stage they are at in this long process, and they regard this as inconvenience. In the first half of 2024, we also faced a backlog in the preparation of quotations. Some consumers also regarded this as an inconvenience.

On the other hand, customer satisfaction grew due to a number of customer-focused improvements. For example, we introduced the option to schedule appointments yourself online. In addition, we launched a new way of working ('early scheduling'). This involves making a concrete agreement with the customer earlier in the process, where the customer finds out the actual time limit for connection soon after the request. These improvements have brought about a sharp fall in the number of complaints about lead times. We also introduced a new process for removing gas connections: customers only pay if they want an urgent removal. We have also started discussions with contractors and municipalities on ways to shorten the time limit for connections.

We expect these efforts to have a noticeable impact on our results in 2025. Nevertheless, customers are likely to experience more inconvenience in 2025, as we anticipate that the limited available implementation capacity will have a negative impact on lead times. This means that customers will have to wait longer than usual for the work to be carried out. From 2025, we will also be replacing more and more meters that we have replaced before. Customers are expected to regard this process as more burdensome or unnecessary. Finally, the smart meter will become mandatory. This may also be perceived as inconvenient. Our targets for 2025 are therefore slightly less ambitious: at least 78% (equal to 2024) of our customers should regard our services as convenient, and no more than 14% should experience inconvenience (in 2024, the target was 12%).

In addition to work commissioned by our customers, we also carry out a lot of work to make the networks ready for the future. Local residents may be inconvenienced by this work. That is why, in 2024, we introduced the Stedin BouwApp. The app enables us to communicate directly with residents. We also used the app to conduct a resident survey, asking people how they had experienced the works. The initial results of this survey are positive.

Customer convenience for meter cupboard problems

Perceived customer convenience for meter cupboards problems remained stable in 2024. In terms of the meter fault rectification work, 88% of customers reported that it was easy, while 6% experienced inconvenience.

We also have to deal with network failures. We recently started to investigate customer convenience in relation to network failures in order to optimise our service in that area too.

Customer convenience for business customers

We ask our business customers to complete a Project Customer Convenience survey every year. Since 2022, we have witnessed a downward trend in the customer experience. This trend continued in 2024: 17% of our customers experience convenience, and 61% experience inconvenience. We carried out additional surveys and analyses in 2024 to better understand the reasons for these scores. We are currently working to improve our services in both the project quotation process and the implementation process. We expect to see better scores over 2025.

Adjusted lead times

In 2023, ACM published a new code decision imposing time limits for low-volume electricity connections. A distinction was made between connections that do not require excavation work and those that do (12 and 18 weeks). A longer time limit may apply to connections requested in a congestion area or for which sufficient infrastructure was not yet in place. This code decision was largely overturned by the Trade and Industry Appeals Tribunal (CBb) in September 2024. The joint regional grid operators had appealed against the code decision. Their reason for doing so was that the code decision failed to adequately take into account the challenges facing grid operators and practical feasibility in situations such as bulk requests, in areas where network expansions are required or where there is long-term congestion.

The code decision now only states that the grid operator must install a low-volume customer connection within a reasonable time. A new proposal is being developed in consultation with ACM that will offer customers certainty in the form of realistic time limits. Until that moment, we will continue to report the figures in accordance with the now annulled code decision.

A time limit for gas connections is no longer specified in a code decision. Agreements have been reached with ACM on a modified procedure for removing gas connections.

Electricity connections installed

In 2024, we installed 81% of all low-volume electricity connections that did not require excavation work,within the prescribed time limit. And 42% of the connections within the standard time limit where excavation work was required. In cases where there are no special circumstances, we connect our customers as soon as possible. We are continuously optimising our processes (see above under Customer Convenience for Meters and Connections).

We cannot install connections within the time limits in all circumstances. A longer period may be required if electricity network components first need to be expanded or replaced. We also agree specific schedules with property developers and housing associations when it comes to the realisation of their new construction projects, large-scale sustainability improvements to existing housing and large-scale installation of charging stations or public lighting. In some cases, customers ask for a later installation date, for example because a renovation has not started on time.

The figures cannot be compared with the 2023 figures because different definitions applied to electricity at that time. The time limits also still applied to gas connections back then. We reported overall figures in that year. Provisional targets have been set for 2025 until there is clarity on new standards.

Market facilitation

The delivery of timely and correct data on our customers' energy use to TenneT and market parties is known as market facilitation. Devices such as the smart meter play a big role in this respect. Use of smart meters in our service area continued to increase in 2024. We also saw an increase in the demand for data from smart meters.

KPI Market facilitation	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Smart meter data provision (FTR)	%	99	≥98.5	99	≥98.5

Increasingly complex

In order to optimise the use of available network capacity, we need to understand future energy flows. Accurate and timely data help to better predict these flows. This is becoming more challenging as less predictable energy sources such as wind farms and solar farms play an increasingly important role in the energy system. In addition, new market parties are entering the energy market that depend on timely and accurate data on energy flows. For example, Congestion Service Providers (CSPs): parties that mediate between corporate customers and the grid operator with the aim of preventing network congestion. Yet another application of our data is to measure whether customers with a capacity limitation contract are adhering to the agreed energy usage to avoid overloading the network. The field of market facilitation is therefore constantly evolving and becoming ever more complex.

Contributing to a financially healthy energy sector

Facilitating the market also means contributing to a financially healthy energy sector. We closely monitor the payment of network expenses by suppliers. We report any failure to pay these to ACM. If a supplier is going into liquidation, the security of supply procedure acts as a safety net by accommodating customers with another supplier.

Smart meters

Insight into consumption and improved ability to match energy consumption and supply are of key importance. These data can be obtained thanks to smart meters. If we provide accurate meter data to parties such as energy suppliers, they will be able to make better estimates of the development of energy needs. This helps us reduce network congestion. The smart meter also has added value for consumers: the insight provided by the meter allows them to manage their energy usage.

Increase in the number of smart meters

The number of smart meters in our service area continues to increase. We installed smart meters at over 20,000 addresses in 2024, and 88% of our customers now have a smart meter. Most of the growth comes from customer requests. Consumers want more insight into their energy consumption or switch to a smart meter when the connection is reinforced.

Huge increase in demand for energy data

Not only is the number of smart meters still rising, but so too is demand for smart-meter data. This increase has not affected our continued ability to provide smart-meter data in a secure, reliable and efficient manner. Parties that request meter readings are energy suppliers (who in turn do this at the request of their customers) and independent service providers (ISPs, companies certified to read meter readings through the grid operator) using technology such as energy apps (also at the request of customers).

This shows that customers want to have more control over their energy bills, which is good for both their wallets and the environment.

Customers can use My Stedin to advise whether or not their smart meter can be read. Our organisation handles personal data with care. We comply with the applicable laws and regulations for this purpose, such as the General Data Protection Regulation (GDPR) and the General Data Protection Regulation (Implementation) Act. For more information, see the section on Privacy and data protection at Stedin in the chapter Corporate Governance.

Availability of smart-meter data

As a grid operator, we must ensure that we respond to 97% of requests for smart-meter data from mandated parties. This is a sector requirement that has been agreed with energy suppliers and ISPs. Stedin achieved a score of 98% in 2024. Multiple requests are often received for a meter that is malfunctioning. The First Time Right KPI was introduced to correct for these repeat requests. This KPI averaged 99% in 2024. This is once again above the sector standard, which in this case is 98.5%.

Smart-meter data for network management

Besides meter readings for energy suppliers and ISPs, other data have also been read for the purpose of Stedin's network management since the introduction of the 'Smart network Management Code of Conduct' (Gedragscode Slim Netbeheer). The Code of Conduct was drawn up by grid operators and approved by the Dutch Data Protection Authority to ensure that we only use measuring data for specific applications. We are seeing an increase in the data processed for this purpose. The most common application is reading the voltage of smart meters in the event of voltage complaints. In addition, as a grid operator, we often query the status of a meter during electricity outages. This is to find out the cause of the outage.

A new generation of smart meters

We are working with other grid operators as part of a phased, multi-year programme to develop a new, future-proof generation of smart meters within Netbeheer Nederland's NextGen Project. These meters will help to better utilise the current network and reduce consumption by providing even better local and real-time smart-meter data to consumers or parties developing services for consumers.

A basic need

Energy allows us to live, inhabit our homes, work and do business.

Sustainability

We worked on implementing our Sustainability strategy in 2024. We want to prevent our actions from having a negative impact on the living environment and are therefore guided by the principle of broad prosperity: a measure of the well-being of both people and planet. We focus on the three pillars of climate change, biodiversity in the value chain, and circular material use, re-use & waste management. The following sections provide a summary of these pillars, our ambitions and the goals we want to achieve. For more detailed information on these topics, see our Sustainability Statement.

KPIs Sustainability	Unit	Result 2023	Target 2024	Result 2024	Target 2025
CO2-eq. reduction compared to base year 2021	%	26	26	25	29

Climate change

Within climate change, we distinguish between climate change mitigation and climate change adaptation. By climate change mitigation, we mean the measures we take to reduce greenhouse gas emissions, shown as CO_2-eq., as much as possible. Both within our own operations and in our value chain. Climate change adaptation means the measures we take to prepare for an increasingly changing climate.

Climate change mitigation

Our own business activities and the business and other activities in our value chain have a negative impact on climate change because they generate CO_2 emissions. Total emissions in 2024 were 6,804 kilotons. This includes scope 1, 2 and 3 emissions. The gas consumption of our customers, and the associated CO_2 emissions, makes up the largest part of this at over 96% in the base year 2021 and 93% in 2024. By reducing our customers' gas consumption, we can therefore achieve the biggest positive impact on our CO_2 emissions.

Sustainability

6,804 kt of CO_2 eq

Total scope 1, 2 and 3 CO_2 equivalent including gas consumption customers

This is also the emissions category on which we have the least direct influence. In this, we are largely dependent on the actions and behaviour of our customers and other stakeholders, including political policy decisions. The main way we help to reduce gas consumption by our customers is by continuing to do all we can to implement our Construction, Utilisation and Management strategy. By doing so, we facilitate the energy transition to enable customers to switch to sustainable sources of energy.

At year-end 2024, our CO_2 emissions were down by 25% compared to the base year 2021. The reduction is mainly attributable to declining gas consumption by our customers (scope 3). We were also able to achieve a reduction in emissions from our gas network losses. These reductions are offset by an absolute increase in CO_2 emissions related to the purchasing of services and materials (scope 3).

The 25% reduction is 1% below our 2023 target and result. This is mainly due to a stabilisation in the amount of gas distributed in 2024, versus historically declining gas consumption for a number of years. This is reflected in our scope 3. We have set ourselves a 29% reduction target from 2025. This is based on our calculation of the effects of the National Climate Agreement, with the assumption that we will achieve the national climate targets by 2030. Based on the 2024 results, we are seeing a delay in the reduction of our customers' gas consumption. We will therefore explore in 2025 whether and how this affects our long-term CO_2 reduction target for 2030.

Further information on climate change mitigation, our targets and our actions can be found in our Sustainability Statement under Climate change mitigation.

Climate change adaptation

Risks due to climate change include the effects of extremely heavy precipitation (resulting in water damage and/or flooding) and the effects of extreme gusts of wind and heat waves (resulting in drought). To identify these risks, we conducted a climate risk and resilience analysis in 2024. This analysis was not limited to flooding and water damage and also included other climate effects such as rising sea levels, extreme weather, drought and high temperatures. We have already taken a number of actions based on the findings. These include locating future distribution stations above ground level, installing climate sensors and tightening up design policies.

Sustainable cooperation with respect for nature and the environment

In Zeeland, we are laying over 450 kilometres of optical fibre between 2024 and 2028. This fibre-optic network is vital for the fast and reliable transfer of information in an increasingly smart, complex, flexible and sustainable system. We want to minimise the impact on nature in this area during the installation process. This is all the more reason to work with the Zeeland Environmental Federation (ZMf) to see how we can be as nature inclusive and nature positive as possible.

How can we limit noise pollution and increase biodiversity in vulnerable areas? Does the soil have properties that we can take advantage of? These are not questions that were traditionally asked when installing a fibre network. However, they are the questions we need to ask if we really want to work in a nature-inclusive and nature-positive way. ZMf is an expert when it comes to the province and represents many member organisations. By working with them and learning about the strength and vulnerability of nature, we can minimise our negative impact or even support and enhance the area. ZMf contributes ideas about route choices and advises on preserving or restoring natural values. ZMf: 'It's great that Stedin chooses to work with and train local subcontractors and wants to offset soil disturbance by being nature inclusive!'

Everyone can contribute

Nature is the basis of our existence. Many people feel a sense of responsibility and want to contribute to Zeeland's beautiful landscape and dynamic nature. Zeeland is increasingly becoming a key player in the energy transition, but what is the best way to do this? We are joining forces with ZMf to keep people informed about our nature-inclusive and nature-positive approach through tools such as video clips as part of the Telecom Network Zeeland project. We provide information about innovations in the energy transition and the role that high-volume consumers and low-volume consumers can play. We even visit schools: we hold lectures and workshops on the energy transition in higher professional education and senior secondary vocational education settings. Together, we will ensure that both the fibre-optic network and nature in Zeeland are at their best.

Biodiversity (in the chain)

Biodiversity forms the basis of healthy ecosystems. It plays a vital role in the production and existence of natural resources needed by our society. Global biodiversity is under pressure from changes in land and sea use, overexploitation of resources, climate change, pollution and spread of invasive species. Stedin recognises that it has a responsibility to mitigate these threats and actively contribute to the conservation of global biodiversity.

Potential negative impact

We commissioned research into Stedin's negative impact on biodiversity in the value chain. Most of that impact takes place in the upstream value chain. A small part takes place within our own acreage. The negative contribution to biodiversity is mainly the result of extraction of raw materials, energy production and services. We will draw up policies, actions and targets to reduce this negative impact in 2025. For further information on this topic, see our Sustainability Statement under Biodiversity in the value chain.

Nature-inclusive construction

In addition to measures to reduce the impact on biodiversity in the value chain where it is greatest, Stedin considers it important from a good governance perspective to be attentive to its own assets. That is why we have drawn up installation criteria for nature-inclusive construction. These criteria set out the biodiversity measures that can be taken on and around new high-voltage units. Examples include shrubbery, green roofs and nesting boxes. Due to the lead time for this type of project, we expect to deliver the first new high-voltage units according to these installation criteria after 2028.

Circular material use, reuse and waste management

To help facilitate the energy transition, we are building on and replacing our physical energy infrastructure and connections. From underground cables and pipelines to meter cupboards in people's homes. We cannot do that without using primary raw materials, as many products we use cannot yet be made from recycled materials. We aim to reduce our use of primary raw materials, recycle and reuse more, and reduce waste.

Circular material use

Because we use a lot of materials, we can have a negative impact on the environment. In 2024, we started drafting an implementation plan that will feature a roadmap to 2030. This implementation plan is expected to be ready in 2025. We also adopted new installation criteria for high-voltage units in 2024, which include new requirements for the circular construction of our stations. We expect to deliver the first new high-voltage units according to these installation criteria after 2028. In the coming years, we also expect to have a better understanding of the impact of our actions, which will enable us to translate our circularity strategy into policy and measurable targets. For further information on the topic of Circular Material Use, see our Sustainability Statement under Circulair resource inflow.

Redeployment of materials

By redeploying assets, we help to reduce the use of primary raw materials and, in some cases, also to reduce our CO_2 emissions. We have a clear idea of when larger network components such as high-voltage transformers will be reconnected to the network. The numbers for smaller components, such as smart meters, are more difficult to predict. In 2024, we set up a new framework to provide us with better insight into current recyclability.

Limiting waste

We work with our waste management companies on the high-quality processing of waste streams. Recycling and other uses are preferable to disposal (incineration and landfill). Adapting sustainability specifications and redesigning network components should make the outflow more redeployable, reusable and recyclable. We started working with suppliers and fellow grid operators in 2024 to redesign network components and sustainability specifications to make them more redeployable, reusable and recyclable. We expect to see the first results in 2025.

Renewable gases and alternative heating

The new energy system no longer relies on fossil energy but has a mix of renewable energy carriers. This requires an integrated system that balances these energy carriers. Alongside electricity, renewable gases such as hydrogen and green gas and alternative forms of heat generation are playing an increasingly important role. Under the banner of NetVerder, we are developing, constructing and maintaining future-proof energy infrastructure for heat, steam and biogas.

KPIs Renewable gasses and alternative heating	Unit	Result 2023	Target 2024	Result 2024	Target 2025
HEQ - Heat household equivalents	#	346	346	346	625

Hydrogen

At present, hydrogen is used primarily as a raw material in the industrial sector. We expect hydrogen to also play a role as an energy carrier, for example in the built environment. Our basis for this expectation includes recommendations from the Integrated Infrastructure Survey 2030–2050 (II3050) conducted by Netbeheer Nederland.

We see hydrogen as a possible fuel where other sustainable alternatives (electrification and heat networks) are not a good option. In heavy industry, for example, where some processes cannot be electrified, or only at a very high cost. Hydrogen is also a sustainable alternative to fossil gas in historic city centres, particularly where there is not enough space, or where the type of buildings are not suitable for heat pumps and solar panels or a heat network.

Hydrogen pilot projects

Stedin is preparing for the arrival of hydrogen by carrying out several pilot projects for both industry and the built environment. Locations include Rozenburg (Rotterdam) and The Green Village (Delft). A conversion exercise was also carried out in Uithoorn in 2020. In addition, Stedin is closely involved in the Fossil Gas Free Stad project: an initiative by residents of Stad aan 't Haringvliet to switch completely to hydrogen.

A coordinator is drawing up an implementation plan that the municipality can use to apply for subsidies from national government. If these subsidies are granted, implementation can actually start. Stedin signed a partnership agreement with the municipality of Kapelle in 2024 to explore the possibility of a system connection at the Smokkelhoek business park.

Green gas

We are increasingly moving away from use of fossil gas for heating existing homes. In many cases, hybrid or fully electric heat pumps are a good alternative. To reduce the demand for capacity on the electricity network, we are also increasingly looking at green gas. Green gas is made by fermenting or gasifying biological material. It has the same properties as fossil gas. This means it can easily be 'fed' into existing gas networks, making it a sustainable replacement for fossil gas.

The Netherlands aims to produce 2 BCM (Billion Cubic Meters, the unit used to express the volume of gas) of green gas by 2030 based on the national climate agreement. This is comparable to five times the annual gas consumption of the municipality of Utrecht.

The green gas blending obligation for energy suppliers serves as a tool to stimulate the growth of green gas production for the built environment. The national target for this blending obligation of green gas in the built environment is 1.1 BCM from 2026.

Facilitating the feed-in of green gas

Although grid operators do not have a legal obligation to provide connections to green gas, Stedin wants to encourage green gas feed-in as much as possible. We had 12 customers feeding green gas into our network in 2024, responsible for around 1% of the total national gas demand in Stedin's service area. This number will need to increase to around 40 customers feeding in green gas by 2030. In order to meet the growing demand and facilitate the blending obligation safely and reliably, we need to expand and reinforce our electricity and gas network. We therefore remain fully focused on maintaining the gas network (and training the people who work on it). There is still a need for sustainable gas.

Network congestion for green gas

Demand rarely matches supply, in terms of both location and timing across the day and throughout the year. This is the case in areas such as Friesland, Goeree-Overflakkee and Zeeland. Proactive investments and solutions are essential to avoid greater capacity limitations, which could potentially lead to network congestion for green gas producers. We are therefore taking several measures to facilitate the feed-in of green gas. In 2024, a network connection was created between the networks of Stedin and Liander. This connection – between Hallum and Stiens in north-east Friesland – enables us to distribute surplus green gas in the summer. Looking ahead to the future, we are taking measures such as exploring other network connections, booster stations and a green gas gathering pipeline. It is also important to work on digitalising our network in order to properly monitor and control gas parameters (such as gas pressure and gas quality).

Borculo biogas network

Since 2017, NetVerder has handled the distribution of biogas from Groot Zevert Vergisting in Beltrum to FrieslandCampina in Borculo through a 5.5-kilometre pipeline. As a result, FrieslandCampina saves over 7 million m^3 of fossil gas at this production location. As the biogas network is located outside of our primary service area, the network was transferred and sold to Groot Zevert Vergisting at the end of December 2024. This allowed us to focus on our other projects.

Heat

The shareholders approved Stedin Group's heat strategy in 2024. The reason for this was that the planned Collective Heating Supply Act (WcW) stipulates that heat networks must be majority publicly owned. Ahead of the Act's entry into force, more and more municipalities are turning to Stedin Group. The heat strategy helps prepare us for a growing task in heat and guides the choices we make.

NetVerder has started to further expand the organisation. This will allow us to offer support to municipalities and provinces as an integrated heat supplier in the future. The heat transition poses a huge challenge for the municipalities and provinces. Using heat can reduce CO_2 by more than 60% compared to using fossil gas.

NetVerder is involved in several heat projects. A key project is the Delft heat network, for which work commenced in autumn 2024. This project is expected to supply the first heat to homes in 2025.

NetVerder is also working to develop heat networks in locations including Rotterdam, The Hague, Utrecht, Vlissingen and the Oostland region. This involves using innovative solutions such as low-temperature residual heat, aquathermal and geothermal energy. Since 2021, NetVerder has also managed its own renewable energy supply in the Ouverture district in Goes: a thermal energy storage (TES) system. A total of 346 heat household equivalents are connected to this system.

Rotterdam Botlek Steam Network

The demand for energy from industry in the Rotterdam port area is huge. Steam is one of the principal energy carriers there. Waste management company AVR and specialist chemicals company Cabot Corporation generate steam through their business processes, which is used by the customer Lanxess. NetVerder transmits the steam and condensate via the steam network in Rotterdam Botlek. We do this safely and reliably.

Contracts for expanding the steam network were also signed in 2024 with LyondellBasell, Huntsman and Air Liquide. This was possible thanks in part to subsidies obtained from the province of South Holland (€2 million) and the municipality of Rotterdam (€0.7 million). The ground-breaking ceremony took place in late 2024, with the expansion expected to be completed in early 2026. Some 150,000 tons of steam pass through Rotterdam Botlek Steam Network every year. After the expansion, this number will more than double. At maximum utilisation of the new steam network, this could amount to savings of up to 200 million m^3 of fossil gas and 400 kilotons of CO_2 per year. This underlines the huge impact we can make by facilitating the use of alternatives to fossil gas. For reference, a saving of 400 kilotons of CO_2 is around four times the total emissions from our own operations for the whole of 2024 (scope 1 and 2).

IN CONVERSATION WITH

Koen Bogers and Victor van der Chijs

The power network in the province of South Holland is full. It's a raw deal. Not only for the businesses in the port of Rotterdam, but also for Stedin. More than enough reason for a proper talk between Koen Bogers, Stedin's Chief Executive Officer (CEO), and Victor van der Chijs, Chairman of Deltalinqs, Rotterdam's business association for the port and industry. They discuss a key question: how can we help industry electrify?

Stedin's coverage area includes many industrial customers. That's a fact. Another fact: businesses in the port of Rotterdam alone need to take responsibility for achieving one-third of the national climate targets, partly through electrification. Yet another fact: the network is congested. So the big question is: what is the best way of dealing with this? And how can Stedin and Deltalinqs help each other as much as possible? Koen kicks off: 'It's clear that everyone has the best intentions. I see a huge drive to become more sustainable not just at Stedin but also at Deltalinqs and other partners. At the same time, we are reaching the limits of what the system can do. This message is very frustrating. That's why we need to look together at what is possible.'

Changes in behaviour and local generation

Koen says the core focus of the grid operators is to build electricity stations and lay cables faster. 'In the medium term, this will solve congestion. In the coming years, we will increase network capacity in the port of Rotterdam by two and a half times and by five times from 2033 onwards compared to current network capacity. But until that happens, we need to focus on changing behaviour, such as avoiding the rush hour and setting up energy hubs.

"An 'every man for himself' approach is not going to cut it. I am confident that we can create the energy system of the future together."

Koen Bogers, CEO of Stedin Group

"It's one big journey of discovery. That means: experimenting, seeing if something works."

Victor van der Chijs, Chairman of Deltalinqs

'It's one big journey of discovery,' Victor responds. 'That means: experimenting, seeing if something works. What I think is important is that we explore all options. There is no single solution. As businesses in the port of Rotterdam, we therefore need to look at flexible capacity. At the same time, it is important not to pin all our hopes on this. After all, we have a high baseload in the port.' Koen agrees that a lot is indeed geared towards that high baseload. 'But that doesn't have to rule out everything. It's about finding combinations. For example: flexible capacity and local generation. We currently don't do both. We should.'

'Local generation is definitely an option for port operators,' Victor points out. 'Businesses are really open to this. They have also had a wake-up call: they need power, but they are not able to get it organised.' He says that local generation is not without complications. After all, how do you organise it? 'Many businesses cannot just switch over. They do this in what are known as "turn-arounds", which take place every few years. Another issue is the nitrogen crisis. Without a permit, you cannot build. This means that businesses are completely stuck, which is a big risk. They have to become more sustainable quickly, or they will soon be paying for their CO_2 emissions under the EU ETS Emissions Trading System.'

Level playing field

Koen believes there needs to be a level playing field at European level. 'Otherwise, it's not going to work. In the Netherlands, for example, we have moved away from discounts for high-volume consumers. We are leading the way in this respect. However, we are also shooting ourselves in the foot compared to countries like France and Germany, which do still use discounts. I think the coalition government has a role to play in this: convincing these countries to reduce subsidisies their high-volume consumers.'

Koen also wonders if reputation plays a role in the obstacles the industrial sector in the port of Rotterdam needs to overcome to achieve electrification: 'The idea that "The industrial sector is fossil, so it's not a terrible thing if businesses disappear"; does that play into it?' Victor states that his answer to this question would have been 'yes' two years ago. 'The industrial sector faced much more criticism back then. Many people now recognise that industry does want to become more sustainable but that external factors sometimes make this impossible.'

Victor believes that the geopolitical situation is also playing a role in this shifting picture. 'In geostrategic terms, the Netherlands, and Europe too, benefits from keeping basic industry in the port. This means that, for many products, we are not dependent on countries we don't really want to do business with or be dependent on. That's a real change.' According to him, this warrants greater recognition. 'The industrial sector in the port of Rotterdam is important not just for the Netherlands but for the whole of Western Europe. The benefits are huge, not least because we are also a major source for job creation.' Koen agrees wholeheartedly. 'Alongside the energy transition, a materials transition is also taking place: here, too, our industry plays an important role.'

A joint solution

Koen calls for greater unity. 'An "every man for himself" approach is not going to cut it. I am confident that we can create the energy system of the future together. A good example is the Data Safe House, which we realised together with Deltalinqs and the port authority. This allows the industrial sector to safely share its plans and requirements with us so that we can respond to them in the best possible way.'

The Data Safe House is only one part of a big picture, according to Koen. 'For example, Stedin is also responsible for building extra stations. But they need to go somewhere. Many parties will say: preferably not on my site. Effectively responding to and organising that need for space is incredibly time consuming: we spend just 20% of our time building, while the rest is spent on planning and the process. I think this is a joint problem that requires a joint solution.'

Victor couldn't agree more. 'The next few years are crucial for the future of the port of Rotterdam. The industry relies heavily on green power, and that dependence is only going to increase. That is why we all need to show extreme willingness to work towards what is possible. Fortunately, we are also getting better and better at working together.'

Financially healthy

Constructing and maintaining our networks is a costly business. Stedin recovers these costs in the years following construction and maintenance through network tariffs. This means that, in the intervening period, Stedin is effectively pre-financing these investments. We do this through a combination of equity and debt. A good credit rating is essential for taking out loans. Especially at a time when our investments are rising sharply. Our aim is therefore to maintain our A- credit rating with credit rating agency S&P. FFO/Net Debt and solvency are key indicators in monitoring our credit rating and financial health.

KPIs Financially healthy	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Credit rating	ABC	A- rating	Retain A- rating	A- rating	Retain A- rating
FFO/Net debt ratio	%	14.0	≥10	11.5	≥10
Solvency	%	45.4	≥35	42.9	≥35

Financial developments

Modified methodology and x-factor decisions

In late 2023, following a ruling by the Trade and Industry Appeals Tribunal (CBb), ACM published the amended method decisions for electricity and gas for the current regulation period (2022–2026). In 2024, these method decisions became final and ACM adjusted the underlying x-factor decisions. These decisions are used for calculating the tariffs we are allowed to charge our customers. As a result of the changes, Stedin Group's revenue increased and a portion of the revenue is being brought forward in time.

New shareholders

In March 2024, Stedin Group's shareholders approved the accession of 21 new shareholders. Besides the Provinces of Utrecht and Zeeland, 7 municipalities in Utrecht and 12 in Zeeland have become shareholders. Together, the new shareholders strengthened Stedin Group's equity by €33 million. Almost all regions in our area of operations are now represented as shareholders. This shows the importance our shareholders attach to Stedin's role in enabling the energy transition and allows us to continue to invest in expanding our network capacity.

Developments in the debt portfolio

To achieve our strategy, our interest-bearing debt portfolio has grown in size. The new financing in 2024 consisted mainly of a fourth green bond worth €500 million. We also repaid a long-term JPY 20 billion loan early in April 2024 at a premium. This will be offset by lower interest costs over the coming years.

Reaffirmation of the A- credit rating

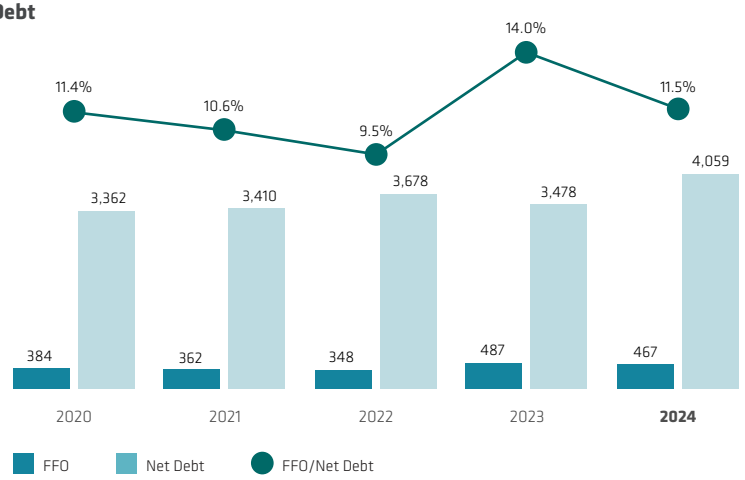
In January 2025, S&P reaffirmed Stedin's credit rating. This remains A-, with a stable outlook.

Financial results

FFO/Net Debt ratio

At 11.5% the FFO/Net Debt ratio is higher than our internal target of 10%. Compared to 2023, the ratio decreased by 2.5%(2023: 14.0%). This was because FFO decreased slightly while net debt increased. FFO decreased by €20 million despite an increase in EBITDA, largely due to higher interest and tax payments. Net debt increased by €581 million. This was because we financed our negative free cash flow mainly with debt.

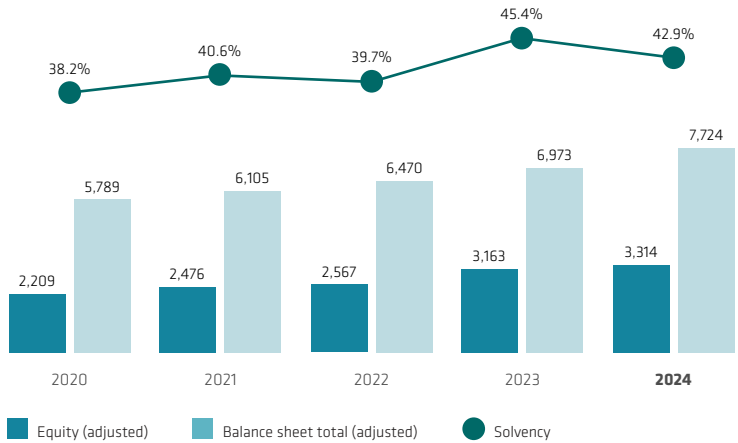
FFO/Net Debt



Solvency above target

As at 31 December 2024, our solvency ratio was 42.9% (2023: 45.4%). This is higher than our target of maintaining a solvency ratio of at least 35% in the long term. Solvency decreased compared to 2023, driven by an increase in our debt to finance the negative free cash flow.

Solvency



Higher operating income

In 2024, total operating income was €2,088 million. This is €318 million higher than in 2023 and is mainly attributable to a €296 million increase in revenue to €2,048 million.

The increase in revenue was mainly due to higher transmission revenue from an increase in our tariffs. This tariff increase was partly related to the additional tariff headroom as a result of the Trade and Industry Appeals Tribunal (CBb) ruling in 2023, which led to adjustment of the method decisions. In addition, TenneT's transmission costs have increased. These costs are passed on to customers via the regional grid operators' tariffs. Our tariffs also increased due to inflation, and metering revenue increased due to higher metering tariffs.

Other operating income rose by €22 million to €40 million, as Stedin received a one-off sum of €28 million from ACM at the end of 2024 to compensate for earlier removals of gas connections. We also completed our internal programme for the sale of non-regulated transformers and related assets in 2024.

Higher operating expenses

Total operating costs rose by €305 million in 2024 to €1,782 million (being the balance of gross operating expenses and capitalised own production), driven by factors including €130 million higher personnel expenses, €199 million higher costs of procurement and contracted work and €34 million higher other operating expenses. This was partly offset by an €82 million increase of the capitalised own production due to more hours spent on investment activities and higher hourly tariffs. Depreciation charges rose by €24 million due to the increased level of investment in recent years.

The higher personnel expenses were mainly due to higher salaries as a result of collective labour agreement increases and a larger number of internal and external employees. The number of employees increased by 712 FTEs last year to 6,232 FTEs as at the end of 2024. The cost of hiring external employees also went up as a result of higher tariffs.

The higher costs of procurement and contracted work was mainly due to a €249 million increase in the transmission costs charged by TenneT. This increase was driven by higher energy prices in previous years and increased investments in the high-voltage network due to the energy transition. TenneT has indicated that its tariffs, after falling slightly in 2025 and 2026, will continue to rise in the coming years. Our costs of contracted work also increased by €40 million due to higher purchase prices. This was offset by a €90 million decrease in costs for network losses due to price developments combined with our energy procurement policy.

Higher net financial expenses

Financial income and expenses increased by €36 million in 2024 to a net expense of €101 million. This increase was attributable to a one-off charge of €46 million resulting from the early repayment of the long-term JPY loan. This will be offset by lower interest costs over the coming years.

Marginally lower tax burden

The tax expense fell by €11 million in 2024 to €47 million, partly due to a lower profit before income tax. The effective tax rate (tax expense expressed as a percentage of profit before income tax) in 2024 was 22.9% compared to 25.6% in 2023.

Lower result after income tax

Compared to last year, Stedin Group posted a €12 million lower result after income tax of €158 million. Higher tariffs in 2024 combined with lower costs for network losses were enough to absorb the otherwise higher operating expenses. As a result, there was a limited increase in operating profit. Financial expenses were higher due to a one-off charge.

Negative free cash flow and financing

Due to increasing investments, Stedin Group's negative free cash flow (the sum of operating and investing cash flow) increased to €469 million negative in 2024 compared to €262 million negative in 2023. In 2024, this negative free cash flow was largely financed by the issue of new shares amounting to €33 million and a green bond worth €500 million. Combined with factors such as repayment of the long-term JPY loan and payment of dividends, our financing cash flow was €382 million positive, compared to €397 million positive in 2023.

Looking ahead

We anticipate that our investment level will remain high in the coming years, with the expectation that this will result in negative free cash flows. Attracting sufficient funding therefore remains important to meet the growth of our investments. To do this, we need to keep our financial ratios healthy. First and foremost, this means remaining focused on increasing our productivity and building the most efficient energy infrastructure possible – in terms of both performance and costs. As well as raising sufficient external funding, we must also continue to work with our shareholders to maintain a healthy equity position. Finally, we need to work with ACM to arrive at a regulatory method that better meets the challenges of the energy transition.

ACM is currently working with grid operators and other stakeholders to develop a new regulatory method. This new regulatory method will take effect as of 2027, from which time it will serve as the basis for tariffs and other fees. ACM recognises that the fees for grid operators need to better reflect the current reality of a shortage of network capacity and the need to make substantial investments in the electricity network. ACM has indicated that it wants a regulatory method that leans more towards setting the fee for grid operators in advance, rather than in retrospect. It is essential that this method strikes the right balance between what is needed to make the energy transition a reality and keeping it affordable for network users. During the course of 2025, ACM expects to publish the draft method decisions, and we will find out more about exactly what the new regulatory method will look like.

Employees, leadership and culture

Skilled, vital and motivated employees are crucial to Stedin's success. We are working to ensure that our employment practices are sustainable. To this end, we have developed a multi-year action plan for the topics 'health, safety & vitality', 'training, learning & development' and 'diversity & inclusion'. We are also strengthening our alliances with our supply chain partners and other grid operators in the area of recruitment and training. We want to provide a working environment where employees feel free to be themselves. We learn from mistakes, give each other feedback and call each other to account when necessary. For a more detailed discussion of the topics mentioned here, see the chapter Good employment practices in our Sustainability Statement.

KPIs Staff, leadership and culture	Unit	Result 2023	Target 2024	Result 2024	Target 2025
Total workforce	FTE	5,520	6,238	6,232	7,138
eNPS	ratio	23	20	28	21
Filled Participation Act jobs	%	1.9	2.8	2.0	3
Social safety	ratio	-	8.0	7.9	8.0

Working at Stedin

In order to fulfil our important role in society, we are growing fast. In 2024, our staff complement grew by 712 FTEs. This amounts to a 13% increase in our workforce. Onboarding and training all these new colleagues demands a lot from our existing staff. Our annual Employee Motivation Survey measures employee job satisfaction. This survey provides a broad picture of what is going on, what is going well and what we can improve.

A widely recognised measure of employee satisfaction and good employment practices is the employee Net Promoter Score (eNPS). This score, with a scale of -100 to 100, reflects the extent to which employees recommend their employer to others. In recent years, the eNPS rose from 21.1 in 2022 to 23 in 2023 and 28 in 2024.

In 2024, Stedin was awarded the World-class Workplace label for the fourth time in a row. This is an independent label for good employment practices awarded by Effectory, the agency behind our annual Employee Motivation Survey. We are proud of this achievement, which will help us to attract even more skilled colleagues in the coming years.

Health, vitality and safety

Average sickness absence in 2024 was 5%. This marks a declining multi-year trend for Stedin, as opposed to the national benchmark which is now levelling off slightly. Long-term absence (43 to 365 days) still accounts for the largest proportion of absenteeism across Stedin at 2.6% in 2024. In response, we have taken a number of actions. To speed up the provision of support for absenteeism, we have increased the capacity of the absenteeism coaches. In addition, the working conditions service started triage interviews in September 2024 to get an early idea of whether absenteeism has a mental component that would benefit from counselling. Finally, a new absenteeism system is being implemented with the aim of increasing managers' self-sufficiency.

The 'My Energy' programme has been developed to keep employees vital and employable and prevent absenteeism. The results of the 2023 My Energy check were followed up in 2024. In addition, employees at increased risk of absenteeism were offered long-term support in the form of vitality coaching. A change to the performance management cycle provides managers with more tools to discuss sustainable employability. For more information about safety, see the chapter on Safety.

Most Vital Specialist Company and Vitality Manager of the Year

Vital and skilled employees are key to fulfilling our social role. We had double good news on that front: not only was Stedin named the Most Vital Specialist Company 2024, our Sustainable Employability specialist was also chosen as Vitality Manager of the Year. We were therefore recognised twice within a short space of time for our joint work to create a pleasant working environment.

Most vital specialist company

We can only meet a challenge like the energy transition if we have enough skilled and energetic colleagues. That is why we invest heavily in vitality. Our approach is paying off, as evidenced by our election as the Most Vital Specialist Company 2024. 'The jury is impressed by how Stedin recognises the need to invest in its employees,' the jury report reads. 'Its vision of sustainable employability is clear, and a strong link has been made between the organisational strategy and the Diversity and Inclusion strategy.'

Vitality Manager of the Year

A few weeks later, another award was granted to our Sustainable Employability specialist, Sam Henke, who was named Vitality Manager of the Year at the Well-being & Vitality Event! This award is presented every year to someone who has set themselves apart with a vitalising approach within their own organisation. Sam: 'I am proud of Stedin's role in the energy transition and proud that our narrative, that it starts with our own energy, is having an impact. Sustainable employability is not a standard part of the agenda, but it always comes up because it is linked to everything we do.'

The professional competence of our employees

Pressure on the labour market is high. The shortage of technically skilled labour poses a risk to the essential scaling-up process. This is not only a problem for Stedin but also for contractors we work with. We are therefore pulling together to expand our target audience and to accelerate the training of new staff.

Stedin encourages employees to continue to develop. This development is important for the sustainable growth of both our people and Stedin. A number of technical job categories, including fitters, are difficult or impossible to recruit in the labour market. We recruited over 100 people from other professions and apprentices in 2024 who will continue their development at the Stedin Academy to become independent fitters. We also rolled out a number of successful individual learning programmes to meet specific development needs in the organisation.

We have increased training capacity in order to achieve the required growth. In November, we occupied the new in-house location of the in-house training school in Goes. In Rotterdam, substantial work was done on Keileweg in preparation for the new development, which will start in 2025. Old buildings were demolished, and the land was remediated and prepared for construction. Meanwhile, training courses continue to run from temporary buildings.

The Employee Motivation Survey shows that employees appreciate the learning culture within Stedin. The statement 'I would like to develop myself further' received a rating of 8.3, while the perceived support from Stedin to remain sustainably employable was rated 7.6. Many people are also taking advantage of internal advancement opportunities: around 30% of vacancies were filled by existing colleagues in 2024.

The transition we are undergoing demands strong leadership. Stedin has identified what the challenges require of our leaders. To this end, we have defined three topics for the coming years: Storytelling, Ownership and Result-Oriented Cooperation. Leadership development programmes focusing on these topics were launched in 2024.

Diversity and inclusion

Stedin wants to reflect the society we work in, so that our workforce is a reflection of the diversity in society. This is based on a deeply held belief that diversity and inclusion are essential to the long-term health of an organisation. Our policies and actions focus on our ratio of men to women, the age structure of our workforce and cultural diversity at different job levels. Stedin has five employee networks that give key minority groups within Stedin their own platform and voice: young people, women, LGBTIQ+, neurodivergence and cultural diversity.

We also want to ensure that people with reduced ability to work have access to work at Stedin. One of the places we do this is in our Operations Service Team, where we train people from the target group for the job arrangement under the Participation Act to become assistant fitters. After this training, the majority move on to regular operational divisions within Stedin. A total of 19 candidates started this training programme in 2024, and 12 employees progressed to operational teams within Stedin.

We employed four residence permit holders as trainee fitters in 2024. These trainees learn the trade in various teams and also take a senior secondary vocational education course. From September 2025, they will start training as part of the block-or-day-release programme (BBL). Preparations are underway to take on 10 residence permit holders next year.

IN CONVERSATION WITH

Adri de Bruijne

‘We help each other move forward’

The year 2024 also required a balancing act by the Works Council. On various topics and in a good relationship with the Board of Management and the Supervisory Board. Adri de Bruijne, chair of the Works Council, explains.

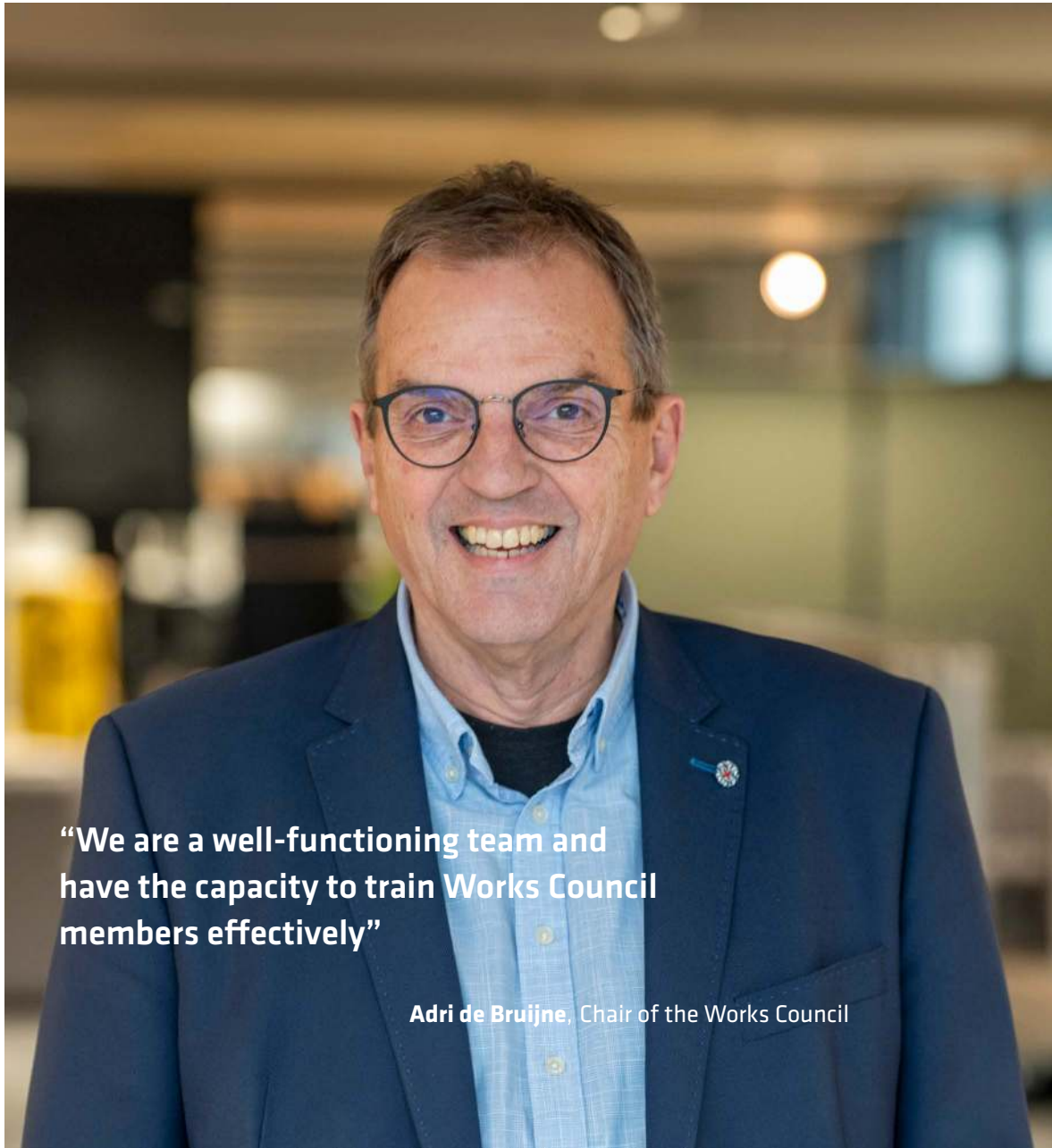
Looking at 2024, there are a number of topics that stand out for Adri de Bruijne. One of them is the balance between staff growth and scope for professional competence. ‘Stedin took on many new employees in 2024. These all deserve a proper onboarding process,’ Adri says. ‘But this does create a noticeable additional workload for existing staff, sometimes not leaving them with enough time to do their jobs. We need to find the right balance.’

A reflection of society

With the number of staff growing so fast in 2024, topics such as diversity and inclusion are even more urgent than they already were, Adri argues. ‘We strive to make Stedin a reflection of society at all levels. Including in the upper echelon of the organisation. This remains a key focus.’

Continuing to invest in safety

Safety was a key issue in 2024. ‘Just like every year, actually,’ says Adri. ‘Safety will always feature high on the agenda because working safely is so incredibly important. Let me be clear: the conditions we work in at Stedin are very safe. However, if something goes wrong, the consequences are severe. The worst case scenario involves serious injury or death. That’s why we continue to put this issue on the agenda and continue to invest in training.’



“We are a well-functioning team and have the capacity to train Works Council members effectively”

Adri de Bruijne, Chair of the Works Council

"Every organisation needs a Works Council, Board of Management and Supervisory Board that can keep each other on their toes. Not to score points, but to help each other move forward with the transition challenge that is placing heavy demands on us. The Works Council, Board of Management and Supervisory Board also keep each other in balance, which is a good thing."

Adri de Bruijne, chair of the Works Council

Greater clarity on company emergency response

A major milestone was achieved in 2024 in relation to company emergency response. Adri: 'The Works Council helped develop emergency response guidelines into an emergency response policy which, together with the Board of Management, we officially adopted. This provides employees with greater clarity on what to do if an accident or acute situation occurs. A great collaboration between the Works Council and the Board of Management.'

Vianen as distribution centre

There is also greater clarity on the distribution centre. Stedin is to build a new distribution centre (DC) in Vianen in 2025. 'Most of the material and equipment will then move there from Rotterdam,' Adri explains. 'For employees who will be transferring to Vianen, a travel time arrangement has been drawn up for the initial period.'

Operational integration of DNWG

DNWG, the operational arm in Zeeland, was a key agenda item for the Works Council in 2024. This unit was independent but is being incorporated into the Stedin organisation. The main focus in 2024 was on operational integration into the current organisation, says Adri. 'As well as progressing with the integration, we are also looking at the IT systems in this area in 2025.'

Dealing with heat networks

Finally, heat was a key topic in 2024. 'There's a growing need for a heat network strategy. This too will require a balancing act, for example between the wishes of the municipalities and keeping heat affordable. We made the preparations in collaboration with the Board of Management, and the supported heat strategy was then debated and approved at the general meeting of shareholders.'

Keeping each other on their toes

Overall, Adri is satisfied with how things went in 2024. 'We are a well-functioning team and have the capacity to train Works Council members effectively. Any Works Council member can follow the "Modern Employee Participation" programme at Nyenrode.' As far as he is concerned, it is important that the Works Council is able to hold its own against the Board of Management and Supervisory Board at strategic and tactical levels. 'Every organisation needs a Works Council, Board of Management and Supervisory Board that can keep each other on their toes. Not to score points, but to help each other move forward with the transition challenge that is placing heavy demands on us. The Works Council, Board of Management and Supervisory Board also keep each other in balance, which is a good thing.'

Safety

Stedin recognises the importance of safety. We place a strong focus on the physical safety of our employees and that of partners. But the concept of safety goes beyond that. We also need to guarantee the social safety of everyone working at, with and for Stedin. On top of this, there is growing concern about business continuity and cybersecurity. Our infrastructure is part of the Netherlands' critical infrastructure. The threat assessment is high, partly due to rising geopolitical tensions. We therefore need to pay close attention to the protection of our infrastructure.

KPIs Safety	Unit	Result 2023	Target 2024	Result 2024	Target 2025
LTIR	ratio	0.24	≤1.5	0.10	≤1.5
RIF	ratio	0.57	≤0.9	0.44	≤0.9

Ensuring safety for our employees and environment

The chapter Good employment practices in the Sustainability Statement highlights the ongoing investments we are making in safety measures, knowledge, professional competence and promoting a proactive and socially safe culture. The aim is to prevent workplace accidents and ensure that not only our employees but also the employees of value chain partners and subcontractors are safe at work.

Safety awareness and culture programme

The High Reliability Organisation (HRO) programme is a company-wide initiative that enhances safety awareness and the safety culture within Stedin. This programme focuses on promoting reliability and predictability in our processes, with the aim of preventing workplace accidents and improving safety performance.

Attitude and behaviour take centre stage in Electricity Days and workplace audits

Attitude and behaviour are key components of working safely. We devoted considerable attention to this in 2024, amongst others by training our employees during the two-yearly Electricity Days. The programme addressed everyday events with topics such as social safety, attitude and behaviour, and quality of work.

We monitor adherence to the agreed procedures by conducting workplace audits. This helps identify deviations in workplace conditions and behaviour in a timely manner, allowing us to engage in dialogue and take corrective action.

Preventive measures

External factors also affect our employees' working environment and safety in this environment. Unfortunately, they sometimes have to deal with burglaries, theft and aggression from bystanders or customers. We implemented preventive measures and work closely with police and security services to address these issues. Our staff are trained in de-escalation techniques to safely deal with aggressive situations. We will continue these efforts and initiatives to ensure a safe, healthy and vital working environment for all our employees.

Awareness of social safety

In addition to the physical safety of our employees, we also pay attention to social safety. We expanded our range of training and interventions in 2024 in order to promote awareness and support in that area. For example, the workshop on 'D&I and unconscious bias' has become a regular part of the introduction days for all new employees. We also offer a workshop on 'Social safety and microaggression' and developed the VR experience 'Through different eyes'. Colleagues from the operational chains attended a social safety workshop during the annual equipment audit.

These measures are part of wider policies aimed at ensuring the health, vitality and safety of our employees and the environment, as described in our Sustainability Statement.

Workplace accidents

Despite every precaution, accidents still happen. The most common workplace accidents are falls, trips and slips, or accidents during work. For example, employees coming into contact with live components, or suffering burns and cuts. Thanks in part to training, the number of accidents due to participation in traffic remained limited at one.

Recent years show a downward trend in the number of lost-time workplace incidents (including among contractor employees). This is likely due to our efforts to improve safety awareness, both in our organisation and among supply chain partners. We have also sought to arrange substitute work within 24 hours to keep employees engaged in work and reduce absenteeism due to accidents.

Recordable Incident Frequency (RIF) and Lost Time Injury Rate (LTIR) are two key indicators that help us evaluate the effectiveness of our safety measures.
The graphs opposite give a clear picture of our progress in this area.

Recordable Incident Frequency (RIF)

Lost Time Injury Rate (LTIR)

Business continuity

The continuous high global threat assessment means that we need to constantly update our security knowledge and experience. One way we do this is by participating in national and international practice drills, together with other crisis response organisations such as security regions. The threat assessment has also led us to strengthen our resilience strategy in the areas of business continuity management and physical security.

We updated our Crisis Management Plan (CMP) in 2024. Our crisis response organisation is ready thanks to a regular programme of education, training and practice drills. We also focused on improving the provision of adequate information on crises in 2024. We did this through network-centric Working and using the NCMS (National Crisis Management System).

Safety awards

Every year, Stedin presents two different safety awards: the Golden Safety Shoe for colleagues and the Stedin Safety Award for cooperation partners. With these awards, we encourage safety awareness and reward exemplary behaviour, thus literally giving it a platform.

The Stedin Golden Social Safety Shoe was awarded for the seventh time in 2024 and had no fewer than 15 winners who have all made outstanding contributions to improving safety in the workplace. Actions and initiatives that won them the award ranged from setting up a safety toolbox to acting decisively during emergencies and providing AEDs (Automated External Defibrillator, a device that can restore the heart rhythm of someone who is in cardiac arrest) at project sites.

The best-performing supply chain partner in the area of safety and quality last year was contracting firm Siers. Siers won the Stedin Safety Award based on audits and site visits, with the jury making special mention of the firm's equal treatment of both external and in-house staff.

Quality: certification and compliance

Stedin responds to legislation and regulations on hazardous substances or pollutants, such as asbestos, benzene, sulphur hexafluoride (SF_6) and hexavalent chromium (chromium (VI)). These substances pose a risk not only to the environment but also to the health of our employees. We therefore encourage preventive measures such as due care, orderliness and hygiene.

A quality management system plays an essential role in ensuring that Stedin is a reliable and safe grid operator, whatever the circumstances. Stedin again demonstrably complied with the standards and guidelines in the fields of safety and security, working conditions, quality management, asset management, information security, business continuity management and crisis management in 2024.

Stedin Group certification

Stedin Holding N.V.	NetVerder B.V.	DNWG Infra B.V
ISO 9001 (Quality)	ISO 9001	ISO 9001
NTA 8120 (Asset Management)	Safety Culture Ladder, level 3	CKB (Underground Infrastructure)
ISO 55001 (Asset Management)		VCA**
VCA** (HSE)		Safety Culture Ladder, level 4
Safety Culture Ladder, level 4		
ISO 22301 (Business Continuity)		
ISO 27001 (Information Security)		

Digital security

Stedin applies a certified and risk-based approach according to the ISO-27001:2023 standard. This describes our processes for dealing with information security, which are designed to ensure the confidentiality, availability and integrity of information within our organisation. Stedin has obtained this certification to also demonstrate that this process is effective. We deploy our resources where they have the most impact.

Unfortunately, digital security incidents cannot be ruled out. That is why we continue to invest in monitoring and an adequate response to threats and incidents. The sooner we detect a vulnerability or incident, the more we are able to reduce the impact of its misuse.

Digital security culture

We actively enhance Stedin's digital security culture by pursuing behavioural and cultural objectives. We are dedicated to develop knowledge on information using a target group-based approach. The goal is for our digital security culture to be as robust as our physical security culture.

For a more detailed explanation, see the section Information security in the chapter Access to energy and supply reliability.

Organisation and management

In this chapter, we look back at Stedin's organisation and management in the reporting year 2024. We first discuss our Corporate Governance and introduce you to the members of the Board of Management. The Supervisory Board then reports on 2024, followed by our risk management and in-control statement. This chapter ends with the remuneration report.

Corporate Governance

Stedin voluntarily applies the Dutch Corporate Governance Code, where possible. The Code regulates matters such as the relationship between management and supervision. Sustainable long-term value creation is a key principle of the Code. It is also at the heart of our business operations and mission. As a semi-public organisation fulfilling a crucial and societal role, Stedin Group values effective and responsible management and supervision as well as transparent governance.

Stedin Group

Stedin Group comprises among others Stedin Holding N.V. and its subsidiaries Stedin Netbeheer B.V., NetVerder B.V. and DNWG Infra B.V. Stedin Holding heads the group structure and under its articles of association is directly or indirectly the director of its subsidiaries. Stedin Holding applies the statutory two-tier rules. Stedin Group has a two-tier board structure, with a Board of Management and a Supervisory Board.

Governance and Stedin Group

The Dutch Corporate Governance Code (CGC) sets out important guiding principles for Stedin Group. In addition, Stedin Group complies with the governance requirements under the Electricity Act and the Gas Act. A significant part of the work carried out by Stedin Group is regulated and subject to supervision by ACM.

We choose not to apply certain provisions from the CGC. The CGC is based on a 'comply or explain' principle: organisations are required to comply with the Code or otherwise explain the reasons for their non-compliance. Accordingly, we explain which principles in the CGC we depart from below.

Departures from the Corporate Governance Code

- **Provision 2.2.2 Appointment of Supervisory Board members:** Supervisory Board members are appointed for a term of four years and can be reappointed for a maximum of two additional four-year terms; this is to ensure the continuity of Stedin.
- **Provision 2.2.3 Publication of press release upon early resignation of members of the Board of Management:** Stedin makes its own decisions on how it informs its stakeholders about any early resignations of members of the Board of Management. It goes without saying that Stedin Group informs its stakeholders about any early resignations of members of the Board of Management.
- **Provision 2.3.2 Establishment of committees:** for practical reasons, Stedin Group has established a combined Selection, Remuneration and Appointments Committee, which is a committee of the Supervisory Board.
- **Provision 4.2.3 Meetings and presentations:** the shares of Stedin Holding are not listed. However, Stedin Holding has issued several (subordinated) bonds, all of which are listed on the Amsterdam Stock Exchange (Euronext). If Stedin Group organises a presentation for investors, there will be a public announcement. These presentations are published on Stedin Group's website.

We depart from the provisions of the CGC referred to below, partly because the two-tier board structure applies. The shares of Stedin Holding are held by government authorities and are therefore not listed.

- 2.1.3 Executive committee
- 2.8 Takeover situations
- 3.1.3 Remuneration of executive committee
- 3.2.3 Severance pay
- 3.3.3 Ownership of shares by Supervisory Board members
- 4.2.3 and 4.2.6 Analysts' meetings and 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
- 4.3.7 Abstaining from voting if short position exceeds long position
- 4.3.8 Loaned shares
- 4.5 Issuing depositary receipts for shares
- 5 One-tier board structure

Governance roles

Board of Management

Duties and responsibilities

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Stedin Group's Board of Management is responsible for the performance of Stedin Group and all subsidiaries within the group structure. The Board of Management determines the long-term strategy, sets the operational as well as financial objectives and designates the preconditions for delivering the strategy. In performing its duties, the Board of Management weighs all interests, including those of customers, shareholders, employees, providers of capital and society in general. The Board of Management has defined cultural values that contribute to a culture directed at sustainable long-term value creation.

An allocation of duties has been agreed within the Board of Management, which does not detract from the collective responsibility of the Board of Management as a whole. The Supervisory Board has approved the allocation of duties. Both the Board of Management as a whole and its individual members may represent the company. The authorities to represent Stedin Group and its subsidiaries internally and externally, including the applicable threshold amounts, are set out in the internal Governance and Authority Structure (GAS).

The Board of Management also monitors the operation of the internal risk management and control systems. Each year, the Board of Management performs a systematic assessment of the design and operation of these systems. This monitoring covers all control measures relating to strategic, operational, compliance and reporting risks. This is described in detail in the Risk management chapter and is confirmed in the In-control statement.

Appointment and dismissal

Members of the Board of Management are appointed by the Supervisory Board as directors under the articles of association for a maximum term of four years. They can be reappointed for successive maximum terms of four years. The Supervisory Board may suspend or dismiss members of the Board of Management.

Composition of the Board of Management

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In 2024, the Board of Management consisted of four members: a Chief Executive Officer (CEO), a Chief Operating Officer (COO), a Chief Financial Officer (CFO) and a Chief Transition Officer (CTO). The Board of Management consisted of three male members and one female member in 2024. This means that women make up 25% of the Board of Management. The target percentage for the composition of the Board of Management is a minimum of 30% women and a minimum of 30% men. Diversity is a key consideration when undertaking a new search. Each vacancy gives rise to discussion of the desirable outcome in terms of our diversity aims.

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Biographical details of members of the Board of Management

K.W. (Koen) Bogers
Chair/CEO

Member of the Board of Management of Stedin Holding N.V.

Koen Bogers (b. 1969) has been CEO and chair of the Board of Management since 1 May 2021. He previously served as managing director at Babcock & Wilcox in Denmark, a position he had held since 2018. Prior to that, Koen worked for Siemens for more than 20 years, where he performed various management roles related to energy, the energy transition, industry and infrastructure. Koen is a global partner at Bloxhun and an adviser at Techleap. He is also chair of the Supervisory Board of Kersten Technische Bedrijven. Koen will step down as CEO of Stedin Holding N.V. with effect from 1 May 2025.

D. (Danny) Benima RC
Member/CFO

Member of the Board of Management of Stedin Holding N.V.

Danny Benima (b. 1978) had been CFO and a member of the Board of Management since 1 January 2019. Prior to that date, he worked at Arcadis as CFO for Southern Europe. Before that, Danny held various financial positions at Arcadis and Stork. Danny is a registered controller. He is a member of the Supervisory Board of EDSN and a board member of Utility Connect. On 1 January 2025, Danny made the move to Movares where he became CFO.

(David) Peters
Member/CTO

Member of the Board of Management of Stedin Holding N.V.

David Peters (b. 1980) has been CTO and a member of the Board of Management since 1 January 2018. Since May 2015, he has held the position of Strategy director at Stedin and has been responsible for strategy and innovation. Prior to that, he worked at Boston Consulting Group in the Netherlands as well as abroad on strategy and organisation issues, especially in the energy sector. David is a board member of Stichting Zeeuwse Publieke Belangen, E-Laad and EDSO. He is also a member of the Supervisory Board of BAS B.V. and a member of the Supervisory Board of Stichting Het Utrechts Landschap. David will leave Stedin Holding N.V. with effect from 1 May 2025 to join Batenburg Techniek.

G.M. (Trudy) Onland MSc
Member/COO

Member of the Board of Management of Stedin Holding N.V.

Trudy Onland (b. 1974) has been COO and a member of the Board of Management since 1 June 2021. Up until that time, she worked at NS, where she held various positions. At NS, she was responsible for the customer service operations and held the role of Maintenance director, for the rolling stock of NS. Trudy is a member of the Supervisory Board of Gelderse Vallei hospital. With effect from 1 May 2025, Trudy will succeed Koen as CEO of Stedin Holding N.V.

Supervisory Board

Duties and responsibilities

Stedin Holding N.V.'s Supervisory Board advises the Board of Management and exercises supervision on the policy of the Board of Management as well as the general course of affairs within Stedin Group. The Supervisory Board also acts as employer of the Board of Management. Accordingly, the Supervisory Board appoints members of the Board of Management and can suspend or dismiss members of the Board of Management (in consultation with the General Meeting of Shareholders). The Supervisory Board of Stedin Holding N.V. also supervises policy implementation by the grid operator (Stedin Netbeheer B.V.).

Committees

The Supervisory Board has two permanent committees:

- The combined Selection, Remuneration and Appointments Committee (SRA Committee), which consisted in 2024 of Hanne Buis (chair), Doede Vierstra and Arco Groothedde.
- The Audit Committee (AC), which in 2024 consisted of Theo Eysink (chair), Annie Krist and Marike Bonhof (as of 25 September 2024).

The committees prepare decision-making in the Supervisory Board meetings. The committees report verbally in the Supervisory Board meetings. The SRA Committee and the Audit Committee each have separate Terms of Reference, setting out provisions on their functioning. These Terms of Reference can be consulted on the Stedin Group website. The SRA Committee's Terms of Reference were amended in 2024 in order to integrate the roles and responsibilities of the SRACommittee in relation to ESG and the CSRD.

Appointment and dismissal

The General Meeting of Shareholders appoints the members of the Supervisory Board. There is a profile for the size and composition of the Supervisory Board. In connection with nominations and appointments, account is taken of the nature of the company, its activities and the desired expertise and background of the Supervisory Board members. Supervisory Board members are appointed for a term of four years and can be reappointed for a maximum of two additional four-year terms. The Supervisory Board can suspend members of the Supervisory Board. The Netherlands Enterprise Court at the Amsterdam Court of Appeal can dismiss Supervisory Board members. The General Meeting of Shareholders can withdraw its trust in the full Supervisory Board or in individual Supervisory Board members. The members of the Supervisory Board resign periodically in accordance with the retirement schedule that it has drawn up. The retirement schedule is shown in the Report of the Supervisory Board.

Composition of the Supervisory Board

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The Supervisory Board consisted of six members at the end of 2024: three men and three women from various age groups and backgrounds. With this composition, the Supervisory Board complies with the diversity standard. The Supervisory Board strives for sufficient complementarity, pluralism and diversity in terms of age, gender and background in its composition. Diversity in terms of composition is also discussed in the annual self-assessment undertaken by the Board of Management and the Supervisory Board.

As a result of the Dutch State joining as shareholder, it was agreed that the Supervisory Board would nominate an additional (in this case, a sixth) Supervisory Board member and that the General Meeting of Shareholders would appoint this member. This agreement was implemented in 2024. The process was initiated by the Supervisory Board: the General Meeting of Shareholders appointed Marike Bonhof as Supervisory Board member of Stedin Holding N.V. for a four-year term starting on 25 September 2024.

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Biographical details of members of the Supervisory Board

D.G. (Doede) Vierstra RC

Doede Vierstra (b. 1958) is currently a director on behalf of the Netherlands Enterprise Court of the Amsterdam Court of Appeal. He acquired his ample experience with public stakeholders, including public shareholders, in his work as CFO of Nuon as well as in other positions. In the past, he was chair of the WENB (Energy and Utility Companies Employers' Association). He is therefore familiar with the challenges that the energy transition presents for Stedin Group. He is also a member of the board of Stichting Nyenrode, a member of the Supervisory Board at PGGM and a member of the Supervisory Board of the Netherlands Bach Society.

H.L. (Hanne) Buis LLM

Hanne Buis (b. 1976) was COO and member of the Management Board of Schiphol Group, and before that Managing Director of Lelystad Airport. Before joining Lelystad Airport, Hanne held various positions at Schiphol, where she managed complex operational processes. She is a member of the Board of the University Council of Erasmus University. Until 1 July 2024, Hanne was chair of the Supervisory Board of the Netherlands Bach Society.

T.W. (Theo) Eysink RA

Theo Eysink (b. 1966) became CEO of Spuigroep B.V. on 1 December 2024. He started his career at Arthur Andersen and worked in financial positions at KLM Catering, Spuigroep and Electrabel between 1996 and 2006. From 2006 to 2010, he was VP Finance at Bombardier Transportation Holding. In 2010, he was appointed CFO at Stork Technical Services, after which he worked for many years in the Business Market division at KPN. He has experience as a supervisory officer in the public and semi-public sector. Theo is also a member of the Supervisory Board of Vesteda Investment Management B.V. and, since 1 January 2025, a Supervisory Board member at Grant Thornton Netherlands.

A.J. (Annie) Krist
Annie Krist (b. 1960) is CEO at GasTerra. She commenced her career at N.V. Nederlandse Gasunie, where she held various managerial positions. In 2005, Annie joined the management team of Gasunie Transport Services (GTS). Annie is a board member of Vereniging Energie Nederland, board member of Stichting Fondsbeheer Culturele Relatie-Evenementen of Groninger Museum and board member of Stichting ter bevordering van de Ruimtelijke Wetenschappen. She is also an associate member of the International Gas Union, a member of the Advisory Board of the Clingendael International Energy Programme and a member of the Governing Board and Executive Committee of Eurogas. Finally, Annie is chair of the Supervisory Board of Stichting Kinderopvang Stad Groningen.

A.P.G. (Arco) Groothedde
Arco Groothedde (b. 1964) is currently a director at housing association Eigen Haard and a member of the Supervisory Board at DSW. He was previously CEO at Translink Systems and worked at the Land Registry and RDW. At Translink, he assisted in the introduction of the public transport chipcard, among other things. Arco's extensive experience as a director in digital transformation, among other things, will be very useful at Stedin Group, as digitalisation is an important topic in the energy transition.

A. (Marike) Bonhof
Marike Bonhof (b. 1974) is a director at housing association Ymere and a member of the Supervisory Board at Nationale Hypotheek Garantie (NHG). She has extensive managerial and financial experience at the intersection of the public and private sectors. She was CFO of water company Vitens and before that worked in several managerial and administrative positions for the municipalities of Amsterdam and Utrecht. She started her career at the Ministry of Finance.

Report of the Supervisory Board

In performing our duties, we as a Supervisory Board focus on long-term sustainable value creation. We look at how Stedin achieves its goals, taking into account the interests of all its stakeholders. In 2024, the main focus was on addressing the challenges inherent in the energy transition. For instance, Stedin welcomed 21 new shareholders in the first quarter: the provinces of Zeeland and Utrecht and 19 municipalities within those provinces. They joined following the example of the State of the Netherlands. Despite the capital reinforcement involved, the financing and affordability of the energy transition remain key topics. One of the successes of the energy transition is continual progress in electrification. However, this did mean that Stedin faced increasing network congestion in 2024. A wide range of solutions are needed. For example, the Supervisory Board was updated on the solutions implemented in Utrecht to address capacity problems. Various forms of cooperation with industry were also discussed to better coordinate supply and demand on the network.

Strategy

More focus has been created on the three strategic spearheads in Stedin's Multi-Year Strategic Plan 2027 (Construction, Utilisation and Management). The ambition is to achieve energy network access for all in a responsible manner. The progress of Construction, Utilisation and Management was a key focus for the Supervisory Board in 2024.

Financing of the energy transition

The energy transition poses huge challenges, resulting in a significant financing requirement. This financing requirement is met in various ways. The Supervisory Board furthermore notes that regulations and the current method decision are lagging behind the current reality. That reality is that Stedin wants to and indeed needs to undertake investments far more proactively and that the current regulatory method fails to adequately take this into account. Fortunately, in preparation for the new regulation period, ACM has launched a consultation with parties involved, including the grid operators. Cooperation on all fronts is of huge national and international importance, as these are issues that concern the sustainable future of the Netherlands. Moreover, costs come before benefits.

Site visits

During the annual two-day session, there was also time for a visit to the Rotterdam port area. The Supervisory Board was briefed on various topics at this visit, including a number of cases in the Port Industrial Complex. The Port of Rotterdam and its port authority are key stakeholders within Stedin's service area. Another topic of discussion was the Neighbourhood Approach. The Supervisory Board also visited one of Stedin's transformer substations in Rijswijk together with the Shareholders' Committee. Stedin employees talked enthusiastically about the various works during the tour. Including how the 150kV high voltage comes in from TenneT and is converted by Stedin to 25kV and how the electricity is then distributed further in The Hague. The Supervisory Board also got to observe the construction of a new transformer and the digitalisation, monitoring and control through station automation. A clear demonstration of what is involved in maintaining, digitalising and expanding the network and how Stedin works every day to achieve the new energy balance!

Stakeholder management and the role of the Supervisory Board as a 'social antenna'

The Supervisory Board fulfils an important role in acting as Stedin's 'social antenna'. As Supervisory Board, we must also ensure that decision-making takes careful account of the interests of society in general and those of our stakeholders in particular. Stedin is a network company, also in a figurative sense. This means that effective collaboration with all stakeholders is crucial. Stedin cannot do it alone; it needs a wide range of parties to achieve its goals. The Supervisory Board is of the opinion that this collaboration is going well. Stedin maintains intensive contacts with companies and all the municipalities in its coverage area. They know where to find Stedin, and vice versa. At the same time, the Supervisory Board notes that, within the cooperation with municipalities, Stedin is under pressure when it comes to securing land holdings for the purpose of building stations. This needs to be addressed.

Stedin's position was also clearly presented to the regulator ACM. Stedin interacts effectively with its stakeholders on all fronts. Stedin's importance is made visible during these interactions. Such was the case at the shareholder dinner Stedin held on 10 December 2024. At this dinner, the shareholders in attendance reflected on the past year and their own conduct.

This was led by Endowed Professor of Ecology and Philosophy Matthijs Schouten. Stedin received visits from representatives of national political bodies on several occasions this year. We also attended the House of Representatives for discussions with representatives of the people.

Climate, Energy Transition & Sustainability

Geopolitical developments had an impact on the energy landscape again in 2024. The pace of decision-making and implementing measures therefore remained crucial at global, European and national level. In that connection, the Supervisory Board observes that the grid operators, and hence Stedin also, have a pivotal role in facilitating the energy transition at the desired pace. That requires Stedin to be in a position to make the right investments on time, to finance those investments in a responsible manner and to operate in a regulatory environment that permits it to fulfil its new role. The affordability of the energy transition for consumers and businesses is an increasingly important issue. It is very important that Stedin can expand its networks in the short term to enable it to facilitate the energy transition. We are already seeing in congestion areas how frustrating it is for customers who cannot be connected. It is in the interest of society as a whole to minimise the impact of network congestion. With a future-proof network and network management approach, Stedin has a huge impact on sustainability efforts in its coverage area. It goes without saying that Stedin also assumes responsibility for reducing its own impact on the climate through sustainable business operations. We are taking a number of initiatives to reduce our own footprint, such as making our own fleet emission free.

Safety

The Supervisory Board notes that all the efforts that have been made in the past few years in the field of safety have produced results for all those involved, including customers and the environment. The safety ratios were good in 2024. As Supervisory Board, we monitor safety within the company via a periodic dashboard. A broad focus is placed on safety awareness within the company. One of the ways this is done is by implementing the High Reliability Organisation (HRO) multi-year safety programme. We endorse the importance of this programme for a company such as Stedin.

Despite all these efforts, a gas explosion took place in a shopping centre in Zoetermeer in February 2022, in which three people were injured. The State Supervision of Mines investigated the incident, after which Stedin took appropriate action. The goal of registering the operating assets register was achieved at the end of December 2024.

Feasibility of the energy transition

The Supervisory Board is concerned about the current lack of materials and technical staff. There is scarcity in the materials market, making certain parts more difficult to obtain. Stedin monitors the supply of key materials and takes measures to anticipate potential shortages and long delivery times, as well as measures to ensure continuity of business operations. Stedin has also made good progress with strategic personnel planning and strategic supplier management. The company has a clear idea of its demand for technical staff over the next four to five years. Training capacity for those areas has been doubled. Stedin also actively invests in people. The Stedin Academy is one of the many resources available to Stedin for offering its own training programmes. We are therefore proud to have recruited 1,075 new internal employees in 2024. A total of 188 employees commenced work as fitters or trainee fitters, and 56 student fitters started at the Stedin Academy.

Supervisory Board's role as employer

The Supervisory Board conducted performance reviews with the members of the Board of Management in 2024. The topics addressed included the progress of the annual plan, achievement of the strategy, personal development and implementation of the schedule of appointment and retirement. In autumn 2024, Stedin CEO Koen Bogers unfortunately announced that he did not wish to be considered for a second term of office from 1 May 2025. The Supervisory Board has now appointed Trudy Onland (COO) as the new CEO of Stedin Group from 1 May 2025. Danny Benima, Stedin CFO, also announced his departure. Danny Benima stayed on until the end of 2024. He became CFO at Movares as of 1 January 2025. With Danny Benima's departure, the Supervisory Board started the search for his replacement with the aim of appointing a new CFO in 2025. For the sake of continuity, the Supervisory Board decided to appoint Eelco de Boer as interim CFO of Stedin from 1 January 2025. David Peters was another to announce his departure from 1 May 2025. Recruitment processes for a new CTO and new COO are currently under way. These roles are also expected to be filled in 2025.

Other important topics

The Supervisory Board regularly invites employees from various coverage areas within Stedin to provide further information about operational developments. Topics discussed at the Supervisory Board meeting included: the approach to (accelerated) construction, affordability of the energy transition and strategic workforce planning.

In addition to the topics highlighted above and below, the Supervisory Board devoted attention to the following topics:

- preparations for the shareholders' meetings;
- double materiality assessment;
- operations and accelarated construction;
- heat strategy;
- sustainability (strategy on sustainability and reporting (CSRD));
- network congestion and affordability;
- artificial intelligence and cybersecurity;
- stakeholder management;
- approval of the investment plan, financing plan and annual plan.

The Supervisory Board also discussed geopolitical developments in collaboration with The Hague Centre for Strategic Studies and together with the Board of Directors and Supervisory Board of Alliander and Enexis at a roundtable meeting.

Composition, working method and meetings

The Supervisory Board held five regular meetings in 2024. There were also a meeting specifically dedicated to the annual report, a meeting on the half-year report and in-depth sessions on the heat strategy and on stakeholder management. Consultations took place behind closed doors prior to the meetings of the Supervisory Board. The full Board of Management attended the Supervisory Board meetings. The agenda for the meetings was prepared by the company secretary, in consultation with the Board of Management and the chair of the Supervisory Board.

Arco Groothedde's term ran until 30 September 2024. He was reappointed for a second four-year term by the General Meeting of Shareholders at the shareholders' meeting on 25 September 2024. At the same meeting, Marike Bonhof was appointed as sixth member of the Supervisory Board for an initial four-year term on the nomination of the Supervisory Board and on the recommendation of the Shareholders' Committee. Marike Bonhof became a member of the Audit Committee. The current chair of the Audit Committee, Theo Eysink, was initially due to leave at the end of his second term on 12 February 2025. The Supervisory Board has agreed that he may continue in his role until the next General Meeting of Shareholders to be held on 16 April 2025. The Supervisory Board welcomes this, given the key role the Audit Committee played in reviewing the Stedin Group Annual Report 2024 in Q1 this year. In accordance with Article 19.13 of the Articles of Association, such a temporary 'extension' is possible after the four-year term has expired until the next General Meeting of Shareholders.

Composition of the Supervisory Board and schedule of appointment and retirement

Name	Appointment or reappointment	Period	Due to retire in
D.G. (Doede) Vierstra RC (chair)	26 May 2023	2nd term	20 September 2027
T.W. (Theo) Eysink RA	12 February 2021	2nd term	12 February 2025*
A.J. (Annie) Krist	16 February 2022	2nd term	13 April 2026
H.L. (Hanne) Buis LLM	23 September 2022	2nd term	21 September 2026
A.P.G. (Arco) Groothedde	25 September 2024	2nd term	30 September 2028
A. (Marike) Bonhof	25 September 2024	1st term	25 September 2028

* Term extended in accordance with the Articles of Association to 16 April 2025 (next General Meeting of Shareholders).

Attendance rate of Supervisory Board members at meetings

Name	Supervisory Board meeting	Audit Committee	SRA Committee
Doede Vierstra	100%		100%
Hanne Buis	100%		100%
Theo Eysink*	80%	100%	
Arco Groothedde	100%		100%
Annie Krist	100%	100%	
Marike Bonhof**	0%	100%	

* Taking other meetings into account, Theo Eysink's attendance rate at Supervisory Board meetings would be 89%.

**Appointed with effect from 25 September 2024

Committees

The Supervisory Board has two committees, the Audit Committee (AC) and the combined Selection, Remuneration and Appointments Committee (SRA Committee). The committees prepare decision-making for the Supervisory Board in the area of responsibility concerned and advise the Supervisory Board.
All members of the Supervisory Board have access to the documents as well as the draft and finalised minutes of the committees. At the next Supervisory Board meeting, the chairs of the Audit Committee and the SRA Committee provide feedback from the committees. This is followed by decision-making.

Audit Committee

Theo Eysink chaired the Audit Committee in 2024. The regular topics discussed in the Audit Committee are the internal risk management and control systems, cybersecurity, treasury, internal audit, financial developments, ESG and compliance. In 2024, extensive attention was also given to the further development of control information. The meetings (six in 2024) are always attended by the CFO, the internal audit manager and the external auditor Deloitte. The compliance officer and the Corporate Risk manager attend as guests at least twice a year. The Terms of Reference of the Audit Committee are posted on the Stedin website.

Selection, Remuneration and Appointments Committee

Hanne Buis is the chair of the Selection, Remuneration and Appointments Committee. This committee held five meetings in 2024. In addition to the regular meetings, the members of the SRA Committee have had almost fortnightly consultations from May this year on the implementation of the Board of Management's schedule of appointment and retirement. This year also saw a focus on self-assessment, a fleet review, compliance and integrity, the reappointment of Arco Groothedde for four years and the appointment of Marike Bonhof as the sixth member of the Supervisory Board. The Selection, Remuneration and Appointments Committee also discussed Stedin's diversity policy. The incentive scheme for 2024 for the members of the Board of Management and the Supervisory Board, which complies with limits under the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet normering topinkomens, WNT), is presented in the Remuneration Report for 2024. The terms of reference of the Selection, Remuneration and Appointments Committee are posted on the Stedin website.

Self-assessment and education

A self-assessment was carried out in 2024 under the supervision of an external party (Odger Berndtson). The outcomes were presented to the Supervisory Board and discussed during an offsite retreat in July. The main outcomes of this process were shared with the members of the Board of Management. The Supervisory Board is fully aware of the importance of its own continued development. The world around us is changing rapidly, and we as Supervisory Board will have to change with it in order to serve effectively in our role. We chose to take a more in-depth look at topics such as heat, network congestion, feasibility, affordability, artificial intelligence, cybersecurity and CSRD through various sessions in 2024.

Independence of Supervisory Board members

The articles of association and the Terms of Reference of the Supervisory Board include provisions on the independence of Supervisory Board members. The composition of the Supervisory Board is such that its members are able to operate independently and critically in respect of one another, the Board of Management and any particular interests involved.

The Supervisory Board fully complies with the independence requirement for supervisory board members pursuant to the Corporate Governance Code. One permitted exception applies to one Supervisory Board member with regard to independence within the meaning of the Electricity Act and the Gas Act, as Annie Krist also serves as CEO of GasTerra.

Supervisory Board members report their ancillary positions, if any, to the chair and the company secretary of the Supervisory Board. None of the Supervisory Board members exceed the maximum number of supervisory positions at large Dutch companies or major foundations. The topic of 'ancillary positions' was discussed at the Supervisory Board meeting on 25 September 2024. No material transactions occurred in 2024 that involved potential conflicts of interests between the company and Supervisory Board members.

Contacts with shareholders

In 2024, the contacts between Stedin and the shareholders were further intensified, mainly in connection with the process for the entry of municipalities and provinces as shareholders. Within the Supervisory Board, the chair Doede Vierstra and Arco Groothedde in particular were closely involved in this process, and consultation regularly took place with the other Supervisory Board members. There was also regular contact with a delegation of the Shareholders' Committee, which was involved in the process of the reappointment of Arco Groothedde and the appointment of Marike Bonhof. There were three shareholders' meetings, including a shareholders' meeting on 27 March at which ordinary shares were issued to the provinces of Zeeland and Utrecht and 19 municipalities. The chair of the Supervisory Board wielded the gavel at all shareholders' meetings.

Contacts with the Works Council

In the context of broadly weighing up stakeholder interests, the Supervisory Board sets great store by good contacts with the Works Council. A 'tripartite consultation' was held once again in 2024. Besides the members of the Supervisory Board, this was also attended by the members of the Board of Management and a delegation from the Works Council. The topics discussed were the energy transition and increasing external pressure and publicity. There was a pleasant collaboration between the Works Council, the Board of Management and the Supervisory Board once again in 2024. We are proud of the mature manner in which we enjoy a close relationship with the employees through employee participation. For more details about the Works Council, see the section Employees, leadership and culture.

Recommendation to the shareholders concerning the Financial Statements

The Financial Statements were prepared by the Board of Management and audited by Deloitte Accountants B.V., which issued an unqualified opinion on them. The members of the Board of Management and the Supervisory Board under the articles of association have signed the Financial Statements. The Supervisory Board submits the Financial Statements 2024 to the General Meeting of Shareholders for adoption in 2025, together with the dividend proposal for the financial year 2024. The Supervisory Board furthermore proposes to the General Meeting of Shareholders to discharge the Board of Management in respect of its management in the financial year 2024 and the Supervisory Board in respect of the supervision exercised over the Board of Management in the same financial year.

Word of thanks

The Supervisory Board wishes to thank the employees, management, the Works Council and the Board of Management for their considerable involvement, professionalism and commitment. We wish to thank the shareholders for their support and the trust they place in Stedin.

Rotterdam, 20 February 2025

The Supervisory Board
Doede Vierstra (chair)
Hanne Buis
Theo Eysink
Arco Groothedde
Annie Krist
Marike Bonhof

Shareholders

Stedin Holding N.V. has 61 Dutch municipalities plus the provinces of Zeeland and Utrecht and the State of the Netherlands as its shareholders. The 64 shareholders are represented by the Shareholders' Committee, whose 12 members are Rotterdam, The Hague, the State of the Netherlands, Dordrecht, Delft, Lansingerland, Molenlanden, Achtkarspelen, Nissewaard, Uithoorn and the provinces of Zeeland and Utrecht. On 27 March 2024, 19 municipalities and the provinces of Utrecht and Zeeland joined as shareholders of Stedin Holding N.V. As a result, they collectively contributed capital of around €33 million.

Municipalities holding less than 2% of the shares

Aalsmeer	Hendrik-Ido-Ambacht*	Ridderkerk*
Achtkarspelen*	Hoeksche Waard*	Rijswijk*
Alblasserdam*	Houten	Schiedam*
Albrandswaard	Hulst	Schiermonnikoog*
Ameland*	Kapelle	Schouwen-Duiveland
Amstelveen*	Krimpen aan den IJssel*	Soest
Barendrecht*	Krimpenerwaard*	Sliedrecht*
Borsele	Middelburg	Sluis
Bloemendaal	Molenlanden*	Terneuzen
Bunschoten	Nieuwegein	Tholen
Castricum*	Nissewaard*	Uithoorn*
Capelle aan den IJssel*	Noardeast-Fryslân*	Vijfheerenlanden*
Eemnes	Noord-Beveland	West Betuwe*
Goes	Papendrecht*	Woudenberg
Goeree-Overflakkee*	Pijnacker-Nootdorp*	Veere
Gorinchem*	Province of Utrecht	Voorne aan Zee*
Haarlemmermeer	Province of Zeeland	Zandvoort*
Hardinxveld-Giessendam	Reimerswaal	Zeist
Heemstede*		Zwijndrecht*

* These shareholders also have cumulative preference shares

General Meeting of Shareholders

Stedin Holding N.V. holds a General Meeting of Shareholders within five months of the end of a financial year. If deemed necessary by the Supervisory Board or the Board of Management, additional meetings may also be held. The Board of Management and the Supervisory Board set the agenda of the General Meeting of Shareholders. During the annual General Meeting of Shareholders, the annual report is discussed and the financial statements are adopted. The General Meeting of Shareholders is also responsible for the appointment of the members of the Supervisory Board.

Agreements have been made between the Board of Management, the Supervisory Board, the Shareholders' Committee and the General Meeting of Shareholders of Stedin Group regarding their mutual relationships and the performance of duties and powers. These are laid down in the articles of association of Stedin Holding and the Terms of Reference of the shareholders of Stedin Group. The Shareholders' Committee also has its own Terms of Reference. These Terms of Reference only apply to the shareholders in their mutual relationship.

Stedin Holding N.V.'s authorised share capital is divided into ordinary shares and cumulative preference shares. The Energy Transition Committee was established in 2021. The Committee consists of a delegation of shareholders and Stedin Group. Its objective is to further reinforce cooperation between the shareholders and Stedin Group with regard to the energy transition and to share as well as develop knowledge through this platform.

Internal Audit Function

The Internal Audit Function helps us realise our objectives, based on a systematic and disciplined approach to evaluating the effectiveness of our governance, risk management and control processes. The Internal Audit (IA) department provides independent and objective insights, guidance and (additional) assurance, to assist management in further optimising those processes.

IA is part of the CEO's responsibilities and has direct access to the Audit Committee of the Supervisory Board as well as to the external auditor. The Internal Audit manager attends the meetings of the Audit Committee. The Supervisory Board supervises the IA Function and advises on its performance. The Board of Management carries out an annual review of the way the Internal Audit function performs the task after consultation with the Audit Committee.

An independent third party assessed the Internal Audit function in 2024, with a positive outcome. IA reports to the Board of Management and the Audit Committee on audit-related topics, such as the effectiveness of internal controls, follow-up of recommendations and realisation of the annual audit plan. IA also informs the external auditor accordingly.

The internal audit function prepares an annual audit plan after consultation with the Board of Management, the Audit Committee and the external auditor. The annual audit plan is submitted to the Board of Management for approval and then to the Supervisory Board. This working plan focuses on interaction with the external auditor.

The external auditor

The General Meeting of Shareholders appoints the external auditor, on the recommendation of the Supervisory Board. The external auditor for Stedin Group is Deloitte Accountants B.V. The external auditor attends all meetings of the Audit Committee. Additionally, the external auditor in any case attends the part of the meetings of the Supervisory Board in which the auditor's report on the audit of the Financial Statements is discussed and the part in which the Supervisory Board decides about approval of the annual report. The external auditor also attends the General Meeting of Shareholders in which the Financial Statements are adopted. The General Meeting of Shareholders can then take the opportunity to question the auditor about the report on the true and fair view provided by the Financial Statements.

A new balance

Moving in line with natural rhythms.

Integrity

A safe working environment and ethical behaviour among employers and employees are important to Stedin Group: a business culture in which our employees and stakeholders can build and rely on our core standards and values.

Code of Conduct

Those standards and values and statutory rules are laid down in Stedin Group's Code of Conduct. This code set out the norms and rules regarding our conduct and interaction. For more information on the Code of Conduct, see the section on Business conduct and corporate culture in our Sustainability Statement, in the chapter entitled Business ethics, integrity and good governance.

Hotlines

Stedin Group has an Integrity Hotline. For further information on this Integrity Hotline, see the section on Business conduct and corporate culture in the chapter Business ethics, integrity and good governance. There is also an Information Security Hotline and a Privacy Issues Hotline.

In 2024, 246 reports (2023: 207 reports) on possible breaches of the Code of Conduct were received within Stedin Group at the Integrity Hotline. For 79 reports (2023: 79), it was established that they included an integrity element. A number of reports concerned social safety within the group.

Confidential advisers

Employees can also contact one of the organisation's confidential advisers. Stedin Group has a total of six confidential advisers: five internal advisers and one external adviser. Confidential advisers work in strict confidence and never act on their own initiative or without the approval of the person reporting. A confidential adviser receives a fee for this work.

Whistleblower procedure

Employees can opt to make a report to the external House for Whistleblowers. In 2024, no reports were made to the House for Whistleblowers. For further information on the protection of whistleblowers, please refer to the section on Protection of whistleblowers in the chapter Business ethics, integrity and good governance.

Fraud prevention

Stedin Group has a fraud risk prevention policy that has been approved by the Board of Management and was updated in 2024. Based on discussions with the management teams of departments, fraud risk consultations produce a fraud risk analysis from which control measures may ensue. Fraud risk consultations are held at regular intervals and are attended by the Internal Audit, Business Control and Risk managers, as well as the compliance officer. In these consultations, the topic of fraud is discussed in a structured manner, and the reporting by the compliance officer is addressed. Based on this reporting, control measures may be implemented.

Prevention of market abuse

As Stedin has issued publicly traded bonds, we have laid down a guideline on inside information and the possession of securities and transactions in our 'Stedin Group Disclosure Policy' and in the 'Guideline on private investments'. This guideline builds on our Code of Conduct.

Within Stedin Group, we use an insiders list of persons who have access to price-sensitive information. Sharing inside information and insider trading in bonds of Stedin Group are prohibited for our employees. The 'Guideline on private investments' also applies to the members of the Board of Management and the Supervisory Board. They are required to comply with all legal rules concerning disclosure and insider trading. All employees require the prior approval of the compliance officer to engage in private investments in financial instruments of Stedin Group. Any suspicion of abuse of price-sensitive information must be immediately reported to the compliance officer.

The compliance officer reports at regular intervals to the Board of Management and the Audit Committee of the Supervisory Board; any cases of abuse of price-sensitive information are also included in those reports. With this approach, Stedin Group complies with the European Market Abuse Regulation. There were no cases of abuse of price-sensitive information in 2024.

In the event of abuse of inside information, the Disclosure Committee will decide whether a press release is required to be published on the incident. This will depend on the seriousness of the breach and on applicable laws and regulations.

Compliance with laws and regulations

Stedin Group complies with laws and regulations. This is a shared responsibility of the Board of Management, the management team and employees. They are supported in this by Compliance & Integrity. Stedin Group has an adequate compliance process in place to ensure that we implement all new and existing laws and regulations into our business processes correctly and in a timely manner. The legal compliance officer reports four times a year to the Board of Management and twice a year to the Audit Committee of the Supervisory Board on legal compliance developments within and outside of Stedin Group.

Sanctions were imposed on Stedin by regulators in 2024. The State Supervision of Mines (SodM), the safety watchdog for the gas networks of the regional grid operators, investigated a gas explosion in shopping mall Stadshart in Zoetermeer. SodM concluded that our operating assets register did not adequately meet the preconditions laid down in the Gas Act and imposed an order for incremental penalty payments on Stedin, thereby instructing Stedin to enter all changes and known deviations in the operating assets register in a timely manner. Despite an action plan, Stedin failed to comply, thereby incurring the penalty. The Netherlands Labour Inspectorate imposed a fine on Stedin based on the same investigation. The Inspectorate also imposed a fine relating to a foreign national employed by a subcontractor on a Stedin project. In October 2024, Stedin drew up a new action plan for its operating assets register with the aim of timely registration by the end of 2024. This target was achieved in December 2024.

Our organisation applies appropriate processes to ensure compliance with all relevant tax laws and guidelines. These processes cover preventing bribery and corruption, fair competition and taxation. For further information on bribery and corruption, see also the section on Corruption and bribery in the chapter Business ethics, integrity and good governance.

Stedin is subject to Dutch taxation. Most of its tax liability concerns corporate income tax, value-added tax, dividend withholding tax, and payroll tax and social security contributions. In our dealings with the Dutch Tax and Customs Administration, we are committed to a type of collaboration based on mutual trust, mutual understanding and transparency, and we always strive to pay our fair share in taxes. This is implemented in further detail in our tax policy.

Privacy and data protection at Stedin

At Stedin, the privacy of our customers, employees, job applicants and other stakeholders is very important to us. We handle personal data with care and comply with the applicable laws and regulations, such as the General Data Protection Regulation (GDPR) and the General Data Protection Regulation (Implementation) Act.

Privacy efforts in 2024

In previous annual reports, we have stressed our commitment to higher levels of privacy maturity. We made significant progress in 2024: we introduced a mandatory privacy e-learning for all employees and took several initiatives to increase privacy awareness. Our privacy policy and related guidelines are reviewed on an annual basis and updated as necessary. In 2024, we introduced a new Guideline for tests involving personal data and updated our privacy statement on www.stedin.net to improve transparency and user-friendliness.

Privacy Self-Assessment

In 2024, we conducted a Privacy Self-Assessment using the Centre for Information Security and Privacy Protection's PriSA tool to measure our maturity level. We plan to implement a new integrated privacy process using privacy tooling in 2025. We expect that this process in combination with the measures identified from the PriSA will enable us to achieve a maturity score above 3.

Data breaches

Under the GDPR, Stedin is obliged to register data breaches internally and, depending on the severity, report them to the Dutch Data Protection Authority and/or the individuals affected. A data breach is a security incident in which personal data are accidentally or unlawfully destroyed, lost, altered, disclosed, made accessible or temporarily unavailable.

In 2024, we recorded 103 data breach reports (2023: 56). Of these reports, 3 were notified to the Dutch Data Protection Authority in 2024 (2023: 5).

The increase in data breaches in 2024 compared to previous years is because, since the end of 2023, lost and stolen data carriers (such as laptops and smartphones) have also been included in the data breach register. Of the 103 data breaches, 49 involved lost and stolen devices. Thanks to the new e-learning and our awareness-raising activities, employees are more aware of the obligation to report actual or potential data breaches.

We also had to deal with a number of industry data breaches. An industry data breach is when a data breach occurs in a market process that our processor EDSN performs for multiple grid operators. In 2024, we recorded 5 industry data breaches (2023: 5). Of these data breaches, we, along with the other grid operators, reported 2 to the Dutch Data Protection Authority (2023: 0).

Rights of data subjects

Data subjects can exercise their privacy rights in various ways, for example by contacting Stedin's customer service or privacy team. Customers who wish to access their data, such as connection details, energy supplier, the capacity of their connection and agreements with Stedin, can access them via My Stedin. Here, they can also specify whether or not their smart meter can be read.

In 2024, Stedin received 8 requests from data subjects invoking their privacy rights: 4 access requests and 4 requests for deletion of personal data.

We also regularly receive information requests from authorities (such as municipalities) that want to know the name of the contractor or energy supplier at a particular address. We only share this information if we are legally obliged to do so.

Smart network Management Code of Conduct

Stedin has signed up to Netbeheer Nederland's Smart network Management Code of Conduct. This Code of Conduct, as referred to in Article 40 of the GDPR, has been approved by the Dutch Data Protection Authority. Adherence to the Code of Conduct ensures that grid operators carry out a uniform assessment of whether the use of smart-meter data is necessary for network management purposes. They ensure that data subjects are clearly informed about the use of smart-meter data. Information on use cases approved in accordance with the Code of Conduct is published on the website of Netbeheer Nederland.

Risk management

Managing risks and opportunities is an essential step towards achieving our strategic and other objectives. This task is therefore an integral part of processes such as our annual planning cycle, which helps us to focus on dealing with uncertainties when implementing the strategy.

Risk governance

The Board of Management has final responsibility for the execution of risk management, together with the management of the various business units. They are assisted in this task by support departments such as Corporate Risk Management, Safety, Health, Environment & Quality, Business Continuity Management, Security, Corporate Affairs, Compliance & Integrity and Treasury. The Asset Management department makes proposals for replacement and other investments. The topic of risk is discussed four times a year during the meetings of the Audit Committee. Visit our website for a more detailed description of our risk management governance.

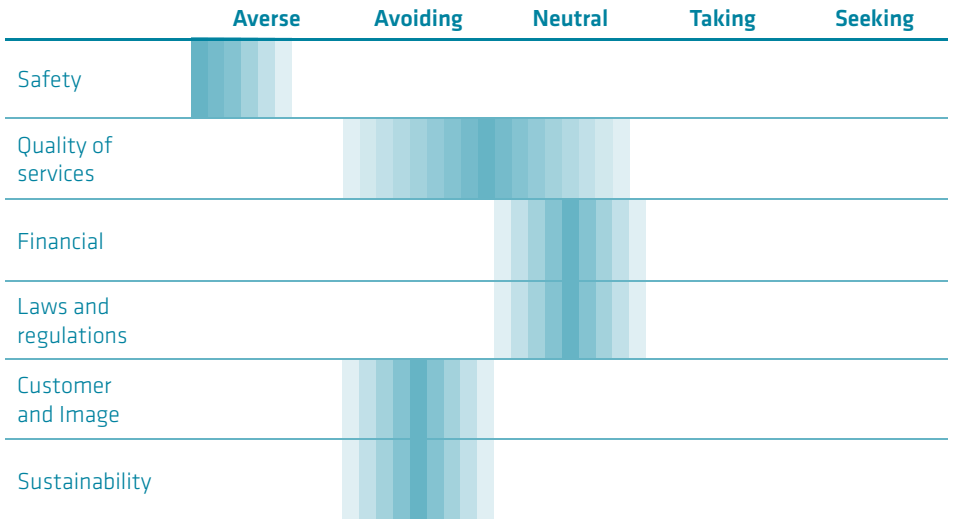
Risk management process

Stedin Group's Enterprise Risk Management (ERM) framework covers both long-term and short-term uncertainties. For the most part, this framework has been translated into an In Control Framework (ICF) consisting of a number of risk categories. Our risk management complies with the requirements of the Corporate Governance Code. An explanation of our risk tolerance and our main risks and opportunities can be found later in this chapter. For more information on our risk management process, visit our website.

Risk tolerance

We have to accept a certain degree of risk in order to achieve our organisational objectives. We review our risk tolerance each year, taking into account the changing and challenging environment in which we operate. For each category, we express the level of tolerance. The categories are all aligned with the internal control model. In line with our Sustainability strategy, the category 'sustainability' was changed from 'environmental footprint of our own operations' to the broader topic 'deterioration of the living environment'. The tolerance has been revised in the wake of this change. The resulting picture is as follows:

Risk tolerance



With regard to both risks and opportunities, we at Stedin Group are continually seeking a balance between our role in society, available financial and other resources and the environment.

Safety: Averse
For us, safety comes first. We do not want our employees to act negligently, because that could lead to minor injury (resulting in lost time) or more serious consequences.

Quality of services: Avoiding/Neutral
We do not want to take risks that could cause a moderate increase in congestion or serious deterioration of the quality and efficiency of services.

Financial: Neutral
We want to avoid unexpected financial losses with a potential impact in excess of €20 million.

Laws and regulations: Neutral
We do not want to take risks that could result in an order for incremental penalty payments, a category 5–6 fine or criminal prosecution of a member of the Board of Management.

Customer and image: Avoiding
We avoid risks resulting to a moderate extent in a negative image among customers, shareholders and other stakeholders.

Sustainability: Avoiding
We do not want to take risks that cause a moderate deterioration of the living environment.

Developments in 2024

Developments in society affect the risks that Stedin faces. Doubts about the rate at which the energy supply is made more sustainable in the Netherlands create major uncertainty. This uncertainty has an impact on the organisation. Below is a summary of key developments in 2024 and the impact they have had on our long-term risks and opportunities:

- Congestion and controllable power, as shown in the section on the Overloaded power network in the chapter Consequences for Stedin and our service area. Two main long-term risks that play a role are: 'Insufficiently fast expansion of network capacity' and 'Insufficient controllable power available for capacity management'. The latter risk was added as a new long-term risk in 2024. We expect congestion and congestion management (flexible use of capacity of customers and/or market parties) to continue to pose a risk in the coming years. We discuss these risks in more detail in the descriptions of the main long-term risks later in the chapter.

- Feasibility, as described in the section on Scarcity of space, technicians and materials in the chapter Consequences for Stedin and our service area: we are witnessing a limit to the feasibility of our construction task, for instance due to limited availability of labour and space. Material availability remains a risk here. We clarify our strategy in our investment plan, which sets out the large-scale investments we are making in expanding, maintaining and reinforcing the electricity and gas network. These investments are essential to prepare for the energy system of the future and to be predictable for our customers. For further clarity on the risk of infeasibility of sufficient network capacity (and how we are addressing it), see the descriptions of the main long-term risks later in this chapter. The timely acquisition and designation of land for the realisation of infrastructure is a major risk in our construction task. An explanation of this risk and how we are addressing it can also be found later in this section.
- Affordability, as described in Developments in society 'Energy transition becoming socially unaffordable' has been added as a new long-term risk. We explain this risk in detail under the main long-term risks later in this chapter.
- Politics, as described in Developments in society: a new coalition government took office in 2024. The political shift in the Netherlands may lead to uncertainty about the energy policy being pursued. A political shift is also visible at European level. We monitor political uncertainties to identify and exploit both threats and opportunities in a timely manner.
- Legislation, described in Developments in society: we closely monitor developments in legislation to gain timely insight into their impact on risks and opportunities for our organisation. The Energy Act and the Collective Heat Act (Wcw) are important developments in this context. The latter development is directly related to the long-term opportunity 'Use of alternative energy carriers within Stedin Group'.
- ESG risks and opportunities, described under 'Management of impacts, risks and opportunities' in the Sustainability Statement, chapter General disclosures: Long-term ESG risks and opportunities are included in the double materiality assessment.

Other topics

There are other developments that pose a risk but ultimately do not affect our main long-term opportunities or risks. For insights into our financial risks, see Financial Risk Management. We explain our financial reporting risks in more detail in Notes to the consolidated Financial Statements. One forward-looking development is the Risk Management Statement. This statement is expected to become part of the Corporate Governance Code. We are closely monitoring developments in relation to the Risk Management Statement and analysing their impact on the organisation.

Key long-term opportunities and risks for Stedin Group in 2024

This section contains an overview of our key opportunities and risks, plus a description of our top long-term risks.

Development key	
New risk/opportunity	+
Risk/opportunity assessment unchanged	=
Risk/opportunity assessment increased	↑
Risk/opportunity assessment decreased	↓

Connection of risks to strategic goals and material topics

No.	Description	Category	Construction	Utilisation	Management	Preconditions/ Other objectives	Relationship to material topics	Change compared to 2023
1	Insufficient controllable power available for capacity management.	Quality of services	x	x	x		Access to Energy and Supply Reliability	+
2	Insufficiently fast expansion of network capacity	Quality of services	x	x			Access to energy and supply reliability; Climate Change Mitigation	=
3	Energy transition becoming socially unaffordable	Customer and image	x	x	x	x	Access to Energy and Supply Reliability	+
4	Acquisition and allocation of land holdings	Quality of services	x		x		Access to energy and supply reliability; Customer and stakeholder perception	=
5	Increase in capacity and voltage bottlenecks in low-voltage networks	Customer and image	x	x	x		Access to Energy and Supply Reliability	=
6	Inadequately prepared for a surge in replacement of obsolete and overburdened assets	Financial			x		Access to Energy and Supply Reliability	=
7	Lack of sufficient number of people with the required competences	Quality of services				x	Good Employment Practices	↑
8	Insufficient contribution by IT domain to realisation of Stedin strategy	Quality of services	x	x	x	x	Access to energy and supply reliability; Customer and stakeholder perception	=
9	Availability and quality of data insufficiently compliant	Laws and regulations				x	Access to energy and supply reliability; Customer and stakeholder perception	↓
10	Gas investments needed are underestimated	Financial	x	x			Access to energy, and supply reliability	↓
11	Failure to meet legal duty of care to ensure information security	Quality of services				x	Access to energy and supply reliability; Business ethics, integrity and good governance	+
12	Availability of materials	Quality of services	x	x	x		Access to energy and supply reliability; Circular material use	↑

No.	Description	Category	Construction	Utilisation	Management	Preconditions/ Other objectives	Relationship to material topics	Change compared to 2023
13	Focus on cultural values and conduct insufficiently effective	Quality of services				x	Business ethics, integrity and good governance; Good Employment Practices	↑
14	Services on core tasks insufficiently compliant	Customer and image	x	x	x		Customer and stakeholder perception; Access to energy and supply reliability	=
15	Network losses deviate sharply from budget	Financial				x	Access to energy and supply reliability; Climate Change Mitigation	=
16	Impact of accidents related to Stedin Groep	Safety				x	Good employment practices; Customer and stakeholder perception	=

Connection of opportunities to strategic goals and material topics

No.	Description	Construction	Utilisation	Management	Preconditions/Other aims	Relationship to material topics	Change compared to 2023
1	Proactive stakeholder management at national and regional level	x	x	x	x	Access to energy and supply reliability; Customer and stakeholder perception; Business ethics, integrity and good governance	+
2	Use of alternative energy carriers within Stedin Group				x	Access to energy and supply reliability; Climate change mitigation	=
3	Comprehensive assessment when investing to ensure best possible combination of electricity, gas and future energy sources	x	x			Access to energy and supply reliability; Climate change mitigation	=
4	Continuing to position Stedin as a highly relevant partner in the energy transition	x	x		x	Customer and stakeholder perception; Good employment practices	=

Developments in long-term risks and opportunities

In evaluating risks and opportunities, we compare the likelihood of their occurrence with their potential impact on the achievement of our strategic objectives. This leads to the matrix below for 2024.

Risks are not fixed, since they are influenced by various unpredictable factors. We have already mentioned a number of new and existing long-term risks above in the section on Developments in 2024. Compared to 2023, we see that we no longer view some risks and opportunities as long-term uncertainties. This is partly due to external developments, which have effects such as creating risks and eliminating uncertainties. Such is the case for the risk 'Insufficient grip on future customer demand' and the opportunity 'Develop and deploy disruptive technologies and methods'.

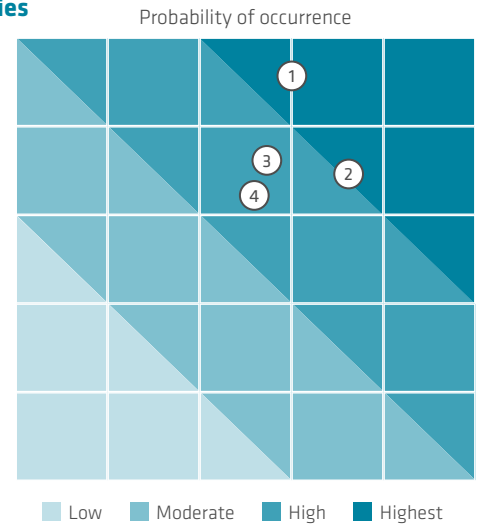
The long-term risk 'Cyber attack causing damage to society and business operations' was reconsidered in 2024. The reason is that we cannot reduce the overall threat assessment or the social impact. We have therefore rewritten the long-term risk to reflect what we as Stedin do have influence over: the threat assessment and the impact on the organisation. This is the risk 'Failure to meet legal duty of care to ensure information security'. Information security remains important to our organisation: this is an area that we focus on. For more information, see the section on Digital Security in Safety.

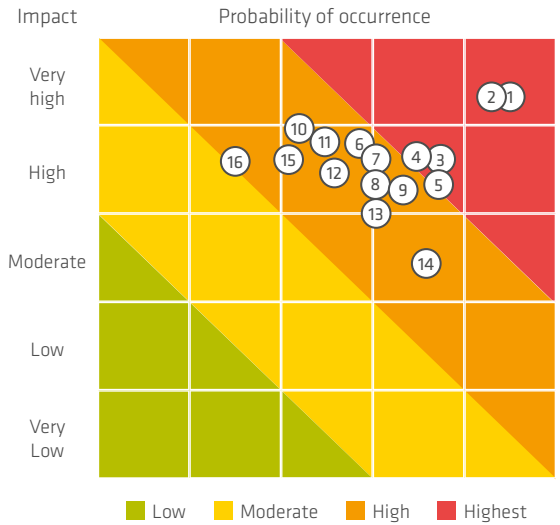
Proactive stakeholder management at national and regional level was identified as a new long-term opportunity in 2024. This can help speed up the construction of energy systems.

The matrix below shows the likelihood of the main risks and opportunities materialising and the potential impact of this on Stedin.

Long-term Opportunities

1. Proactive stakeholder management at national and regional level
2. Application of new energy carriers
3. Comprehensive investment assessment to ensure best possible combination of electricity, gas or future energy sources
4. Continuing to position Stedin as a highly relevant partner in the energy transition





Long-term Risks

1. Insufficient controllable power available for capacity management
2. Insufficient expansion of grid capacity
3. Energy transition becoming unaffordable for society
4. Acquisition and allocation of land
5. Increase in capacity and voltage bottlenecks in low-voltage grids
6. Inadequately prepared for a surge in replacement of obsolete and overburdened assets
7. Lack of sufficient number of people with the required competences
8. Insufficient contribution by IT domain to realisation of Stedin strategy
9. Availability and quality of data insufficiently compliant
10. Underestimation of gas investments needed
11. Failure to meet legal duty of care to ensure information security
12. Availability of materials
13. Focus on cultural values and conduct insufficiently effective
14. Services on core tasks insufficiently compliant
15. Network losses deviate sharply from budget
16. Impact of accidents related to Stedin Group

Risks

Below are descriptions of the top long-term risks.

Insufficient controllable power available for capacity management	
Risk tolerance	Avoiding
Risk assessment	Top
Description: reinforcement of the network is unable to deliver sufficient capacity in time. Decentralised generation (solar, wind) and consumption peaks from electrification of mobility and heat demand can still only be controlled to a limited extent. We therefore need to optimise use of the networks and controllable power in the energy system. Until that happens, our customers may not have the capacity they need immediately.	
Causes: for the time being, sustainability is mainly being improved through electrification rather than through a mix of energy sources. This is currently resulting in congestion in a number of areas on our regional electricity network. TenneT's high-voltage network is also experiencing congestion in parts of the country. The flex market is a new market that is yet to evolve to maturity. Existing customers are still reluctant to offer congestion services, partly because TenneT's balancing services are more financially attractive than congestion services. In addition, energy is often not the primary focus of their operations. They do not feel the need to offer flexible capacity.	
Consequences: insufficient network capacity requires customers to adjust, postpone or cancel their projects. This may put pressure on the achievement of climate targets and slow down economic growth, potentially leading to reputational damage and claims from property developers and other parties.	
How we have responded to this: we actively source flexible capacity in the market. To this end, we are developing various propositions for customer groups by sector. We are also working to reduce demand for electricity and level off peaks. We do this by raising awareness through communication campaigns aimed at customers. We also focus on working with national as well as regional and local authorities. Within the sector, we work with national authorities on topics such as tariffs, technical and other standards and market design.	
For more on this topic, see Utilising network Capacity.	

Insufficiently fast expansion of network capacity

Risk tolerance	Avoiding
Risk assessment	Top

Description: we plan the expansion of our medium-voltage electricity networks on the basis of customer demand forecasts. If customer demand develops faster than expected, congestion may occur in our network that we cannot resolve in time. This also applies if implementation takes longer than planned. In that situation, we can offer our customers a connection, but not the requested transmission capacity, and will be unable to meet the customers' requirements.

Causes: customer demand for capacity is rapidly evolving and difficult to predict. On top of this, realising new infrastructure is a very time-consuming process. Space, people and resources are not always readily available to carry out the expansion task. Obtaining space for infrastructure expansion is a lengthy process, due to factors such as complex permitting procedures.

Consequences: if congestion occurs on our network that prevents us from meeting our customers' needs on time, customers are then forced to adapt, postpone or cancel the planned project. This may put pressure on the achievement of climate targets, potentially leading to reputational damage and claims from property developers and other parties and thus slowing down economic growth.

How we have responded to this: in 2024, we supplemented specific elements of the national scenarios drawn up by Netbeheer Nederland with the latest insight into capacity demand development. We did this with the aim of producing effective strategic investment plans (IPs). The scenarios have been coordinated with stakeholders. The IPs were presented to ACM along with the submitted opinions and our responses to them. The strategic investment plans are important for expanding network capacity and for scaling up the organisation (personnel, materials, land, process innovation, etc.) to enable us to achieve our construction task. However, network capacity will remain limited in the coming years, and we may need to sometimes apply congestion management.
We work intensively with government authorities and stakeholders to identify developments, which helps those around us take measures to reduce risks. In 2024, within the sector, we worked to provide greater transparency on our strategic investment plans, the priorities we set and the choices we need to make in the context of feasibility. We will continue our efforts in this area in 2025.

For more on this topic, see Building more network Capacity.

Energy transition becoming socially unaffordable

Risk tolerance	Avoiding
Risk assessment	Top

Description: we are doing everything we can to develop new network capacity at the lowest possible costs for society. At the same time, the rise in electricity network costs is a major issue for consumers, businesses and grid operators alike. Historically, the increase is due to dramatically higher energy prices and investments in the Dutch energy network. There is a risk that future total network costs for the energy transition will rise to such a level that society will become less supportive of these investments by grid operators. In addition, distributing a large bill/cost among energy users in the Netherlands could make businesses less competitive. Or it could place the socioeconomic security of middle-income and low-income earners at risk.

Causes:
- the networks are designed for peak demand (we need to build a relatively large number of cables and stations for a very limited number of hours per year).
- Spatial mismatch between generation and consumption, requiring long cables to be laid to connect them.
- Rising investment expenditure and grid operator costs.
- Unpredictable customer demand.
- There is an obligation to connect customers feeding in energy; there are no feed-in tariffs as yet (there is no tariff incentive).
- There is no steady policy at government level when it comes to the desired Dutch energy mix, leading Stedin to make investments that may not yield the best results.
- Neighbouring countries subsidise the energy market, making total energy costs in the Netherlands appear high in comparison.
- Rising financing burden due to rising interest rates.

Consequences:
- shift in public opinion against the grid operator and rise in customer dissatisfaction.
- Energy poverty and more bad debt.
- Reduced trust in the grid operator. Pressure on the license to operate.
- Pressure on financing and refinancing.

How we have responded to this: we have initiated several actions to maintain a grip on the affordability of network costs. Focusing on developing an efficient energy system at national and local level is one of the most important of these. To this end, we have developed a vision of the energy system and flexibility that includes incentives for efficient utilisation and an optimal energy mix. We have taken the initiative to push for changes in our tariff structures to ensure financial incentives for users to avoid peaks as much as possible. Parties that do so then save money. We are also working on a new tariff for low-volume consumers to spread network usage as much as possible. More parties on the same network means that costs can be spread over more bills. A focus on efficient and future-proof investment decisions (not too much, but also not too little) is essential, as is an overall focus on operational efficiency. We believe it is important to maintain a continuous dialogue with stakeholders and shareholders to help them understand how costs are changing. We do this by taking part in initiatives such as Interdepartmental Policy Research (IBO), which is being carried out by ministries including the Ministry of Finance and the Ministry of Climate and Green Growth into the funding and financing of electricity infrastructure. The findings are to be published in 2025.

For more on this topic, see 'The affordability of the energy transition' in Consequences for Stedin and our service area.

Acquisition and allocation of land holdings

Risk tolerance	Avoiding
Risk assessment	Top

Description: scarce space in the built environment (above and below ground) means that we may not be able to realise infrastructure in time and in the desired location. Acquiring land rights can also be an obstacle to fulfilling our role in society. This increases the risk of congestion and overloading of the existing network. Failure to acquire or allocate land holdings in a timely manner can potentially have an impact on project planning and hence our financial predictability.

Causes: as mentioned, space is in short supply in the built environment. Once the space is found, obtaining the necessary legal rights is time consuming. For example, this is the case for environmental plans and environmental permits. These are lengthy processes with multiple opportunities for objections. We are also heavily reliant on TenneT for transmission substations when it comes to locations.

Consequences: failure to acquire or allocate land holdings in time can potentially delay the expansion and reinforcement of our network. This affects our ability to connect or provide customers with the requested transmission capacity and thus has a negative impact on efforts to improve the sustainability of the built environment and industry in our service area. Difficulties in acquiring land holdings have the potential to result in higher social costs due to high land acquisition costs and complex routes and hence high route costs.

How we have responded to this: we are trying to acquire land holdings at an earlier stage. Because the sooner we can access the land, the sooner we can build. This involves trying to adopt a project-based approach for the right locations as early as possible in a plan. We are also working with TenneT on planning and prioritisation to better manage our interdependencies. We also want to speed up spatial planning.

For more on this topic, see Building More network Capacity.

Increase in capacity and voltage bottlenecks in low-voltage networks

Risk tolerance	Avoiding
Risk assessment	Top

Description: rapid growth in areas such as the number of rooftop solar panels, heat pumps and electric charging is placing an increasing burden on our low-voltage networks. As a result, capacity and voltage quality in the low-voltage networks may become unmanageable.

Causes: the energy transition is placing an increasing burden on our low-voltage network. Households are actively participating in the transition, including by installing solar panels and heat pumps and using electric cars. This is putting increasing pressure on the capacity of our low-voltage networks, resulting in voltage bottlenecks.

Consequences: because inverters switch off in the event of overvoltage, feed-in with solar panels is no longer a given. Undervoltage can cause heat pumps and EV chargers to fail and an increase in the number of electricity outages due to overloading of the low-voltage networks. As the number of capacity problems increases in the coming years, so too does the number of complaints.

How we have responded to this: we start working first where the social impact of bottlenecks is greatest. We are following a neighbourhood-based approach to reinforce our low-voltage networks. We are analysing data from our networks and reinforcing our low-voltage networks on a neighbourhood-by-neighbourhood basis, making them ready for the energy consumption of the future. Together with other grid operators, we also actively seek to communicate with stakeholders and customers and try to provide them with actionable solutions. For example, customers are advised to use as much power as possible themselves when generating electricity.

For more on this topic, see Building More network Capacity.

Forward-looking

We are working together to create a world full of new energy.

In-control statement

As the Board of Management, we are responsible for the adequate design and operating effectiveness of our risk management and control system. This system is in place to monitor our strategic and tactical-operational objectives, as well as the reliability of our financial reporting and our regulatory compliance. It is worth noting that any internal risk management and control system has limitations. This means we will never be able to absolutely guarantee that we will achieve our company objectives or that our processes and financial reporting will be free from errors, losses, fraud or violations of laws and regulations.

We monitored and evaluated the design and operating effectiveness of the system throughout 2024 and discussed this with the senior leadership team and the Board of Management. We also involved the Supervisory Board (SB, including the Audit Committee) in this process. Monitoring and evaluation took place based on the regular business control reports. These contained an overview of tactical-operational risks and controls, business self-assessments (resulting in In-Control Statements) and quarterly updates on long-term risks and opportunities. We also took into account information from reports from the internal audit function and the external auditor. Interim assessments have given rise to improvement plans. Some of these have already been implemented in 2024, while some will be implemented in 2025. The deficiencies identified in these assessments did not have a significant effect on the risk management and control system. Full implementation of the recovery plans is leading to more demonstrable and efficient control of business operations.

We declare that:

- The in-control process provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems.
- The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material misstatements.
- The aforementioned systems provide at least limited assurance that the sustainability reporting does not contain any material misstatements.
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
- The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of the report.

Rotterdam, 20 February 2025

Board of Management,

Koen Bogers, CEO (chair)
Trudy Onland, COO
David Peters, CTO

Remuneration report

In this remuneration report, we describe the incentive scheme that applies to the Board of Management and the Supervisory Board of Stedin Group. We also provide explanatory information on the impact of the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet normering topinkomens, WNT) on that scheme.

ESRS2 GOV-3 29a,e

Incentive scheme

Stedin Group's General Meeting of Shareholders adopted the incentive scheme for the members of the Board of Management in 2020. The scheme is aligned with the general maximum remuneration under the Standards for Remuneration Act. Remuneration consists of a fixed annual salary of 12 monthly salaries plus 8% holiday allowance. The scheme also offers a package of other benefits, some of which are optional. This package consists of participation in the ABP pension scheme, days of leave, group health insurance and invalidity insurance, an untaxed expense allowance and a 100% electric lease car. The fixed annual salary is determined with effect from 1 January of each year by the Supervisory Board, taking into account the current maximum remuneration under the Standards for Remuneration Act.

This maximum also provides the basis for the remuneration of the members of the Supervisory Board. In the incentive scheme for the Supervisory Board, it is laid down (in accordance with the Standards for Remuneration Act) that the remuneration for the chair of the Supervisory Board is 15% of the general maximum remuneration under the Standards for Remuneration Act. For Supervisory Board members, this is 10%.

Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act

The Standards for Remuneration Act (In dutch: WNT) is applicable to the grid operator Stedin Netbeheer B.V. The members of the Board of Management, as officers of the highest executive body of Stedin Netbeheer, qualify as senior executives of Stedin Netbeheer B.V. pursuant to the Standards for Remuneration Act. Because they are all employees of Stedin Groep Personeels B.V., they qualify, for the purpose of the Standards for Remuneration Act, as senior executives without an employment relationship with Stedin Netbeheer B.V.

Under the Standards for Remuneration Act, we consider the members of the Supervisory Board of Stedin Group to be senior supervisory officials of Stedin Netbeheer N.V.

The Standards for Remuneration Act transitional rules do not apply at Stedin Netbeheer B.V. The reporting on the Standards for Remuneration Act remuneration of Stedin Netbeheer is included in the annual report of Stedin Netbeheer B.V.

Other employees

The Standards for Remuneration Act does not apply to other employees of Stedin Group. Like the Board of Management members, all employees are in the service of Stedin Groep Personeels B.V. The requirement to report on other executives who receive remuneration exceeding the individually applicable threshold amount (the Standards for Remuneration Act calculated in proportion to the scope of their employment) only applies to employees of Stedin Netbeheer N.V.

For positions reporting to the Board of Management, the maximum salary, including 8% holiday allowance, was €187,952 in 2024. Stedin Group also applies the maximum hourly rate under the Standards for Remuneration Act implementation decree as the maximum hourly rate for staff hired to temporarily fill senior management positions. In 2024, that was €221 an hour.

No shares

No rights to subscribe to or acquire shares in the capital of the company or a subsidiary have been granted to members of the Board of Management or Supervisory Board of Stedin Group. Nor have any loans, advances or guarantees been provided to the members of the Board of Management or Supervisory Board of Stedin by the company, its subsidiaries or the companies whose financial information is consolidated by Stedin.

Remuneration of the members of the Board of Management of Stedin Group

In 2024, the members of the Board of Management of Stedin Group received the following remuneration:

Data for 2024 x € 1	Koen Bogers	Danny Benima	Trudy Onland	David Peters	Total
Position	CEO	CFO	COO	CTO	
Remuneration					
Remuneration plus taxed expense allowances	223,426	223,130	223,603	211,818	881,978
Pension benefits	23,741	23,742	23,708	23,676	94,867
Termination benefits	0	75,000	0	0	75,000
Total remuneration	**247,167**	**321,872**	**247,311**	**235,495**	**1,051,845**
Data for 2023					
Remuneration					
Remuneration plus taxed expense allowances	217,377	214,823	211,084	215,542	858,826
Pension benefits	22,920	22,909	22,892	22,912	91,633
Total remuneration	**240,297**	**237,732**	**233,976**	**238,454**	**950,459**

Remuneration ratio

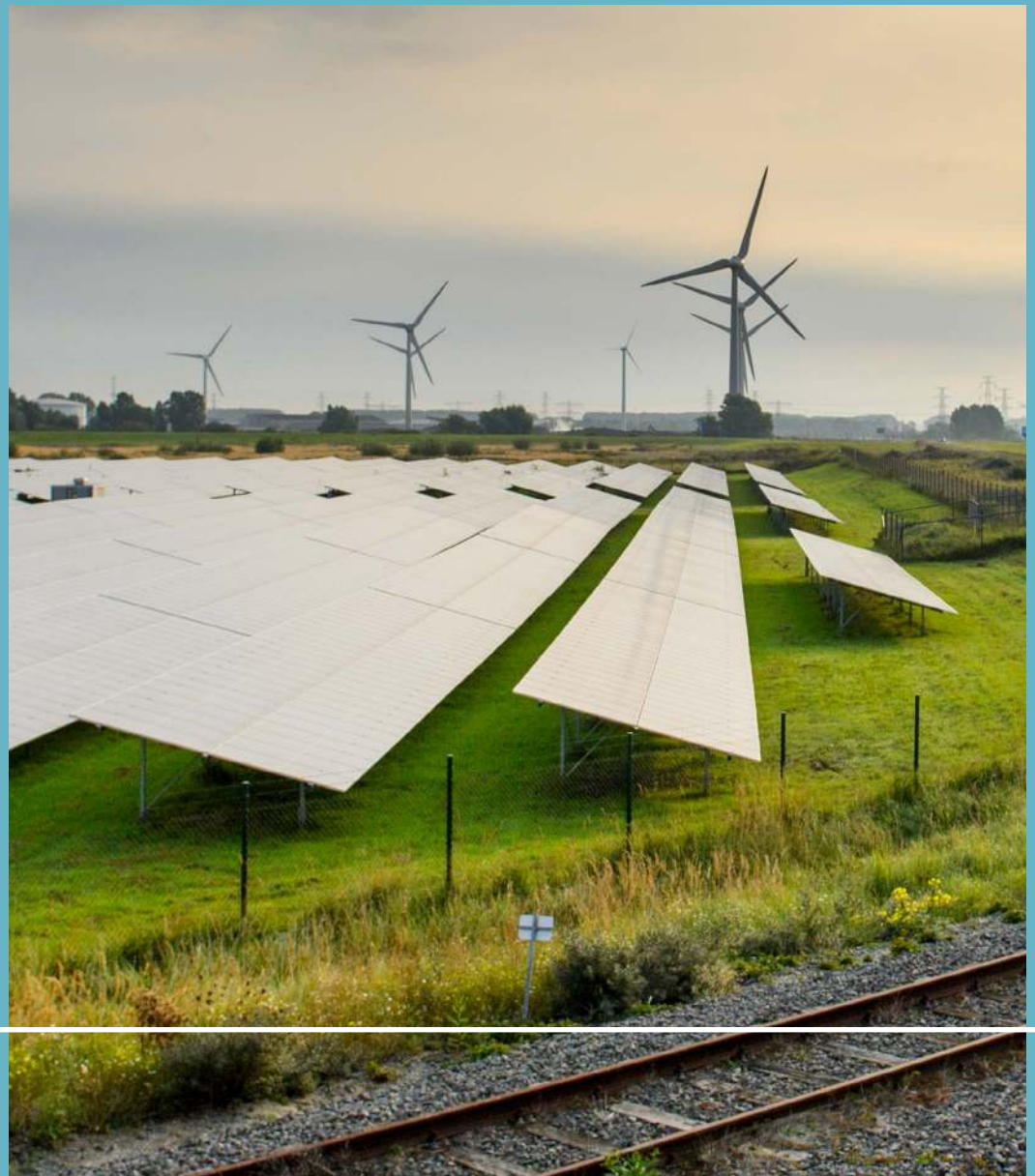
The ratio between the highest remuneration and the average remuneration decreased again in 2024. In 2024, the ratio was 3.23 which is 3.8% lower than in 2023. The exceptionally high collective pay increase in 2024 caused the average (median) remuneration to rise more than the highest remuneration. The highest remuneration is limited by the Standards for Remuneration Act standard.

For more information on pay ratios, see the section Prescribed metrics for own workforce in our Sustainability Statement, in the chapter Good employment practices.

Remuneration ratio table

Remuneration ratio		
2017	5.56	base year
2018	4.67	16.0% lower compared to 2017
2019	4.03	13.7% lower compared to 2018
2020	3.50	13.0% lower compared to 2019
2021	3.29	5.9% lower compared to 2020
2022	3.43	4.2% higher compared to 2021
2023	3.36	2.2% lower compared to 2022
2024	3.23	3.8% lower compared to 2023

Sustainability **Statement**



General disclosures

Basis for preparation of the Sustainability Statement

ESRS2 BP-1 5a,b

This Sustainability Statement covers the period from 1 January 2024 to 31 December 2024. The scope of consolidation of the Sustainability Statement is in line with the Financial Statements. Stedin Netbeheer is a subsidiary of Stedin Holding N.V. and is exempted from individual sustainability reporting.

Use of frameworks and alignment with other laws and regulations

This Sustainability Statement has been voluntarily prepared in accordance with the ESRS standards associated with the CSRD regulation of the European Union. We are currently awaiting the implementation of the CSRD into Dutch legislation. Additionally, we are closely monitoring developments related to the CSRD within the European Union. A reference table with data points is included in the Sustainability Statement attachments. This table contains a list of ESRS reporting points, including references to where the relevant information can be found in the statement.

In this Sustainability Statement for 2024, we utilised the transitional provisions to not report comparative figures. Additionally, in 2024, we applied the phase-in provisions that were applicable to us in the first year. An exception to this is the phased-in disclosure requirements regarding social protection and external employees in the reporting on health and safety (ESRS S1-11 and S1-14). We have reported on these requirements in the Sustainability Statement. Furthermore, in accordance with the transitional provisions concerning entity-specific reporting, in the topic-specific chapters we have reported entity-specific KPIs alongside the prescribed metrics. These entity-specific KPIs are included in our annual plans and form part of our regular planning, control and monitoring processes. If further reporting requirements are developed, we will assess our entity-specific reporting accordingly.

ESRS1 10.1 131; ESRS1 10.3 136; ESRS1 10.4 137

Finally, we have also applied the transitional provisions concerning the value chain; see the section on Changes compared to previous reports in the General disclosures chapter.

In the chapter on Climate change mitigation, we report targets and metrics regarding CO_2 emissions. We report our emissions according to the Greenhouse Gas Protocol (GHG Protocol). With one addition: to comply with the Science Based Targets Initiative (SBTi) requirements, we have also included the emissions in our footprint resulting from the customer gas consumption transported by us. The biggest contribution that Stedin can make to the sustainability of the Netherlands is to expand our network capacity as quickly and effectively as possible. This will enable our customers to reduce their CO_2 emissions.

ESRS2 BP-2 6

In addition to the ESRS, Stedin voluntarily applies the Corporate Governance Code (CGC).

ESRS2 BP-2 15

Time horizons

In terms of time horizons for the (possible) occurrence of impacts, risks and opportunities, as well as for setting targets, we use 2025 for the short term, 2027 for the medium term and 2030 for the long term. This is in line with our strategy. Additionally, Stedin commits on the long-term to SBTi by aiming to be net zero by 2050. This aligns with the goal of limiting global warming to a maximum of 1.5°C.

ESRS2 BP-2 9

Estimations and uncertainties

The sustainability information we report in this statement covers, where relevant, both our own operations as well as our upstream and downstream value chain. In reporting results, we utilise estimates, assumptions and calculation models for certain topics and indicators. We also rely on third-party data when reporting results, for which we cannot guarantee that they are free from uncertainties. In the topic-specific chapters that follow and in the connectivity table, we describe estimates and uncertainties in more detail. We apply estimates, assumptions and calculation models in any case for:

ESRS2 BP-1 5c; ESRS2 BP-2 10; ESRS2 BP-2 11; E1-6 TV 39b

Topic	Indicators	Applied method	Level of reliability	Scheduled actions for improving accuracy
Climate change mitigation	Scope 1 and 2 emissions	The estimate for electricity network losses is based on both the average of the actual network losses from 2021 to 2023 and the percentage of the actual transported volume. The estimate for gas network losses is based on the average of the actual network losses from 2019 to 2021, in accordance with the prescribed calculation methodology from ACM.	Medium	Due to the legal agreements regarding allocation and reconciliation, this estimate will remain necessary. For further details, see Network Losses in 2.5 Judgements, Estimates and Assumptions.
	Scope 3 emissions	To estimate the emissions from purchased materials and services, we rely on payments to suppliers in euros, which we convert to CO_2 equivalents using a CO_2 emission factor. To determine customer gas consumption, we rely on data from external sources.	Low	Using materials passports for determining scope 3 emissions (based on activities)
Circular resource inflow	Resource inflow	For (network) components for which no materials passports are available, resource inflow is based on extrapolation, averages of goods groups, estimates based on historical data and benchmarking.	Low	Expanding materials passports of (network) components.

ESRS2 BP-2 12

In the chapter Climate change mitigation, we describe our transition plan regarding CO_2 emissions. This transition plan has been prepared based on our current insights. If new insights emerge in this area in the upcoming years, we will adjust our transition plan as necessary.

Changes compared to previous reports

ESRS2 BP-2 13

In this first Sustainability Statement, we lay the foundation for the coming reporting years. The intention is for our sustainability information to become more mature in the coming years. For example, in 2024, the sustainability topic 'Biodiversity in the value chain' has come more explicitly on the agenda. In this sustainability topic, we will develop more concrete policies and targets in the coming years and begin measuring results. We have also taken the first steps in 2024 to enhance our understanding of our value chain by utilising the CSR Risk Checker, the Löning Country Risk Register and the Encore Nature Database. Our insight into the value chain has further increased through an analysis of one of Stedin's most important goods groups. These initial steps indicate that further research is needed to concretise where our impact lies within the value chain. We therefore aim to follow up our analysis in 2025 with analyses for eight other goods groups and translate insights into a value chain-wide due diligence process.

ESRS2 BP-2 10d

Refer also to the section on Sustainability Due Diligence in the chapter General disclosures. These analyses may lead to adjustments in how we report on certain points in the coming years.

This approach is in line with the transitional provision regarding the value chain as included in the ESRS standards, which allows us to gradually increase our understanding of the value chain.

ESRS1 10.2 132

Strategy, business model and value chain

We describe our strategy, our core activities, how we create value for stakeholders and the resources we need to execute our business model in our Report of the Board of Management. The chapter Stedin strategy and the sections Our service area, and Our value chain and the energy transition in the chapter About us are important to read in conjunction with our Sustainability Statement and information about our material sustainability topics. The following information is included in these parts of the Report of the Board of Management:

- description of our business model and strategy (including inputs, outputs and impact): Stedin strategy, and Our value chain and the energy transition in the chapter About us;
- description of the most important characteristics of our value chain and the material topics involved: Our value chain and the energy transition in the chapter About us;
- description of our services, our service area and our customers: Our service area in the chapter About us.

ESRS2 SBM-1 40ai,aii,e,f,g; ESRS2 SBM-1 42

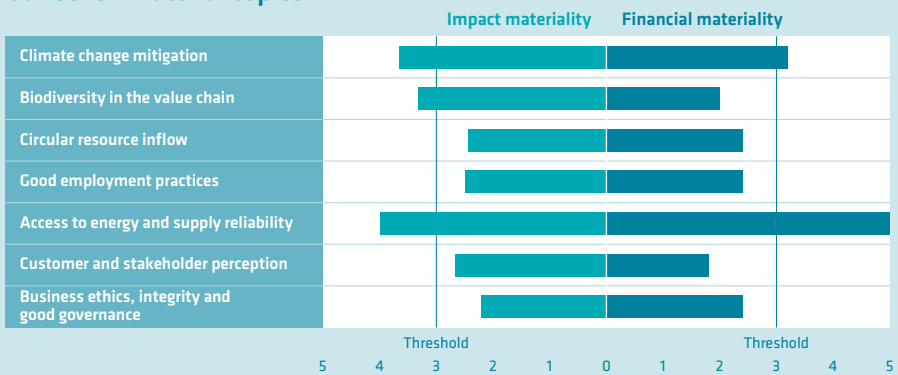
Our total net revenue for 2024 is €2,048 million. A total of €363 million is related to the gas network. The number of internal employees at Stedin is 5,471 as of 31 December 2024.

ESRS2 SBM-1 40aiii,b,di

Material impacts, risks and opportunities

Our sustainability efforts are related to material sustainability topics and their corresponding impacts, risks and opportunities. Understanding these material topics helps us focus our strategy on the subjects where Stedin's impact is greatest, allowing us to enhance positive impacts and reduce negative impacts. In this way, we can optimally drive long-term value creation.

Our seven material topics



The visualisation above shows our seven material topics, as identified in our double materiality assessment for 2024. These topics are considered material either because they score above the threshold or because they have been designated as material based on strategic relevance. Please see the section on Management of impacts, risks and opportunities in the chapter on General disclosures. We refined the naming of material topics in 2024 based on the underlying material impacts, risks and opportunities.

ESRS2 SBM-3 48g

This visualisation of material topics shows that the themes Access to energy and supply reliability, and Climate change mitigation not only involve the most material impacts but also the greatest risks and opportunities. The double materiality assessment has thus reaffirmed the importance of these strategic topics for us.

We do not yet have sufficient insight into our upstream value chain. Further research is required in our upstream value chain regarding the impacts, risks and opportunities related to pollution, water and marine resources, as well as workers in the value chain and affected communities. Additionally, further investigation is required into the interests and views of workers in the value chain and affected communities. With sufficient insight into our upstream value chain on these topics, we could potentially translate this understanding into our strategy and business model.

S2 SBM-2 9; S-2 SBM-3 10; S3 SBM-2 7; S-3 SBM-3 8; E2 IRO-1 11; E-3 IRO-1 8

An exception to the above are the contractors we work with in our upstream value chain. We consider the safety of contractors to be an important topic for which we also have policies in place. However, this topic did not emerge as a material topic from our double materiality assessment. Safety concerns not only our own workforce but also those of third parties, as well as customers and the environment in which we operate. For more information, see Health and safety in Good employment practices.

For biodiversity we have conducted an initial study, which revealed that our impact on biodiversity occurs for more than 99% in our upstream value chain. Additionally, in 2024, we developed a measurement method for biodiversity that will provide insight into our impact on biodiversity. In the coming year, we expect to establish metrics and targets for biodiversity in the value chain based on this measurement method.

As previously mentioned, we also started to enhance our understanding of our entire value chain in 2024. This research will continue in 2025. The biodiversity metrics and targets to be developed, as well as the further research in our value chain, may lead to possible adjustments in our material topics in the coming years.

How we continuously managed and reported on our seven material topics in 2024 through policies, actions, targets and metrics is described in more detail in the topic-specific chapters. For further explanation of the KPIs in these topic-specific chapters, we refer to the Connectivity table. To effectively manage and report on material topics, a clear definition and delineation of a topic and its associated impacts, risks and opportunities in the context of Stedin is crucial. This is reflected in the tables below.

ESRS2 IRO-2 59

ESRS2 GOV-2 26c; ESRS2 SBM-3 48

Stedin material topic	ESRS	ESRS topic/sub-topic	Value Chain	Material IRO		Term*
Climate change mitigation	**E1**	**Climate change**				
		Climate change mitigation		Negative impact	The negative impact of CO_2eq emissions in the whole value chain of Stedin (scope 1, 2 & 3).	Long term
				Opportunity	The potential applicability of alternative energy carriers for accelerating the energy transition and improving performance	Long term
Biodiversity in the value chain	**E4**	**Biodiversity and ecosystems**				
		Direct impact drivers of biodiversity loss		Negative impact	The negative impact of raw material extraction, energy production and the provision of services by value chain partners on biodiversity.	Medium term
Circular resource inflow	**E5**	**Resource use and circular economy**				
		Resources inflows, incl. resource use		Positive and negative impact	The impact of whether or not raw materials are used in a circular manner can lead to either a reduction or an increase in mining activities. This, in turn, decreases or amplifies the negative effects on biodiversity and CO_2 emissions related to resource procurement.	Long term
Good employment practices	**S1**	**Own workforce**				
Health and safety		Health and safety		Positive and negative impact	The positive or negative impact of a safe or unsafe working environment which leads to a smaller or greater chance of occupational accidents or the development of health issues, with an impact on the emotional and other well-being of relevant employees and short-term or long-term sickleave.	Medium term
Learning and development		Training and skills development		Risk	The risk of insufficiently skilled employees due to shortages in the (technical) labour market, potentially leading to issues with quality, efficiency and/or continuity of services.	Short term
Diversity and inclusion		Equal treatment and opportunities for all		Positive impact	The positive impact of a diverse, inclusive and socially safe working environment with equal treatment and opportunities on the well-being, engagement and workforce participation of various groups.	Medium term

Stedin material topic	ESRS	ESRS topic/sub-topic	Value Chain	Material IRO		Term*
Access to energy and supply reliability	**S4**	**Consumers and end users**				
Investing in infrastructure for the energy transition		Access to products and services		Positive and negative impact	The impact of whether or not network capacity is available, can be created and maintained for (future) customers of Stedin	Long term
		Access to products and services		Negative impact	Insufficient investment (money, resources, personnel, space) in the energy infrastructure leads to an increased congestion risk, resulting in delays in the energy transition in the service area of Stedin.	Long term
		Access to products and services		Transition risk	The risk that Stedin increasingly faces delivery interruptions and is unable to resolve them in a timely and effective manner.	Medium term
		Access to products and services		Transition risk	The risk that both private and business customers do not have (sufficient) electricity available when needed due to insufficiently upgraded networks, which can hinder for example economic activities and housing development. This may also result in fines and/or reputational damage.	Medium term
		Access to products and services		Transition risk	Manageability of voltage quality in low-voltage networks.	Medium term
		Access to products and services		Opportunity	The opportunities that data, technology and innovation provide for preventing network congestion and facilitating the energy transition.	Medium term
Affordability		Access to products and services		Negative impact	Costs incurred by Stedin result in higher rates that are passed on to (an for gas decreasing number of) customers and ultimately lead to higher rates and societal costs for energy. This puts affordability at risk.	Medium term
Cyber, data and information security		Access to products and services, Privacy		Risk	The risks for Stedin due to incidents stemming from insufficient resilience against cyber threats and in the area of cybersecurity, data and information protection. This includes both financial and reputational damage.	Short term

Stedin material topic	ESRS	ESRS topic/sub-topic	Value Chain	Material IRO		Term*
Customer and stakeholder perception	**S4**	**Consumers and end users**				
		Access to products and services		Risk	The risk that (prolonged) underperformance in customer relationships may lead to dissatisfied customers.	Long term
Business ethics, integrity and good governance	**G1**	**Business conduct**				
		Corporate culture, corruption and bribery, protection of whistleblowers, management of relationships with suppliers including payment practices, political engagement and lobbying activities		Positive and negative impact	The impact of fair and just business practices on stakeholder trust.	Medium term

* The time horizon has been assessed based on the expected duration of the impacts, risks and opportunities.

Management of impacts, risks and opportunities

The identification and assessment of material impacts, risks and opportunities

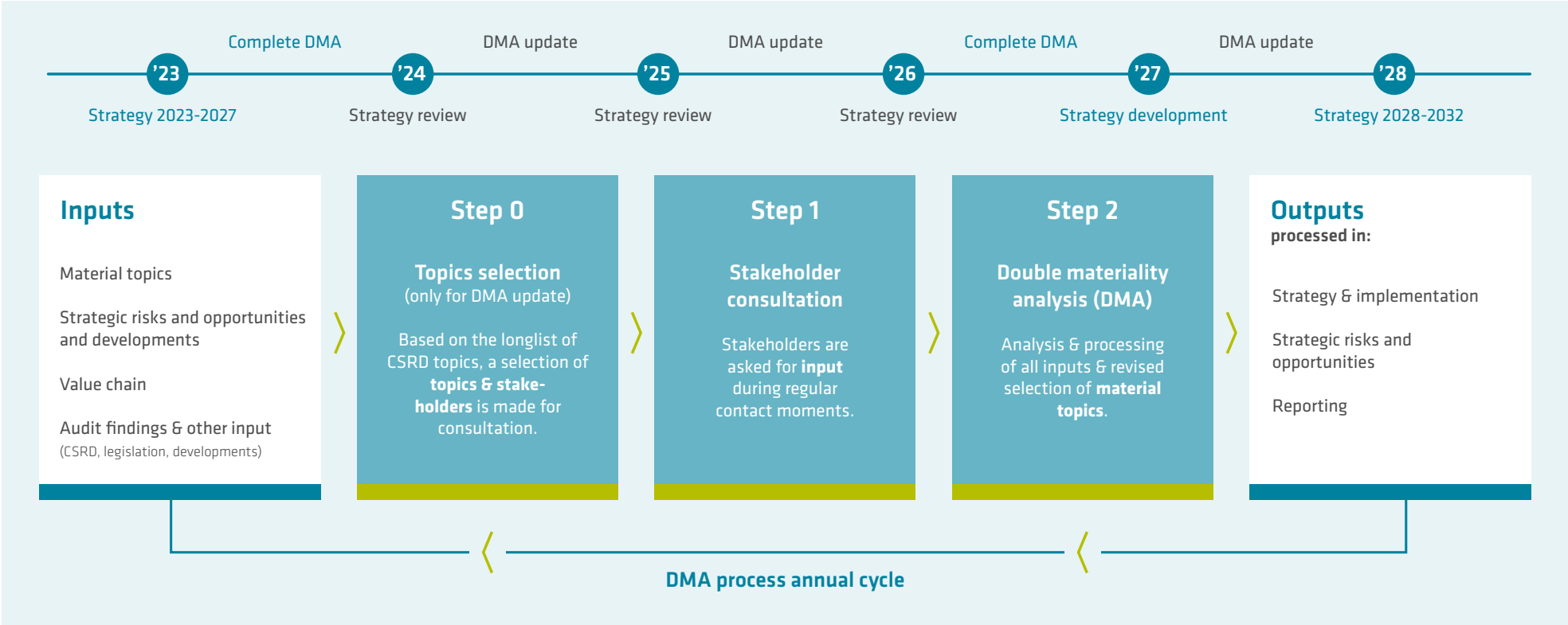
ESRS2 SBM-3 48b; S1 SBM-3 13; S4 SBM-3 9; G1 IRO-1 6

In 2023, we conducted our first complete double materiality assessment (DMA) in line with CSRD requirements. In addition, we developed an approach for the period 2024–2027 that allows us to update our analysis annually based on new insights from stakeholders, societal and political developments, and additional research, such as steps focused on value chain analysis and due diligence. We conducted this update of the double materiality assessment for the first time in 2024.

Double materiality assessment process

ESRS2 IRO-1 53; ESRS2 IRO-2 59

To determine the material topics, several phases were completed in 2023 as part of the complete DMA performed:



Identification of relevant topics

In this step, we first conducted an analysis of potential material sustainability topics for Stedin based on desk research to create a longlist of topics. We examined internal documentation (including the 2022 impact measurement results, strategic documents, our value creation and business model, stakeholder research, and risk and opportunity analyses), various international (sector-specific) sustainability standards and topics relevant to peers, the sector, the value chain and society, using media analysis and sector trends. Where possible, the longlist was consolidated into a structure of main and subtopics and validated internally.

Further analysis and scoring of topics

We have defined topics more precisely (i.e. what a topic specifically means for our strategy and business model), identified impacts, risks and opportunities (IROs) for each topic and determined where in the value chain they occur. Additionally, we have assessed and scored the topics and their corresponding IROs.

The IROs were identified based on strategic risks and opportunities from our existing risk management process, supplemented with ESG-specific risks and opportunities derived from desk research and validation interviews with experts and stakeholder representatives. The prioritisation of the IROs was conducted by assigning scores based on several factors: for impacts ('impact materiality'), the factors included 'likelihood', 'scope', 'scale' and 'irremediability' (for negative impacts). For opportunities and risks ('financial materiality'), the factors considered were 'likelihood' and 'scope'. In addition to prioritisation, we also assessed the time horizon within which the impacts, risks and opportunities are likely to materialise.

Validation and prioritisation

We validated the material topics, IROs and scoring with the Board of Management and internal stakeholder consulting through working sessions. During these sessions, we also assessed completeness. Validation with stakeholders was conducted by involving internal stakeholder representatives (ISRs) for the following groups: shareholders, industry associations, national and local governments, NGOs, the grid operator sector, regulators, high and low-volume customers, financial stakeholders, excavation companies, suppliers, employees and sector market operators. ISRs are responsible for engaging in dialogue with our external stakeholders. For example, ISRs include account managers who interact with our customers and supplier managers who engage with our suppliers.

Finalising the shortlist and evaluation

We have finally finalised the list of topics (the shortlist). In this process, the Board of Management established a threshold value. Since we view it as our societal responsibility to take charge of enhancing positive impacts and reducing negative impacts, the threshold value has primarily served as a guiding principle. However, the Board of Management has determined the final list of material topics based on strategic relevance, stakeholder expectations and its own accountability. This process has resulted in seven key material topics for Stedin. The audit committee and the Supervisory Board were subsequently informed about the process undertaken and the outcomes.

Update of the double materiality assessment 2024

ESRS2 IRO-1 53h

In 2024, we conducted our first update of the double materiality assessment. In addition to updating our analysis, we also addressed the following aspects in 2024:

- We have reviewed our stakeholder consultation process, as described in the section on Interests and views of stakeholders in the chapter on General disclosures.
- We have taken the initial steps to enhance our understanding of the value chain. We have initiated the due diligence process regarding sustainability topics in the value chain, as described in the section on Sustainability Due Diligence in the chapter General disclosures. Based on the initial findings, including the use of the CSR Risk Checker, we have refined some IRO's.
- We have aligned the double materiality assessment further with the existing risk management process

Next steps

In 2025, we will further update the double materiality assessment using input from stakeholder consultations and the due diligence analysis. The due diligence analysis will specifically focus on negative impacts within the value chain.

Interests and views of stakeholders

ESRS2 SBM-2 45a,b

Based on our societal role as a grid operator and our desire to play a connecting role in the transition to a new energy system – ensuring it remains safe, sustainable, reliable and affordable – being in contact with our stakeholders is of crucial importance.

ESRS2 IRO-1 53biii

For stakeholder engagement in the process of our double materiality assessment, we distinguish between affected stakeholders (those impacted by our organisation) and users of the Sustainability Statement. In 2024, we consulted part of the first group. Starting in 2025, we will continuously consult the entire first group on the impacts, risks and opportunities that are important to them. We utilise our regular touchpoints and processes to engage with these stakeholders. Users of the Sustainability Statement are approached when we deem it relevant. For an overview of these users, we refer to the value chain visualisation in About us, where they are listed under the category 'external environment'.

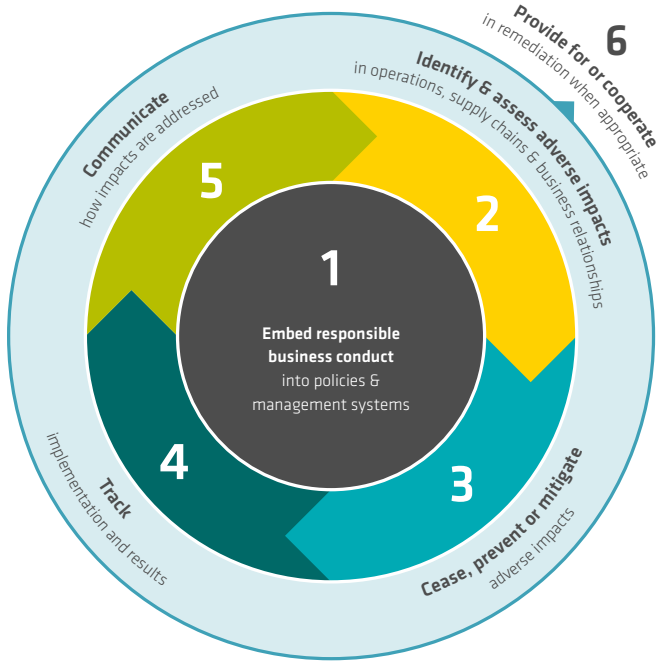
In 2024, we initiated this consultation process with specific stakeholders to gain a deeper understanding of certain topics, including our suppliers (including tier-N) and nature as 'silent stakeholder'. For other stakeholder groups, consultation will take place through our regular stakeholder dialogue. In 2024, this regular consultation was conducted as part of our reputation research, through conversations with account managers, regional managers and regional directors for customers, through discussions with supplier managers for suppliers and through surveys within our employee panel for employees. Starting in 2025, all our stakeholders will be engaged through the regular stakeholder dialogue to support our double materiality assessment.

Sustainability Due Diligence

ESRS2 GOV-4 32

As an extension of the double materiality assessment and in preparation for the upcoming Corporate Sustainability Due Diligence Directive (CSDDD), we began implementing a due diligence process across the entire value chain in 2024, aligning with the OECD guidelines (see the figure Due diligence-process and supporting measures). The CSDDD is EU legislation that requires companies to ensure that their own activities, as well as those of their suppliers, do not cause environmental harm or violate human rights.

Due diligence process and supporting measures



Concretely, in 2024, we initiated steps 1 and 2 of the OECD due diligence-process: an analysis of existing policies on supply chain responsibility and the identification and assessment of negative impacts in activities, supply chains and business relationships (impact assessment).

For step 2 (and later steps 3 and 4), we initially focused on one of Stedin's most critical goods groups: medium-voltage cables and their installation.

The insights gained from applying due diligence to this goods group are being used to develop a realistic plan and roadmap for implementing due diligence across our other products and services. In drafting this roadmap, we have prioritised our goods and service groups based on a risk-driven approach, in line with OECD guidelines.

Following the findings from the medium-voltage cables assessment, we also initiated some overarching mitigation actions in 2024 (step 3). These included updating the Code of Conduct, the Supplier Code of Conduct and contractual agreements with suppliers and drafting a comprehensive human rights policy. Additionally, we are exploring collaboration opportunities within the sector and reviewing our supplier selection process. We are also investigating how to leverage existing systems and new tools for a systematic supplier analysis. Furthermore, we are deploying ESG specialists to support future product and service due diligence assessments.

Governance

The role of the administrative, management and supervisory bodies

The Board of Management

ESRS2 GOV-1 21c,d

For the composition of the Board of Management, see the Composition of the Board of Management section in the Corporate Governance chapter. For relevant experience of the Board of Management, see the Biographical details of members of the Board of Management section in the Report of the Board of Management.

The Board of Management is bound not only by legal provisions and articles of association but also by the Board of Management Terms of Reference. These Terms of Reference include, among other things, the division of tasks, responsibilities and working methods of the Board of Management. The regulations follow the principles and best practices of the Corporate Governance Code (CGC), insofar as Stedin applies them.

Supervisory Board

ESRS2 GOV-1 21c,d

For the composition of the Supervisory Board, see the Composition of the Supervisory Board section in the Corporate Governance chapter. For relevant experience of the Supervisory Board, see the Biographical details of members of the Supervisory Board section in the Report of the Board of the Board of Management.

The Supervisory Board is bound not only by legal provisions and the articles of association but also by its Terms of Reference. The Terms of Reference of the Supervisory Board include provisions on composition, committees, duties and authorities, meetings and decision-making.

ESRS2 GOV-1 21e

The Supervisory Board consists exclusively (100%) of independent board members.

Works Council

ESRS2 GOV-1 21b

In accordance with the Dutch Works Councils Act Stedin Group has a Works Council. The Works Council of Stedin Group represents the employees. For more details, see the Works Council section in the Good employment practices chapter.

ESRS2 GOV-1 22a,b,c

In the paragraph below, we elaborate on how management of our material topics is embedded within Stedin's governance.

Our material topics are embedded in the Stedin strategy. The Board of Management holds ultimate responsibility for the strategy and the long-term value creation it aims to achieve, as well as for identifying and managing the risks associated with the strategy and our activities. Additionally, it is ultimately responsible for the design and effective operation of the internal control system. Our management owns all impacts, risks and opportunities and is responsible for managing them. The Corporate Risk Management department supports the Board of Management and management in risk and opportunity management and also reports to the Board of Management and the audit committee of Stedin Group. The Supervisory Board oversees how the Board of Management implements the strategy.

Although the ultimate responsibility of the Board of Management and the Supervisory Board for material impacts, risks and opportunities is already secured through their responsibility for the strategy, an update has been made to both the Board of Management's and the Supervisory Board's Terms of Reference. This update explicitly and formally establishes the responsibility of both governing bodies for material topics. In this way, the resilience of the strategy to act on Stedin's material impacts and risks and to utilize its material opportunities is guaranteed.

ESRS2 SBM-3 48f

The Terms of Reference of the Board of Management set out the portfolio allocation of the Board of Management members, including the distribution of our material topics. As a result, sustainability expertise is a required competency for the Board of Management. The Terms of Reference of the Supervisory Board include profile descriptions that outline the required knowledge and experience, including in the field of sustainability. The required expertise and knowledge set out in these profiles cover our material topics. In this way, sustainability expertise is ensured within both the Board of Management and the Supervisory Board.

ESRS2 GOV-1 23; G1 GOV-1 5b

Information provided to and sustainability topics addressed by the undertaking's administrative, management and supervisory bodies

The Board of Management is regularly informed about the progress on our material impacts, risks and opportunities, including associated targets and the results of stakeholder consultations. Our strategy is reviewed annually. This serves as the central moment to analyse, evaluate and incorporate stakeholder input in decision-making at a strategic level. The strategy review is approved by the Board of Management and the Supervisory Board. Stakeholder input is also essential for the annual update of the double materiality assessment (see DMA-process annual cycle visualisation in the General disclosures chapter). This then feeds into the annual strategy review. Any strategy updates are subsequently implemented in operations through annual plans, with concrete targets and actions to realise the strategy. The performance against these targets is reported to the Board of Management on a quarterly basis. As part of the development of annual plans, we also calculate the financial impact of any adjustments. How we structure the financing of our plans is an integral part of this process as well.

ESRS2 GOV-1 22d; ESRS2 GOV-2 26a; ESRS2 SBM-2 45d ESRS2 SBM-2 45av; ESRS2 SBM-3 48b; S1 SBM-3 13; S4 SBM-3 9

ESRS2 MDR-A 69a

The Board of Management holds biweekly meetings, with half of the time dedicated to strategic topics, including ESG. Additionally, in 2024, an ESG Steering Committee was established for the strategic sustainability goal. Chaired by the CFO, this steering committee consists of directors from departments responsible for executing the ESG strategy and its underlying transition and action plans. This committee monitors progress and makes adjustments when necessary.

In addition to annually approving the strategy review, including the outcomes of the double materiality assessment, as described in the previous section, the Supervisory Board also addresses ESG as a fixed component of strategic topics during its meetings.

For investment decisions, a workflow has been initiated within the Broad Prosperity Coalition to incorporate impacts, risks and opportunities into investment decisions beyond just financial capital. The Broad Prosperity Coalition is a sector collaboration between grid operators aimed at embedding broad societal impact into organisational governance. This workflow was launched in 2024. The knowledge gained from this workflow will be used to conduct impact studies and design processes that integrate broad prosperity considerations into Stedin's investment decisions.

ESRS2 GOV-2 26b

Integration of sustainability-related performance in incentive schemes

For a description of the key characteristics of the incentive scheme for the Board of Management and the Supervisory Board, as well as the approval of the incentive scheme, see Incentive scheme in the Remuneration report chapter.

ESRS2 GOV-3 29; E1 GOV-3 13

The Supervisory Board assesses the performance of the Board of Management and the related remuneration, including the extent to which sustainability goals have been achieved. There is no variable compensation or bonus payment for members of the Board of Management or the Supervisory Board.

Risk management and internal controls over sustainability reporting

ESRS2
GOV-5
36a,b,d,e

As mentioned above, the Board of Management is part of the sustainability reporting process. The Board of Management establishes the final list of material topics to be reported on through the double materiality assessment. The Board of Management is also ultimately responsible for the strategy in which the material sustainability topics are embedded. Within the Board of Management, the responsibility for sustainability reporting is assigned to the CFO.

The department management is responsible for the design, existence and operating effectiveness of the risk management and control system within its department/business unit. This also includes sustainability topics and related reporting. Twice a year, the department management provides internal accountability to the Board of Management, resulting in the 'In-Control statement' from the Board of Management.

Additionally, a department has been established within Stedin that is responsible for implementing the Sustainability Statement in accordance with the CSRD. This department works closely with other departments within Stedin to draft and write this Sustainability Statement. An external advisor with extensive experience in sustainability reporting has supported the team in implementing the Sustainability Statement. Finally, Internal Audit has conducted an assessment of this department's activities to provide insights regarding the sustainability reporting process being established and whether it provides a solid foundation for meeting the obligations under the CSRD.

In this way, the quality of the sustainability reporting for this reporting year is ensured.

The Stedin In Control Framework consists of various risk categories. Given the new nature of the CSRD, the In Control Framework for sustainability reporting will be gradually established in 2025, thus becoming part of the overall Stedin In Control Framework. Herewith we are strengthening the internal control of sustainability reporting.

EU Taxonomy

One of the goals of the Paris Climate Agreement is to achieve a climate-neutral European Union by 2050, to help prevent further global warming. This is an important reason for the EU to establish a roadmap and promote the financing of sustainable growth. As part of this roadmap, the EU has established a taxonomy. This clarifies which business activities are and are not environmentally sustainable, while also ensuring compliance with the minimum safeguards. This reduces the opportunities for greenwashing.

No EU Taxonomy alignment

For 2024, we are unable to demonstrably prove that our activities have made a substantial contribution to environmental sustainability. Although the majority of our activities are related to ecological sustainability efforts and we can confirm that our company does not cause significant harm or serious detriment to the six climate and environmental objectives of the EU Taxonomy, we are not yet able to demonstrate full compliance with the minimum safeguards in the area of human rights throughout the entire year 2024. Please refer to the presented (mandatory) tables below for further details.

Steps taken towards alignment

We have made progress in the steps required to demonstrably comply with the minimum safeguards. These relate to our policies and adherence to them by our employees and partners throughout the entire value chain. Other minimum safeguards concern the implementation of appropriate processes within our company to ensure compliance with relevant laws and regulations on bribery and corruption, taxation and fair competition.

In 2024, we continued implementing our sustainability strategy. As a result, we are able to demonstrate that a significant portion of our economic activities contribute to sustainability. Stedin is actively working to guarantee the minimum safeguards for its employees. See also the chapter Business ethics, integrity and good governance. As part of this effort, we have strengthened and formalised our human rights policy and our due diligence process in the context of value chain assessments. This will support us in demonstrably meeting the minimum safeguards, which we expect to be able to do in 2025.

For further details on our human rights policy, see the section Human rights policy in the chapter Good employment practices. Additionally, for more information on our due diligence process, refer to the section Sustainability Due Diligence in the chapter General disclosures.

The EU Taxonomy tables below provide a summary of our assessment of the (environmentally) sustainable share of our revenue, operating expenditures (OpEx) and capital expenditures (CapEx) related to activities that contribute to sustainability. (Activities 4.9: Transmission and distribution of electricity, 6.5: Transport by motorbikes, passenger cars and light commercial vehicles and 7.7: Acquisition and ownership of buildings as defined in the Taxonomy.)

Turnover (in € million)	2024			Substantive contribution criteria						DNSH criteria ('Does Not Significant Harm')									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) turnover 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
		Currency	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (EL)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	0	0%														0%	E	
District heating/cooling distribution	4.15	0	0%														0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities																			
Transmission and distribution of electricity*	4.9	1,582	77%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								73%		
District heating/cooling distribution*	4.15	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,583	77%	77%	0%	0%	0%	0%	0%								73%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,583	77%	77%	0%	0%	0%	0%	0%								73%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES (N/EL)																			
Turnover of Taxonomy non-eligible activities		465	23%																
TOTAL		2,048	100%																

*EL = eligible, Taxonomy-eligible activity for the relevant environmental objective, N/EL = not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

CapEx (in € million)	2024			Substantive contribution criteria						DNSH criteria ('Does Not Significant Harm')									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
		Currency	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (EL)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	0	0%														0%	E	
District heating/cooling distribution	4.15	0	0%														0%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0%														0%	E	
Acquisition and ownership of buildings	7.7	0	0%														0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities																			
Transmission and distribution of electricity*	4.9	782	69%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								72%		
District heating/cooling distribution*	4.15	12**	1%														0%		
Transport by motorbikes, passenger cars and light commercial vehicles*	6.5	38	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Acquisition and ownership of buildings*	7.7	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		832	73%	73%	0%	0%	0%	0%	0%								73%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		832	73%	73%	0%	0%	0%	0%	0%								73%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES (N/EL)																			
CapEx of Taxonomy non-eligible activities		302	27%																
TOTAL		1,134	100%																

*EL = eligible, Taxonomy-eligible activity for the relevant environmental objective, N/EL = not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

** Investment grants of €10 million have been deducted from investments

OpEx (in € million)	2024			Substantive contribution criteria						DNSH criteria ('Does Not Significant Harm')									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) OpEx 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
		Currency	%	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES (EL)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	4.9	0	0%														0%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0%														0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities																			
Transmission and distribution of electricity*	4.9	73	63%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								64%		
Transport by motorbikes, passenger cars and light commercial vehicles*	6.5	3	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		77	66%	66%	0%	0%	0%	0%	0%								64%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		77	66%	66%	0%	0%	0%	0%	0%								64%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES (N/EL)																			
OpEx of Taxonomy non-eligible activities		39	34%																
TOTAL		116	100%																

*EL = eligible, Taxonomy-eligible activity for the relevant environmental objective, N/EL = not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Explanation of financial and other terms

Turnover

The total turnover under the EU Taxonomy aligns with IFRS reporting standards and is therefore equal to the total revenue as presented in the Financial Statements under note [4] 'Net Revenue'.

Capital expenditures (CapEx)

Total capital expenditures under the EU Taxonomy include investments in property, plant and equipment (note [13] in the Financial Statements), as well as property, plant and equipment acquired through acquisition (note [13] in the Financial Statements, if applicable), investments in property, plant and equipment (note [14] in the Financial Statements) and additions to right-of-use assets (IFRS 16) (note [15] in the Financial Statements).

Operating expenditures (OpEx)

Operating expenditures under the EU Taxonomy refer to direct, non-capitalised costs related to the maintenance of assets. Based on this definition, Stedin has classified only maintenance and fault repair expenses as operating expenditures under the EU Taxonomy. Other OpEx may include non-material costs and are not included in the calculation of operating expenditures.

Avoidance of double counting

We have avoided double counting between economic activities when allocating revenue, CapEx and OpEx figures by assigning financial data separately to our Taxonomy activities.

Nuclear and fossil gas related activities

Nuclear energy		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No*
Fossil gas		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

* The Borssele nuclear power plant is connected to TenneT's electricity network. Stedin has no direct exposure to the operation of this facility.

Climate change mitigation

The biggest contribution by Stedin to make the Netherlands more sustainable is to expand our network capacity as quickly and effectively as possible. This will enable businesses and individuals within our service area to reduce their CO_2 emissions. At the same time, we are setting targets to minimise the impact and emissions of our own operations. By doing so, we help accelerate the energy transition and contribute to making the Netherlands climate neutral. To achieve this, we have established multi-year targets for reducing our scope 1, 2 and 3 CO_2 emissions compared to 2021. This is in line with the objectives of the National Climate Agreement and in accordance with the Paris Agreement and the EU Green Deal.

> E1-4 34a,b

CO_2 emission	Unit	2021	Target 2024	2024	Target 2025	Target 2027	Target 2030
Total scope 1	tonne CO_2-eq.	122,444	102,706	102,650	88,817	84,815	72,060
	% reduction compared to 2021		16%	16%	27%	31%	41%
Total scope 2	tonne CO_2-eq.	1,796	655	192	477	238	-
	% reduction compared to 2021		64%	89%	73%	87%	100%
Scope 3 excluding customer gas consumption	tonne CO_2-eq.	247,582	276,647	346,959	275,668	269,126	284,092
	% reduction compared to 2021		-12%	-40%	-11%	-9%	-15%
Total excluding customer gas consumption	**tonne CO_2-eq.**	**371,822**	**380,008**	**449,801**	**364,962**	**354,179**	**356,152**
	% reduction compared to 2021		**-2%**	**-21%**	**2%**	**5%**	**4%**
Scope 3 customer gas consumption	tonne CO_2-eq.	8,738,264	6,345,681	6,353,977	6,129,235	5,547,431	4,927,700
	% reduction compared to 2021		27%	27%	30%	37%	44%
Total scope 1, 2 and 3	**tonne CO_2-eq.**	**9,110,086**	**6,725,689**	**6,803,778**	**6,494,197**	**5,901,610**	**5,283,852**
	% reduction compared to 2021		**26%**	**25%**	**29%**	**35%**	**42%**

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Climate change mitigation		Negative impact	Stedin's CO_2 footprint	Long	Sustainability Strategy	Implementation plans detailing decarbonisation levers, i.e. actions to reduce CO_2 emissions
		Opportunity	Alternative energy carriers	Long	Stedin's heating strategy	NetVerder Multi-Year Plan 2025–2029 Investment Plan 2024–2033

Material impacts, risks and opportunities

Impacts

Related to the topic climate change mitigation Stedin has a negative impact. This is due to CO_2 emissions across our entire value chain (scope 1, 2 and 3). We aim to reduce the negative impact of our CO_2 emissions.

Opportunities

The use of alternative energy carriers presents an opportunity for climate change mitigation. It can accelerate the energy transition, enabling our customers to electrify faster and in doing so reduce their CO_2 emissions.

Policies, actions, metrics and targets

To reduce the negative impact on the climate caused by CO_2 emissions, we have developed a transition plan that includes targets, policies and actions. In this transition plan, we outline the measures we are taking to reduce our CO_2 emissions through six (decarbonisation) levers. To manage the opportunity of using alternative energy carriers in the energy transition, we have also established targets, policies and actions. These are explained in the section Alternative energy carriers. Finally, the section Resilience analysis describes our climate risk and resilience assessment.

Transition plan

Metrics and targets

The table in the introduction of this chapter provides an overview of our CO_2 emission reduction targets for the short, medium and long term (2025, 2027 and 2030, respectively). In the longer term, i.e. by 2050, our ultimate goal is to achieve net-zero emissions.

Our total CO_2 emission reduction targets are broken down into specific targets for scope 1, 2 and 3. We expect these targets to be in line with the Paris Agreement. Scope 1 covers direct emissions, scope 2 indirect emissions and scope 3 emissions in the value chain. Scope 2 is market-based, meaning that emissions are calculated based on purchased energy, including the procurement of green electricity with certificates such as Guarantees of Origin (GoOs). We have further specified scope 3 in scope 3 'procurement' and scope 3 'customer gas consumption'. To substantiate our scope 3 targets, we have used various scenarios, including the Science Based Targets initiative (SBTi) scenario (<1.5 degrees of the Paris Agreement) and the national Climate Agreement.

E1-1 16a; E1-4 33; E1-4 34b,e; E1-4 TV 24

E1-4 TV 30c

We have chosen 2021 as the base year for our emission reduction targets, as 2022 was affected by the gas crisis and 2020 by the impact of COVID-19, making these years unrepresentative.

E1-4 34c; E1-4 TV 25a

Our gross reduction targets are based on widely accepted standards and methodologies, particularly the cross-sector methodology of the Science Based Targets initiative (SBTi)[1]. We expect SBTi to validate our 2030 and 2050 targets in 2025.

E1-1 16a,g; E1-1 TV 2; E1-4 34b,e; E1-4 TV 26

[1] The Science Based Targets Initiative (SBTi) is a collaboration between CDP, the UN Global Compact, WRI, and WWF that defines and promotes methodologies aimed at reducing emissions and setting emission reduction targets in line with climate science.

In developing our reduction targets, we have consulted both internal and external stakeholders and considered the potential increase in emissions due to the growth of our activities. Finally, we note that new insights, such as a planned transition from a 'spend-based method' to an 'activity-based method' for calculating scope 3 CO_2 emissions, may require us to adjust our reduction targets in 2025.

E1-4 32
MDR-T 78-81

We report our emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol), with one addition: to comply with SBTi requirements, we also report the emissions generated by customer gas consumption. More details on this can be found later in this chapter.

Policies

E1-1 16h,i;
E1-2 24
MDR-P
65a,b,c,e,f

Stedin's climate change mitigation policy focuses on both our own operations and our supply chain and is part of the Stedin strategy (available on our website). In developing this policy, we have engaged both internal and external stakeholders. The responsibility for implementing the strategy is outlined in the chapter General disclosures.

E1-2 24
MDR-P 65d

In addition to the previously mentioned GHG Protocol and SBTi, we have established our climate policy and corresponding targets based on the following sources and initiatives:

- Oil & Gas Methane Partnership (OGMP)
- Zero Emission Construction Equipment (in Dutch: Schoon en Emissieloos Bouwen 'SEB')
- CO_2-emissiefactoren.nl
- Department for Environment, Food & Rural Affairs (DEFRA)
- Intergovernmental Panel on Climate Change (IPCC)

E1-2 25a,d;
E1-2 TV 17;
E1-2 24
MDR-P 65a,b

Within our policy, we have explicitly made the choice to discontinue compensation and instead focus entirely on reduction. Wherever possible, we use renewable energy sources in everything we do. The specific ways in which we implement this are detailed in the Actions section below.

Actions

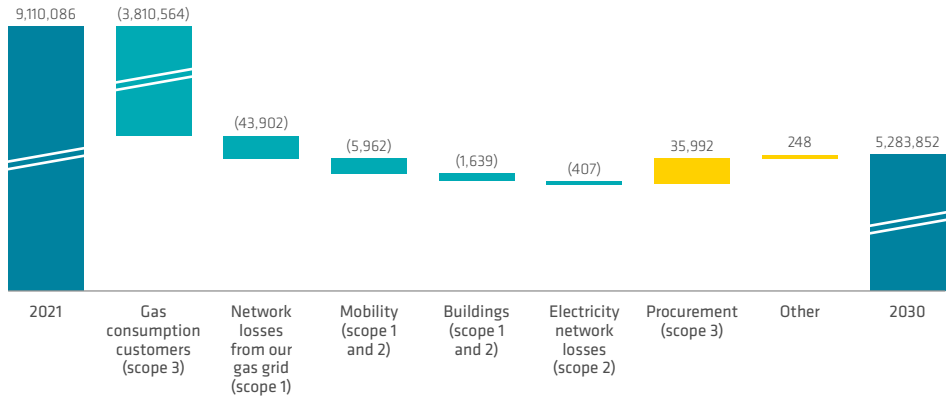
E1-1 16b;
E1-3 28
MDR-A

To achieve our reduction targets, we have identified decarbonisation levers as part of our transition plan. These are emission categories to which we link specific reduction actions, both within our own operations and across the value chain. The identified decarbonisation levers are:

- Reducing emissions from downstream gas consumption (scope 3)
- Reducing and greening emissions from (network) losses in the gas network (scope 1)
- Mobility: transitioning to zero-emission transport & vehicles (scope 1)
- Efficient energy use in company buildings (scope 1 and 2)
- Greening emissions from (network) losses in the electricity network (scope 2)
- Reducing and more sustainable procurement of materials and services (scope 3)

The graph below presents the expected absolute impact (i.e. tonnes of CO_2-equivalent emissions) per lever, in relation to our target of achieving a 42% CO_2 emission reduction by 2030.

CO_2 reduction until 2030



In absolute terms, customer gas consumption and the resulting CO_2 emissions have the largest impact. By reducing our customers' gas consumption, we can make the most significant (positive) impact on our overall CO_2 emissions. However, this is also the emission category on which we have the least direct influence. We are largely dependent on actions and behaviour of our customers and other stakeholders, for example political policy decisions. More details on this lever can be found later in this chapter.

E1-1 16c
E1-3 29c

To meet our sustainability targets, Stedin has allocated a sustainability budget of €230 million for the period 2024 to 2030. Of this amount, €37 million OpEx and €73 million CapEx have been allocated to climate change mitigation and its relationship with the EU Taxonomy, with a focus on incremental costs. This budget is integrated into Stedin's (financial) multi-year planning process and has been approved by the Board of Management. The progress of the transition plan and the allocated financial resources are reported, monitored and adjusted quarterly at strategic, tactical and operational levels. We report emissions and reductions in relation to our targets, scopes and specific decarbonisation levers.

E1-1 16b,j;
E1-4 34f;
E1-4 32
MDR-T 80j

Lever 1 – Reducing emissions from downstream gas consumption (scope 3)

E1-3 28
MDR-A;
E1-3 29a,b

In line with the Dutch government's objectives, we facilitate our customers' transition to more sustainable alternatives to fossil gas. This includes options such as electric vehicle charging, electric cooking and the use of heat pumps in households. Other sustainable alternatives include the ability to feed green gas into the network, the use of hydrogen as an energy carrier for energy-intensive industrial processes and the adoption of district heating networks by the industry. We expect these actions to result in a halving of the demand for fossil gas by 2030, leading to a 44% decrease in our customers' gas consumption. These actions contribute significantly to achieving our target of reducing our total CO_2 emissions by 42% by 2030.
The impact is therefore substantial. At the same time, as previously mentioned, achieving this target is largely dependent on the actions and behaviour of our stakeholders. While we can facilitate our customers' transition to more sustainable alternatives to fossil gas, we cannot enforce it. Our target is based on our calculations of the national Climate Agreement to meet the national objectives for 2030. Based on the 2024 results, we have observed a stabilisation in our customers' gas consumption following years of decline. Consequently, the achieved reduction in CO_2 emissions has also stabilised. We will investigate whether this will have an impact on our long-term CO_2 reduction target for 2030.

Table 1 – Customer gas consumption (Scope 3)

Emission reduction	Achieved emission reduction 2024 compared to 2021	2,384,287	t CO_2-eq
		27	%
	Planned emission reduction 2030 compared to 2021	3,810,564	t CO_2-eq
		44	%

Lever 2 – Reducing and greening emissions from (network) losses in the gas network (scope 1)

E1-1 16d,f;
E1-1 TV 5;
E1-3 28
MDR-A;
E1-3 29a,b

Gas network losses occur during transport or due to fraud. These are the so-called 'embedded' emissions in scope 1 and 2, as our core responsibility as a grid operator is to provide customers with access to our gas network. We can reduce these network losses both directly and indirectly. Directly, this can be achieved by searching for gas leaks more frequently and the replacement of brittle pipelines. Indirectly, we can lower total gas consumption by blending in green gas and purchasing green gas to greening our network losses. The emission factor of green gas is lower than that of fossil gas. However, this depends on market availability.

Currently, we conduct gas leak detection once every five years. From 2025, due to European regulations, this will increase to once every three years. As part of the overall target to reduce CO_2 emissions by 42% by 2030, the target of this lever is a 38% reduction compared to 2021. In the coming years, we will explore further ways to minimise emissions from gas network losses.

Table 2 – Gas network losses (Scope 1)

Emission reduction	Achieved emission reduction 2024 compared to 2021	17,617	t CO_2-eq
		15	%
	Planned emission reduction 2030 compared to 2021	43,902	t CO_2-eq
		38	%

E1 IRO-1
TV 12d

As part of the energy transition, we have a legal obligation to continue supplying gas. In 2024, Stedin invested €282 million in gas-related economic activities, such as our replacement works. In addition, our electricity network contributes to the speed at which our customers can electrify. This gives us an indirect, but also limited influence to reduce gas-related emissions.

Since the Netherlands has plans to reduce gas consumption, we expect that the demand for gas will eventually decrease sufficiently to achieve our reduction targets.

Lever 3 – Mobility: transitioning to zero-emission transport & vehicles (scope 1, 2)

E1-3 28
MDR-A;
E1-3 29a,b

Our fleet consists of passenger cars and commercial vehicles, all of which are leased. During 2024, our passenger car fleet has become fully emission-free. Our target is to have a completely emission-free fleet by 2030, achieving a 100% reduction. We are ahead of our targets.

Table 3a – Mobility (Scope 1)

Emission reduction	Achieved emission reduction 2024 compared to 2021	1,495	t CO_2-eq
		26	%
	Planned emission reduction 2030 compared to 2021	5,765	t CO_2-eq
		100	%

Table 3b – Mobility (Scope 2)

Emission reduction	Achieved emission reduction 2024 compared to 2021	197	t CO_2-eq
		100	%
	Planned emission reduction 2030 compared to 2021	197	t CO_2-eq
		100	%

Lever 4 – Efficient energy use in company buildings (scope 1 and 2)

E1-3 28
MDR-A;
E1-3 29a,b

By 2030, we expect to heat our company buildings using only green electricity, achieving a 100% emission reduction. The necessary adjustments are estimated to require €12 million in CapEx and €0.4 million in OpEx (2024-2030). For some leased company buildings, we do not yet have full transparency regarding the source of the supplied electricity. In the coming years, we will work to gain this insight and encourage property owners to use green electricity.

Table 4a – Gas-free buildings (Scope 1)

Emission reduction	Achieved emission reduction 2024 compared to 2021	328	t CO_2-eq
		46	%
	Planned emission reduction 2030 compared to 2021	717	t CO_2-eq
		100	%

Table 4b – Sustainable electricity use of buildings (Scope 2)

Emission reduction	Achieved emission reduction 2024 compared to 2021	826	t CO_2-eq
		90	%
	Planned emission reduction 2030 compared to 2021	922	t CO_2-eq
		100	%

Lever 5 – Greening emissions from (network) losses in the electricity network (scope 2)

E1-3 28
MDR-A;
E1-3 29a,b

During the transmission of energy through our networks, network losses occur. Due to the electrical resistance of materials such as copper and aluminium in our components (e.g. cables and transformers), it is difficult to eliminate network losses entirely. We purchase green electricity for these network losses, thereby reducing the associated (scope 2) emissions.

Table 5 – Electricity network losses (Scope 2)

Emission reduction	Achieved emission reduction 2024 compared to 2021	407	t CO_2-eq
		100	%
	Planned emission reduction 2030 compared to 2021	407	t CO_2-eq
		100	%

E1-3 28
MDR-A;
E1-3 29a,b;
E1-4 TV 30b

Lever 6 – Reducing and more sustainable procurement of materials and services(scope 3)
Our procurement of materials results in upstream emissions within our value chain. Due to expected growth, the absolute CO_2 emissions related to this lever will increase in the coming years. This rise is also reflected in table 6 below as a negative reduction. We aim to limit this increase through a combination of actions. Firstly, we strive to minimise material procurement as much as possible and maximise reuse where feasible. Additionally, we plan to focus on purchasing materials with a lower CO_2 footprint, for example, by utilising new technologies such as biobased plastics where possible. Furthermore, we focus on actions from the Zero Emission Construction Equipment Covenant. One such action is replacing diesel with cleaner alternatives, such as HVO (Hydrotreated Vegetable Oil). Through these actions, we expect to achieve approximately a 90% reduction in emissions from contractor operations. Additionally, we anticipate that the general greening of the economy will lead to a reduction of around 30% in emissions from other procurement. These expectations take into account the estimates and uncertainties related to Circular resource inflow. Currently, we use the spend-based method to determine CO_2 emissions from procurement. From 2025 onwards, we will transition to activity-based measurement and reporting where possible, which may provide new insights.

To comply with the Zero Emission Construction Equipment covenant, a total of €270 million in subsidies is available for contractors in the Netherlands until 2030. Additionally, Stedin has made contractual agreements with contractors regarding emission reductions. As a result, we are dependent on the actions of contractors to achieve these emission reductions.

Table 6 – Procurement (Scope 3)

Emission reduction	Achieved emission reduction 2024 compared to 2021	-93,905	t CO_2-eq
		-41	%
	Planned emission reduction 2030 compared to 2021	-35,992	t CO_2-eq
		-16	%

In addition to the six decarbonisation levers, we use a carbon price to encourage further sustainability efforts. Stedin applies this price in tender processes, requiring potential contractors to specify the materials they use. These materials are converted into the CO_2 emissions released during the production of the tendered asset and incorporated into a fictitious offer price. In 2021, together with other grid operators, we established a sector-wide carbon price based on the targets set in the ParisAgreement. This price has been used ever since. In 2021, the price was €50 per tonne of CO_2, increasing to €150 per tonne of CO_2 in 2023. The total volume of emissions potentially covered by the carbon price falls under scope 3, specifically 3.2 capital goods, amounting to 140,562 tCO_2-eq (44% of scope 3 procurement). This represents a decrease compared to 2023. Underlying, the overall volume of materials procured has increased. The reduction is primarily due to a decrease in purchased iron and steel, which have relatively high emission factors compared to other materials within capital goods. E1-8 63

Prescribed metrics for climate change mitigation

In this section and in the accompanying tables, we provide further details on our carbon footprint, including energy consumption and the energy mix and our CO_2 emissions.

The table below provides insight into the total energy consumption and energy mix from our own operations (scope 1 and 2) in absolute values (MWh). These are categorised into fossil sources, nuclear sources and renewable sources, based on, for example, contracted (green) agreements. SF_6 is not included as a chemical source. E1-5 35-39

E1-5 40-43

Energy consumption and mix	Unit	2024
(1) Fuel consumption from coal and coal products	MWh	-
(2) Fuel consumption from crude oil and petroleum products	MWh	17,391
(3) Fuel consumption from fossil gas	MWh	235,866
(4) Fuel consumption from other fossil sources	MWh	-
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	1,593
(6) Total fossil energy consumption	**MWh**	**254,850**
Share of fossil sources in total energy consumption	%	*22*
(7) Consumption from nuclear sources	**MWh**	**-**
Share of consumption from nuclear sources in total energy consumption	%	*0*
(8) Fuel consumption from renewable sources, incl. biomass (also industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.)	MWh	2,653
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	921,811
(10) Consumption of self-generated renewable energy from sources other than fuel (non-fuel)	MWh	-
(11) Total renewable energy consumption	**MWh**	**924,464**
Share of renewable sources in total energy consumption	%	*78*
Total energy consumption	**MWh**	**1,179,314**

The performance of sectors with a high climate impact in terms of energy consumption is measured using energy intensity. As a grid operator, Stedin operates in sectors with a high climate impact, specifically the distribution of electricity (NACE 35.13) and the distribution of gaseous fuels through mains (NACE 35.22). The table below presents energy intensity, which represents total energy consumption per net revenue of Stedin. This calculation is based on the net revenue as reported in our Financial Statements.

Energy intensity ratio	2024
Total energy consumption from activities in high climate impact sectors per net revenue (MWh / € mln)	576

> E1-6 44
E1-6 TV 41

CO_2 emissions (in tCO_2-eq / in %)	2021	2023*	2024	% 2024 / 2023	Target 2025	Target 2030	Target 2050	Target 2030 / Base year
Scope 1 emissions								
Gas consumption of our buildings	717	409	389	95%	287	-	-	-100%
Technical network losses from our gas network**	72,353	66,459	66,461	100%	58,031	58,322	-	-19%
Administrative network losses from our gas network	42,983	22,770	31,258	137%	25,923	15,654	-	-64%
Greening of network losses from our gas network	-	-	-	0%	-431	-2,542	-	N/A
Lease & company cars	5,765	5,693	4,270	75%	4,381	-	-	-100%
Generators	156	141	55	39%	156	156	-	0%
SF_6 gas feed-in	470	895	217	24%	470	470	-	0%
Total	**122,444**	**96,367**	**102,650**	**107%**	**88,817**	**72,060**	**-**	**-41%**
Percentage from regulated emission trading schemes	0%	0%	0%	N/A	N/A	N/A	-	N/A
Scope 2 emissions								
Electricity consumption of our buildings	922	473	96	20%	369	-	-	-100%
Heat consumption of our buildings	270	112	96	86%	108	-	-	-100%
Electricity network losses	443,406	357,751	408,069	114%	487,298	531,598	-	20%
Greening of electricity network losses	-442,999	-357,751	-408,069	114%	-487,298	-531,598	-	20%
Lease & company cars	197	161	-	0%	-	-	-	-100%
Total market-based	**1,796**	**746**	**192**	**26%**	**477**	**-**	**-**	**-100%**
Total location-based	**381,434**	**264,825**	**249,081**	**94%**	**252,150**	**67,386**	**-**	**-82%**

CO_2 emissions (in tCO_2-eq / in %)	2021	2023*	2024	% 2024 / 2023	Target 2025	Target 2030	Target 2050	Target 2030 / Base year
Scope 3 emissions								
3.1. Purchased goods and services***	130,099	149,365	175,924	118%	132,540	107,326	-	-18%
3.2. Capital goods***	93,680	159,951	140,562	88%	114,074	150,862	-	61%
3.3. Fuel- and energy-releated emissions (not included in scope 1 or 2)	6,356	9,069	11,128	123%	10,723	7,463	-	17%
3.4. Upstream transportation and distribution***	2,302	2,589	3,239	125%	2,878	3,223	-	40%
3.5. Waste generated in operations***	1,653	1,566	1,914	122%	2,067	2,315	-	40%
3.6. Business travel	384	418	451	108%	288	-	-	-100%
3.7. Employee commuting	205	696	1,275	183%	195	-	-	-100%
3.11. Use of sold products	10,020	9,286	9,270	100%	10,020	10,020	-	0%
3.15. Investments	2,883	3,361	3,196	95%	2,883	2,883	-	0%
Total excluding customer gas consumption	**247,582**	**336,301**	**346,959**	**103%**	**275,668**	**284,092**	**-**	**15%**
Customer gas consumption	8,738,264	6,329,427	6,353,977	100%	6,129,235	4,927,700	-	-44%
Total including customer gas consumption	**8,985,846**	**6,665,728**	**6,700,936**	**101%**	**6,404,903**	**5,211,792**	**-**	**-42%**
Total emissions								
Total market-based	**9,110,086**	**6,762,841**	**6,803,778**	**101%**	**6,494,197**	**5,283,852**	**-**	**-42%**
Total location-based	**9,489,724**	**7,026,920**	**7,052,667**	**100%**	**6,745,870**	**5,351,238**	**-**	**-44%**

* The comparitive figures have been adjusted due to new insights, including adjusted emission factors and the methodology according to OGMP. The category 'customer gas consumption' in scope 3 has been added retroactively in line with SBTi.
** Technical network losses of gas consists of 83,1% methane (CH4).
*** These categories together form the purchased materials and services.

To accurately interpret the information in the previous table, the following aspects are important:

E1-6 TV 39b

- Use of calculations and/or primary data: We use various calculations and assumptions: for scope 1 and 2, we have made calculations for electricity and gas network losses based on the average actual network losses over the past years. For electricity network losses, we also take into account the percentage of actual transported volumes. For scope 3, we have made calculations based on emission factors per euro of procurement (spend-based method), as there is still limited detailed insight into the precise composition (and thus emissions) of purchased goods and services. The required emission factors to calculate CO_2-equivalents for scope 1, 2 and 3 come from CO_2-emissiefactoren.nl, DEFRA and IPCC. Of the total scope 3 emissions, 0.17% is based on primary data. This consists of GHG scope 3 category 3.3 'Fuel- and energy-related activities (not included in scope 1 or 2)'.

E1-6 TV 46g

E1-6 47

- Additions: In 2024, in line with the SBTi targets, several GHG scope 3 categories were added, namely 3.11 'Use of sold products' and 3.15 'Investments'. Additionally, we have included the category 'Gas consumption customers' in accordance with SBTi, using the Tank to Wheel (TTW) emission factor. These additions have been applied retroactively up to and including the base year 2021, allowing for a consistent comparison.

E1-6 TV 45d

- Greening of network losses: We green the CO_2 emissions of our electricity network losses. In 2024, this amounted to 408,069 tCO_2-eq. Of this, 43.4% (177,102 tCO_2-eq) was procured through a Power Purchase Agreement with our partner Eneco. This involves directly sourcing 'Dutch wind power' from the Borssele 3 & 4 wind farm. The remaining 56.6% (230,967 tCO_2-eq) of these network losses have been greened through the purchase of Guarantees of Origin (GoOs) from EU wind power.

E1-6 TV 45e;
E1-6 TV 46j

- Biogenic emissions: There are biogenic emissions in Stedin's scope 1, 2 and 3. These originate from purchased biodiesel, Hydrotreated Vegetable Oil (HVO), heat and the transport of green gas.

E1-6 TV 46i

- Excluded scope 3 emission categories: Stedin has no franchises. We do not make (significant) investments in others, nor do we lease or sublease assets. As a result, the GHG scope 3 categories 3.8 'Upstream leased assets', 3.13 'Downstream leased assets' and 3.14 'Franchises' are not relevant. Additionally, Stedin does not process intermediate products. We provide infrastructure for energy transport. There is no disposal or processing of product waste at the end of its life cycle. Therefore, the GHG scope 3 categories 3.10 'Processing of sold products' and 3.12 'End-of-life treatment of sold products' do not apply. GHG scope 3 category 3.9 'Downstream transportation and distribution' pertains to the transport of goods not paid for by Stedin. This GHG category is also not applicable to Stedin.

E1-6 46;
E1-6 TV 46h

- Scope of consolidation: The reporting boundary for scope 1 and 2 is determined based on financial consolidation and, where applicable, operational control. For all subsidiaries and joint operations, we include the indirect scope 3 emissions. For associated participations, the equity share is multiplied by the emission factor of the relevant DEFRA category and revenue under category 3.15 'Investments'.

E1-6 53-55

Greenhouse gas intensity is an important indicator of the environmental efficiency of the production process concerning greenhouse gas emissions. The table below shows the greenhouse gas intensity (also referred to as total greenhouse gas emissions per net revenue) of Stedin.

Greenhouse gas intensity ratio	2024
Total greenhouse gas emissions (location-based) per net turnover (tCO_2-eq /€ mln)	3,443
Total greenhouse gas emissions (market-based) per net turnover (tCO_2-eq /€ mln)	3,322

Alternative energy carriers

Alternative energy carriers for fossil gas, in addition to electricity, include collective heating and sustainable gases. Stedin is involved in projects such as the Rotterdam Botlek steam network and various heating initiatives, including Ouverture and Open Warmtenet Delft. We are aiming for a full-fledged role in heating and are preparing for a role in sustainable gases as part of the future energy system. See the table in Metrics and targets below. Hydrogen is an important future alternative fossil gas. Various pilot projects are being carried out to prepare for the introduction of hydrogen.

Metrics and targets

E1-4 32 MDR-T

A target related to heating is #HEQ (household equivalents in operation).

KPI Heat household equivalent	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
HEQ - Heat household equivalents	#	2024	346	346	625	11,000	-

Policies

E1-2 25d

Stedin's heating strategy focuses on collaboration with provinces, municipalities, investors, contractors, heat producers/suppliers and other grid operators. In developing the strategy, we engaged both internal and external stakeholders. Additionally, we have taken into account the Collective Heat Act (in Dutch: Wet collectieve warmte 'Wcw').

Actions

E1-3 28 MDR-A

Under the NetVerder banner, Stedin Group is working on the development, implementation and management of future-proof energy infrastructures for heat, steam and biogas. Stedin is expected to fulfil the role of supplier through heating companies andbuilding, procuring or securing the necessary systems and competencies through collaboration. Future investments in alternative energy carriers have been included in Stedin's investment plan.

Resilience analysis

E1 SBM-3 18; E1 SBM-3 19a,c; E1 IRO-1

Stedin has conducted a climate risk and resilience analysis. This analysis examined whether physical (climate) risks related to our operational activities, with a focus on our network infrastructure, have a financial impact or an effect on service quality. We investigated physical risks associated with sea level rise, extreme weather, drought and higher temperatures. The impact and likelihood of these risks were assessed for our assets. We identified risks for various combinations of climate effects. To mitigate the consequences, we have established control measures for these risks, including the placement of future distribution stations above ground level, the installation of climate sensors and the tightening of design policies. Transition risks are described throughout the sustainability report.

The above analysis has also served as input for the 2024 double materiality assessment. E1 IRO-1 20a

Biodiversity in the value chain

Biodiversity is the foundation of healthy ecosystems. It plays a crucial role in supporting the natural resources that our organisation and society rely on. Stedin recognises its responsibility to minimise biodiversity loss.

E4-3 27
MDR-A 68b,c

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Biodiversity in the value chain		Negative impact	Biodiversity loss in the upstream value chain	Medium	Expected in 2025	Expected in 2025

Material impacts, risks and opportunities

Impacts

E4 IRO-1
17a,b,c,d

Our organisation has a negative biodiversity impact within the value chain due to raw material extraction, energy production and the provision of services by value chain partners.

Stedin reached this conclusion after conducting an initial assessment based on internationally recognised drivers of biodiversity loss (impact drivers) to determine the extent to which both our own business activities on our own sites and activities within our value chain may contribute to biodiversity loss. This assessment revealed that over 99% of our biodiversity impact occurs within our upstream value chain. Systemic risks were not considered in this assessment. These are risks arising from the collapse of entire ecosystems rather than the failure of individual components.

E4 SBM-3
16b,c

E4 IRO-1
17e

It is not known whether our suppliers negatively impact specific areas or endangered species. Furthermore, we do not have insight into the extent to which activities within the value chain contribute to ecosystem degradation, desertification or soil sealing. Additionally, we are unaware of any specific affected communities due to the impact that we or our suppliers may have on biodiversity. Consequently, no consultations have taken place with potentially affected communities. No specific research has been conducted into dependencies on biodiversity and ecosystem services.

E4-1 13

We have not conducted a resilience analysis to assess how biodiversity impacts, risks and opportunities influence our business model. We expect to carry out this analysis in 2025.

E4 IRO-1 17

The above has also served as input for the 2024 double materiality assessment.

Policies, actions, metrics and targets

Policies

E4-2 20

At present, Stedin has no policies or actions in place to address biodiversity impact within the value chain.

Actions

E4-2 22;
E4-2 24b,c,d;
E4-3 27;
E4-4 31;
E4-4 32;
E4-5 33

The actions we undertake for CO_2 reduction (see Climate change mitigation and circularity (see Circular resource Inflow) will contribute to indirectly reducing part of the biodiversity impact within the supply chain. To gain a better understanding of our impact in the supply chain, we have started mapping out the biodiversity impact of our supply chain in more detail. To this end, we are working with an external party to assess the impact of raw materials within the supply chain. To measure this impact, we have developed a methodology based on the Mean Species Abundance per km^2 per year (MSA KM^2 y). This method provides insights into biodiversity impact for each supplier of contracting services, key network components and energy providers.

Among other sources, material passports, further explained in our Sustainability Statement under Circular resource inflow, will serve as a basis for calculating MSA KM^2 y.

In the coming years, we aim to engage in discussions with our key suppliers about biodiversity. The goal is to work together to determine specific ways to minimise biodiversity impact. The results of these discussions, along with data from the received material passports, will be used in 2025 to develop policies, actions and further targets on this topic.

E4-3 28b; E4-4 32e

We do not currently use biodiversity offsets. Our initial focus is on gaining insight into our impact and taking steps to reduce negative impacts.

Metrics and targets

E4-4 31 MDR-T 81a; E4-5 33

We have not yet established a specific target for Biodiversity in the value chain. We expect to set this target in 2025, using the MSA KM^2 y measurement method to track the impact.

Circular resource inflow

Stedin uses significant amounts of products and materials. The production of these materials and products requires primary raw materials. If we want to limit the environmental impact of these raw materials, we must reduce their use.

E5-2 19
MDR-A 68b,c

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Circular resource inflow		Positive and negative impact	Whether or not raw materials are used in a circular manner can either reduce or increase the negative impact of resource procurement	Long	Policies expected in 2025	Implementation plan expected in 2025

Material impacts, risks and opportunities

Impacts

E5 IRO-1 11

Stedin can have both a positive and a negative impact on the availability and depletion of natural resources. The products and materials we procure contain primary raw materials, which contribute to environmental pressure. For example, this can take the form of CO_2 emissions or biodiversity loss resulting from extraction and production. By using circular materials, Stedin can also have a positive impact.

The above has also been input for the 2024 double materiality assessment.

Policies, actions, metrics and targets

Policies

E5-1 12

It is expected that we will translate our circularity strategy into policy in 2025. This will include procurement policy, focusing on the application of circular criteria in tenders and procurement decisions. Additionally, it will involve policies to increasingly require suppliers to provide insight into the circular characteristics of their products through material passports.

Actions

Material passports

In 2024, we requested updated material passports for our primary network components from our suppliers. These passports indicate the extent to which the raw materials used are recycled and how recyclable they will be at the end of their lifespan.

E5-2 19
MDR-A
68a,b,c

The focus in 2024 was on collecting data for primary network components, such as cables and transformers, as these are our largest goods categories. Additionally, these categories contain strategic, critical raw materials. Critical raw materials and rare earth metals include aluminium, lithium, silicon metal, gallium, manganese, germanium, graphite, bismuth, titanium metal, boron, platinum group metals, tungsten, cobalt, copper and nickel. Currently, we request information from suppliers based on the standard material passports of Netbeheer Nederland. As a result, we only have insight into the use of materials included in these passports, such as aluminium, copper and nickel. However, when considering the primary applications of other rare materials, it is clear that these materials are also present in our value chain. They are used either in the production process (e.g. manganese) in the steel used for our network components or in the computer chips (e.g. lithium) that are embedded in many of our products. We have defined a growth path for collecting material passports. By 2025, we expect to have an implementation plan extending through 2030. This plan will outline the additional circular potential within existing contracts, as well as describe necessary actions, projects and budget requirements.

E5-4 30

Circular criteria for procurement and tendering

We have developed measurable award and selection criteria for various sustainability aspects, including circular material use, which can be applied in new procurement and tendering processes. These criteria can be assessed and weighted using a newly developed award weighting tool, which is currently in a pilot phase. In 2024, we applied this tool in several tenders. The tool is part of the implementation plan under development, which takes into account the tender calendar for key products and their potential.

In addition to establishing measurable award and selection criteria, we approved new construction criteria for high-voltage stations in 2024. These criteria introduce new circularity requirements. Given the lead time of such projects, we expect the first new high-voltage stations to be delivered according to these criteria after 2028. Therefore, this action will only have an impact in a few years.

In 2024, an ESG specialist team was established to support tendering and supplier management in a pilot phase. Their role is to assist in redesigning network and other components and product specifications, developing supplier requirements to drive sustainable innovation, determining award criteria and monitoring agreements with suppliers. In 2025, we will further develop these support mechanisms, allowing us to better assess the added value of this team. From 2025 onwards, we expect to see the first results of this redesign, where we will collaborate with suppliers and fellow grid operators to develop circular network and other components.

E5-2 19
MDR-A 69

The budget for the implementation plan for circular design and procurement of circular network components for the period 2024–2030 is €97 million. This budget covers the additional cost of circularly procured network components compared to non-circular components. We expect to allocate the first portion of this budget in 2025, depending on the implementation plan outlined above.

Metrics and targets

E5-3 23
MDR-T 81a

We expect to present our target for reducing primary raw material use in 2025. To establish and monitor our target reliably, we need a sufficient number of material passports for network and other components. In 2024, we had an insufficient number of material passports, which is why we are having conversations with our suppliers. We expect to receive and process more information in 2025. We are also collaborating with Netbeheer Nederland within the sector to address this issue. To ensure the reliability of the material passports, we are working with Kiwa, which certifies the process surrounding the material passport. A limited number of our suppliers have already been Kiwa certified. We expect more suppliers to follow in the coming years.

Prescribed metrics for resource inflows

E5-4 31;
E5-4 32

The table below provides insight into the resource inflows for Stedin in 2024.

Resource inflows (in kilotons)	2024
Overall total weight	31
Weight of secondary reused or recycled components	2.7
Percentage of secondary reused or recycled components	9%

Given the limited number of material passports, we have made assumptions and estimates to arrive at the figures for material flows.

Stedin Netbeheer
Within Stedin Netbeheer there are three different asset groups: primary, secondary, and tertiary assets. For each asset group, we have detailed the material flows using the following methodologies.

Primary and Secondary Assets
We have calculated the primary and secondary asset groups in the same way. We requested material passports for all our articles. If a material passport is available for an article number, this is a given. If a material passport is not available from supplier A but is available from supplier B, we assume that both material passports are identical and use the material passport from supplier B.
The article numbers are grouped into commodity groups. If material passports are partially available within a commodity group, we extrapolate the data from the material passports over the missing article numbers based on the euros spent. This way, the average of the known article numbers is extrapolated over the missing data within the same commodity group. For commodity groups where no material passports are available, we use the average of the other commodity groups. This way, we extrapolate the average of the known commodity groups over the missing data of the remaining commodity group.

Tertiary Assets
For tertiary assets, we do not have material passports. The tertiary assets mainly consist of concrete. Based on known specifications, we have estimated the total number of installed units.

DNWG
We do not have material passports for DNWG; we have used the data from Stedin Netbeheer as a benchmark. We assume that the commodity groups within DNWG have the same specifications as comparable commodity groups within Stedin Netbeheer. For each commodity group within DNWG, we have used the same Kg and recycled Kg per Euro as the comparable commodity groups at Stedin Netbeheer.

NetVerder
The purchases of NetVerder are not material for the calculation of our goal on circular material flow and are not included.

Biological materials, including packaging, are not applicable to Stedin.

Good employment practices

Our increasing workload and the changing environment require our organisation and our employees to remain agile. In the coming years, we will need many new employees to meet the increasing demand. We will also ask those who are already working with us to adapt to new or changing roles. This entire transition will not only involve a great deal of work but also place significant physical and mental demands on our employees.

> S1 SBM-3 14e

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Health and safety		Positive and negative impact	The positive or negative impact of a safe or unsafe working environment which leads to a smaller or greater chance of occupational accidents, health issues or impact on employee well-being	Medium term	ESG Strategy Workplace Inspection and Walkaround Policy Occupational Health and Safety Policy Hazard identification and risk assessment policy and action plan	ESG strategy ESG strategy roadmap (social) High Reliability Organisation (HRO programme) Workplace inspections
Diversity and inclusion		Positive impact	The positive impact of a diverse, inclusive and socially safe working environment with equal treatment and opportunities on the well-being, engagement and workforce participation of various groups	Medium term	ESG Strategy Diversity and Inclusion Policy Stedin Code of Conduct	ESG strategy roadmap (social)
Training, learning and development		Risk	The risk of insufficiently skilled employees due to shortages in the technical labour market, potentially leading to issues with quality, efficiency and/or continuity of services.	Short term	ESG Strategy	ESG strategy roadmap (social) Annual plan Stedin Academy 2024

We aim to provide our people with a safe and healthy working environment, support their development and ensure equal opportunities for everyone. Labour market shortages pose a risk and present a challenge to achieving the energy transition. At the same time, our foundation remains unchanged: we uphold our strategic ambition regarding good employment practices. This means we manage and monitor eNPS, workplace safety and appropriate safety standards. We will continue to foster a learning and development culture and build on the progress we have made in diversity and inclusion.

Within this context, our double materiality assessment has identified the material topics of Health and Safety, Diversity and Inclusion, and Training, Learning and Development.

S1 SBM-3 14a

Our own workforce consists of employees on payroll (internal employees), including both technical staff in operations and office employees. In addition, we collaborate with non-employees who are not on payroll (external employees) but are temporarily engaged for specific tasks or projects, such as freelancers, seconded employees and temporary workers. In our explanation of the three topics, we indicate which employee group is the primary focus within each topic.

Health and safety

S1 SBM-3 14e

Working on the energy infrastructure is not without risks. The nature of the often technical and physical work involves health and safety hazards. That is why Stedin continuously focuses on health and safety. We also invest in safety measures, knowledge, expertise and a proactive and socially safe culture. Our primary goal is to prevent serious and other workplace accidents. We strive to ensure that our employees feel safe while performing their work.

Material impacts, risks and opportunities

Impacts

S1 SBM-3 14

The negative impact of an unsafe working environment on employees is significant. It can affect their vitality, emotional and other well-being and long-term employability. Additionally, an unsafe workplace can lead to work-related accidents, resulting in health issues, injuries and/or short-term or long-term absence. The emotional impact of workplace accidents, and their consequences, on the immediate working environment is often substantial. A safe working environment, on the other hand, has a positive impact: it enables our employees to work and live as pleasantly and effectively as possible, both now and in the long term.

S1 SBM-3 15;
S1 SBM-3 16

Work involving electricity and gas carries inherent risks. Employees performing these tasks experience the greatest impact from the implemented measures to safeguard their health and safety. Based on historical insights from accident records, we identified which employees fall into these high-risk groups, allowing us to tailor our measures accordingly.

S1 SBM-3 14a

In the context of health and safety, we recognise the impact on both internal employees and external employees. As a result, our policies and actions predominantly apply to both groups.

Policies, actions, metrics and targets

Policies

S1-1 19
MDR-P 65a,d;
S1-1 23

In our strategy, we have outlined the key principles and ambitions regarding health and safety. Safety is a key priority for us, and we strive to reduce accidents and injuries – not only for our own employees but also for third-party workers, customers and the communities in which we operate.

S1-1 19
MDR-P 65d;
S1-1 23

Our Occupational Health and Safety Policy sets out the principles based on which we aim to perform reliably and work safely. This policy applies to all our employees, as well as to all individuals carrying out work on our behalf and third parties affected by it. The subsequent elaboration of this policy focuses on our employees, as we have the greatest influence over how safe their working environment is. In the Occupational Health and Safety Policy, we follow the principles and behavioural characteristics of a High Reliability Organisation (HRO). For more details on HRO, see the subsection Actions below. We have also established how we identify and assess major risks for work-related injuries, allowing us to implement actions to eliminate or mitigate them to an acceptable level. This is further detailed in our Hazard Identification and Risk Assessment (HIRA) Policy and the accompanying Action Plan. This ensures compliance with the legal obligations under Section 5 of the Dutch Working Conditions Act (Risk Assessment and Evaluation) and the Safety, Health and Environment Checklist for Contractors Certification Programme (In dutch: Veiligheid, gezondheid en milieu checklist voor aannemers, VCA).
The HIRA Policy addresses physical safety risks for all employees performing both fieldwork and office tasks. It is a continuous process aimed at keeping the register of workplace risks up to date and comprehensive. We adhere to the BEI (Operation of Electrical Installations) and VIAG (Safety Instructions for Fossil Gas) guidelines, which contain the procedures and safety measures our employees must follow. These guidelines are essential for ensuring working safely with electrical installations and fossil gas while minimising the risk of work-related injuries.
Our Occupational Health and Safety Policy also requires all employees to conduct a Last-Minute Risk Analysis (LMRA) before starting and during their work. This ensures continuous awareness of potential risks.

S1-1 19
MDR-P 65b

In line with our Workplace Inspection and Walkaround Policy, we conduct annual workplace inspections and site walkarounds based on predefined considerations for different target groups. These inspections and walkarounds are carried out by our managers, with the aim of maintaining and enhancing a safe working environment and practices through monitoring and dialogue with employees. This policy applies to all our business units.

S1-1 19
MDR-P 65e,f;
S1-1 23

Through our combined approach of hazard identification and risk assessments (HIRAs), workplace inspections and adherence to BEI and VIAG guidelines, we continuously work towards improving the safety awareness in the workplace. This proactive approach helps us prevent work-related injuries. We periodically monitor the effectiveness of our policy using data insights from accident and sick leave registration. Employees and managers are involved in this process through stakeholder consultation meetings, and trade unions can also collectively represent employees and influence the effectiveness of the policy. In recent years, Stedin has adjusted its policy on handling work-related accidents. Previously, the standard approach was for employees to take sick leave after an accident. We have now changed this to enhance employee well-being and long-term employability. The new standard is to reintegrate employees into the work process immediately after an accident, provided they have the capacity to work despite any injuries. In such cases, we offer employees suitable tasks, tailored to their situation, under their manager's supervision and support. As a result, workplace accidents are now often classified as Restricted Work Cases (accidents leading to alternative work) rather than Lost Time Injuries (accidents leading to absence). See the LTIR and RIF ratios under Metrics and targets for further details.

Regular training and refresher sessions ensure that our employees remain familiar with our safety policies, procedures and regulations, keeping their knowledge and skills up to date.

S1-1 19
MDR-P 65c

The Board of Management, and more specifically the Director of Safety, Health, Environment and Quality (SHEQ), is responsible for the implementation of these policy components.

Actions

Various action plans and measures have been implemented to enhance safety standards, which we have further developed in 2024. Our action plans and measures focus on three key pillars:

- increasing safety awareness;
- ensuring compliance with safety regulations;
- promoting a culture of continuous improvement.

The necessary resources for these actions are included in the annual plan.

S1-4 37
MDR-A;
S1-4 38a;
S1-4 40a,b;
S1-4 43

Increasing safety awareness

S1-4 37
MDR-A 68;
S1-4 38a,c

To enhance safety awareness, we launched a company-wide HRO programme in 2017 as the foundation of our safety culture and related actions. We use the certification of the Safety Culture Ladder to promote safety awareness and safe behaviour across various levels of our organisation. Additionally, we have established an external think tank/stakeholder consultation meeting consisting of experts in behaviour, psychological safety and change. This think tank/stakeholder consultation meeting develops initiatives related to HRO and safety, which we use to refine our actions and improve the reliability of our safety performance.

The HRO programme contributes to reliability and predictability in processes ('first time right'). Within this programme, we apply five behavioural characteristics: I think ahead; I dare to ask questions, including follow-up questions; I remain alert to the unexpected; I am solution oriented; and I am open to the expertise of colleagues. In 2024, we focused on embedding these characteristics continuously by maintaining ongoing attention to knowledge, skills and behaviour. The associated training programme also includes a focus on social safety, in recognition that a socially safe environment supports workplace safety and work quality.

S1-4 37
MDR-A 68;
S1-4 38c

Stedin is certified at level 4 of the Safety Culture Ladder. This assessment method encourages safety awareness within an organisation, with the goal of reducing work-related accidents. The ladder consists of five levels, each representing a stage in an organisation's development regarding safety awareness.

Annual external and internal audits are conducted to ensure we maintain level 4, making this an ongoing action.

In 2024, the biennial Electricity Days took place. This event is organised for all our employees and focused on current daily topics, including social safety, attitude and behaviour, and work quality. The biennial Gas Days are scheduled for 2025. The aim of these events is to strengthen the safety culture within our organisation and reinforce our safety policies, procedures and regulations.

Compliance with safety regulations

An ongoing action in the context of compliance with safety regulations is the 'start-of-work discussion'. This means that, at the start of operations at the workplace, the work is discussed, along with any specific details and risks, with the employees involved. To be allowed to be present at the workplace, an employee must be qualified. We maintain an overview of qualified personnel. This overview is linked to our BVE and BVG tools. The BVE tool contains our work plans. The BVG tool includes our operational plans and helps manage daily operational tasks. Before start of the operations, we link qualified personnel to the tasks. This means an unqualified employee cannot be assigned to work. This link is always made before the work begins.

S1-4 37
MDR-A 68;
S1-4 38a

Alternative energy sources such as wind and solar energy, biogas and hydrogen cause new safety challenges. At present, there are no well-defined safety regulations for working with hydrogen. Therefore, in collaboration with Netbeheer Nederland, we are developing guidelines and regulations regarding hydrogen. In 2024, we started drafting these regulations and the associated Safety Work Instructions (known as SWIs). We have taken the VIAG as a starting point. We will progress with this in 2025 and expect the safety regulations for working with hydrogen to be finalised by the end of 2025.

Continuous improvement

S1-4 37
MDR-A 68;
S1-4 37d;
S1-4 38b;
S1-4 39

In 2024, we conducted workplace inspections. Not only do our employees have direct access to the reports with our findings, we also discuss the results with them. During the inspections, we assess compliance with BEI and VIAG standards. We investigate and discuss incidents and accidents.

If one of our employees has an accident at work and is temporarily unable to perform their usual duties, we often arrange alternative work. This keeps employees engaged with their work and reduces sick leave due to work related injuries.

S1-4 37
MDR-A 68;
S1-4 37e;
S1-4 38d;
S1-4 41

We monitor and evaluate the effectiveness of our health and safety measures through both quantitative and qualitative methods. The aim of our measures is to reduce incidents and promote a safe working environment. We track progress through regular audits, workplace inspections and incident reports. We analyse quantitative data, such as the number of accidents, to identify specific areas that require more attention and where additional measures need to be implemented. We collect qualitative information through employee feedback and evaluations of training programmes.

Metrics and targets

S1-5 46
MDR-T 80

KPIs Health and safety	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
LTIR	ratio	0.24 (2023)	≤1.5	0.10	≤1.5	≤1.5	≤1.5
RIF	ratio	2024	≤0.9	0.44	≤0.9	≤0.9	≤0.9

We strive for a safe and healthy working environment for all our employees. To achieve this, we monitor our safety performance using two key ratios: the Recordable Incident Frequency (RIF) and the Lost Time Injury Rate (LTIR).

These ratios are part of our broader strategy, which focuses on good employment practices and includes promoting a safe and healthy working environment as one of its key topics. In 2024, both ratios remained within target, and the LTIR has improved compared to last year.

S1-5 47

At Stedin, we assess once a year whether the targets for these ratios need to be adjusted based on current performance. This evaluation is carried out using data and insights from various departments. Through this structured approach, we aim to continuously improve health and safety results. The targets for RIF and LTIR are recorded and approved in our annual plan.

We keep our employees informed about our health and safety targets through the organisational structure.

Diversity and inclusion

S1 SBM-3 14

Diversity is becoming an increasingly important topic due to our societal role and responsibility. We believe not only that it is important that our workforce reflects society and the diversity of all our customers, but also that providing a diverse and inclusive working environment contributes to the well-being of our employees, better internal decision-making and excellent customer service.

Material impacts, risks and opportunities

Impacts

S1 SBM-3 16

Stedin has a positive impact on the well-being and engagement of its employees, as well as on the labour participation of various groups. We achieve this by providing a diverse, inclusive and socially safe working environment, where equal treatment and equal opportunities are central.

The Diversity and Inclusion survey (D&I survey) conducted in 2021, in which we carried out a baseline measurement on diversity and inclusion, raised awareness that there are groups within our organisation who do not feel sufficiently socially safe or represented. This includes employees with a migration background and those who identify as LGBTQ+.

S1 SBM-3 14a

In the context of diversity and inclusion, we recognise the impact on both internal employees and external employees. As a result, our policies and actions predominantly apply to both groups.

Policies, actions, metrics and targets

Policies

S1-1 19
MDR-P 65a

The topic of Diversity and Inclusion is part of our strategy. In it, we commit not only to creating a workplace where everyone can be themselves, is valued and is treated equally but also to attracting and retaining a diverse workforce. We measure both the experience of social inclusion and social safety annually among all employees in the Employee Motivation Survey (EMS).

S1-1 19
MDR-P 65c;
S1-1 24

In addition to this strategy, a Diversity and Inclusion Policy (D&I policy) was formulated at the end of 2024. With it, we aim to further embed the importance of diversity and inclusion. The D&I policy sets out our strategic ambitions and how we aim to grow towards them by 2030. Following approval by the Board of Management, expected in early 2025, the package of actions, internal monitoring and controls to achieve the targets will also be formalised.

S1-1 19
MDR-P 65b;
S1-1 24c

The following diversity characteristics are central to the D&I policy:

- **Gender**, regarding which we focus on further improving the male/female balance within comparable functions and do not tolerate any unexplained pay differences between men and women.
- **Age**, regarding which we aim to align the distribution of our age groups more closely with the age structure of the Dutch workforce.
- **Work capacity**, regarding which the foundation lies in the agreement under the Participation Act. Each business unit contributes to the target we have set and to complying with this agreement.
- **Cultural diversity**, regarding which we strive to increase the number of employees with a migration background, both in absolute numbers and in representation within comparable functions and leadership positions.

S1-1 19
MDR-P 65a,b;
S1-1 24a,b,d

At the core of this policy is Stedin's commitment to respecting employees and ensuring that everyone is treated equally in similar circumstances. This is laid down in our Stedin Code of Conduct and our Stedin Group Human Rights Policy. These documents define the expected personal behaviour and the responsibilities we expect from all our employees. We do not discriminate based on race, skin colour, gender, sexual orientation, age, physical disabilities, religion, political beliefs or national, ethnic or social origin or for any other reason.

Our Code of Conduct is an integral part of all fixed-term and permanent employment contracts, internship agreements and secondment, hiring and freelance agreements. The Code of Conduct applies to all employees. Everyone is expected to be familiar with its contents, to endorse them and to comply with them in both letter and spirit. The contents of the Code of Conduct have been approved by the Board of Management after consultation with the Works Council.

Actions

S1-4 43

In relation to this policy, we are developing actions and measures on the topics of Monitoring and Steering on Diversity Characteristics, Awareness and Support, and Social Safety. The necessary resources for these actions are included in the annual plan.

Monitoring and steering on diversity characteristics

S1-4 37
MDR-A
68a,b,c;
S1-4 38c

Stedin has a dashboard for monitoring and steering. This provides up-to-date insight into the status of the objectives set out in the proposed D&I policy regarding gender, age and work capacity. The dashboard offers data for Stedin as a whole and at the departmental level.

Gender

Through our working group Women in Technology, we have successfully recruited more women into our training programmes for technicians, thanks to targeted labour market campaigns and collaboration with a specialised agency. Of the inflow in the October 2024 group, approximately one-third were women. Additionally, in 2024, we joined forces with other major grid operators in supporting the Women INC. campaign. The aim of this campaign is to break down gender stereotypes surrounding technical professions and sectors in the Netherlands.

Age

Regarding age diversity, we see an underrepresentation in the youngest age group. Therefore, our focus is on attracting young talent. We are investing in training programmes for young technicians (block-or-day-release (BBL) pathways), the 'Future Makers' traineeship and opening vacancies for entry-level candidates on the labour market.

Work capacity

To prepare managers and direct colleagues for supporting employees with participation roles, we have developed and implemented two tailor-made training programmes. In our operational teams, we train participation candidates as assistant technicians. Relatively speaking, the number of participation jobs increased faster in 2024 than the total number of FTEs, leading to a result of 2.0%, compared to 1.9% in 2023. However, the current measures to create participation jobs have not yet led to the desired target of 2.8% in 2024. Therefore, in 2025, we will investigate which additional actions will support to achieve this target.

S1-5 46
MDR-T 80f

In 2024, we also adjusted our recruitment process based on the principles of objective hiring and selection. We define criteria in our job vacancies that can be assessed objectively. In our selection interviews, we use as many standardised questions as possible, based on these criteria. We provide all internal recruiters and managers with training in objective recruitment and selection, delivered through the 'Selecting without Bias' training by the Netherlands Institute for Human Rights. We aim for maximum participation from managers.

S1-4 37
MDR-A 68;
S1-4 38c

Awareness and support

S1-4 37
MDR-A
68a,b,c;
S1-4 38c

The range of interventions to promote awareness and support has been expanded. The 'D&I and unconscious bias' workshop is now a standard part of the introduction days for all new internal employees. We also offer a workshop on social safety and microaggressions and made the VR experience 'Through Different Eyes' available to our teams. Additionally, Stedin has five employee networks for key minority groups. In 2025, we will continue these interventions, along with fostering collaboration between the employee networks.

S1-2 28

Social safety

In 2024, we launched the Social Safety programme, aimed at improving social safety within our organisation. This programme has defined key principles and approaches and has established a governance structure. In 2025, we will develop our vision on social safety and create a more detailed action plan for 2025/2026. Furthermore, a core group will be established with representatives from relevant departments and the business to provide input on the action plan.

S1-4 37
MDR-A
68b,c,e

A number of our employees have participated in a Social Safety workshop, designed to introduce the concept of social safety and encourage discussions. This initiative will continue in 2025.

S1-4 38d

In the 2024 Employee Motivation Survey (EMS), social safety was measured using four questions, resulting in a score of 7.9, which is almost in line with our target of 8.0. In 2025, we will conduct a more specific D&I survey among all employees. This will focus on measuring social safety and inclusion across different employee groups and identifying any significant differences in experiences between these groups. Based on the results, we will determine further actions.

S1-5 46
MDR-T 80

Metrics and targets

KPIs Diversity and inclusion	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
Social safety	ratio	2024	8.0	7.9	8.0	8.3	8.5
Filled Participation Act jobs	%	1.9 (2023)	2.8	2.0	2.7	-	-

S1-5 47

The basis for these targets is the D&I baseline measurement conducted in 2021. The survey results were compared with the available data on the Dutch workforce and, in consultation with a working group representing our employees, we have defined these targets. We have informed our employees about our D&I targets through communication on our intranet.

Training, learning and development

S1 SBM-3 16;
S1 SBM-3 14e

Our workforce will change significantly in the coming years. To manage the increasing workload, larger numbers of new employees will join us or enter through lateral inflow. Additionally, employees within our organisation will transition to other roles or new positions. Sufficient and well-trained employees, particularly those with technical skills, are a key success factor in achieving the energy transition. To meet the demand, we must train more people, provide more certifications and offer more tailored learning and development opportunities. That is why we are fostering a learning and development environment where our employees can continue to grow in line with the strategic challenges we face. We also ensure a supportive range of training programmes that aligns with the future capabilities required of our employees.

Material impacts, risks and opportunities

Risks

S1 SBM-3 14;
S1 SBM-3 16

Due to labour market shortages, there is a risk that we will not have sufficient employees with the right technical or other competencies in the long term to achieve our strategic objectives. If we fail to recruit, train and retain enough qualified personnel – particularly technical staff and engineers – this may have negative consequences for the quality, efficiency and/or continuity of our services.

S1 SBM-3 14a

To mitigate this risk, we focus on the training, learning and development of our employees, with an emphasis on our internal employees. As a result, our policies and actions are therefore primarily directed at this group of employees.

Policies, actions, metrics and targets

Policies

S1-1 19
MDR-P 65

The topic of Training, Learning and Development is an integral part of our strategy. At present, we have not yet formalised a specific policy in this area. We will establish this policy in the coming reporting year.

Actions

S1-4 43

Our strategy focuses on two key topics related to learning and development: strengthening learning and development and designing timely and appropriate learning interventions. Actions for these topics have been outlined in a roadmap, and the necessary resources have been allocated within the annual plan.

Strengthening learning and development

S1-4 37
MDR-A
68a,b,c;
S1-4 40a

In 2024, we established a central learning environment for all learning and development topics: the Stedin Academy. This academy encompasses both technical and non-technical learning. It is designed to ensure that we have sufficient and skilled employees to drive the energy transition. Within our organisation, the Company School has traditionally provided all technical training.

By creating a single access point, we can better oversee, understand and manage development topics and collaborations with educational and other partners. In 2024, we implemented a new governance model for the Stedin Academy, leading to an increase in student numbers. To accommodate even larger numbers of students in the future, a new Stedin Academy facility is planned, with expected delivery in 2026.

S1-4 37
MDR-A 68b

Designing timely and appropriate learning interventions

We continuously analyse current and medium-term developments regarding the capabilities required of our employees. Based on these analyses, we develop appropriate and timely learning interventions that enable employees to meet organisational goals. These learning interventions focus on both technical and non-technical skills, with particular attention given to technical professions. We involve our operational departments in determining the necessary interventions to ensure timely training for employees in technical roles.

S1-4 37
MDR-A 68c,e;
S1-4 38b

In 2024, we initiated the development of new technical education programmes for MBO education. One of these is a new MBO programme First Engineer in High Voltage Transport (In dutch: Eerste monteur hoogspanningstransport, EMHT), developed in collaboration with educational partners and other grid operators. This programme has now been accredited and is operational, allowing us to train technical employees more efficiently. Additionally, we have set up development teams to optimise the most critical MBO programmes in time for the upcoming academic year. The input for this optimisation comes from student satisfaction surveys. Improvements for the new academic year will focus on creating consistency within education programmes, accelerating where possible and enhancing the connection with workplace practice. This process is carried out in coordination with our MBO educational partners. The goal is to optimise the quality of the programmes and strengthen learning outcomes, ensuring that we have adequately trained technical staff in a timely manner to achieve our strategic targets.

S1-4 37
MDR-A 68e;
S1-4 38d

We monitor the quality and effectiveness of our interventions by implementing frequent quality and satisfaction assessments among our employees and students. These insights are used at least biannually to determine and implement improvement actions within our range of training programmes.

Metrics and targets

S1-5 46
MDR-T 80

KPIs Training, learning and development	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
Employees with an employment contract	FTE	2024	5,257	5,236	6,096	6,834	-

At present, we have not yet established specific KPIs to measure the progress of our actions regarding Training, Learning and Development. We will define these in the upcoming reporting year. However, we do monitor the willingness of our employees to develop themselves annually through the score in the EMS survey in response to the question: 'I want to continue developing myself'. With the general FTE growth target, we measure whether we have sufficient staff numbers to achieve the energy transition. The actions in the field of Training, Learning and Development contribute to this.

Dialogue with employees

S1 SBM-2 12;
S1-2 27;
S1-2 28

At Stedin, we engage in dialogue with our employees in various ways. This happens directly through regular work meetings, employee surveys and the employee panel, but also via different channels where employees can express concerns and through various minority group networks. Additionally, there are multiple annual occasions where the Board of Management engages in discussions with employees. Stedin also has a Works Council that contributes to discussions on economic and social topics.

Employee surveys

Every year, Stedin conducts a survey on employees' work experiences, the previously mentioned EMS. Within this survey, the eNPS, the employee Net Promoter Score, is measured annually. This is an indicator of overall employee satisfaction. For us, this is an important overarching metric for Good employer practices. The current performance is displayed in the table below and exceeds the target. Based on the results, teams engage in discussions about what is going well and what can be improved. At higher management levels, we also use the EMS results to enhance the employee experience.

By conducting the survey annually, we can identify changes in employee experiences. Additionally, we send questionnaires to specific target groups, such as employees who have recently joined or those who have left the organisation.

KPI Good employment practices	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
eNPS	ratio	2024	20	28	21	>20.3	>20.3

Employee panel

Stedin has an employee panel. This panel consists of employees from all business units. These employees have voluntarily signed up and contribute their thoughts on various issues, such as our onboarding programme, career progression opportunities and the budget for sustainable employability. Panel members contribute by completing questionnaires and participating in panel discussions or interviews. Sometimes, we approach specific target groups within the employee panel, such as technicians or managers. The insights from the employee panel are incorporated into the development, change or optimisation of actions on various topics. These include aspects such as our facilities or the use of flexible public holidays deviating from the nationally established holidays.

Works Council

Stedin Group has a Works Council. Approximately six times a year, consultations take place between the Works Council and the CEO of Stedin Group. The Works Council's daily management and the CEO meet regularly, at least once a month. The Works Council has various committees. Each committee focuses on a department, with several Works Council members engaging with the responsible director of that department.

This way, the Works Council stays informed about what is happening within the different departments. On topics requiring advice or approval, the Works Council is involved at an early stage. This allows the Works Council to provide input at an early stage. The Works Council, the Board of Management and the Supervisory Board meet twice a year in a 'three-council consultation'. The chair of the Works Council is part of the Strategic Coalition. The Works Council represents the interests and perspectives of employees in determining our strategy.

Channels for raising concerns

If an employee experiences a negative impact caused by Stedin, they can report it via the Integrity Hotline. At this hotline, incidents can be reported in a safe environment without fear of repercussions. This is described in the Code of Conduct and the 'Policy Instruction for Reporting and Handling Integrity Incidents and Misconduct'. This system includes various internal reporting channels, such as an incident reporting point, confidential advisors and a compliance officer. If a socially significant misconduct case is not or not adequately handled, an employee can also report it externally to the Dutch Whistleblowers Authority. Additionally, there is an option to make safety-related reports in the safety registration system. S1-3 32

As protection against repercussions, there is a possibility to assess the handling of reports. If an employee experiences negative consequences after reporting misconduct, the Dutch Whistleblowers Authority can conduct a treatment investigation. This investigation assesses whether the whistleblower was treated fairly and justly and whether they suffered any adverse consequences due to the report. S1-3 33

The complaints mechanisms and whistleblower policy are extensively described in the sections Integrity Hotline and confidential advisers and Protection of whistleblowers in the chapter on Business ethics, integrity and good governance.

If an employee has experienced a materially negative impact, Stedin implements interventions aimed at remedy. The intervention will depend on the nature and severity of the incident. This may include support from the manager, assistance from a confidential advisor, deployment of an absenteeism coach or external help for trauma counselling. S1-3 32a; S1-1 20c; S1-4 38b

Human rights policy

S1 SBM-2 12; S1 SBM-3 14f,g; S1-1 20a,b; S1-1 21; S1-1 22

In 2024, we had not yet formally implemented a human rights policy. Our organisation operates exclusively within the Netherlands, where Dutch laws and regulations actively contribute to eliminating human trafficking, forced labour and child labour. Due to collective labour agreement (CLA) arrangements and available reporting mechanisms, the risk of human rights violations is limited for our internal and external employees, such as freelancers, seconded employees and temporary workers. Nevertheless, during the reporting year, we formalised a human rights policy. This policy further elaborates on human rights and includes guidelines on issues such as human trafficking, forced labour and child labour. The policy follows the regulations and standards derived from both Dutch laws and international standards and guidelines, including the United Nations (UN) Guiding Principles on Business and Human Rights. This policy was approved by the Board of Management in December 2024 and took effect on 1 January 2025.

Adequate wages and social protection

S1-10 69; S1-11 74

All Stedin employees receive a adequate wage. This wage is at least the Dutch regulatory minimum wage. All employees also benefit from social protection against loss of income due to major life events. This protection includes benefits for sickness, unemployment (from the start of employment), employment injury and acquired disability, as well as parental leave and retirement. This protection is provided through government programmes and/or additional benefits from Stedin itself.

Prescribed metrics for own workforce

Characteristics of the undertaking's employees

S1-6 50; ESRS2 MDR-M

Characteristics of the undertaking's employees	Unit	2024
Number of employees	Number	5,471
Female	Number	1,106
Male	Number	4,365
Number of permanent employees	Number	4,448
Female	Number	845
Male	Number	3,603
Number of temporary employees	Number	1,023
Female	Number	261
Male	Number	762
Number of employees who have left the undertaking	Number	387
Employee turnover	%	7

An employee is a person who has an employment relationship with Stedin in accordance with national law or practice. Referred to within Stedin as "internal employees". This does not include interns or trainees. A permanent employee is an internal employee with a contract for an indefinite period. A temporary employee is an internal employee with a fixed-term contract. Stedin does not employ non-guaranteed hours employees, therefore this is not specified. All employees are located in the Netherlands.

Employee data is calculated based on data from the HR registration system. The number of employees is determined as the number of people with an employment relationship at the end of the reporting year. Employees who have been dismissed are recognized until the expiration of their notice period, regardless of whether they are released from all or part of their duties during their notice period. The most representative figure in the Financiel Statements is the average number of internal employees (in FTE) found within paragraph 6 Personnel costs.

Employee turnover is calculated by dividing the number of employees who left the company by the average number of employees in the reporting year.

At Stedin it is standard practice to offer new employees a temporary contract before they are offered a permanent contract.

S1-8 60a,b; S1-8 63; ESRS2 MDR-M

Collective bargaining coverage and social dialogue

Collective bargaining coverage and social dialogue	Unit	2024
Percentage of total employees covered by collective bargaining agreements	%	94.8
Percentage of total employees covered by workers' representatives	%	99.7

Stedin is part of the Energy network Companies sector which, together with trade unions FNV and CNV, has entered into a collective labour agreement called CLA NWb. Every employee with a C salary scale falls under this collective labour agreement. The CLA NWb only partially applies to employees with an F salary scale (functiecontracten), so they are not included in the number of employees covered by collective bargaining agreements. Individual contracts and the Board of Management are also not covered by the CLA NWb. The percentage of total employees covered by collective bargaining agreements is calculated at the end of the reporting year.

Stedin does not know exactly how many employees are members of a trade union and therefore have workers' representation. The number presented has been determined indirectly by defining the number of employees for whom a fixed contribution per year has been paid to the trade unions by Stedin, as determined in the CLA NWb 2024-2025. This contribution applies to every employee except those with an individual contract and the Board of Management. Because Stedin only has employees located in the Netherlands, there is no agreement with the employees regarding representation by the European Works Council (EWC), the works council of the Societas Europaea (SE) or the works council of the Societas Cooperativa Europaea (SCE).

Diversity indicators

S1-9 66; ESRS2 MDR-M

Diversity indicators	Unit	2024
Number of members top management level	Number	30
Female	Number	12
Female	%	40
Male	Number	18
Male	%	60
Number of employees < 30 years	Number	853
Number of employees 30-50 years	Number	2,918
Number of employees >50 years	Number	1,700

These indicators only concern internal employees.

Stedin uses its own definition of "top management level" that is in line with its reporting to the Social-Economic Council (SER) under the 'growth quota and target figures' law. This includes the Board of Management and all directors and managers of the departments that report directly to the Board of Management.

To date, Stedin has reported other age groups in its annual reports with corresponding targets. In 2024, these have been transformed to the age groups as defined by the ESRS standard.

S1-14 88a,b,c; ESRS2 MDR-M

Safety and health indicators

Safety and health indicators	Unit	2024
Percentage of own workforce covered by a health and safety management system based on legal requirements and /or recognised standards or guidelines	%	100
Number of fatalities amongst own staff and other employees due to work-related injuries	Number	0
Number of recorded work-related accidents amongst employees	Number	54
Ratio of recorded work-related accidents amongst employees	Ratio	5.7

These indicators concern internal and external employees.

Every internal and external employee has access to the health and safety management system. We therefore assume that every internal and external employee is covered by the health and safety management system.

Fatalities concerns the number of employees who died as a result of a work-related incident. This is reported as Fatality (FAT) in our safety registration system. Work-related accidents include cases that are recorded in the safety registration system as Fatality (FAT), Lost Time Injury (LTI), Restricted Work Case (RWC), Medical Treatment Case (MTC) or First Aid Case (FAC). The ratio is calculated based on the number of work-related accidents divided by the total number of hours worked and multiplied by 1,000,000. The number of hours worked is calculated by multiplying the total average FTE in the reporting year by an average number of hours worked. The base assumption is that 1 FTE equals 1,600 hours of work per year in accordance with the standard of the Environment Checklist for Contractors Certification Programme (In dutch: Veiligheid, gezondheid en milieu checklist voor aannemers, VCA).

Stedin has two KPIs related to safety performance: the ratios LTIR (Lost Time Injury Rate) and RIF (Recordable Incident Frequency). The ratio of work-related accidents in the indicator table is comparable to the RIF, but excluding the First Aid Case (FAC). In addition, the work-related accident ratio represents the number of cases per 1,000,000 hours worked, while the RIF is based on the number of cases per 200,000 hours worked. Long-term objectives have been set for the KPIs LTIR and RIF.

Remuneration indicators (pay gap and total remuneration)

S1-16 97; ESRS2 MDR-M

Remuneration indicators (pay gap and total remuneration)	Unit	2024
Gender pay gap	%	4
Annual total remuneration ratio for the highest paid inidividual to median annual total remuneration for all employees	ratio	3.2

These indicators only concern internal employees.

The gender pay gap is calculated as the difference between the average gross hourly wage of female employees and male employees, expressed as a percentage of the average gross hourly wage of male employees. The gross hourly wage is determined by including only the employee's base salary in the calculation. The result of 4% is in favor of the woman. Because there are other factors that influence the salary level - age, job level (salary scale) and office versus field work - we also calculate the gender pay gap corrected for these factors. The corrected pay gap is 0% and gives us more insight to assess the pay gap. In this case, remuneration includes the full-time salary, personal allowance and guarantee allowance that an employee has received over the calendar year in question.

When determining the remuneration ratio between the highest paid person and the median pay for all employees we use the full-time annual pensionable salary. This also includes variable payments.

S1-17 103a,b,c; S1-17 104; ESRS2 MDR-M

Incidents, complaints and severe human rights impacts

Incidents, complaints and severe human rights impacts	Unit	2024
Number of incidents of discrimination, including harassment, reported during the reporting period	Number	0
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns	Number	246
Total amount of fines, monetary penalties and compensation for damages caused by the incidents and complaints disclosed above	EUR	0
Number of serious human rights incidents connected to own workforce	Number	0
Total amount of fines, monetary penalties and compensation for damages caused by the incidents disclosed above	EUR	0

These indicators concern internal and external employees.

Access to energy and supply reliability

Our core task is to ensure sufficient network capacity and quality, thereby guaranteeing access to energy and supply reliability. Within the topic Access to energy and supply reliability, we distinguish three subtopics: Investing in infrastructure for the energy transition, Affordability, and Cyber, data and information security. Investing in infrastructure for the energy transition includes investing in, constructing and managing both physical and digital infrastructure for the transition to a sustainable energy system. Affordability refers to ensuring sufficient network capacity and quality for our customers at socially acceptable costs. Cyber, data and information security involves measures to secure the data of our assets and customers, ensuring process continuity and compliance with legal requirements.

Topic	Value chain	IROs		Time Horizon	Policies	**Action plan**
Investing in infrastructure for the energy transition		Positive and negative impact	Whether or not network capacity is available, can be created and maintained	Long	Stedin Strategy	Stedin Group 2024 Annual Plan Process Manual: Space for Network Expansion Transport Stations Investment Plan 2024–2033
		Negative impact	Insufficient investments in energy infrastructure	Long	Stedin Strategy	
		Transition risk	Increase in delivery interruptions	Medium	Stedin Strategy	
		Transition risk	Insufficient availability of electricity when customers need it	Medium	Stedin Strategy	
		Transition risk	Manageability of voltage quality in low-voltage networks	Medium	Stedin Strategy	
		Opportunity	Utilisation of data, technology and innovation	Medium	Stedin Strategy	
Affordability		Negative impact	Higher rates and societal costs	Medium		Active involvement in research on possible measures
Cyber, data and information security		Risk	Insufficient resilience to cyber threats	Short	Policy Information Security Stedin	Strengthening the information security organisation

Material impacts, risks and opportunities

Impacts

S4 SBM-3 10b,c

We can have both a positive and negative impact on energy access and supply reliability: whether or not network capacity is available, can be created and maintained for current and future customers of Stedin within our service area. This impact is widespread.

We have a negative impact on our customers because we are unable to invest sufficiently in the infrastructure for the energy transition due to scarcity of space and a shortage of technically qualified personnel. Insufficient investment in energy infrastructure is a widespread impact, increasing the risk of network congestion and potential delays in the energy transition within our service area.

A potential negative impact is related to the investment costs we incur. These costs lead to higher rates that are passed on to customers, resulting in increased societal costs for energy and putting affordability under pressure. This potential negative impact is widespread.

Risks

S4 SBM-3 10d

The topic Access to energy and supply reliability presents several risks for us. There is a risk that we will increasingly face delivery interruptions and may not be able to resolve these interruptions in a timely manner.

Another risk is that, due to insufficiently upgraded networks, customers (both low-volume and high-volume) may have no or insufficient electricity when they need it. This could hinder economic activities and housing development. Additionally, it may result in fines and/or reputational damage, impacting our financial position, financial performance and cash flows.

ESRS2 SBM-3 48d

Furthermore, there is a risk that we may not be able to manage voltage quality in low-voltage networks. This may occur due to the rapid increase in capacity and voltage constraints within these networks.

Lastly, there is also a risk that we may be insufficiently resilient against cyber threats. This could lead to both financial and reputational damage in the event of incidents, affecting our financial position, financial performance and cash flows.

ESRS2 SBM-3 48d

Opportunities

S4 SBM-3 10d

An opportunity in the Construction, Utilisation and Management of our energy network lies in leveraging data, technology and innovation. This includes prioritising and encouraging innovation, investing in smart network and operations enhancements, and the intelligent use of data. These efforts create opportunities to prevent network congestion and facilitate the energy transition.

The aforementioned impacts, risks and opportunities affect all customers within our service area, including both low-volume and high-volume customers.

S4 SBM-3 10a,c; S4 SBM-3 11; S4 SBM-3 12

Policies, actions, metrics and targets

Construction, Utilisation, Management – Policies

S4-1 15 MDR-P 65a,b

Ensuring that energy remains accessible, maintaining supply reliability, and advancing the energy transition and thereby investing in the energy infrastructure is embedded in the Stedin Group Strategy 2023–2027: Construction, Utilisation, Management. In describing our approach to the topic Energy access and supply reliability, we consider this strategy as policy. This concerns the execution of our core task, for which no separate overarching policy is required beyond our strategy. For a description of our strategy, see the chapter Stedin strategy.

Information security – Policies

We have established our policy to manage the aforementioned risk related to cyber, data and information security in the Stedin Information Security Policy.

S4-1 15
MDR-P
65a,b,c,d

The Stedin Information Security Policy is designed to reduce the risk of breaches in information security to an acceptable level through control measures. The policy applies to our entire organisation, with the exception of Utility Connect and Infradock. The Chief Information Security Officer (CISO) is the owner of the policy. The Security Office, which falls under the responsibility of the CISO, drafts, administers and maintains the policy. The implementation, execution, and management and maintenance of the control measures for information security as outlined in the policy are delegated by the Security Office to the business units and departments within Stedin. With our Information Security Policy we adhere to the internationally accepted standards for both information and physical security.

The following standards serve as the starting point and provide the foundation for the Information Security Policy of Stedin:

- NEN-EN-ISO/IEC 27001:2023 Information security, cybersecurity and privacy protection – Information security management systems – Requirements.
- NEN-EN-ISO/IEC 27002:2022 Information security, cybersecurity and privacy protection – Information security controls.
- NEN-EN-ISO/IEC 27019:2020 Information technology – Security techniques – Information security controls for the energy utility industry.

Construction – Actions, metrics and targets

S4-5 40
MDR-T
80b,c,d,e,f,i

KPIs Construction	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
Irrevocable zoning plans	#	2024	10	10	12	-	-
Partnership agreements with municipalities	%	2024	-	55	95	100	100
Investments	€ 1 m.	832 (2023)	960	1,096	1,300	1.600 - 1.900	2.000 - 2.500
Additional capacity	MVA	513 (2023)	500	344	753	500	1,500

S4-4 30
MDR-A 68a;
S4-4 31a;
S4-4 33a,b;
S4-5 40
MDR-T 80b,j

To start construction earlier, our target for 2024 was to secure 10 irrevocable zoning plans for transport network expansions with a spatial component. The actions we undertook to achieve this are documented in the Process Manual: Space for Network Expansion Transport Stations. This manual outlines the various activity phases, from conducting a bottleneck analysis and coordinating with municipalities to publishing the draft zoning plan and drafting a user agreement. In 2024, we secured 10 irrevocable zoning plans for transport network expansions.

In 2024, we signed a partnership agreement with 55% of the municipalities. With these agreements, we aim to initiate distribution network expansions according to our planning by collaborating with municipalities. An important action in this process is working through a Neighbourhood Approach. With the Neighbourhood Approach, we are accelerating the upgrade of the distribution network. We are establishing partnership agreements with local authorities in advance to identify locations for new distribution stations. In 2025, we will incorporate the target for the number of partnership agreements with municipalities into our regular planning, control and monitoring processes.

Our target for investments in our networks for 2024 was €960 million. In 2024, we invested €1,096 million in our networks. We also work with a target regarding additional transport capacity – the net amount of network capacity, measured in mega volt-amperes (MVA), that was added to the total capacity during the reporting year. The target for 2024 was to add 500 MVA of additional capacity to the network. The main action to achieve this target was to invest in network capacity. We have developed an Investment Plan for 2024–2033, which provides insight into the planned expansion and replacement investments in our electricity and gas infrastructure for this period. In this strategic investment plan, we look ahead to the required investments based on market developments, government policy and future scenarios. We update this investment plan every two years.

In 2024, we added 344 MVA of additional capacity to our network. This is below our target of 500 MVA of additional capacity, primarily due to delays encountered in the construction of transport stations. These transport stations will therefore be added at a later time.

Due to the energy transition and the simultaneous need to maintain high supply reliability, investments in our networks have increased significantly in recent years, and even more investment will be required in the coming years. As a result, it is expected that our customers' total energy bills for electricity and gas will rise, putting energy affordability under pressure. To address affordability, we are actively involved, together with other grid operators and Netbeheer Nederland, in various studies on potential measures, such as recalibrating the way network costs are passed on. In addition, an interdepartmental policy study (IPS) on the funding and financing of the electricity infrastructure is underway on behalf of the cabinet. As a grid operator, we are involved in this initiative as well. The final report of the IPS is expected in the first quarter of 2025 and is intended to lead to concrete recommendations.

As mentioned, leveraging data, technology and innovation represents an opportunity in building our energy network. To capitalise on this opportunity, our strategy clearly emphasises these elements for the coming years. We are collaborating with contractors to accelerate construction, and as part of our actions, we are signing agreements with these contractors that also allow room for their innovations.

Utilisation – Actions, metrics and targets

S4-5 40
MDR-T
80b,c,d,e,f,i

KPIs Utilisation	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
Capacity covered by flexible contracts	MW	2024	500	167	500	-	-
Digitally metered MV substations	%	2024	26	24	40	-	-

S4-4 30
MDR-A 68a;
S4-4 31a;
S4-4 33a;
S4-5 40
MDR-T 80b,j

We want to optimally utilise the available space on our existing networks. That is why we are focusing on accurately forecasting customer demand and improving our understanding, monitoring and control of our network. We apply congestion management to distribute the load on the electricity network and prevent overload. Additionally, we publish capacity maps so that customers looking for a location to settle can see where capacity is still available.

We deploy technical, flexible and behavioural solutions to maximise the use of the available capacity. A concrete action in this regard is the implementation of flexibility solutions. Flexibility solutions can help optimise the utilisation of the electricity network, for example, by making arrangements with customers to reduce consumption capacity during peak periods or by actively feeding electricity back to balance the network. We refer to this as flexible (control) capacity, and it is a component of congestion management. We document these customer agreements in flexible contracts, which we primarily sign with our high-volume customers. Our target for flexible contracts by the end of 2024 was 500 MW, of which we have contracted 167 MW. This is below our target. For 2025, we remain committed to the same target of 500 MW, with the added provision that the contracted capacity must be located in an (existing) congestion area in order to be counted towards the realisation.

In addition, we want to digitally meter our medium-volume substations to a greater extent. This will allow us to continuously analyse and redirect the network situation. For 2024, our target was for 26% of the medium-volume substations to be digitally metered. We are achieving this target by installing distribution automation boxes in our medium-volume substations, which enable our operations control centre to monitor, switch and intervene remotely when necessary. By the end of 2024, 24% of the medium-volume substations could be digitally metered. This is lower than our target of 26% and is due to a delay in scaling up the digital measurement of medium-volume substations.

An opportunity to utilise our energy network lies in leveraging data, technology and innovation. Actions in 2024 related to this included:

- cable pooling where more customers share a single connection
- deployment of large batteries which help relieve overloaded networks
- implementation of Realtime Interface that enables power control

S4-5 40
MDR-T
80b,c,d,e,f,i

Management – Actions, metrics and targets

KPIs Management	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
SAIDI LV/MV	min.	20 (2023)	<22	21	<22	<22	-
SAIDI G	sec.	44 (2023)	0	31	0	0	0

S4-4 30
MDR-A 68a;
S4-4 31a;
S4-4 33a;
S4-5 40
MDR-T 80b,j

Our target is an average interruption duration per consumer of less than 22 minutes per year for low and medium-volume networks. For gas, our ambition is to have no interruptions throughout the year. In the past year, the supply reliability of our electricity and gas networks was high; the average interruption duration per consumer was 21 minutes for low and medium-volume and 31 seconds for gas. This translates to a supply reliability of 99.9960% for electricity and 99.9999% for gas. While we naturally strive for zero failures, the pressure on our network is continuously increasing. Therefore, we are undertaking continuous maintenance on both our low and medium-volume networks as well as our gas network.

To manage our networks as effectively as possible and to determine where maintenance and replacement are truly necessary, more insight into the performance of our networks is required. Using measurements and data, we are improving our understanding of the performance of our assets, as exemplified by the digital metering of medium-volume substations described above. This also enables us to enhance our risk analyses and failure curve models.

Information security – Actions, metrics and targets

S4-4 30
MDR-A 68a;
S4-4 33a

The information security approach was revisited in 2023, with an even greater focus on strengthening the information security organisation. Actions taken in 2024 included:

- Implementation of the new role of Technical Security Expert. These colleagues provide the appropriate security expertise as early as possible in digital transformation processes or make it accessible.
- Continued investment in monitoring and adequate response to threats and incidents. The goal is to quickly identify vulnerabilities and incidents so that we can mitigate the impact of any misuse.
- Further development of information security knowledge within Stedin. This is pursued through a segmented approach to enhance the digital security culture.

S4-5 40
MDR-T 81a

Regarding the material topic of Cyber, information and data security, targets are currently under development that focus on the turnaround time for critical vulnerabilities and on performed application classifications indicating the extent to which an application is business critical. In 2025, we will incorporate these targets into our regular planning, control and monitoring processes.

Governance and interests of stakeholders

S4-1 15
MDR-P 65c

The responsibility for executing the strategy is described in the section on Governance roles, Board of Management, in the Corporate Governance chapter.

S4-1 15
MDR-P 65e

In preparing the Stedin Group Strategy 2023–2027, we consulted with stakeholders, including customers. We take stakeholders' interests into account when formulating and reviewing the strategy annually. The primary concern is to keep the network manageable so that current and future customers in our service area continue to have access to the energy network. This is the core of our strategy.

S4-4 30
MDR-A 68b,c;
S4-4 31d;
S4-4 32a,b;
S4-5 40
MDR-T 80a,h;
S4-5 41

Departments prepare annual plans detailing what is needed within their area to implement the Stedin strategy. In this process, the relevant KPI owners determine the targets for the KPIs in consultation with the Board of Management. When formulating these targets, we did not consult customers. However, the annual plans, as an elaboration of the strategy, include the material sustainability topics, for which stakeholders were consulted during the selection process. In addition, we coordinate the Stedin Group Annual Plan with our shareholders.

S4-1 15
MDR-P 65f;
S4-4 30
MDR-A 69;
S4-4 37

In the Investment Plan 2024–2033, we have included the investment amounts required to realise the strategy and the targets and actions described in this chapter. In preparing the Investment Plan, we also consulted with stakeholders. Both the Investment Plan and a summary of the Stedin Group Strategy 2023–2027 are available on our website.

Processes for engaging with consumers and end users about impacts

S4 SBM-2 8;
S4-2 20

We regularly engage with our customers through the departments within our customer chain. This is done across the three strategic focal points: Construction, Utilisation, Management, and the material topics. The Customer Director holds ultimate responsibility for this customer engagement. Internal stakeholder representatives consult with customers in support of the strategy, gathering insights on potential impacts during these discussions. If any impacts are deemed material, we incorporate them into our strategy following approval by the Board of Management. For further details, please refer to the Governance and interests of stakeholders section in the chapter on Access to energy and supply reliability, as well as the section on Information provided to and sustainability topics addressed by the undertaking's administrative, management and supervisory bodies in General disclosures.

Processes to remediate negative impacts and channels for customers to raise concerns

S4-1 16b,c;
S4-3 25a,b,d

Customers of Stedin can express their complaints and concerns in various ways, for example by telephone or via the Stedin website. We strive to resolve complaints and damage reports within three weeks. If this is not possible, the customer will receive a notification from us. The legally required period for handling a complaint or damage report is eight weeks. If the complaint or damage report meets the conditions, we will pay out compensation.

The Customer Contact Centre is the first point of contact for our customers. If this department receives complaints or claims that it cannot resolve, the Complaints Management department takes over. This department consists of complaint prevention advisors and lawyers who handle customer complaints and damage claims. If a customer cannot reach a resolution together with us, they can submit the complaint or claim to an independent dispute committee.

S4-3 26

We assess whether the remedial action provided is effective based on regular stakeholder contact. These conversations also reveal whether customers are aware of the complaint channel.

We have measures in place to protect customers who use the complaint channel. Customer complaints are treated confidentially, with full respect for privacy rights. Customers can also submit a report anonymously. In 2025, we will formalise this process.

S4-3 25c

Stedin has its own channels where customers can report their complaints and damages. We do not require our business partners to provide a complaint channel for our customers.

Actions for remediation

S4-4 30
MDR-A 68;
S4-4 31a,b,c;
S4-4 32c

To mitigate the negative impact on customers in the event of outages, we have established work instructions for outage restoration. For restoration and compensation in case of outages, we operate under a Compensation Scheme for electricity and gas. When a customer experiences an outage with no power for at least four consecutive hours, they may be entitled to compensation. These compensations have been determined by ACM. In 2024, we granted €2.4 million in outage compensations to customers. The compensation scheme is available on the Internet.

S4-4 34

Finally, we aim to prevent our activities from creating a negative impact on customers and their environment. Therefore, our strategy is executed with a focus on the impact and emissions of our own operations.

Human rights policy

S4 SBM-2 8;
S4-1 16a,b;
S4-1 17;
S4-4 35

Specific elements of our human rights policy, which was approved by the Board of Management in December 2024 and came into effect on 1 January 2025, apply to our customers. These elements pertain to safety, discrimination and intimidation, and privacy. Our human rights policy adheres to the guidelines and standards derived from both Dutch laws and international standards and guidelines, including the United Nations (UN) Guiding Principles on Business and Human Rights. By publishing the Stedin Group Human Rights Statement on our website in 2025, we inform our customers about our commitment to human rights. For more information on raising complaints and concerns regarding human rights and remediation processes, see the section on Processes to remediate negative impacts and channels for customers to raise concerns.

Our organisation operates exclusively within the Netherlands, where Dutch laws and regulations actively contribute to preventing human rights violations. Along with the available reporting mechanisms, the risk of human rights violations is therefore limited for our customers.

Customer and stakeholder perception

Stedin understands customer and stakeholder perception to mean the experience and satisfaction of customers, clients, value chain partners and regulators regarding the quality of our services.

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Customer and stakeholder perception		Risk	Unsatisfied customers due to underperformance	Long	Stedin Strategy	Stedin Group 2024 Annual Plan

Material impacts, risks and opportunities

Risks

S4 SBM-3 10a,d; S4 SBM-3 11; S4 SBM-3 12

Underperforming in our customer relationships can lead to dissatisfied customers, complaints and potentially even fines. This risk applies to all customers within our service area, including both low-volume and high-volume customers.

Policies, actions, metrics and targets

Policies

S4-1 15 MDR-P 65a,b

Stedin aims to be a reliable partner for customers. Customer convenience is embedded in the Stedin Group Strategy 2023–2027, which includes principles for customer and stakeholder perception. We want our customers to be able to do business with us effortlessly and for the lead time of their connection to fall within the timeframe set by ACM. In describing our approach to customer and stakeholder perception, we consider our strategy as policy.

Actions, metrics and targets

S4-5 40 MDR-T 80b,c,d,e,f,i

KPIs Customer and stakeholder perception	Unit	Base year	Target 2024	Result 2024	Target 2025	Target 2027	Target 2030
Customer convenience and inconvenience Meters and connections	%	2024	78/12	84/8	78/14	-	-
Customer convenience and inconvenience Meter cupboard problems	%	2024	83/7	88/6	85/7	-	-
Customer convenience and inconvenience Projects	%	2024	40/40	17/61	40/40	-	-
Lead time for low-volume connections 18 weeks	%	2024	90	42	67	-	-
Lead time for low-volume connections 12 weeks	%	2024	90	81	85	-	-

S4-4 30
MDR-A 68a;
S4-4 33a;
S4-5 40
MDR-T 80b,j

We monitor targets related to the convenience and inconvenience our customers experience when purchasing connection and metering products, such as the installation or removal of connections. This also includes customer experiences with capacity upgrades, smart meter installations and resolving communication failures. The key action in 2024 to achieve our customer convenience targets was conducting customer journeys. As part of these customer journeys, we carried out research into improvement initiatives by engaging in conversations with customers and customer panels, as well as conducting quantitative research.

In 2024, the customer convenience percentage for meters and connections was 84%, for meter cupboard problems 88% and for projects 17%. The customer inconvenience percentage for meters and connections was 8%, for meter cupboard problems 6% and for projects 61%. For customer convenience and inconvenience in projects, our 2024 targets (40%/40%) were not achieved. We are currently implementing improvements in our service delivery in both the quotation process and the execution process of projects to improve the perceived customer convenience.

In addition to focusing on customer convenience, we are also aiming for a good lead time for low-volume connections. The target is for 90% of the connections to have a lead time of 12 weeks if no excavation work is required and 18 weeks if excavation work is required. To achieve this, a new approach was introduced in 2024 where the customer knows the actual connection time limit early in the process. Another action in 2024 involved discussions with stakeholders such as municipalities and contractors who influence the realisation of the connection time limit. In 2024, the lead time was 12 weeks for 81% of the connections and 18 weeks for 42% of the connections. We cannot always meet the connection time limit under all circumstances. However, we are continuously optimising our processes to ensure that, in cases where there are no exceptional circumstances, we connect our customers as quickly as possible.

For the following topics related to customers, see the chapter Access to energy and supply reliability in the corresponding sections:

- Governance and interests of stakeholders
- Processes for engaging with consumers and end users about impacts
- Processes to remediate negative impacts and channels for customers to raise concerns
- Actions for remediation
- Human rights policy

Business ethics, integrity and good governance

For Stedin the topic Business ethics, integrity, and good governance is primarily about maintaining fair and just business operations.

Topic	Value chain	IROs		Time horizon	Policies	Action plan
Business ethics, integrity and good governance		Positive and negative impact	Impact of fair and just business operations on stakeholder trust	Medium term	Code of Conduct Stedin Group Policy Instruction for Reporting and Handling Integrity Incidents and Misconduct Compliance Charter Supplier Code of Conduct	Compliance officer E-learning integrity Integrity Hotline and confidential advisers Minimum requirements for public tenders, including signing the Supplier Code of Conduct Audit of suppliers Continuous monitoring of suppliers

Material impacts, risks and opportunities

Impacts

We have a potential impact on the trust of various stakeholders through fair and just business operations. This trust is maintained if there is a healthy corporate culture focused on integrity in business conduct. Without a healthy corporate culture, stakeholder trust may diminish. Stedin is a public organisation with a societal role. The trust that stakeholders (such as shareholders, employees and our supply chain partners) have in us is of great importance to us.

G1 IRO-1 6

We have determined our material impact related to business conduct in our double materiality assessment 2024. We describe this analysis in the section Management of impacts, risks and opportunities in the chapter General disclosures.

Governance

Integrity in business conduct is part of compliance within Stedin. This refers to compliance with relevant laws and regulations and working according to our own Code of Conduct.

G1 GOV-1 5a

The Board of Management of Stedin is responsible for monitoring compliance with all relevant laws and regulations. In addition, our Board of Management is responsible for ensuring the proper design of compliance and managing compliance risks within Stedin. The Board of Management is also responsible for appointing the compliance officer and the confidential advisers. Lastly, the Board of Management has also established an Integrity Hotline.

G1 GOV-1 5a

The Supervisory Board of Stedin oversees the functioning and quality of compliance. The Supervisory Board is responsible for monitoring the reporting procedure of (suspected) misconduct and irregularities. The Supervisory Board members ensure appropriate and independent investigation of signals of misconduct and irregularities. If misconduct or an irregularity occurs, the Supervisory Board oversees the adequate follow-up of any recommendations or corrective actions.

G1 GOV-1 5b

To ensure expertise in the area of business conduct for both the Board of Management and the Supervisory Board, see the section The role of the administrative, management and supervisory bodies in the chapter General disclosures.

Business conduct and corporate culture

G1-1 7; G1-1 9

Our policy for managing the impact related to business conduct and integrity is primarily captured in our Code of Conduct Stedin Group. This Code of Conduct outlines the standards, values and guidelines for our employees regarding desired behaviour. The code applies to interactions between employees and with external parties (such as customers, shareholders, suppliers and other Stedin business contacts). The standards, values and guidelines are often based on legally determined rules. Topics covered in the Code of Conduct include conflicts of interest, handling confidential and other information and company assets, and unacceptable behaviour. 'Unacceptable behaviour' includes fraud and (energy) theft, bribery and other forms of corruption, abuse of power, intimidation, aggression, violence and discrimination in any form.

Stedin ensures the implementation of its policy on this topic through the following actions:

- **Compliance officer**
  The Board of Management assigns a compliance officer. By periodically highlighting 'integrity', the compliance officer raises awareness through intranet articles and participation in departmental meetings. Additionally, the compliance officer monitors the effectiveness of the Code of Conduct and periodically reports the number and nature of incidents (including corruption and bribery) to the Board of Management and the Supervisory Board.
  G1-3 18c
  The compliance officer has the authority to investigate suspected integrity incidents or misconduct and may engage external investigators if necessary. Finally, the compliance officer is responsible for promoting and overseeing compliance with relevant laws and regulations.
- **E-learning on integrity for all employees**
  G1-1 10g
  All permanent and contracted employees, as well as our interns, are expected to endorse, understand and comply with the contents of the Code of Conduct. Additionally, we expect them to take responsibility for protecting the reputation of Stedin Group. To support this, every internal and external employee, as well as the Board of Management, must complete an e-learning on the Code of Conduct Stedin Group upon joining the company.
  This e-learning provides an introduction to various integrity-related topics, such as conflicts of interest, fraud, handling confidential information and reporting incidents. After completing the training, employees and interns will also know where to find the Code of Conduct, the Integrity Hotline and the contact details of the compliance officer and confidential advisers.
- **Integrity Hotline and confidential advisers**
  G1-1 10a
  Stedin has an Integrity Hotline. The compliance officer initiates an investigation following each report, including for cases of corruption or fraud. The handling of integrity incidents follows the Policy Instruction for Reporting and Handling Integrity Incidents and Misconduct at Stedin. Based on this investigation, measures will be taken if necessary. The compliance officer carries out tasks and responsibilities, such as investigating incidents independently.
  G1-1 10e; G1-3 18b
  This is documented in the Compliance Charter for Compliance & Integrity at Stedin. Incidents can be reported not only through the Integrity Hotline but also to an internal or external confidential advisor, the compliance officer and the Dutch Whistleblowers Authority. Anyone working for Stedin or present in one of our buildings or locations can make a report, including interns and external employees working for Stedin. Our external stakeholders can also report concerns regarding the behaviour of Stedin employees in violation of the Code of Conduct, for example, by phone or via the Stedin website. For more information regarding customers, see the section on Processes to remediate negative impacts and channels for customers to raise concerns in the chapter Access to energy and supply reliability.

Corruption and bribery

G1-3 18a; G1-4 24b

Bribery and other forms of corruption are not tolerated at Stedin. Our policy to prevent corruption and bribery is part of the internal Code of Conduct and the Policy Instruction on Reporting and Handling Integrity Incidents and Misconduct. Both are described in the section above. The Code of Conduct has not been assessed against the United Nations Convention against Corruption. This assessment will take place in 2025. If the assessment warrants it, we will amend the Code of Conduct.

G1-1 10b

G1-3 20

With regard to actions, our employees can find the Code of Conduct and Policy Instruction on the Stedin intranet. As mentioned above, articles on integrity are periodically published on the intranet, highlighting topics such as corruption, bribery and the Code of Conduct. Aside from the mandatory integrity e-learning upon hiring for all internal and external employees, we do not periodically offer training specifically focused on corruption and bribery. Within Stedin, we do not differentiate functions that are most at risk in respect of corruption and bribery.

G1-3 21

G1-1 10h

G1-4 24a

In 2024, there were no convictions or fines for violations of anti-corruption and anti-bribery laws.

Protection of whistleblowers

G1-1 10c

Our whistleblower protection policy is set out in the Policy Instruction on Reporting and Handling Integrity Incidents and Misconduct. This instruction provides information on whistleblowing for Stedin employees. The provisions regarding whistleblowers are in line with the Dutch Whistleblower Protection Act. As for actions, the policy instruction is available on our intranet. Whistleblowers can report through regular internal channels: the Integrity Hotline, internal or external confidential advisers and the compliance officer. It is also possible to report externally to the Dutch Whistleblowers Authority. If an employee believes that a wrongdoing within Stedin has not been handled or has not been handled adequately, and it concerns a wrongdoing with societal significance, the employee can contact the Dutch Whistleblowers Authority. A reporting party can also turn to the Dutch Whistleblowers Authority if they experience adverse consequences as a result of the report. The Dutch Whistleblowers Authority will conduct a treatment investigation to determine whether the whistleblower has been treated fairly and justly and whether any adverse consequences have occurred as a result of the reporting.

Whistleblowers can report to the confidential advisers of Stedin. The Board of Management appoints these confidential advisers. The advisers work strictly confidentially and undergo external and certified training to become confidential advisers. After this course, they can voluntarily register in the registry. They are then required to earn annual points by completing training.

We hire external investigators from a specialised agency that focuses on investigating integrity reports. These investigators are certified to conduct such investigations. Employees do not receive specific training on whistleblowing but are informed about this topic through the Policy Instruction for Reporting and Handling Integrity Incidents and Misconduct.

Management of relationships with suppliers, including payment practices

Management of relationships with suppliers

G1-2 15a

Stedin strives for fair treatment and payment of its supply chain partners. We also manage that our supply chain partners comply with laws and regulations and act with integrity. To this end, Stedin has established the Stedin Supplier Code of Conduct. This Supplier Code of Conduct is publicly available on our website. We strive for our suppliers to sign the Supplier Code of Conduct, thereby committing themselves to the principles regarding integrity, human rights, working conditions, safety and the environment. By signing, suppliers also commit to sharing relevant information regarding compliance with the Supplier Code of Conduct and collaborating in the event of potential risks or violations. Additionally, suppliers acknowledge that they will conduct due diligence on sustainability together with Stedin. For more information on this due diligence process, see the section on Sustainability Due Diligence in the chapter on General disclosures. We also expect our suppliers to ensure that their suppliers and third parties they engage with comply with national and international laws and regulations and our Code of Conduct.

G1-2 15b

In terms of actions, we set minimum requirements in our tenders at the time of bidding and after the award. For example, we require a party to be financially sound, pay taxes and social contributions and have no Russian involvement. We also incorporate MEAT (Most Economically Advantageous Tender) criteria in the tender process. ESG is a part of this. In the tender process, we ask contractors to develop a sustainability action plan. This action plan is included in our assessment and any awards.

For current developments in our approach to sustainability aspects in tenders, see the section on Circular criteria for procurement and tendering in the chapter on Circular resource inflow.

Before or after awarding a contract, we conduct a supplier audit in certain cases. Whether we conduct a supplier audit depends on the risk assessment of the supplier. If a supplier has a high-risk assessment, we perform an audit. This audit takes place at the supplier's location and is technical, legal and/or operational in nature. During the audit, the supplier is also asked some questions regarding social and environmental topics. Based on the results of the supplier audit, we decide whether or not to award the contract respectively enter into a definitive contract.

Since 2024, continuous monitoring of our suppliers has been taking place during the contract period. This is done based on external databases such as Dun & Bradstreet and SAP data. The monitoring focuses on four areas: financial, operational, regulatory & compliance and ESG. We use a dashboard to visualise the risks from the external databases for our suppliers. Based on the risks displayed on the dashboard, we take actions and mitigating measures.

Payment practices

G1-2 14;
G1-6 33a,b,c

Stedin has no policy in place to prevent payment delays. We do share our invoice requirements with suppliers to ensure timely payment. The average payment period is 31 days. As of 31 December 2024, there are no legal proceedings due to late payments.

Supplier category	Share	Payment term
Transmission and distribution	36%	30 days
Contracting	15%	7 (71%) and 30 days (27%)
Equipment and materials	10%	30 days

Political involvement and dialogue with regulator

Political involvement

By influencing policy and decision-making processes at the national level and within the EU, engaging in dialogue with stakeholders and translating internal expertise into political decisions, Stedin aims to contribute to its strategic goals. To achieve this, Stedin maintains a network of key national external stakeholders, such as industry associations and interest groups, focused on political developments. The discussions with regional, national or international politicians are often conducted in collaboration with Netbeheer Nederland, a cooperation of grid operators.

The national and international political activities within Stedin involve lobbying efforts for national and European politics. For some key dossiers, we actively exert influence on regional, national and international politics, as they relate to our core tasks as a grid operator. We advocate positions aligned with our strategy: Construction, Utilisation, Management. In 2024, we specifically highlighted the capacity of the high, medium and low-volume networks. Through our lobbying efforts, we focus on policy solutions, incentives and legislation to resolve, prevent or mitigate network congestion as quickly as possible. We achieve this by optimising the utilisation of existing networks. All of Stedin's key dossiers contribute to the material impacts, risks and opportunities related to Access to energy and supply reliability. G1-5 29c

The CEO and the Director of Strategy & Regulation hold ultimate responsibility for the national and international influence on policy and decision-making processes. The regional directors carry out lobbying activities for provinces and municipalities, for which the COO holds ultimate responsibility. G1-5 29a

Dialogue with regulators

G1-5 29c

In 2024, Stedin held discussions with the Netherlands Authority for Consumers and Markets (ACM) on, among other things, the following three focus areas:

- **Method decisions for 2027 and beyond**
  The current regulatory period runs from 2022 to 2026. Therefore, in 2026, the ACM will need to make method decisions for the regulatory period starting in 2027, for both electricity and gas. In December 2024, the ACM commenced the formal establishment process by organising the first consultation group meeting. These discussions primarily focus on how the regulation method should be adjusted to support the energy transition.
- **Code changes regarding network congestion**
  This concerns (newly) developed products to resolve network congestion. Together with other grid operators, Stedin is proposing measures and opportunities to reduce network congestion. This topic contributes to managing the identified impacts, risks and opportunities related to Access to energy and supply reliability.
- **Tariff structure for electricity**
  The ACM is involved as an observer and will ultimately make decisions on this topic. Stedin's goal is to establish a tariff structure that provides a more effective incentive for efficient network use and a fairer distribution of costs. This area of focus also contributes to the identified impacts, risks and opportunities related to Access to energy and supply reliability.

G1-5 29a

The CEO and the Director of Strategy & Regulation are responsible for engaging in dialogue with the regulatory authority ACM.

Membership in industry and other associations

G1-5 29b

Stedin is a member of Netbeheer Nederland, the Dutch Association for Sustainable Energy, and some European industry associations. Additionally, we are a partner of the ElaadNL Foundation, a knowledge and innovation centre for smart and sustainable charging for electric vehicles. We make a material financial contribution only to Netbeheer Nederland (membership fee payment). The membership costs amount to €1.8 million. Netbeheer Nederland represents the interests of grid operators with the government and political entities. Stedin does not make any other direct or indirect material financial contributions or in-kind contributions to politicians, political parties or government institutions.

Financial Statements **2024**

Consolidated statement of income

x € 1 million	Note	2024	2023
Net revenue	4	2,048	1,752
Other income	5	40	18
Total operating income		**2,088**	**1,770**
Personnel expenses	6	667	537
Cost of procurement and contracted work	7	900	701
Other operating expenses	8	228	194
Capitalised own production	9	-344	-262
		1,451	**1,170**
Depreciation, amortisation and impairment of non-current assets	10	331	307
Total operating expenses		**1,782**	**1,477**
Operating profit		**306**	**293**
Financial income and expenses	11	-101	-65
Result from associates and joint ventures after income tax		0	0
Profit before income tax		**205**	**228**
Income tax	12	-47	-58
Result after income tax		**158**	**170**
Attributable to:			
Shareholders of Stedin Holding N.V.	42	152	164
Non-controlling interests		0	-
Holders of perpetual subordinated bonds	42	6	6
Result after income tax		**158**	**170**

Consolidated statement of comprehensive income

x € 1 million	Note	2024	2023
Result after income tax		**158**	**170**
Unrealised gains and losses that may be reclassified to the income statement			
Unrealised gains and losses on cash flow hedges	30	26	-12
Reclassification cash flow hedge reserves to income statement		4	1
Deferred tax liabilities on cash flow hedges	16	-8	3
Total other comprehensive income		**22**	**-8**
Total comprehensive income		**180**	**162**
Profit distribution:			
Shareholders of Stedin Holding N.V.		174	156
Non-controlling interests		0	-
Holders of perpetual subordinated bonds		6	6
Total comprehensive income		**180**	**162**

Consolidated balance sheet

x € 1 million	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	13	8,294	7,522
Intangible assets	14	118	107
Right-of-use assets	15	91	68
Deferred tax assets	16	2	-
Financial assets		8	7
Total non-current assets		**8,513**	**7,704**
Current assets			
Inventories	17	130	99
Current tax assets	18	18	10
Trade and other receivables	19	312	283
Cash and cash equivalents	20	101	188
Total current assets		**561**	**580**
TOTAL ASSETS		**9,074**	**8,284**

x € 1 million	Note	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Group equity			
Equity attributable to Stedin Holding N.V. shareholders	21	2,864	2,715
Non-controlling interests	21	0	-
Perpetual subordinated bond	21	506	506
Total group equity		**3,370**	**3,221**
Non-current liabilities			
Provisions for employee benefits	22	13	11
Other provisions	23	8	13
Deferred tax liabilities	16	178	149
Interest-bearing debt	24	2,921	3,069
Lease liabilities	15	76	57
Deferred revenue	25	1,166	1,065
Total non-current liabilities		**4,362**	**4,364**
Current liabilities			
Provisions for employee benefits	22	6	4
Other provisions	23	11	3
Derivative financial instruments		-	50
Interest-bearing debt	24	880	265
Lease liabilities	15	18	12
Trade payables and other liabilities	26	427	365
Total current liabilities		**1,342**	**699**
TOTAL EQUITY AND LIABILITIES		**9,074**	**8,284**

Consolidated cash flow statement

x € 1 million	Note	2024	2023
Profit after income tax		**158**	**170**
Adjusted for:			
· Financial income and expenses	11	101	65
· Income tax	12	47	58
· Depreciation, amortisation and impairments of non-current assets	10	331	307
· Result on sale of property, plant and equipment and intangible assets		-3	-8
Movements in working capital	31	2	-49
Movements in deferred revenue	25	103	107
Movements in provisions and other		2	-26
Cash generated from operations		**741**	**624**
Interest paid	31	-103	-66
Interest received		6	2
Income tax paid		-33	-14
Cash flow from operating activities		**611**	**546**
Investments in property, plant and equipment		-1,068	-816
Disposal of property, plant and equipment		3	12
Investments in intangible assets		-14	-9
New loans issued		-7	-3
Repayments of loans granted		6	8
Cash flow from investing activities		**-1,080**	**-808**

x € 1 million	Note	2024	2023
Dividend payments ordinary shares		-52	-16
Dividend payments preference shares		-6	-6
Issue of shares		33	500
Transaction costs of issue of shares		-1	-4
Transactions with non-controlling interests		1	-
Coupon on perpetual subordinated bonds	21	-8	-8
Payment of principal portion of lease liabilities		-15	-14
Proceeds from non-current interest-bearing debt	24	496	-
Proceeds from current interest-bearing debt	24	3,330	5,723
Repayment of non-current interest-bearing debt	24	-151	-
Repayment of current interest-bearing debt	24	-3,245	-5,778
Cash flow from financing activities		**382**	**397**
Movements in cash and cash equivalents		**-87**	**135**
Balance of cash and cash equivalents as at 1 January		188	53
Balance of cash and cash equivalents as at 31 December		**101**	**188**

Consolidated statement of changes in group equity

	Equity attributable to Stedin Holding N.V. shareholders											
x € 1 million	Paid up and called-up share capital	Share premium	Cash flow hedge reserve	Cost of hedging reserve	Legal reserve capitalised development costs	Legal reserve participating interests	Retained earnings	Undistributed profit	Total	Non-controlling interests	Perpetual subordinated bond	Total group equity
As at 1 January 2023	**539**	**158**	**-14**	**-1**	**9**	**-**	**1,317**	**75**	**2,083**	**-**	**506**	**2,589**
Profit after income tax 2023	-	-	-	-	-	-	-	164	**164**	-	6	**170**
Total other comprehensive income	-	-	-5	-3	-	-	-	-	**-8**	-	-	**-8**
Total comprehensive income	**-**	**-**	**-5**	**-3**	**-**	**-**	**-**	**164**	**156**	**-**	**6**	**162**
Transactions with shareholders												
Dividend payments relating to 2022	-	-	-	-	-	-	-	-16	**-16**	-	-	**-16**
Cumulative preference dividend	-	-	-	-	-	-	-	-6	**-6**	-	-	**-6**
Issue of shares	67	433	-	-	-	-	-	-	**500**	-	-	**500**
Transaction costs of issue of shares	-	-	-	-	-	-	-4	-	**-4**	-	-	**-4**
Tax on transaction costs of issue of shares	-	-	-	-	-	-	1	-	**1**	-	-	**1**
Coupon on perpetual subordinated bond	-	-	-	-	-	-	-	-	**-**	-	-8	**-8**
Tax on coupon on perpetual subordinated bond	-	-	-	-	-	-	-	-	**-**	-	2	**2**
Total transactions with shareholders	**67**	**433**	**-**	**-**	**-**	**-**	**-3**	**-22**	**475**	**-**	**-6**	**469**
Other												
Profit appropriation 2022	-	-	-	-	-	-	53	-53	**-**	-	-	**-**
Reclassification	-	-	-	-	4	4	-7	-	**1**	-	-	**1**
Total other	**-**	**-**	**-**	**-**	**4**	**4**	**46**	**-53**	**1**	**-**	**-**	**1**
As at 31 December 2023	**606**	**591**	**-19**	**-4**	**13**	**4**	**1,360**	**164**	**2,715**	-	**506**	**3,221**

	Equity attributable to Stedin Holding N.V. shareholders											
x € 1 million	Paid up and called-up share capital	Share premium	Cash flow hedge reserve	Cost of hedging reserve	Legal reserve capitalised development costs	Legal reserve participating interests	Retained earnings	Undistributed profit	Total	Non-controlling interests	Perpetual subordinated bond	Total group equity
As at 1 January 2024	**606**	**591**	**-19**	**-4**	**13**	**4**	**1,360**	**164**	**2,715**	**-**	**506**	**3,221**
Profit after income tax 2024	-	-	-	-	-	0	-	152	**152**	0	6	**158**
Total other comprehensive income	-	-	18	4	-	-	-	-	**22**	-	-	**22**
Total comprehensive income	**-**	**-**	**18**	**4**	**-**	**0**	**-**	**152**	**174**	**0**	**6**	**180**
Transactions with shareholders												
Dividend payments relating to 2023	-	-	-	-	-	-	-	-52	**-52**	-	-	**-52**
Cumulative preference dividend	-	-	-	-	-	-	-	-6	**-6**	-	-	**-6**
Issue of shares	4	29	-	-	-	-	-	-	**33**			**33**
Transaction costs of issue of shares	-	-	-	-	-	-	0	-	**0**	-	-	**0**
Tax on transaction costs of issue of shares	-	-	-	-	-	-	0	-	**0**			**0**
Transactions with non-controling interests	-	-	-	-	-	-	-	-	**-**	0	-	**0**
Coupon on perpetual subordinated bond	-	-	-	-	-	-	-	-	**-**	-	-8	**-8**
Tax on coupon on perpetual subordinated bond	-	-	-	-	-	-	-	-	**-**	-	2	**2**
Total transactions with shareholders	**4**	**29**	**-**	**-**	**-**	**-**	**0**	**-58**	**-25**	**0**	**-6**	**-31**
Other												
Profit appropriation 2023	-	-	-	-	-	-	106	-106	**-**	-	-	**-**
Reclassification	-	-	-	-	7	-	-7	-	**-**	-	-	**-**
Total other	**-**	**-**	**-**	**-**	**7**	**-**	**99**	**-106**	**-**	**-**	**-**	**0**
As at 31 December 2024	**610**	**620**	**-1**	**-**	**20**	**4**	**1,459**	**152**	**2,864**	**0**	**506**	**3,370**

Notes to the consolidated Financial Statements

1 General information

1.1 General

Stedin Holding N.V. (hereinafter: Stedin Holding) is a public limited liability company under Dutch law, with its registered office at Blaak 8, 3011 TA Rotterdam, the Netherlands, and is registered with the Chamber of Commerce under number 24306393.

The main activity of Stedin Holding and its subsidiaries (hereinafter referred to as Stedin Group) is to ensure a safe, reliable and affordable energy supply. Stedin Group's grid operator (Stedin Netbeheer) achieves this on the one hand by building and managing the electricity and gas networks and preparing them for the future and on the other hand by facilitating the energy market. Stedin Netbeheer operates in the provinces of South Holland, Utrecht and Zeeland, as well as in parts of the Noordoost-Friesland and Kennemerland regions. The subsidiary DNWG Infra provides construction and maintenance of gas and electricity infrastructure in Zeeland on behalf of Stedin Netbeheer. It also realises projects and connections for the Evides water network in Zeeland and on Goeree-Overflakkee. The water-related operations for Evides will end by May 2026 at the latest. Subsidiary NetVerder helps achieve the energy transition by developing, constructing and maintaining energy infrastructures for heat, steam and biogas. It also focuses on the independent transmission and distribution of other new energy sources or carriers. Subsidiary Infradock is held 90% by Stedin Group and 10% by Evides. Infradock develops and manages a digital platform for information exchange and collaboration with contractors engaged by its shareholders. Utility Connect is a joint arrangement with Alliander with its own communication network to read smart meters and communicate with smart-network applications.

Stedin Netbeheer operates alongside five other Dutch regional grid operators in a regulated market. Each regional grid operator is a monopolist within its own service area. Regulation means that the work performed by the grid operator is set out in law and that the tariffs are set by the Netherlands Authority for Consumers and Markets (ACM). The regulatory model encourages grid operators to perform as well as possible (in terms of efficiency and quality) by using a benchmark model.

For more information on the composition of Stedin Group, see 2.3 Basis of consolidation and 3 Operating segments.

These Financial Statements were prepared by the Board of Management on 20 February 2025 and approved by the Supervisory Board of Stedin Holding. The Financial Statements are expected to be submitted to the General Meeting of Shareholders for adoption on 16 April 2025. The Financial Statements 2023 were adopted by the General Meeting of Shareholders on 27 March 2024.

1.2 Energy transition

As grid operator, Stedin Group stands at the heart of the energy transition. In addition to managing our energy infrastructure, we have been making our infrastructure more and more suitable for the energy transition. This specifically means that we take a critical look at the future of our gas network and that we invest heavily in expanding the capacity of our electricity network. We are also working within NetVerder to develop networks for alternative energy carriers.

Stedin Group's investments in modifying, reinforcing and expanding the electricity network fall under the regulation of ACM. The basic principle is that efficient investments will be reimbursed, including a reasonable return. As part of the benchmark comparison, it is determined to what extent our investments are efficient. However, the increasing level of investment, in combination with a delayed reimbursement based on the tariffs, is leading to increasing financing requirements. In 2024, Stedin Group issued new shares and a fourth green bond for this purpose (see 1.3 Key events in 2024).

In addition, TenneT's transmission purchase costs continue to increase due to rising investments in modifying, reinforcing and expanding the high-voltage network and higher energy prices in previous years. The effect of the regulation means that increases in TenneT's tariffs can be passed on directly to customers, limiting the financial risk for Stedin Group. However, it does lead to a further increase in our tariffs.

In contrast, congestion management costs are low for the time being, partly due to the still limited supply of flexible capacity. Amendments to laws and regulations, mandatory participation in congestion management and other measures may change this in the coming years, and congestion management costs may become significant.

Finally, the number of connections to the gas network is decreasing as more homes and buildings are made gas free as a result of the energy transition. In line with this development, Stedin Group applies a declining-balance method of depreciation for gas-related assets other than customer meters (see 2.5 Judgements, Estimates and Assumptions). With effect from February 2024, ACM and grid operators have agreed on an updated procedure for removing unused gas connections. A provision has been recognised in the balance sheet for requested removals without a specific date, which are not charged to the relevant customers (see 23 Other provisions). Stedin Group does not recognise a provision for future removals for which a request has not yet been submitted. This contingent liability is explained in 27 Contingent assets and liabilities.

1.3 Key events in 2024

Modified methodology and x-factor decisions

At the end of 2023, ACM published the amended method decisions for electricity and gas for the current regulatory period (2022–2026). In 2024, the amended method decisions became final and ACM adjusted the underlying x-factor decisions. These are used to calculate the tariffs we are allowed to charge. As a result of the changes, Stedin Group's revenue increased, and a portion of this is being brought forward in time. Stedin Group's total permitted revenue for the 2022–-2026 regulatory period is expected to increase by approximately €650 million. ACM has decided to allocate the additional revenue for electricity across the tariffs in the period 2024–2026 (with adjustments being calculated up to 2028).

New shareholders

Stedin Group shareholders approved 21 new shareholders at the General Meeting of Shareholders held on 27 March 2024. Besides the Provinces of Utrecht and Zeeland, 7 municipalities in Utrecht and 12 in Zeeland have become shareholders. Together, the new shareholders strengthen Stedin Group's equity by €33 million.

Early repayment of JPY loan

In April 2024, Stedin Group repaid a long-term loan of JPY 20 billion early (equating to €151 million at inception and €119 million at the time of early repayment). This loan had a term until 2039. At the same time, the related cross-currency interest rate swaps to hedge currency and interest rate risk were settled. As a result of this transaction, a one-off charge of €46 million was recognised in 2024, partly due to the reclassification of the cumulative cash flow hedge reserve and cost of hedging reserve to the income statement ('recycling'). This will be offset by lower interest costs over the coming years.

Green bond issue

In June 2024, Stedin Group issued its fourth green bond, for a nominal amount of €500 million. This loan has a term of seven years, an issue price of 99.563% and coupon interest of 3.625%. The effective interest rate excluding transaction costs is 3.697%. In issuing the bond, Stedin Group attracted existing and new sustainable investors.

In total, Stedin Group had €2 billion of green bonds outstanding as at 31 December 2024. These are listed on Euronext Amsterdam. This amount is mainly being invested in expanding and reinforcing the electricity network to enable the energy transition.

2 Accounting principles for financial reporting

2.1 General

Stedin Group's consolidated Financial Statements have been prepared in conformity with IFRS Accounting Standards (hereinafter referred to as IFRS or IFRS standards) as adopted by the European Union (hereinafter referred to as the EU) and the provisions of Part 9 of Book 2 of the Dutch Civil Code.

The consolidated Financial Statements of Stedin Group include the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in group equity. The disclosure notes to these Financial Statements are an integral part of these Financial Statements.

The accounting policies in these Financial Statements are consistent with those in the 2023 Financial Statements, unless otherwise stated, and are disclosed for each financial statement item. The Financial Statements have been prepared on a going-concern basis.

All amounts in these Financial Statements are in millions of euros (€), unless stated otherwise.

2.2 IFRS amendments

New or amended IFRS standards relating to the current financial year

The following new or amended IFRS standards have been adopted by the EU and are effective from the financial year 2024:

- Amendments to IAS 1 – 'Classification of Liabilities as Current or Non-current'
- Amendments to IAS 1 – 'Non-current Liabilities with Covenants'
- Amendments to IAS 7 and IFRS 7 – 'Supplier Finance Arrangements'
- Amendments to IFRS 16 – 'Lease Liability in a Sale and Leaseback'

These new or amended IFRS standards have no material impact on Stedin Group's Financial Statements.

New or amended IFRS standards relating to subsequent financial years

The following new or amended IFRS standards have been published but are not yet effective for the financial year 2024:

- Amendments to IAS 21 – 'Lack of Exchangeability'
- Amendments to IFRS 9 and IFRS 7 – 'Contracts Referencing Nature-dependent Electricity'
- Amendments to IFRS 9 and IFRS 7 – 'Amendments to the Classification and Measurement of Financial Instruments'
- IFRS 18 – 'Presentation and Disclosure in Financial Statements'
- IFRS 19 – 'Subsidiaries without Public Accountability: Disclosures'
- 'Annual Improvements to IFRS Accounting Standards – Volume 11'

These new or amended IFRS standards can only be applied if approved by the EU. They are not expected to have a material impact on Stedin Group's Financial Statements.

2.3 Basis of consolidation

The consolidated Financial Statements include Stedin Holding and its subsidiaries. Where necessary, the accounting policies of joint operations, joint ventures and associates have been aligned with those of Stedin Holding.

An overview of the subsidiaries and other capital interests included in the consolidation is provided below:

	2024 %	2023 %	City
Consolidated participating interest			
Stedin Netbeheer B.V.*/**	100.00	100.00	Rotterdam
N.V. Stedin Netten Noord-Holland*	100.00	100.00	Rotterdam
N.V. Stedin Noord-Oost Friesland*	100.00	100.00	Rotterdam
DNWG Infra B.V.*/**	100.00	100.00	Goes
DNWG Warmte B.V.*	100.00	100.00	Goes
NetVerder B.V.*/**	100.00	100.00	Rotterdam
Stedin Groep Personeels B.V.*/**	100.00	100.00	Rotterdam
Stedin Groep Services B.V.*/**	100.00	100.00	Rotterdam
Infradock B.V.***	90.00	100.00	Rotterdam
Joint arrangements			
Joint operations			
Utility Connect B.V.**	40.72	40.72	Vianen
Joint Ventures			
TensZ B.V.	50.00	50.00	Rotterdam
Associates			
Energie Data Services Nederland (EDSN) B.V.	21.16	21.16	Amersfoort
Beheerder Afsprakenstelsel (BAS) B.V.	14.11	14.11	Amersfoort

* Stedin Holding N.V. has issued a declaration of joint and several liability (403 declaration) for the subsidiaries marked with an *.

** These capital interests are held directly by Stedin Holding N.V.

*** This subsidiary is not part of Stedin Holding N.V.'s fiscal unities for corporate income tax and value-added tax.

Subsidiaries

A subsidiary is a company over which Stedin Holding can directly or indirectly exercise decisive control. Subsidiaries are fully consolidated. If the interest is less than 100%, non-controlling interests in subsidiaries are presented separately in the consolidated balance sheet.

Joint arrangements

A joint arrangement is a contractual agreement whereby Stedin Group and one or more other parties can jointly exercise control ('joint control'). There are two different types of joint arrangement: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and are accountable for the liabilities relating to the arrangement. Only Stedin Group's share of the assets, liabilities, income and expenses of joint operations is recognised in the Financial Statements (proportional recognition). A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets arising from the arrangement. A joint venture is recognised in the Financial Statements using the equity method.

Associates

An associate is an entity over whose financial and operational policies Stedin Group exercises significant influence but no decisive or joint control. The share of the results of associates is recognised in the Financial Statements using the equity accounting method.

The associates and joint arrangements of Stedin Group are not material, neither individually nor collectively.

2.4 Other accounting principles

2.4.1 Foreign currencies

The euro is Stedin Group's functional currency and also the currency in which the Financial Statements are presented. Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the reporting date. Foreign currency exchange differences that arise on foreign currency transactions or translation of balance sheet items are recognised in the income statement as part of the financial income and expenses.

2.4.2 Netting

Financial assets and liabilities are netted if and in so far as there is a legally enforceable right of netting and also an intention to settle the balance net or simultaneously.

2.4.3 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value can be determined in several ways. Depending on the use of observable parameters, the value is classified into the following categories:

Level 1

At level 1, fair value is measured using unadjusted market prices in an active market for identical assets.

Level 2

At level 2, fair value is based on parameters that are directly or indirectly observable other than the level 1 market prices. Stedin Group's derivatives are measured by agreement with the counterparty, using observable interest rate forward curves.

Level 3

At level 3, fair value is based on significant parameters that are not observable.

For more information on fair values in these Financial Statements, see the notes to the relevant financial statement item.

2.5 Judgements, Estimates and Assumptions

In preparing these Financial Statements, the management of Stedin Group made judgements, estimates and assumptions that affect the reported amounts and rights and obligations not disclosed in the balance sheet. In particular, this concerns the valuation of property, plant and equipment and intangible assets, estimated network losses and the creation of provisions.

The judgements, estimates and assumptions that have been made are based on market information, knowledge, historical experience as well as other factors that can be deemed reasonable in the circumstances. Actual results could, however, differ from the estimates. Judgements, estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the change is made prospectively in the relevant periods.

The key judgements, estimates and assumptions are listed below. Further information can be found in the notes to the relevant financial statement item.

Depreciation of property, plant and equipment

Property, plant and equipment are in principle depreciated on a straight-line basis. A different method is used if a different depreciation pattern better reflects the expected usage pattern of the asset. Due to an expected decrease in the use of the gas network as a result of the energy transition, Stedin Group applies a declining-balance method of depreciation for gas-related assets (other than customer meters).

The depreciation periods and residual values of property, plant and equipment are based on the asset's expected useful technical and economic life. For gas assets (other than customer meters), due to the declining-balance method of depreciation, usage is also taken into account, based on the degree to which usage of the networks and connections is expected to decrease. The usage, useful life and residual value are reviewed annually. An asset's usage, useful life or residual value may change as a result of changes in external or internal factors, including technological developments and market developments. These factors can also lead to impairment of an asset. In 2024, this review did not result in any adjustments.

Network losses

Allocation is a process by which the quantities of distributed electricity and gas are determined on a daily basis and allocated to users. This is partly based on actual consumption (roughly for high-volume consumers) and partly on estimates based on standard annual consumption (roughly for low-volume consumers). The allocation process estimates consumption and network losses as accurately as possible. Consumption initially allocated to low-volume consumers is recalibrated on the basis of actual consumption obtained via meter reading ('reconciliation'). Pursuant to statutory arrangements on allocation and reconciliation, this process must be settled within 21 months after the end of the month of delivery. The expected results from the reconciliation are estimated as accurately as possible and incorporated in the Financial Statements. The ultimate settlement based on actual consumption figures may potentially have an effect on future results. The obligation in connection with network losses not yet settled is part of 'Other liabilities and deferred income' as stated in 26 Trade and other liabilities.

3 Operating segments

Segment reporting is consistent with the internal reporting to the highest-ranking officer ('Chief Operating Decision-Maker'). The Board of Management has been identified as the highest-ranking officer, responsible for allocating resources and assessing segment performance.

Transfer prices for internal revenues and costs are at arm's length. The accounting policies of Stedin Group are also applied in segment reporting. The results of individual segments do not include financial income and expenses, the share of the results of associates and joint ventures or the tax expense.

The operating segments are:

'Stedin' segment

The business segment 'Stedin' comprises the regulated domain. As grid operator, Stedin manages the gas and electricity networks in its service area.

'Other' segment

The most important units of the 'Other' segment are the non-regulated activities as described in 1.1 General, the activities of the holding company and the cost entities being Stedin Groep Personeels B.V. and Stedin Groep Services B.V. The units are non-reportable segments, since they are not material, and are therefore included within the 'Other' segment.

The balance sheet by operating segment is not reported periodically in the internal management information. Consequently, this is not presented. The accounting policies for these Financial Statements applied by Stedin Group are also applied in segment reporting.

The operating results are not cyclical in nature and are not materially affected by seasonal patterns.

3.1 Net revenue and other income, operating profit and investments by segment

Stedin Group operates solely in the Netherlands, and all its revenues are generated there. The non-current assets of all segments are located in the Netherlands.

For the breakdown of net revenue, Stedin Group sought alignment wherever possible with the periodic reports required by ACM for the regulated domain. The table also provides a reconciliation of the broken down net revenue with the segment information on the basis of the internal organisation and management reporting structure.

2024 x € 1 million	Segment Stedin	Segment Other	Eliminations	Total
Net revenue				
- Electricity transmission and connection services	1,453	-	-	1,453
- Gas distribution and connection services	363	-	-	363
- Metering services	127	-	-	127
- Infrastructure services and other	70	35	-	105
Other income	37	24	-21	40
Total revenue	**2,050**	**59**	**-21**	**2,088**
Operating expenses	1,434	38	-21	1,451
Depreciation, amortisation and impairments of property, plant and equipment and intangible assets	301	30	-	331
Total operating expenses	**1,735**	**68**	**-21**	**1,782**
Operating profit	**315**	**-9**	**-**	**306**
Financial income and expenses	-4	-97	-	-101
Profit after income tax subsidiaries	-	-	-	-
Profit before income tax	**311**	**-106**	**-**	**205**
Income tax	-80	33	-	-47
Profit after income tax	**231**	**-73**	**-**	**158**

Investments in 2024 by segment were as follows:

2024 x € 1 million	Segment Stedin	Segment Other	Eliminations	Total
Investments in property, plant and equipment and intangible assets	1,065	31	-	1,096
Investments in right-of-use assets	-	38	-	38

In 2023, revenues and results by segment were as follows:

2023 x € 1 million	Segment Stedin	Segment Other	Eliminations	Total
Net revenue				
- Electricity transmission and connection services	1,229	-	-	1,229
- Gas distribution and connection services	355	-	-	355
- Metering services	67	-	-	67
- Infrastructure services and other	65	36	-	101
Other income	16	20	-18	18
Total revenue	**1,732**	**56**	**-18**	**1,770**
Operating expenses	1,156	32	-18	1,170
Depreciation, amortisation and impairments of property, plant and equipment and intangible assets	282	25	-	307
Total operating expenses	**1,438**	**57**	**-18**	**1,477**
Operating profit	**294**	**-1**	**-**	**293**
Financial income and expenses	-36	-29	-	-65
Profit after income tax subsidiaries	-	-	-	-
Profit before income tax	**258**	**-30**	**-**	**228**
Income tax	-66	8	-	-58
Result after income tax	**192**	**-22**	**-**	**170**

Investments in 2023 by segment were as follows:

2023 x € 1 million	Segment Stedin	Segment Other	Eliminations	Total
Investments in property, plant and equipment and intangible assets	820	12	-	832
Investments in right-of-use assets	-	11	-	11

Major customers

Stedin Group has no customers for which the net revenue per customer amounts to 10% or more of total net revenue.

4 Net revenue

Accounting principles

Net revenue concerns revenue from the supply of goods or services to customers. Revenue is recognised when, or as, the performance obligation is met by transferring goods or services to the customer. It is inherent in the key services of Stedin Group that these are transferred to the customer during the period in which they are provided.

In this context, Stedin Netbeheer's activities in the electricity and gas domain are classified as regulated and are supervised by ACM. The selling prices for transmission services are based on the tariffs as determined by ACM. The tariffs for customer connection contributions have also been determined by ACM. Selling prices that are not subject to price regulation are in line with the market as laid down in the relevant agreement between Stedin Group and the customer.

Adjustments in the selling prices can arise mainly as a consequence of failures in the network for which customers are required to be compensated by law. These adjustments are deducted from net revenue. Variable revenue is recognised only to the extent that it is highly probable that this revenue will not be reversed in later years.

Electricity and gas transmission services

Electricity and gas transmission services concern transmission, connection and metering services. Stedin Group transmits electricity and gas via its networks to the customer's connection. The revenue from transmission services consists of a fixed periodic payment for the use and availability of the networks as well as a payment per distributed volume. These services relate to performance obligations that are satisfied during a period. The revenues for the use and availability of the networks are allocated to the supply period on a straight-line basis. Straight-line allocation represents the availability of the network during the entire year under review. Volume-based payments are recognised in the income statement in the period in which the transmission service was provided. Amounts settled via subsequent costing in tariffs of subsequent years are accounted for as revenue in the year when the tariff is actually realised on the basis of the services provided in that year.

Customer connection contributions received and reconstructions

In order to make transmission services for electricity and gas possible, Stedin Group will construct network connections for new supply points. The customer pays a one-off fee as a contribution towards the connection costs for such a new connection. The connection is inseparably linked to the transmission services and forms an integral part of the fee for transmission services. Revenue from customer connection contributions is therefore recognised in equal amounts over the expected useful life of the connection point concerned according to the depreciation method (see 13 Property, plant and equipment for more information on the depreciation method). Stedin Group also receives customer contributions for reconstruction work carried out on the network. Like the customer connection contributions, these are recognised in equal amounts over the expected useful life of the network. Customer connection contributions received in advance and reconstructions are contract liabilities. Within net revenue, contributions recognised over time are presented as part of 'Infrastructure services and other net revenue'.

Infrastructure services and other net revenue

Infrastructure services and other net revenue includes revenue from construction, management and maintenance of technical infrastructure, customer-related contributions (including customer connection and reconstruction contributions recognised over time), rental income for transformers and revenue related to heat, steam, biogas and energy-meter data processing.

x € 1 million	2024	2023
Electricity transmission and connection services	1,453	1,229
Gas distribution and connection services	363	355
Metering services	127	67
Infrastructure services and other	105	101
Total	**2,048**	**1,752**

Net revenue for 2024 increased by €296 million compared with the previous year. The increase is mainly due to higher revenue for the transmission, connection and metering services for electricity and gas driven by higher tariffs.

5 Other net revenue and other income

Accounting principles

Other net revenue and other income relates mainly to revenue from loss recovered from third parties, positive book results on disposals of transformers, operating grants credited to the result and, in the current financial year, a one-off payment from the regulator. Stedin Group sells transformers to third parties on an incidental basis. These sales mainly follow from agreements made at the time of the sale of Joulz. Non-regulated transformers identified after 2019 will be offered to Joulz first. Joulz can and may decline any individual offer. A book result on disposals, being the sale price less any book value of the asset sold, is recognised at the time the third party has obtained control over the asset concerned.

Other net revenue and other income amounted to €40 million, which was an increase compared to the previous year (2023: €18 million). In 2024, Stedin Group received €28 million from ACM for gas connection removals requested between 2 March 2021 and 31 January 2024. A ruling by

the Trade and Industry Appeals Tribunal (CBb) meant that the basis for recovering costs incurred through tariffs no longer applied. ACM made a one-off payment as compensation. Revenue from the sale of non-regulated transformers and related assets was lower than in the previous year. A gain of €3 million was recognised in 2024 (2023: €8 million).

6 Personnel expenses

Accounting principles

Personnel expenses include all forms of remuneration of internal employees during and after employment, costs of hiring external staff and some other expenses. Most personnel expenses are recognised in the income statement in the period in which the work was carried out.

Pensions

The pension liabilities of almost all business units have been placed with the industry-wide pension funds: Stichting Pensioenfonds ABP (ABP) and Stichting Pensioenfonds Metaal en Techniek (PMT). A limited number of employees have individual plans insured with various insurance companies.

The amount of the pension depends on age, salary and years of service. Employees may opt to retire earlier or later than the state retirement age, in which case their pension is adjusted accordingly. Retiring later than the state retirement age is only possible with Stedin's consent. At ABP, employees can retire between 60 and the state retirement age plus 5 years. At PMT, this is between five years before and five years after the state retirement age.

The most important pension plans, which have been placed with ABP, are group plans in which several employers participate. Stedin's share in these group plans is unknown. These plans are essentially defined benefit plans. However, as Stedin has no access to the required information and because participation in the group plans exposes Stedin to actuarial risks connected with present and former employees of other entities, these plans are treated as defined contribution plans, and the pension contributions payable for the financial year are accounted for as pension expenses in the Financial Statements. Pension contributions are indexed annually. There are no catch-up payments or discounts.

x € 1 million	2024	2023
Salaries	385	312
Social security contributions	49	39
Pension contributions	51	42
External staff	154	125
Other personnel costs	28	19
Total	**667**	**537**

Personnel expenses increased by €130 million compared with the previous year.

The main reason for this increase is higher salaries due to collective labour agreement increases and a higher number of internal employees. In addition, the costs of external staff have increased as a result of higher tariffs and a higher number of external employees.

6.1 Number of staff members

Average own workforce (in FTEs)	2024	2023
Stedin	4,648	4,073
DNWG Infra	294	290
NetVerder	15	9
Total average no. of own fte	**4,958**	**4,372**
Employed outside the Netherlands	-	-
Male	80%	81%
Female	20%	19%

6.2 Remuneration of Board of Management and Supervisory Board members

These notes contain the information prescribed by Part 9 of Book 2 of the Dutch Civil Code and IAS 24 on the remuneration of Board of Management and Supervisory Board members. The Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet normering topinkomens, WNT) applies to Stedin Netbeheer B.V. and is disclosed in the annual report of Stedin Netbeheer B.V. itself. The members of the Board of Management and the Supervisory Board qualify as 'key management' within the meaning of IAS 24.

6.2.1 Remuneration of the Board of Management

The members of Stedin Holding's Board of Management are all employed by Stedin Groep Personeels B.V. The Board of Management members are employed on a full-time basis (1.0 FTE) and perform work for the various group entities, in particular Stedin Netbeheer B.V.

In 2024, the remuneration of the Board of Management was:

	2024	2023
Remuneration plus taxed expense allowances	881,978	858,826
Remuneration payable in future	94,867	91,633
Termination benefits	75,000	-
	1,051,845	**950,459**

6.2.2 Remuneration of the Supervisory Board

The chair and five other members of the Supervisory Board serve in this role on a basis other than an employment contract. In 2024, the remuneration of the Supervisory Board was €134,406 (2023: €122,650).

A more detailed explanation of the remuneration of executives employed by Stedin Group can be found in the Remuneration report for 2024.

7 Cost of sales and contracted work

Accounting principles

This item includes the purchase costs for network losses and transmission services and the cost of contracted work. The category network loss purchase costs includes an estimate of expected allocation and reconciliation effects, as described in 2.5 Judgements, Estimates and Assumptions. The category contracted work includes costs of materials and services from third parties, including contractors.

x € 1 million	2024	2023
Cost of sale for network losses	199	289
Cost of sale for transport services	540	291
Contracted work	161	121
Total	**900**	**701**

Costs of sales and contracted work increased by €199 million compared with the previous year.

This increase was mainly due to higher transmission costs charged by TenneT for use of the high-voltage network. This was offset by a decrease in costs for electricity network losses due to lower energy prices. These prices are largely fixed in advance in line with our purchasing strategy. The cost of contracted work rose mainly due to higher purchase prices.

8 Other operating expenses

Accounting principles

Other operating expenses include various cost items not included in personnel expenses, cost of sales and contracted work, and depreciation charges, such as ICT, mobility and accommodation costs, contributions to network management-related platforms, consultancy costs and additions to provisions.

x € 1 million	2024	2023[1]
Other taxes and levies	10	10
IT costs	73	66
Lease expenses	25	22
Accommodation costs	19	17
Network management platform contributions	30	31
Other expenses	71	48
Total	**228**	**194**

1 The comparative figures have been adjusted as a result of changes in the categorization of other operating expenses.

Other operating expenses increased by €34 million compared with the previous year.

The increase in other operating expenses was mainly due to increasing digitalisation and higher costs related to mobility, accommodation and ICT due to an increase in the number of employees. Together with the acceleration of the energy transition, this is also leading to higher consultancy costs. Finally, additions to other provisions increased (see 23 Other provisions).

9 Capitalised own production

Accounting principles

Hours worked that are directly attributed to own investment projects are deducted from total operating expenses as capitalised own production.

Capitalised own production increased compared to the previous year by €82 million in 2024 to €344 million. The increase is attributable to rising investment levels, an increase in the number of employees and higher hourly rates.

10 Depreciation, amortisation and impairments of non-current assets

Accounting principles

For the accounting principles used, see 13 Property, plant and equipment.

The breakdown of depreciation, amortisation and impairment of non-current assets in the income statement is as follows:

2024 x € 1 million	Property, plant and equipment	Intangible fixed assets	Leases	Total
Depreciation and amortisation	291	1	18	310
Disposals	17	2	-	19
Impairments	-	2	-	2
Total	**308**	**5**	**18**	**331**

2023 x € 1 million	Property, plant and equipment	Intangible fixed assets	Leases	Total
Depreciation and amortisation	274	1	14	289
Disposals	17	1	-	18
Impairments	-	-	-	-
Total	**291**	**2**	**14**	**307**

Depreciation increased by €24 million compared to the previous year, due to the increased level of investment in recent years.

11 Financial income and expenses

Accounting principles

Financial income comprises interest income in relation to the financial assets, including loans issued and cash and cash equivalents. This interest income is calculated on the basis of the effective interest method.

Financial expenses consist mainly of interest expense on interest-bearing liabilities, calculated on the basis of the effective interest method. The interest-bearing liabilities consist of borrowings and debt, except for the perpetual subordinated bond. The interest expense on the perpetual subordinated bond is recognised directly in group equity, in line with the classification of this instrument as equity. In addition, financial expenses also include the other financing costs.

Where gains and losses in relation to derivatives are recognised in the income statement, these are also presented under financial income and expenses.

x € 1 million	2024	2023
Interest income	-6	-2
Interest expense	105	66
Interest expense lease liabilities	2	1
Other interest income and expenses	-	-
Total	**101**	**65**

Net financial expenses increased by €36 million compared with the previous year. The financial expenses relate mainly to interest-bearing debt. In 2024, a one-off charge of €46 million resulting from the early repayment of the long-term Japanese yen (JPY) loan was recognised (see 1.3 Key events in 2024).

12 Income tax

Accounting principles

Income tax

Stedin Group's business activities are subject to income tax. Income tax on profit for the reporting period includes current income tax and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax assets and liabilities

Current tax assets concern amounts recoverable and current tax liabilities concern amounts payable to the Tax and Customs Administration. Current taxes are stated at nominal value.

Deferred tax assets and liabilities

Deferred taxes are calculated for temporary differences between the tax bases and book values of assets and liabilities, unless they fall within the scope of the initial recognition exception, as well as for unused tax losses and tax credits. Deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and tax laws. Deferred taxes are stated at nominal value.

Deferred tax assets for deductible temporary differences, tax losses carried forward and unused tax credits available for set-off are only recognised if, and to the extent that, it is probable that future taxable profit will be available against which unused tax losses and unused tax credits can be utilised.

Deferred tax assets for deductible temporary differences relating to investments in subsidiaries, joint operations, and interests in associates as well as joint ventures are only recognised if it is probable that the temporary difference will reverse in the near future and that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, joint operations and interests in associates and joint ventures, unless Stedin Group can determine the time at which the temporary difference will reverse and it is probable that the temporary difference will not reverse in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same fiscal unity.

Income tax on the result in the income statement is as follows:

x € 1 million	2024	2023
Current tax expense for current year	28	3
Current tax income prior years	-	-1
Current tax income loss carryback	-	-9
Current tax expense and tax income	**28**	**-7**
Deferred taxes temporary differences	11	75
Deferred taxes loss carry back/forward prior years	-4	-
Deferred taxes loss carry forward	12	-10
Deferred taxes	**19**	**65**
Income taxes	**47**	**58**

Current tax expense and income for the current year is as follows:

x € 1 million	2024	2023
Profit before income tax	**205**	**228**
Investment arrangements	-11	-
Non tax-deductible expenses	2	1
Different depreciation methods for tax purposes	-41	-288
Tax-deductible costs via group equity	-8	-11
Taxable profit	**147**	**-70**
Carry back of losses	-	33
Carry forward of losses	-46	37
Taxable amount	**101**	**-**
Nominal tax rate	25.8%	25.8%
Current tax expense	**26**	**-**
Of which current tax via group equity	-2	-3
Of which current tax via profit and loss	28	3

There was a tax loss in 2023 due to a one-off tax arrangement for arbitrary depreciation of business assets. The part of this loss not yet offset will be offset against the 2024 profit by means of loss carry-forward. Part remains available for future offset of losses.

The effective tax rate, expressed as a percentage of the profit before income tax, is as follows:

	2024	2023
Nominal tax rate	**25.8%**	**25.8%**
Effect of:		
- Non tax-deductible expenses	0.2%	0.1%
- Tax incentives (Energy Investment Allowance)	-1.4%	0.0%
- Corporate income tax for prior years	-1.8%	-0.3%
- Other	0.1%	0.0%
Effective tax rate	**22.9%**	**25.6%**

The effective tax rate for 2024 was 22.9% which differed from the nominal tax rate. The differences in 2024 were largely due to the use of investment schemes for energy and environmental investment allowances in 2024 and the previous year.

Corporate income tax is settled between Stedin Holding and its subsidiaries, to the extent they are part of the fiscal unity, as if the subsidiaries were independently liable to pay tax.

13 Property, plant and equipment

Accounting principles

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment. Cost comprises the initial acquisition price plus all directly attributable costs. Cost of assets constructed by the company comprises the cost of materials and services, direct labour and directly attributable costs. Financing costs directly attributable to the purchase, construction or production of an eligible asset are recognised in cost. Investment grants are deducted from the cost of the asset if there is reasonable certainty that the specified conditions will be met and that the grant will be obtained.

Depreciation and amortisation

Depreciation is recognised in the income statement using the straight-line method based on estimated useful life, taking into account the estimated residual value. Specifically for gas-related assets (other than customer meters), the company applies a declining-balance method due to the expected decrease in the number of gas network users, taking into account an estimated acceleration factor of 1.2 based on expected future usage (2023: 1.2), useful life and residual value. Usage, useful life and residual value are reassessed annually, and any changes are recognised prospectively. Land, sites and assets under construction are not depreciated.

Category	Useful life in years
Buildings	25 - 50
Networks	10 - 55
Other operating assets	3 - 25

Impairments of assets

An assessment is carried out annually for assets other than goodwill to assess whether any events or changes occured that may indicate impairment. If there is evidence of impairment, the recoverable amount of the relevant asset is determined. The recoverable amount of an asset is the higher of the sale price less costs to sell and the value in use.

If the book value of assets (allocated to a cash-generating unit) is higher than the recoverable amount, the book value is reduced to the recoverable amount. This impairment is recognised in profit or loss.

Impairment previously recognised may be reversed through the income statement if the reasons for it no longer exist or have changed. Impairment is only reversed up to the original book value less regular depreciation.

x € 1 million	Land and buildings	Networks	Other operating assets	Assets under construction	Total
Position as at 1 January 2023					
Historical cost	488	10,912	69	601	**12,070**
Accumulated depreciation and impairment	205	4,825	47	-	**5,077**
Book value as at 1 January 2023	**283**	**6,087**	**22**	**601**	**6,993**
Movements					
Investments	34	384	4	401	**823**
Disposals	-1	-18	-	-	**-19**
Depreciation	-10	-260	-4	-	**-274**
Reclassification	10	350	-	-360	**-**
Net movements 2023	**33**	**456**	**-**	**41**	**530**
Position as per 31 December 2023					
Historical cost	531	11,566	73	642	**12,812**
Accumulated depreciation and impairment	215	5,024	51	-	**5,290**
Book value as at 31 December 2023	**316**	**6,542**	**22**	**642**	**7,522**
Movements					
Investments	29	447	4	601	**1,081**
Disposals	-	-17	-	-	**-17**
Depreciation	-11	-276	-4	-	**-291**
Reclassification	6	325	-	-332	**-1**
Net movements 2024	**24**	**479**	**-**	**269**	**772**
Position as per 31 December 2024					
Historical cost	564	12,308	78	911	**13,861**
Accumulated depreciation and impairment	224	5,287	56	-	**5,567**
Book value as at 31 December 2024	**340**	**7,021**	**22**	**911**	**8,294**

Investments

Investments in property, plant and equipment during the financial year totalled €1,081 million (2023: €823 million) and mainly related to networks. An amount of €12 million concerned capitalised interest expenses in respect of qualifying assets (2023: €7 million). The interest rate applied was 1.75% (2023: 1.75%). Investment grants of €10 million have been deducted from the investments (2023: nil).

Disposals

The disposals in 2024 and 2023 relate to the decommissioning of buildings, network assets and other fixed assets, as well as the sale of non-regulated transformers and related assets (see 5 Other net revenue and other income).

Impairments

There were no impairments in 2024 and 2023.

14 Intangible assets

Accounting principles

Goodwill

Goodwill is measured at cost less impairment. Goodwill is not amortised. Goodwill is allocated to one or more cash-generating units. Goodwill is tested for impairment annually. Any impairment losses on goodwill are not reversed.

Other intangible assets

The other intangible assets comprise software, concessions, licences, rights and development costs. Other intangible assets have a finite useful life and are recognised at cost less accumulated amortisation and impairment.

Software

Cost of customised software comprises the one-time cost of acquiring it. Costs of software maintenance are recognised as an expense in the period in which they are incurred.

Depreciation and amortisation

Amortisation is recognised as an expense on the basis of the estimated useful life from the time that the relevant asset is available for use. Other intangible assets are amortised using the straight-line method. The residual value of these assets is nil. Amortisation is presented in the income statement as a component of 'Depreciation, amortisation and impairments of non-current assets'.

The following useful lives are applied:

Category	Useful life in years
Software	3 - 5
Concessions, permits and rights	3 - 30
Development costs	5 - 15

x € 1 million	Goodwill	Development costs	Software	Other	Total
Position as at 1 January 2023					
Historical cost	77	8	18	18	**121**
Accumulated depreciation and impairment	-	-	17	4	**21**
Book value as at 31 December 2023	**77**	**8**	**1**	**14**	**100**
Movements					
Investments	-	5	-	4	**9**
Disposals	-	-	-	-1	**-1**
Depreciation	-	-	-1	-	**-1**
Net movements 2023	**-**	**5**	**-1**	**3**	**7**
Position as per 31 December 2023					
Historical cost	77	13	18	21	**129**
Accumulated depreciation and impairment	-	-	18	4	**22**
Book value as at 31 December 2023	**77**	**13**	**-**	**17**	**107**
Movements					
Investments	-	8	-	7	**15**
Disposals	-	-2	-	-	**-2**
Depreciation	-	-	-	-1	**-1**
Impairments	-	-	-	-2	**-2**
Reclassification	-	-	-	1	**1**
Net movements 2024	**-**	**6**	**-**	**5**	**11**
Position as per 31 December 2024					
Historical cost	77	19	18	27	**141**
Accumulated depreciation and impairment	-	-	18	5	**23**
Book value as at 31 December 2024	**77**	**19**	**-**	**22**	**118**

Goodwill impairment test

The goodwill of €77 million relates to the acquisition of DNWG in 2017 and has been fully allocated to the group of cash-generating units (CGUs) of Stedin Netbeheer.

When carrying out the annual goodwill impairment test on the CGU Stedin Netbeheer, the recoverable amount of the CGU is compared with the book value. The recoverable amount is determined based on the net realisable value. Due to the lack of an active market with observable prices, a present value calculation is made. This is a 'level 3' valuation within the fair value hierarchy. In principle, the net realisable value is determined on the basis of post-tax cash flow projections and discounted applying a post-tax weighted average cost of capital.

The cash flow projections are partly derived from Stedin Group's Multi-Year Financial Plan (MYP) and cover the period 2024–2046. This period is in line with the long-term projections used by Stedin for internal purposes. The MYP takes into account expected developments in the energy transition. Other relevant factors include the estimated fair value of the regulated assets (the normalised standardised asset value), the market share for electricity transmission and gas distribution and the relative profitability of Stedin Netbeheer, and the real return on investment for regulated assets. These factors are primarily based on the latest tariff regulation data, as published and/or adopted by ACM.

As there is still uncertainty about what the new regulatory method will look like from 2027, the current methodology has been assumed for now. This is not expected to affect the outcome of the goodwill impairment test.

Key quantitative assumptions	2024	2023
Stedin Netbeheer's market share for electricity transmission in %	25%	25%
Stedin Netbeheer's market share for gas distribution in %	28%	28%
Discount rate after tax	3.7%–4.3%	3.7%–4.3%
Long-term growth rate for the projection period	2%	2%
Long-term growth rate for the CGU's final value	0%	0%

Assumption	Based on
Stedin Netbeheer's market share for electricity transmission and gas distribution in %	Latest tariff regulation data, as published and/or adopted by ACM. For the regulation periods from 2027 onwards, management has made its own estimate for the developments in the market share
Real return on investment (regulated pre-tax WACC)	Intended pre-tax WACCs communicated by ACM for the current regulatory period (2022–2026). For the regulation periods from 2027 onwards, management has made its own estimate for the regulated WACCs
Discount rate after tax	Based on market WACC

Based on the impairment test as at 30 June 2024, the recoverable amount of the CGU Stedin Netbeheer exceeds the book value by a wide margin. No indications of impairment had been identified as at 31 December 2024.

Impairments of other intangible assets

In 2024, Stedin Group recognised an impairment of €2 million related to the concession for a local heat network. This downward adjustment is due to the rising cost of operating this heat network.

15 Leases

Accounting principles

Stedin Group as lessee

Upon commencement of a contract, Stedin Group determines whether it is a lease or includes a lease component. A contract is a lease if the contract grants the right to exercise control over the use of an identified asset during a certain period, in exchange for consideration. With respect to each lease in which Stedin Group is the lessee, Stedin Group calculates a right-of-use asset and a corresponding lease liability, except for short-term leases (leases with a lease term of 12 months or less) and leases with a value of €5,000 or less. Stedin Group recognises the lease payments for these leases on a straight-line basis as operational expenses in the income statement.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the incremental borrowing rate.

On the commencement date, the right-of-use asset is measured at cost. This cost price consists of the amount of the initial statement of the lease liability, the initial direct costs incurred and the lease payments made on or before the commencement date, minus all the lease incentives received.

Stedin Group determines the lease period as the non-cancellable period of a lease, together with:
- periods covered by an option to extend the lease if Stedin Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if Stedin Group is reasonably certain not to exercise that option.

In this assessment, Stedin Group considers all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease or not to exercise the option to terminate the lease.

Stedin as lessor

Stedin Group leases a number of business premises and transformers to third parties. The assets are recognised by Stedin Group in property, plant and equipment. Lease revenues are recognised in equal amounts through the income statement of Stedin Group as net revenue and other income over the term of the lease.

Depreciation and amortisation

Amortisation is recognised in the consolidated income statement using the straight-line method based on the estimated lease term of the right-of-use asset. The lease term is assessed when the lease contracts are changed and the lease term can be terminated or renewed, based on the lease contract.

The following useful lives are applied:

Category	Useful life in years
Leasehold and buildings	1-100
Leased cars	1-6

Changes in the right-of-use assets can be specified as follows:

x € 1 million	Land and buildings	Lease vehicles	Total
Position as at 1 January 2023			
Historical cost	66	61	**127**
Accumulated depreciation and impairment	22	35	**57**
Book value as at 1 January 2023	**44**	**26**	**70**
Movements			
Investments	-	11	**11**
Contract modifications	1	-	**1**
Depreciation	-5	-9	**-14**
Net movements 2023	**-4**	**2**	**-2**
Position as per 31 December 2023			
Historical cost	67	69	**136**
Accumulated depreciation and impairment	27	41	**68**
Book value as at 31 December 2023	**40**	**28**	**68**
Movements			
Investments	-	38	**38**
Contract modifications	3	-	**3**
Depreciation	-5	-13	**-18**
Net movements 2024	**-2**	**25**	**23**
Position as per 31 December 2024			
Position as per 31 December 2024	57	87	**144**
Accumulated depreciation and impairment	20	33	**53**
Book value as at 31 December 2024	**37**	**54**	**91**

Stedin Group has entered into leases for a number of business premises and sites. In addition, Stedin Group leases a vehicle fleet. In 2024, Stedin Group concluded new leases for the vehicle fleet in particular.

The table below shows the development of the lease liabilities:

x € 1 million	2024	2023
Lease liability as at 1 January	**69**	**71**
New lease contracts	38	11
Lease payments	-18	-15
Accrued interest	2	1
Contract modifications	3	1
Lease liability as at 31 December	**94**	**69**

The maturities of the lease liabilities are presented below:

Classification (x € 1 million)	2024	2023
Within 1 year	18	12
1 to 2 years	17	11
2 to 3 years	12	9
3 to 4 years	10	4
4 to 5 years	5	3
After 5 years	32	30
Total	**94**	**69**

For a breakdown of the nominal cash outflows arising from these liabilities, see 30.3 Liquidity risk.

Other operating expenses include €6 million (2023: €6 million) of expenses for leases with a lease term of less than one year and leases of low value assets. In 2024, the total cash outflow for leases was €22 million (2023: €21 million).

Future lease payments in respect of leases not yet commenced as at 31 December 2024 are disclosed in 27 Contingent assets and liabilities.

16 Deferred tax assets and liabilities

Accounting principles

For the accounting principles used, see 12 Income tax.

Deferred tax assets and liabilities are as follows:

x € 1 million	Assets as at 31 December 2024	Assets as at 31 December 2023	Liabilities as at 31 December 2024	Liabilities as at 31 December 2023
Property, plant and equipment	-	-	179	168
Loss compensation	2	10	-	-
Cash flow hedges	-	8	-	-
Provisions	1	1	-	-
Total	**3**	**19**	**179**	**168**

Deferred tax assets and liabilities relate mainly to temporary differences in relation to property, plant and equipment. The carry forward of losses occurred as a result of the arbitrary tax depreciation in 2023 (see 12 Income tax). Stedin considers it likely that there will be sufficient future taxable profits to utilise the available loss carried forward.

The changes in deferred taxes during 2024 were as follows:

x € 1 million	Net balance as at 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	Net balance as at 31 December 2024	Assets	Liabilities
Property, plant and equipment	168	11	-	179	-	179
Cash flow hedges	-8	-	8	-	-	-
Compensating losses	-10	8	-	-2	2	-
Provisions	-1	-	-	-1	1	-
Deferred income tax liabilities (assets) for netting	**149**	**19**	**8**	**176**	**3**	**179**
Netting off					-1	-1
Total					**2**	**178**

The deferred tax liability with regard to property, plant and equipment mainly relates to the regulated networks and is mainly due to:

- the difference between the commercial valuation and valuation for tax purposes of the regulated networks at the time of the introduction of corporate income tax for Stedin Group;
- arbitrary tax depreciation applied in 2023 and earlier periods; and
- the valuation of the acquired regulated networks as part of the recognition of the acquisition of DNWG.

Changes in deferred taxes during 2023 were as follows:

x € 1 million	Net balance as at 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Net balance as at 31 December 2023	Assets	Liabilities
Property, plant and equipment	93	75	-	168	-	168
Cash flow hedges	-5	-	-3	-8	8	-
Compensating losses	-	-10	-	-10	10	-
Provisions	-1	-	-	-1	1	-
Deferred tax liabilities (assets) before netting	**87**	**65**	**-3**	**149**	**19**	**168**
Netting off					-19	-19
Total					**-**	**149**

The expiration periods for deductible temporary differences are as follows:

Category	Period
Property, plant and equipment	1 - 55 years
Cash flow hedges	1 - 30 years
Provisions	1 - 10 years

On 31 December 2023, the Minimum Tax Act 2024 ('Pillar 2') came into force. This Act applied for the first time from 2024. Stedin operates only in the Netherlands, and its effective tax rate is well above 15%. Stedin Group is therefore not liable for any additional tax under this Act.

17 Inventories

Accounting principles

Inventories are recognised at the lower of weighted average cost and direct net realisable value. Cost of inventories is the purchase price including directly attributable costs incurred to bring the inventories to their present location in their present condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

Inventories consist of items held for failures, regular maintenance, own current and future investments and work for third parties. This item rose by €31 million compared to the previous financial year, as more inventories are held to ensure the timely availability of materials and because of higher purchase prices due to inflation. An obsolescence allowance of €3 million has been deducted from the value of inventories (2023: €3 million).

18 Current tax assets and liabilities

Accounting principles

For the accounting principles used, see 12 Income tax.

Current tax assets and liabilities are as follows:

x € 1 million	As at 31 December 2024	As at 31 December 2023
Corporate income tax	18	10
Total current tax assets	**18**	**10**

x € 1 million	As at 31 December 2024	As at 31 December 2023
Corporate income tax	-	-
Total current tax liabilities	**-**	**-**

There is a current tax asset as at 31 December 2024. This is mainly attributable to tax losses due to arbitrary tax depreciation in 2023.

19 Trade and other receivables

Accounting principles

Trade and other receivables includes mainly amounts receivable from customers and amounts not yet invoiced (contract assets) for the provision of transmission services. Contract assets relate to rights to consideration under contracts with customers that are not yet unconditional. On initial recognition, receivables are accounted for at amortised cost less impairment losses due to expected losses for bad debts in connection with credit risk.

The process for estimating expected credit losses, the age and expected credit losses on trade receivables, amounts yet to be invoiced and other receivables are specified in 30.2 Credit risk risk.

This item can be broken down as follows:

x € 1 million	As at 31 December 2024	As at 31 December 2023
Trade receivables	201	167
To be invoiced	61	55
Prepayments	44	49
Other receivables and accruals	6	12
Total	**312**	**283**

Trade and other receivables increased by €29 million compared with the previous year. This increase is mainly attributable to an increase in revenue driven by higher tariffs.

20 Cash and cash equivalents

Accounting principles

Cash and cash equivalents includes bank balances and money market funds. The money market funds held classify as cash equivalents and are measured at fair value (level 1).

Cash and cash equivalents at 31 December 2024 comprised bank balances of €61 million and money market funds of €40 million (2023: bank balances of €88 million, money market funds of €100 million).

Cash and cash equivalents are held almost entirely in euros. Cash and cash equivalents that are not freely available to Stedin Group amounted to €0 million (2023: €0 million) at year-end.

21 Group equity

Share capital

Stedin Holding's authorised share capital is €2 billion, divided into 15 million ordinary shares and 5 million cumulative preference shares with a nominal value of €100 each, as well as one N1 share and one N2 share with a nominal value of €100 each. As at 31 December 2024, after the entry of new shareholders as explained in 1.3 Key events in 2024, 5,684,687 ordinary shares, 416,068 cumulative preference shares, one N1 share and one N2 share were issued and fully paid up (2023: 5,642,732 ordinary shares, 416,068 cumulative preference shares, one N1 share and one N2 share were issued and fully paid up).

Share premium reserve

The total share premium reserve at year-end 2024 was €620 million, of which €462 million (2023: €433 million) related to the ordinary shares and €158 million to the cumulative preference shares (2023: €158 million).

Cash flow hedge reserve

The cash flow hedge reserve is not freely at the disposal of the shareholders. More information on the changes and the underlying hedging relationships is provided in 30.4 Derivatives and cash flow hedge reserve.

Other statutory reserves

A statutory reserve is included in group equity for the amount of the capitalised development costs within the intangible assets. In addition, a statutory reserve for associates has been recognised if and to the extent that Stedin Holding is unable to make distributions from the equity of associates without restrictions.

Preferred dividend reserve

In 2021, Stedin issued cumulative preferred shares on which a fixed percentage dividend is required to be distributed or reserved each year. The rate for the current regulation period is 3%. The distribution of this preferred dividend is at the discretion of the Board of Management, subject to the approval of the Supervisory Board. If it is not distributed, the preferred dividend is taken to a separate reserve. An amount of €6 million was distributed in 2024 (2023: €6 million). As at 31 December 2024, the preferred dividend reserve was €- million (2023: €- million).

Perpetual subordinated bond

On 23 March 2021, Stedin Holding issued a perpetual subordinated bond ('Perpetual Fixed Rate Reset Securities') with a total nominal amount of €500 million at an annual coupon interest of 1.5% and an issue price of 100%. This resulted in net proceeds of €500 million. The bonds are listed on Euronext Amsterdam. On 31 December 2024, the fair value was €478 million. The book value as at year-end 2024 was €506 million, which is the nominal principal amount including €6 million in accrued compensation. This is because a portion of the result after income tax within equity is allocated to the perpetual bond, due to the coupon interest payable annually (the payment of which is at the company's discretion) and the associated tax effects.

The perpetual subordinated bond qualifies as an equity instrument and is subordinated to all of Stedin Group's creditors but has certain preferences over the shareholders in the event of the company being liquidated. Stedin Holding has no contractual obligation to redeem the loan. Any payment of current or deferred coupon interest is conditional and dependent on distributions to shareholders. Consequently, the bondholders cannot force Stedin Holding to pay the coupon interest or to redeem all or part of the loan.

Non-controlling interest

In March 2024, Stedin Group sold 10% of its shares in subsidiary Infradock B.V. to Evides for €0.8m. Evides' interest in Infradock B.V. is recognised as a non-controlling interest within group equity.

22 Provisions for employee benefits

Accounting principles

A provision is recognised for the obligations of Stedin Group to pay out amounts related to long-service benefits and at the end of employment. A provision is also recognised for salary payments in the event of illness and the employer's risk under the Unemployment Act. Where appropriate, these liabilities are calculated at the reporting date using the projected unit credit method, using a pre-tax discount rate that reflects the current market assessment of the time value of money.

The following actuarial assumptions were used for the provisions:

	31 December 2024	31 December 2023
Discount rate	2.16% - 2.80%	2.75%
Future salary increments	1.5% - 4.0%	1.5% - 4.0%
Mortality table	GBM & GBV 2017-2022	GBM & GBV 2017-2022

x € 1 million	Long-service benefits	Other	Total
As at 1 January 2023	**8**	**7**	**15**
Additions	1	4	5
Withdrawals	-1	-3	-4
Release	-1	-	-1
As at 31 December 2023	**7**	**8**	**15**
Additions	1	8	9
Withdrawals	-1	-4	-5
Reclassification	2	-2	-
As at 31 December 2024	**9**	**10**	**19**

Classification (x € 1 million)	As at 31 December 2024	As at 31 December 2023
Current	6	4
Non-current	13	11
Total	**19**	**15**

23 Other provisions

Accounting principles

A provision is recognised when there is a present legal or constructive obligation that is of an uncertain amount or timing due to a past event, the settlement of which will probably lead to an outflow of resources. The expected expenditure is determined based on detailed plans in order to limit the uncertainty regarding the amount.

Where the time value of money has a material impact, provisions are discounted using a current pre-tax interest rate that reflects, where applicable, the risks specific to the liability. When discounting is applied, the increase in the provision due to the passage of time is recognised as interest expense.

x € 1 million	Decommissioning	Other	Total
As at 1 January 2023	**4**	**8**	**12**
Additions	-	5	5
Withdrawals	-	-1	-1
As at 31 December 2023	**4**	**12**	**16**
Additions	22	5	27
Withdrawals	-17	-3	-20
Release	-	-4	-4
As at 31 December 2024	**9**	**10**	**19**

Classification (x € 1 million)	As at 31 December 2024	As at 31 December 2023
Current	11	3
Non-current	8	13
Total	**19**	**16**

Other provisions relate to removal obligations and other liabilities.

With effect from February 2024, ACM and grid operators have agreed on an updated procedure for removing unused gas connections. Stedin Group has recognised a €6 million removal provision for requested removals with no specific date. This is a short-term provision (2023: nil). The remainder of the removal provision relates to soil remediation and is long term (2023: €4 million).

Other provisions amount to €10 million (2023: €12 million) and are predominantly long term. This item includes provisions of €4 million for claims and disputes (2023: €5 million), €1 million for obligations to rectify shortcomings (2023: nil) and €5 million for obligations assumed on behalf of Stichting Zeeuwse Publieke Belangen (2023: €7 million). Stichting Zeeuwse Publieke Belangen is a collaboration on employment, energy supply and energy transition between the Province of Zeeland, the municipalities in Zeeland and Stedin Group.

24 Interest-bearing debt

Accounting principles

On initial recognition, interest-bearing debt is carried at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing debt is recognised at amortised cost using the effective interest method.

Classification (x € 1 million)	As at 31 December 2024	As at 31 December 2023
Current	880	265
Non-current	2,921	3,069
Total	**3,801**	**3,334**

Changes in interest-bearing debt:

x € 1 million	2024		2023	
	short term	long term	short term	long term
As at 1 January	**265**	**3,069**	**280**	**3,116**
New non-current interest-bearing debt	-	496	-	-
New current interest-bearing debt	3,330	-	5,723	-
Repayments of non-current interest-bearing debt	-	-119	-	-
Repayments of current interest-bearing debt	-3,245	-	-5,778	-
Foreign currency exchange differences	-	-8	-	-13
Interest rate swaps	-	10	-	3
Discontinued operations	530	-530	40	-40
Other movements	-	3	-	3
As at 31 December	**880**	**2,921**	**265**	**3,069**

The difference between the repayment of long-term loans above (€119 million) and in the cash flow statement (€151 million) relates to part of the cash outflow from derivatives. One of the reasons for holding these derivatives was to hedge the currency risk related to the principal of the long-term JPY loan. The JPY loan was repaid early in April 2024, and the related derivatives were settled at the same time (see 1.3 Key events in 2024). To the extent that these derivatives were related to financing activities, the cash flow was recognised accordingly in the cash flow statement (€32 million).

The maturities of the interest-bearing debts are presented below:

x € 1 million	As at 31 December 2024	As at 31 December 2023
Within 1 year	880	265
1 to 2 years	499	529
2 to 3 years	300	498
3 to 4 years	503	300
4 to 5 years	488	504
After 5 years	1,131	1,238
Total	**3,801**	**3,334**

The interest-bearing debts as at 31 December 2024 were contracted by Stedin Holding, and no collateral has been provided. See 30 Financial Risk Management for a more detailed explanation of interest-bearing debt.

Stedin has an €800 million revolving credit facility with six banks (see 30.3 Liquidity risk for more information). The revolving credit facility was undrawn in 2024 and 2023.

Some of the long-term loans, amounting to €300 million, are subject to financial covenants which are set out below:

- A gearing ratio (net debt/total capitalisation) lower than 70%;
- An interest coverage ratio (EBITDA/net interest expense) higher than 3.

The above ranges for ratios are assessed at the end of each measurement period.

The following definitions apply specifically to these financial covenants:

- Measurement period: 12-month moving average per 31 December and 30 June of each financial year.
- Total net borrowings: sum of current and non-current interest-bearing debt, including lease liabilities, minus cash and cash equivalents.

- Total capitalisation: net debt plus group equity adjusted for goodwill, other intangible assets and non-controlling interests.
- Adjusted EBITDA: profit before tax adjusted for net interest payable, extraordinary items, profit attributable to holders of a non-controlling interest, depreciation and amortisation, revaluations and book results on non-recurring sales.
- Net interest expense: sum of interest and other financial income and expenses.

Stedin exceeded the requirements stated above as at 31 December 2024.

25 Deferred revenue

Accounting principles

Contract liabilities are obligations to transfer goods or services to a customer for which consideration has already been received or is due. These are presented as 'Deferred revenue' (non-current portion) and as part of 'Trade payables and other liabilities' (current portion).

x € 1 million	2024	2023
Book value at 1 January	1,090	983
Customer contributions received	129	131
Customer contributions paid	-	-1
Revenue recognised	-26	-23
Book value at 31 December	**1,193**	**1,090**

Classification	2024	2023
Current	27	25
Non-current	1,166	1,065
Total	**1,193**	**1,090**

Short-term deferred revenue has been recognised under 'contract liabilities' in 26 Trade and other liabilities.

26 Trade and other liabilities

Accounting principles

Trade and other liabilities are recognised at fair value when first shown on the balance sheet. They are subsequently carried at amortised cost. Liabilities with a term of less than one year are not discounted on initial recognition. In view of their short-term nature, trade and other liabilities are recognised at nominal value.

Government grants received are recognised as other liabilities until there is reasonable assurance that all grant conditions will be met. If there is reasonable assurance that the specified conditions will be met and that the grant will be received, operating grants are credited to the income statement and investment grants are deducted from the cost of the asset.

x € 1 million	As at 31 December 2024	As at 31 December 2023
Trade liabilities	150	120
Accrued and other liabilities	223	192
Contract liabilities	27	25
VAT	21	23
Pension contributions	6	5
Total	**427**	**365**

Trade and other liabilities increased by €62 million compared with the previous year. This increase is mainly due to higher purchase cost for TenneT transmission services. There was also an increase in interest charges to be paid and personnel-related reserves.

Accrued and other liabilities include €0 million in government grants received (2023: €3 million).

27 Contingent assets and liabilities

Accounting principles
Contingent assets and liabilities are presented at nominal value.

Energy purchase commitments

Stedin Group has energy purchase commitments to offset administrative and technical network losses. As the 'own use exception' applies to these purchase contracts, they are not recognised in the Financial Statements. The estimated minimum energy purchase commitment is €356 million and covers the period 2025 to 2030 (2023: €544 million for the period 2024 to 2030). The comparative figure has been adjusted for the purposes of comparability. The tariffs applicable to the purchase commitment for 2025 have largely been fixed already and partly for later years, in line with our purchasing strategy. Where tariffs have not been fixed yet, Stedin Group uses the expected tariffs in the energy market for the relevant delivery year as these applied at 31 December 2024. As these tariffs may be subject to change due to future fluctuations in tariffs in the energy market, the future amount of the obligation is volatile.

Investment obligations

Stedin Group has entered into investment obligations for the supply of transformers, prefab stations, switchgear, smart meters and cables. As at 31 December 2024, a total of €160 million remains for transformers (2023: €112 million), €49 million for prefab stations (2023: €50 million), €40 million for switchgear (2023: €28 million), €18 million for smart meters (2023: €19 million) and €17 million for cables (2023: €29 million). The investment obligations have been entered until 2030.

Lease liabilities

Stedin Group has several lease contacts that had not yet commenced as at 31 December 2024. Future lease payments for these non-cancellable leases amount to €71 million up to and including 2037 (2023: €28 million up to and including 2029).

Guarantees

Stedin Group has issued group and bank guarantees to third parties of €1 million (2023: €1 million). Of that total, Stedin Holding issued €0 million (2023: €0 million) in guarantees. This guarantee was provided by a subsidiary.

Stedin Group has taken out directors' and officers' liability insurance for the members of the Supervisory Board, the members of the Board of Management, the directors and other executives within Stedin Group. To the extent possible, the directors are indemnified by Stedin Group, subject to specific conditions, against costs in connection with civil-law, criminal-law or administrative-law proceedings in which they could be involved because of their position.

Removal of gas connections

Under the Gas Act, Stedin Group must remove a connection if a customer submits a request to this effect. A provision has been made for requested removals without a specific date (see 23 Other provisions), and Stedin Group will receive compensation through tariffs two years after removal. Stedin Group has not recognised a provision for future removals for which no request has been submitted yet, as this is a contingent liability. This contingent liability could potentially lead to a significant outflow of resources in future periods, depending on factors such as the energy transition, the rate of this transition and design choices for the new energy system. The regulatory method determines the arrangements for compensation for this outflow.

Metering services results

The tariffs that Stedin charges as a grid operator for low-volume meters are regulated and based on the Ministerial Metering Tariff Regulation (Ministeriële Regeling Meettarieven, MR), which lays down how ACM sets such tariffs. The maximum tariffs that grid operators may charge are currently based on the 2005 tariff levels, plus an annual inflation adjustment in accordance with the consumer price index. Since 2011, ACM has monitored the costs incurred in executing the metering task. It should be possible in this regard to fund the 'Large-Scale Smart Meters Roll-out Period' (GSA) project from the returns that are achieved. The Ministerial Metering Tariff Regulation ensures that consumers ultimately do not pay more than the break-even tariffs. To this end, ACM may include the returns achieved in future decisions on tariffs. The GSA ended in 2021, after Stedin had offered smart meters to 100% of its customers and had actually installed them at more than 80%. In recent years, previous surplus profits have been returned

to consumers by means of lower tariffs. At year-end 2024, cumulative revenue was less than cumulative cost and the funding shortfall was €83 million, based on a nominal WACC (2023: €74 million shortfall, based on a real WACC).

Legal proceedings

Stedin Group is involved either as plaintiff or defendant in various legal and regulatory claims and proceedings related to its operations. The amounts claimed in some of these proceedings may be significant to the consolidated Financial Statements. Liabilities and contingencies in connection with these claims and proceedings are assessed periodically based on the latest information available. A liability is only recognised if an adverse outcome is considered to be probable and the amount of the loss can be reasonably estimated, see 23 Other provisions.

Stedin is involved with several municipalities in claims for municipal sufferance taxes. The potential impact for Stedin is a receivable ranging up to approximately €37 million (2023: €37 million). Due to uncertainties, this potential receivable is not recognised in the balance sheet as at 31 December 2024.

Fiscal unity

Stedin Holding forms a fiscal unity for both corporate income tax and turnover tax purposes with all its subsidiaries as included in note 2.3 Basis of consolidation, with the exception of Infradock B.V. The companies, including Stedin Holding, that are part of a fiscal unity are jointly and severally liable for the tax obligations of that fiscal unity.

Cash pool

Stedin Holding, Stedin Groep Services B.V., Stedin Groep Personeels B.V., DNWG Warmte B.V. and NetVerder B.V. are part of a cash pool based on a zero balancing agreement and are jointly and severally liable for deficits within this cash pool.

28 Related party transactions

Accounting principles

The related parties of Stedin Group (within the meaning of IAS 24) include, among others, entities in which key management personnel of Stedin Group (or their close members of their family) have control or significant influence or in which they are also key management personnel, as well as associates and joint arrangements and some shareholders of Stedin Group. Related party transactions take place on terms of business normally prevailing with independent third parties.

Receivables outstanding from non-consolidated participating interests concern loans granted for an amount of €11 million (2023: €12 million) and are mainly of a long-term nature. In 2024, €4 million was issued in loans and €6 million was received in repayments. The loans have a term of five years, at interest rates varying from 0.3% to 2.6%. Receivables and liabilities in respect of related parties are not covered by collateral and are paid by bank.

Stedin's key management personnel (or their close family members) are also members of executive or supervisory boards of other organisations, without exercising control or joint control over these entities, with which Stedin Group maintains relationships as part of its regular business activities. Contract reviews, negotiations or awards between Stedin Group and the companies named were effected at arm's length terms and conditions.

For details of the remuneration of the Board of Management and Supervisory Board members, see 6.2 Remuneration of Board of Management and Supervisory Board members. There is no other relationship between the Board of Management and Supervisory Board members on the one hand and Stedin Group on the other hand except that of customer on normal arm's length terms and conditions.

Other relationships with parties:

- The municipality of Rotterdam is the largest shareholder of Stedin Group (approximately 27.9%), owns the N2 share (see note 21 Group equity for more information) and has significant influence. There is no relationship other than the shareholder relationship, except that of customer and supplier at normal arm's length terms and conditions. Stedin Group applies the

exemption from detailed disclosures on related party transactions with government-related entities (IAS 24.25).

- The State of the Netherlands also has significant influence, due to the N1 share, among other things (see note 21 Group equity for more information). There is no relationship other than the shareholder relationship, except that of customer and supplier at normal arm's length terms and conditions. Stedin Group applies the exemption from detailed disclosures on related party transactions with government-related entities (IAS 24.25).
- Stichting Zeeuwse Publieke Belangen is coordinated from within Stedin Group. Its governing board is composed of the following individuals: David Peters (Stedin Group), Rikus van den Kieboom (Stedin Group), Dick van der Velde (province of Zeeland) and Loes Meeuwisse (Association of Municipalities in Zeeland). The fund is financed by Stedin up to a maximum of €10 million. In 2024, the governing board of the foundation committed €1.0 million and paid out €1.8 million.
- The object of Stichting OUNZ (OUNZ foundation) is to preserve the rights of principal superficies with regard to the networks in the province of Zeeland and to provide rights of subsuperficies to DKCN, Evides and Stedin in order to carry out grid operator tasks. Stedin has the right to appoint one of the three directors of Stichting OUNZ. The value of the rights is not material, and there are no material financial transactions between Stedin and OUNZ.
- Stedin takes initiatives in the areas of innovation and improving sustainability and actively maintains alliances and associations with various stakeholders. Collaboration can take various shapes, such as through Netbeheer Nederland or on a project basis, as a sponsor or more systematically through foundations, such as Stichting ElaadNL, Stichting EVnetNL, Stichting Flexiblepower Alliance Network or USEF, in which Stedin can participate as a director. These parties are not related parties.

2024 x € 1 million	Purchased goods & services	Recharging of employee benefits, facilities and other expenses
Joint arrangements		
Utility Connect B.V.	7	1
TensZ B.V.	3	10
Total	**10**	**11**
Associates		
Energie Data Services Nederland B.V.	28	-
Total	**28**	**-**

2023 x € 1 million	Purchased goods & services	Recharging of employee benefits, facilities and other expenses
Joint arrangements		
Utility Connect B.V.	7	1
TensZ B.V.	3	11
Total	**10**	**12**
Associates		
Energie Data Services Nederland B.V.	30	-
Total	**30**	**-**

29 Auditors' fees

The fees of the external auditor and the audit firm, within the meaning of Section 1(1) of the Audit Firms (Supervision) Act (Wet toezicht accountantsorganisaties, Wta), can be broken down as follows:

x € 1.000	2024	2023
Audit of the financial statements	1,012	1,165
Other audit and assurance engagements	680	559
Other non-assurance services	80	38
Total	**1,772**	**1,762**

The category 'audit of the Financial Statements' concerns the Financial Statements of Stedin Holding.

The 'other audit and assurance engagements' category includes audits of the regulation data on behalf of ACM, as well as audits of separate Financial Statements of associates. In addition, this category includes assurance engagements in relation to sustainability reporting.

The category 'other non-assurance services' concerns non-assurance services authorised for a public interest entity (PIE), including work in the context of prospectuses for financing.

30 Financial Risk Management

Capital management

The primary goal of Stedin Group's capital management is to safeguard access to the capital and money markets in order to optimise its financing structure and costs in accordance with the long-term financial plan and economic parameters determined by the regulator in each regulatory period. Given the capital-intensive nature of the business, it is important to be able to attract financing in various different funding markets and thereby create a balanced funding mix. Stedin Group can influence its capital structure by altering its leverage ratio. Stedin Group regards both group equity (including the perpetual subordinated bond) and interest-bearing debt as relevant components of its funding structure and therefore of its capital management. The current interest-bearing debt has been issued mainly in the European bond market. In addition, a number of bilateral loans are currently outstanding. Besides maintaining relationships with these existing investors in the above-mentioned funding markets, Stedin Group also maintains relationships with six Dutch and international banks that have jointly made funding capacity available to Stedin. These banks can also offer a wide range of financial products and services if required.

Since 2017, Stedin Group has had a funding strategy that targets the ratios relevant for the rating agency Standard & Poor's (S&P), in particular the core ratio: FFO/Net Debt (funds from operations divided by net debt). For the purpose of calculating this ratio, the perpetual subordinated bond issued in 2021 is classified by S&P as an instrument with a 50% equity component and a 50% debt component. This differs from the classification under IFRS, whereby the entire perpetual subordinated bond classifies as equity.

Financial risk management

The following financial risks can be identified in connection with ordinary business operations: market risk, credit risk and liquidity risk. **Market risk** is the exposure to changes in value of current or future cash flows and financial instruments due to changes in market prices. Within this category, Stedin is mainly exposed to interest rate risks.

Credit risk can be defined as the potential loss if a counterparty or its guarantor cannot or will not meet its contractual obligations.

Liquidity risk is the risk that Stedin Group will be unable to meet its payment obligations.

The policy is designed to minimise volatility and negative consequences of unforeseen circumstances on financial results. Procedures and guidelines have been drawn up in accordance with formulated targets, which are derived from the strategic objectives, and are evaluated and (if required) adjusted at least once a year.

The Board of Management is responsible for risk management. In this context, it sets out procedures and guidelines and ensures compliance. The authorisations to commit Stedin Group are specified in the 'Governance & Authority Structure' document. Mandates have also been drawn up for all business units to manage the above risks – for instance, for procurement. The Board of Management periodically discusses the development of results, core ratios, main risks (or the concentration of certain risks) and measures to manage them with senior management / departemental management.

Scenarios are applied in the long-term financial plan. Departmental management reports to the Board of Management by means of an in-control statement twice a year.

The internal Investment Risk Committee (IRC) is in charge of the formulation and application of the risk policy and advises the Board of Management accordingly. The Supervisory Board exercises supervision over the course of business and risk management by conducting reviews as well as discussions on strategic plans, budgets, key performance indicators, forecasts, results and risk policy.

The Treasury department is responsible for the active monitoring and management of capital, market risks, credit risks of treasury counterparties and liquidity risks of Stedin Group and handling the internal financing of subsidiaries. The principles for managing these risks are laid down in the Treasury Charter, as adopted by the Board of Management. The Treasury Charter describes, amongst other things, the risk appetite and the instruments available for managing risks.

The table below shows the correlation between the financial risks to which Stedin Group is exposed with regard to financial assets and liabilities, the instruments used to manage them and the applicable accounting:

Balance sheet item	Classification and measurement	Risks, the instruments used to manage them and classification and measurement applied		
		Interest rate risk	Commodity price risk	Credit risk
Cash and cash equivalents (cash)	Amortised cost	No material risk	Not applicable	No material risk
Cash and cash equivalents (money market funds)	Fair value	No material risk	Not applicable	No material risk
Loans, trade receivables, contract assets and other receivables	Amortised cost	No material risk	No material risk	Provision for expected credit losses
Interest-bearing and other liabilities	Amortised cost	Interest rate swap Hedge accounting	Not applicable	Not applicable
Trade and other liabilities	Amortised cost	No material risk	The procurement strategy for expected network losses limits price fluctuations.	Not applicable

Sections 30.1 to 30.4 discuss individual aspects from the table for each risk.

30.1 Market risk

Stedin Group has identified the following relevant market risks:

- interest rate risk: the exposure to changes in value in financial instruments arising from changes in market interest rates;
- commodity price risk: the exposure to changes in value in financial instruments arising from changes in commodity prices. Stedin Group is exposed to this type of risk primairily in procurement of for network losses and is sensitive to the effect of market fluctuations in the prices of various energy commodities, such as electricity and green certificates. The commodity price risk is part of the financial long-term planning and is to date not hedged by means of derivatives. However, Stedin has entered into long-term purchase contracts where prices for certain purchase volumes are fixed for the longer term.

The table below shows the fair value and the book value of the loans portfolio that is subject to market risks. The loans include €3.5 billion in fixed-rate loans (fair value risk). The other loans in the loan portfolio bear interest at variable rates that follow the development of market rates (cash flow interest rate risk).

x € 1 million	Book value as at 31 December 2024	Market value as at 31 December 2024	Book value as at 31 December 2023	Market value as at 31 December 2023
Bonds	2,971	2,879	2,461	2,306
Other loans	830	836	873	889
Total	**3,801**	**3,715**	**3,334**	**3,195**

The fair value of the bonds was determined on the basis of the year-end closing rate. This value was measured in accordance with fair value level 1. The fair value of the other loans was determined using the present value method ('income approach'). This was based on the relevant market interest rates for comparable debt. Consequently, the data for this measurement are covered by fair value level 2. The table does not include the perpetual subordinated bond, as this item is classified as equity under IFRS; see 21 Group equity for more details.

Currency risk

All entities included in the consolidation are not permitted to maintain substantial positions in foreign currencies without the Treasury department's approval. Based on the aggregate foreign currency position and the associated limit set for open positions, the Treasury department determines whether hedging is desirable and determines the strategy to be followed.

Stedin Group had no material foreign currency positions at year-end 2024.

Interest rate risk

The interest rate risk policy is aimed at keeping the net financing expenses as much as possible in line with the development of the benchmarks used by the regulator ACM to determine the permitted income for Stedin Group's regulated activities.

	2024	2023
Average interest rate	1.8%	1.9%

The average interest rate is calculated as the weighted average of the monthly interest expense in 2024 (adjusted for the fee for early repayment of the JPY loan). If all other variables remain constant, it is estimated that a general increase of 1 percentage point in Euribor (for a period of 12 months) would lead to a decrease in profit before income tax of €3.5 million (at 31 December 2023: €2.3 million).

Cash flow hedge for interest rate risk

In anticipation of loan issuances, Stedin Group has earlier entered into derivatives (pre-hedges) to hedge the interest rate risk. When entering into this type of derivative, Stedin Group enters into an obligation where the fixed interest is locked in in advance ('interest rate swap') with an effective date in the future ('forward starting') for a selected term. The reason for entering into such an obligation is toconcludea financing arrangement at an interest rate close to the average market rate in a financial year, in line with the method used in regulation.

Cash flow hedge accounting is applied for these derivatives. Therefore, any net changes in market value of the derivatives are recognised in Stedin Group's equity. The derivatives entered into for this purpose were settled at the balance sheet date.

x € 1 million	Balance of the cash flow hegde reserve	Reclassification recognised in the income statement
Cash flow hedge reserve for interest expense	1	1
Total	**1**	**1**

Fair value hedge

Stedin Group applies fair value hedges to convert part of its fixed-interest loans into variable-interest loans to achieve effective alignment with the strategic allocation between variable-interest and fixed-interest loans. As at 31 December 2024, Stedin Group had no active hedging relationships for interest rate risk (2023: €- million).

Commodity price risk

Stedin Group is faced with commodity price risk mainly in connection with purchasing for network losses. Stedin Group is exposed to the effect of market fluctuations in prices of various energy commodities, such as electricity, gas and green certificates. To reduce sensitivity to short-term price fluctuations and increase cost predictability, a significant proportion of electricity and gas purchases have their price fixed one to three years in advance. In addition, frequent consultation takes place with a member of the Board of Management to facilitate timely intervention if and when required. The remaining commodity price risk is not hedged by derivatives.

30.2 Credit risk

The maximum credit risk is equal to the balance sheet value of the financial assets including derivatives. Stedin Group's credit risk towards financial institutions mainly concerns cash and cash equivalents and derivatives for hedging transactions. The Treasury policyincroporates limits for each counterparty and term in order to limit any concentration of credit risks and requires a minimum credit rating of A- equivalent Standard & Poor's (S&P) and/or Moody's and/or Fitch (for which purpose the lowest rating is decisive).

Credit risk for receivables and contract assets

The credit risk policy is designed not to provide customers with any credit going beyond normal supplier credit as set out in the applicable procurement conditions . Measures in place to limit debtor risk are:

- credit limits or bank guarantees for business customers;
- in principle, receivables must be paid within 30 days in accordance with standard procurement conditions ;
- receivables for which payment is overdue are monitored and active dunning is applied;
- recourse to debt collection agencies and different collection methods for current and former customers.

The credit risk on trade receivables can be subclassified into mainly low-volume (regulated) and high-volume customers.

Since the introduction of the suppliers model, the credit risk relating to retail consumers is borne by the energy suppliers, as a result of which the concentration risk has consequently grown. A range of risk-mitigating measures have been implemented for this, including periodic monitoring and reporting of the risk profile of the energy suppliers. Individual signals for potential bad debts and credit ratings are used to value the credit risk on energy suppliers.

The credit risk for high-volume customers, other receivables and contract assets is limited, as most receivables are limited in size and the concentration risk is also limited. For the assessment of risks in the various high-volume portfolios, Stedin Group uses a simplified model that is based on Stedin's experience of receivables with a similar risk profile, supplemented by expected developments of the debtors and the economic environment.

Trade receivables, amounts not yet invoiced, prepayments and other receivables are as follows:

x € 1 million	As at 31 December 2024	As at 31 December 2023
Trade receivables	201	167
To be invoiced	61	55
Prepayments	44	49
Other receivables and accruals	6	12
Total	**312**	**283**

The breakdown of the outstanding trade receivables (including those not yet invoiced, excluding prepayments and other receivables and accruals) and bad debts provision by age is as follows:

		2024		2023	
x € 1 million	Expected loss %	Receivables	Provision / impairments	Receivables	Provision / impairments
Receivables from low-volume customers	0.1% - 100%	117	1	100	-
Receivables from high-volume customers, other receivables and to be invoiced					
Before maturity date	0.1% - 1%	95	-	92	-
After maturity date					
- under 3 months	1% - 25%	30	1	23	1
- 3 to 6 months	1% - 100%	8	1	4	1
- 6 to 12 months	5% - 100%	13	3	4	1
- over 12 months	65% - 100%	9	4	6	4
Face value		**272**	**10**	**229**	**7**
Less: provision / impairments		**-10**	**-**	-7	
Total		**262**	**-**	**222**	

The provision for expected credit losses contains an amount of €1 million (2023: €- million) concerning trade receivables that have been provided in full. The table below presents the movements in the bad debts provision in detail:

x € 1 million	2024	2023
As at 1 January	**7**	**10**
Additions through income statement	5	4
Withdrawals	-2	-7
As at 31 December	**10**	**7**

The cost of expected credit losses is recognised as part of other operating expenses.

30.3 Liquidity risk

Liquidity risk is the risk that Stedin Group is unable to obtain the required financial resources to meet its obligations in a timely manner. In connection with this, Stedin Group regularly assesses expected cash flows over a period of several years. These cash flows include operating cash flows, dividends, interest payable and debt redemptions, replacement investments and the consequences of changes in Stedin Group's credit rating. The aim is to have sufficient funds at all times to meet liquidity requirements. Great importance is attached to managing all the above risks to prevent Stedin Group from finding itself in a position in which it cannot meet its financial obligations. In addition, liquidity needs are planned on the basis of short, medium and long-term cash flow forecasts. The Treasury department compares this capital requirement against available funds.

Funding policy and available credit

The funding policy aims to develop and maintain an optimal funding structure, taking into account the current asset base, agreements and principles regarding regulation and the investment programme. The criteria for the funding policy are access to the capital market as well as flexibility at acceptable funding terms and costs. Funding is contracted centrally and apportioned internally. Subsidiaries are funded by a combination of equity and intercompany loans.

In 2023, Stedin Group arranged a revolving credit facility (RCF) of €800 million with six banks for a term of five years. The term can be extended twice for a period of one year by mutual consent. There were no drawdowns of the RCF during 2024.

Stedin Group also has a €1.5 billion Euro Commercial Paper (ECP) programme, under which €100 million had been drawn at 31 December 2024 (2023: €125 million) and a €5 billion Euro Medium Term Note (EMTN) programme, under which €3.0 billion had been issued at 31 December 2024 (2023: €2.5 billion).

Cash outflows

The table below shows forecast nominal cash outflows and any interest arising from financial liabilities over the coming years. The cash flows from derivatives are based on the forecasted net cash outflows (see also 24 Interest-bearing debt for the terms).

As at 31 December 2024 x € 1 million	Within 1 year	1 to 5 years	After 5 years	Total
Interest-bearing debt	936	1,981	1,198	4,115
Lease liabilities	21	49	65	135
Derivative financial instruments	-	-	-	-
Trade and other liabilities	427	-	-	427
Total	**1,384**	**2,030**	**1,263**	**4,677**

As at 31 December 2023 x € 1 million	Within 1 year	1 to 5 years	After 5 years	Total
Interest-bearing debt	312	1,987	1,407	3,706
Lease liabilities	14	34	67	115
Derivative financial instruments	50	-	-	50
Trade and other liabilities	365	-	-	365
Total	**741**	**2,021**	**1,474**	**4,236**

Trade and other liabilities include deferred income of €27 million (2023: €25 million). In principle, these do not result in a payment obligation.

30.4 Derivatives and cash flow hedge reserve

Derivatives

Stedin Group had no outstanding derivatives at year-end 2024.

Cash flow hedge reserve

The movements in the cash flow hedge reserve are as follows:

x € 1 million	Interest rate risk	Foreign currency risk	Total
As at 1 January 2023	**-6**	**-9**	**-15**
Movement in fair value of cash flow hedges	-	-12	-12
Deferred tax liabilities	-	3	3
Reclassification cash flow hedge reserve to income statement	2	-	2
As at 31 December 2023	**-4**	**-18**	**-22**
Movement of cash flow hedges	-	25	25
Deferred tax liabilities	-1	-7	-8
Reclassification cash flow hedge reserve to income statement	4	-	4
As at 31 December 2024	**-1**	**-**	**-1**

The cash flow hedge reserve can be subclassified as follows by active hedging relationships and reserves for which the hedging relationship has been discontinued, and the reserve will be reclassified to the income statement at the same time as the hedged future cash flows.

x € 1 million	Active hedging relationships	Discontinued hedging relationships	Total
As at 1 January 2024	**-16**	**-6**	**-22**
Movement of cash flow hedges	23	4	27
Deferred tax liabilities	-7	1	-6
As at 31 December 2024	**-**	**-1**	**-1**

The total cash flow hedges to be recognised in profit or loss in the future are recognised in the cash flow hedge reserve after deduction of taxes. Periods in which the income from the cash flow hedges is expected to be realised:

x € 1 million	As at 31 December 2024	As at 31 December 2023
Expected recognition through the income statement after income tax		
Within 1 year	-	-2
1 to 5 years	-2	-9
After 5 years	1	-17
Total	**-1**	**-28**

30.5 Credit rating

A key pillar in Stedin Group's financial policy is to maintain good access to the available sources of financing, including the money and capital markets. It is therefore important that we pursue a credit rating which makes this possible under all circumstances and that existing and potential capital providers have proper insight into the development of Stedin Group's creditworthiness.

Stedin Holding and Stedin Netbeheer B.V. each have a credit rating with the rating agency S&P. This rating consists of a long-term rating with an outlook and a short-term rating. The outlook indicates the expected development of the long-term rating over the coming years.

As at the balance sheet date, Stedin's credit rating awarded by S&P was A- with a stable outlook for the long term and A-2 for the short term.

The most important ratio for Stedin Group is the ratio of Funds from Operations (FFO) to Net Debt, which is a common ratio in our sector for how much debt a company can service. S&P applies a multi-year average of this ratio as part of its assessment of the credit rating. Stedin Group presents this ratio only at year-end 2024 and 2023.

The calculation of the ratio follows the figures in these Financial Statements, supplemented with the adjustments applied by S&P. These analytical adjustments are made in order to enhance the comparability of the figures as well as the financial position between Stedin Group and its peers. S&P has revised the lower limit of the FFO/Net Debt ratio to maintain the current credit rating, following Stedin's designation as a 'Government Related Entity': this should remain 'comfortably above 9%'. Stedin's policy is to aim to maintain an annual ratio of at least 10%.

The main adjustment made by S&P was to classify 50% of the perpetual subordinated bond as debt (in contrast to the classification under IFRS, whereby this entire bond classifies as equity). In addition, pension liabilities are included in the S&P definition of debt.

Current and non-current interest-bearing debt, lease liabilities, net interest paid and tax paid are in accordance with these Financial Statements.

The calculation is set out in the table below:

x € 1 million	2024	2023
Operating profit	306	293
Depreciation, amortisation and impairment of non-current assets	331	307
EBITDA	**637**	**600**
-/- Net interest paid	-97	-65
-/- Tax paid	-33	-14
-/- S&P adjustments	-40	-34
S&P - Funds from Operations	**467**	**487**
Non-current interest-bearing debt	2,921	3,069
Current interest-bearing debt	880	265
Lease liabilities	94	69
-/- Cash and cash equivalents	-101	-188
IFRS - Net Debt	**3,794**	**3,215**
+ S&P adjustments	265	263
S&P - Net Debt	**4,059**	**3,478**
FFO / Net Debt – S&P adjusted	**11.5%**	**14.0%**

The FFO/Net Debt ratio fell to 11.5% in 2024. The decline was mainly driven by higher net debt. At the end of 2024, this was €581 million higher than at year-end 2023 mainly due to the increase in investments.

The FFO/Net Debt ratio of 11.5% is above our target of at least 10%. S&P uses a multi-year (forward-looking) average for its assessment of the FFO/Net Debt ratio.

The S&P credit rating reports can be found on Stedin Group's Investor Relations website: http://www.stedingroep.nl/investor-relations.

In addition to FFO/Net Debt, Stedin Group also monitors solvency to ensure its financial health. Solvency is calculated by dividing equity (plus profit or loss for the period, adjusted for expected dividend distributions for the current financial year) by the balance sheet total (adjusted for the expected dividend distribution, the long-term portion of the customer contributions received in advance and the free cash and cash equivalents).

Stedin Group's solvency is as follows and is above our target of at least 35% (2023: at least 40%):

Solvency	2024	2023
Equity	3,370	3,221
Expected dividend	-56	-58
Equity (adjusted)	**3,314**	**3,163**
Total liabilities and equity	9,074	8,284
Expected dividend	-56	-58
Non-current portion of deferred revenue	-1,193	-1,065
Cash and cash equivalents	-101	-188
Total liabilities and equity (adjusted)	**7,724**	**6,973**
Solvency	**42.9%**	**45.4%**

31 Notes to the consolidated cash flow statement

Accounting principles

The consolidated cash flow statement has been prepared using the indirect method. To derive cash flow from operating activities, the result after income tax is adjusted for income statement items that either do not result in a cash flow in the same period or classify as investing or financing activities, as well as for movements in the balance sheet relating to working capital, deferred revenue and provisions.

The cash flow statement distinguishes between cash flows from operating, investing and financing activities. Cash flow from operating activities includes interest and income tax payments as well as interest and dividend receipts. Cash flows from investments in and disposals of non-current assets (including investment grants received) are included in cash flow from investing activities. Dividends paid out are classified as cash flow from financing activities.

Movements in working capital

Working capital consists of inventories and current receivables less trade and other liabilities. The table below shows the movement in working capital recognised in the cash flow from operating activities:

x € 1 million	2024	2023
Movements in inventories	-31	-45
Movements in trade and other receivables	-29	-61
Movement in trade and other liabilities	62	57
Total	**2**	**-49**

Interest paid

In 2024, the interest paid also included the one-off premium Stedin Group paid for the early repayment of the long-term JPY loan (see 1.3 Key events in 2024).

32 Subsequent events

Updated credit rating

S&P published a new credit rating report on 30 January 2025. Stedin Group's long-term credit rating is maintained at A- with a stable outlook. For the relevant publication, see Stedin Group's Investor Relations website.

Issue of new Green Bond

On 4 February 2025, Stedin Group issued its fifth green bond, for a nominal amount of €500 million. This loan has a term of 12 years, an issue price of 98.936% and coupon interest of 3.375%. The effective interest rate excluding transaction costs is 3.485%. In total, Stedin Group had €2.5 billion of green bonds outstanding including this issue.

Company income statement

x € 1 million	Note	2024	2023
Total net revenue and other income		**-**	**-**
Cost of sales, contracted work and operational expenses		-2	-
Depreciation of non-current assets		-	-1
Total operating expenses		**-2**	**-1**
Operating profit		**-2**	**-1**
Financial income and expenses	39	-96	-30
Profit before income tax		**-98**	**-31**
Profit of participating interests	35	227	192
		129	**161**
Income tax		29	9
Profit after income tax		**158**	**170**
Attributable to:			
Shareholders of Stedin Holding N.V.		152	164
Holders of perpetual subordinated bonds		6	6
Profit after income tax		**158**	**170**

Company balance sheet

x € 1 million	Note	As at 31 December 2024	As at 31 December 2023
Before profit appropriation			
ASSETS			
Non-current assets			
Intangible assets	34	77	77
Financial assets	35	5,713	5,483
Deferred tax assets		-	20
Total non-current assets		**5,790**	**5,580**
Current assets			
Receivables from group companies	36	2,211	1,915
Current tax assets	18	18	10
Accruals and other receivables		2	2
Money market funds		40	100
Cash		37	22
Total current assets		**2,308**	**2,049**
TOTAL ASSETS		**8,098**	**7,629**

x € 1 million	Note	As at 31 December 2024	As at 31 December 2023
LIABILITIES			
Equity			
Share capital	21	610	606
Share premium	21	620	591
Cash flow hedge reserve	21	-1	-19
Cost of hedging reserve	21	-	-4
Legal reserve development costs	21	20	13
Legal reserve associates	21	4	4
Retained earnings	21	1,459	1,360
Undistributed profit for the year	21	152	164
Equity attributable to Stedin Holding N.V. shareholders		**2,864**	**2,715**
Perpetual subordinated bond	21	506	506
Total equity		**3,370**	**3,221**
Deferred tax liabilities		17	-
Provisions		6	11
Total non-current liabilities		**23**	**11**
Non-current liabilities			
Interest-bearing debt	24	2,921	3,069
Interest-bearing debt to group companies	37	500	500
Total non-current liabilities		**3,421**	**3,569**
Current tax liabilities			
Interest-bearing debt	24	880	265
Liabilities to group companies	36	367	484
Derivative financial instruments		-	50
Other liabilities	38	36	29
Total current liabilities		**1,284**	**828**
TOTAL LIABILITIES		**8,098**	**7,629**

Notes to the company Financial Statements

33 Accounting principles for financial reporting

The company Financial Statements of Stedin Holding N.V. (hereinafter referred to as Stedin Holding) have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code, and the same accounting policies have been applied as in the consolidated Financial Statements (Section 362(8) of Book 2). For these policies, see Notes to the consolidated Financial Statements. It follows that the perpetual subordinated bond is classified in the same way.

The descriptions of the activities and structure of the company as stated in the Notes to the consolidated Financial Statements, including disclosures of directors' remuneration and a list of participating interests in subsidiaries, also apply to the company Financial Statements.

The company Financial Statements of Stedin Holding consist of the company income statement and the company balance sheet. The euro is the functional currency. All amounts are in millions of euros, unless stated otherwise.

34 Intangible assets

Intangible assets relate to the goodwill paid for the acquisition of DNWG in 2017. For more information, see 14 Intangible assets.

35 Financial assets

Accounting principles

Participating interests in subsidiaries

Participating interests in subsidiaries over whose commercial and financial policies significant influence is exercised are stated at net asset value, but not for an amount lower than nil. If the net asset value is negative, the participating interest is stated at nil. In this context, other long-term interests which in effect must be qualified as part of the net investment in the subsidiary are also taken into account. Where the company provides security for all or part of the debts of the relevant subsidiary, or is in effect under an obligation (in proportion to its share) to enable this subsidiary to pay its debts, a provision is recognised. The amount of this provision is determined with due regard for any bad debt provisions already deducted from amounts receivable from the subsidiary. A statutory reserve is formed for reserves of subsidiaries that are subject to restrictions on distributions.

Expected credit losses

Expected credit losses on loans issued to and receivables from subsidiaries are eliminated. Stedin chooses to incorporate this elimination in the book value of the issued loan or receivable.

x € 1 million	Subsidiaries	Associates	Receivables from subsidiaries	Total
Book value as at 1 January 2023	**3,483**	**4**	**1,304**	**4,791**
Result of subsidiaries	192	-	-	**192**
Movements in loans to subsidiaries	500	-	-	**500**
Book value as at 31 December 2023	**4,175**	**4**	**1,304**	**5,483**
Result of subsidiaries	227	-	-	**227**
Effect in corporate income tax changes	3	-	-	**3**
Book value as at 31 December 2024	**4,405**	**4**	**1,304**	**5,713**

In both 2024 and 2023, no impairments were applied to the non-current financial assets.

The capital interests are disclosed in 2.3 Basis of consolidation.

36 Receivables from and liabilities to subsidiaries

Receivables from and liabilities to subsidiaries are all short term.

37 Interest-bearing debt to subsidiaries

Stedin Holding took out a long-term interest-bearing loan with subsidiary Stedin Netbeheer B.V. The interest rate applied is in line with the market and the term is 10 years, with no interim repayments.

38 Other liabilities

Other liabilities can be specified as follows:

x € 1 million	As at 31 December 2024	As at 31 December 2023
VAT	10	12
Other	26	17
Total other liabilities	**36**	**29**

39 Financial income and expenses

Financial expenses consist mainly of interest expenses on external and intercompany loans raised. The financial expenses amount to €124 million (2023: €73 million) and the financial income to €28 million (2023: €43 million). Finance income relates to interest income on intercompany loans issued.

40 Contingent assets and liabilities

See 27 Contingent assets and liabilities for an overview of the contingent assets and liabilities.

Liability statements of subsidiaries

For most of the subsidiaries, liability statements as referred to in Section 403 of Book 2 of the Dutch Civil Code have been issued by the legal entity. This is specified in 2.3 Basis of consolidation. Pursuant to these liability statements, Stedin Holding is jointly and severally liable for all debts arising from legal acts performed by those subsidiaries.

41 Subsequent events

For subsequent events, see 32 Subsequent events.

42 Profit appropriation

Proposal for appropriation of profit for 2024

The articles of association of Stedin Holding contain provisions concerning profit appropriation. The company's articles of association state that holders of the cumulative preferred shares are entitled annually to a yield of 3%. The distribution of this yield is at the discretion of the Board of Management, subject to the approval of the Supervisory Board. If the preferred dividend is not distributed, it must be added to the preferred profit reserve.

The shareholder covenant states that the distributable profit for each of the financial years 2023 to 2032 will be determined on the basis of tiers, which depend on the amount of profit, excluding incidental income. The tiers are explained in the accompanying table, as well as in Profit appropriation pursuant to the articles of association.

The distributable profits are at the disposal of the General Meeting of Shareholders. Following approval by the Supervisory Board, the Board of Management will put forward a proposal to the General Meeting of Shareholders concerning the amount to be distributed. The General Meeting of Shareholders may decide to distribute all or part of this amount.

The Board of Management intends, with the approval of the Supervisory Board, to distribute the preferred dividend of €6 million to the holders of preferred shares. This would represent a dividend of €14.42 per preferred share for 2024.

In addition, the Board of Management intends to add an amount of €96.2 million to the other reserves.

The proposed profit appropriation of Stedin Holding is as follows:

x € 1 million	2024	2023
Profit after income tax	**158.1**	**169.8**
Result attributable to holders of Stedin Holding N.V. perpetual subordinated bonds	-5.6	-5.6
Result attributable to shareholders of Stedin Holding N.V.	**152.5**	**164.2**
Cumulative preference dividend to be distributed	-6.0	-6.0
Profit after income tax available for distribution to the shareholders	**146.5**	**158.2**
Addition to other reserves based on scales		
10% of profit up to 20,000,000	2.0	2.0
70% of profit between 20,000,000 and 100,000,000	56.0	56.0
82% of profit above 100,000,000	38.2	47.8
Total	**96.2**	**105.8**
Distributable profit available to the AGM	50.3	52.4
Increase of general reserve after proposed dividend distribution	**96.2**	**105.8**

A recommendation will be made to the General Meeting of Shareholders to resolve to pay a dividend of €50.3 million. This would represent a distribution of €8.86 per share (2023: €9.30 per share), based on an outstanding number of 5,684,687 ordinary shares as at 31 December 2024 (2023: 5,642,732 shares).

The proposed profit appropriation has not been recognised in the balance sheet as at 31 December 2024.

Rotterdam, 20 February 2025

Stedin Holding N.V.

The Board of Management	The Supervisory Board
Koen Bogers, CEO (chair) Trudy Onland, COO David Peters, CTO	Doede Vierstra (chair) Hanne Buis Theo Eysink Annie Krist Arco Groothedde Marike Bonhof

Other **information**

Profit appropriation pursuant to the articles of association

Under the company's articles of association, holders of the cumulative preference shares are entitled annually to a 3% preferred dividend. This percentage is revised every new regulatory period. The distribution of this preferred dividend is at the discretion of the Board of Management, subject to the approval of the Supervisory Board. If the Board of Management resolves not to distribute the preferred dividend, it must be added to the preferred profit reserve.

Article 29.11 of the articles of association stipulates that, until 31 December 2033, a different dividend policy applies for each of the financial years 2023 to 2032. For this period, the shareholders' covenant sets out the following rules regarding profit appropriation in relation to the profit available for distribution after application of articles 29.3 to 29.9 of the articles of association:

1. Of the profit up to and including an amount of EUR 20,000,000, 10% will be added to the ordinary profit reserve.
2. In addition to the reservation pursuant to point 1, the following applies:
   a. If the profit exceeds EUR 20,000,000 but does not exceed EUR 100,000,000, 70% of the excess above EUR 20,000,000 will be added to the ordinary profit reserve.
   b. If the profit exceeds EUR 100,000,000, the following will be added to the ordinary profit reserve:
      i. 70% of EUR 80,000,000 (being the excess above EUR 20,000,000 up to EUR 100,000,000); and
      ii. 82% of the excess above EUR 100,000,000.
3. Any profit that is not to be reserved as stipulated under points 1 and 2 is at the disposal of the General Meeting of Shareholders.
4. The reservation referred to under points 1 and 2 will be carried out by the Board of Management (without requiring the approval of the Supervisory Board) by exercising the authority to reserve set out in article 29.11 of the articles of association as it applies up to and including 31 December 2033.

After 31 December 2033, the dividend policy will revive under which the Board of Management, with the approval of the Supervisory Board, may add a portion equal to no more than half of the profit available for distribution after application of articles 29.3 to 29.9 of the articles of association to the reserves. The remaining portion is at the disposal of the General Meeting of Shareholders. Following approval by the Supervisory Board, the Board of Management will put forward a proposal to the General Meeting of Shareholders for the remaining amount.
The General Meeting of Shareholders can decide to distribute all or part of the remaining portion. Undistributed profit is added to the reserves.

Special shares

Shares with specific voting rights

The N1 and N2 shares were also issued at the time the State of the Netherlands joined as shareholder. These shares were issued to the State of the Netherlands (N1) and the municipality of Rotterdam, as chair of the Shareholders' Committee (N2). The N1 share can only be held by the State of the Netherlands. No requirements are imposed on the holder of the N2 share, except the exclusion of the State of the Netherlands as shareholder. The N2 share is in principle reserved for the chair of the Shareholders' Committee, which role is currently filled by the municipality of Rotterdam.

The N1 share entitles the holder to a casting vote on certain decisions, approval of an amendment to the articles of association or dissolution of the company. In addition, the holder of the N1 share is the only party allowed to apply for a review of the Funding Plan.

The N2 share entitles the holder to apply for a review of board resolutions.

The voting rights attached to the N2 share, the right to participate in the General Meeting of Shareholders, the right to distributions and other rights attached to the N2 share are suspended if and for as long as the N1 rights are suspended.

Shares with limited profit-sharing rights

The N1 and N2 shares have limited profit-sharing rights. Annual distributions of 1% of the nominal value (€100) of the share are allocated to the N1 and N2 shares first. No further distributions will be made on the N1 and N2 shares.

Independent auditor's report

This independent auditor's report is an English translation of the signed Dutch independent auditor's report as issued at 20 February 2025.

To the shareholders and the supervisory board of Stedin Holding N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements 2024 of Stedin Holding N.V., based in Rotterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Stedin Holding N.V. as at 31 December 2024, and of its result and its cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Stedin Holding N.V. as at 31 December 2024, and of its result for the year ended 31 December 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2024.
2. The following statements for the year ended 31 December 2024: the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated cash flow statement and consolidated statement of changes in group equity.
3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2024.
2. The company income statement for the year ended 31 December 2024.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Stedin Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 25 million. The materiality is based on 3.9 % of EBITDA, as disclosed by Stedin Group in disclosure note 30. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 1,25 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Stedin Holding N.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of Stedin Holding N.V.

Based on our risk assessment, we determined the nature, timing and extent of audit procedures to be performed, including determining the components at which to perform audit procedures. The audit procedures were mainly aimed at the significant components. We have performed our audit procedures on Stedin Holding N.V. and Stedin Netbeheer B.V. On other components we have performed specific audit procedures.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Focus on the energy transition

Climate change increasingly impacts our environment and society, in which the energy system will change drastically. As a regional network operator, Stedin Group plays a crucial role in this changing energy system.

The Board of Management has summarized the effects of the energy transition on Stedin Group and its plans concerning the energy transition, including the associated impacts, challenges, uncertainties and opportunities in the Report of the Board of Management, which includes the Sustainability Statement.

The impact of the energy transition on the financial statements is explained in note 1.2. This is primarily reflected in the increase in the investment level in the electricity grid and its financing, as explained in notes 13, 21 and 24.

Furthermore, the energy transition impacts the assumptions used in estimating the useful life and depreciation methods of Stedin Group's assets, including its gas network, as explained in note 2.5.

As part of our audit of the financial statements, we evaluated how Stedin Group considers the effects of the energy transition in its estimates and significant assumptions. We also refer to our key audit matters. Additionally, we have read the annual report and considered whether there is any material inconsistency with the financial statements. Finally, we have performed assurance activities on Stedin Group's Sustainability Statement, for which we refer to our separate assurance report.

Audit approach to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to the paragraph "Preventing Fraud" in the chapter Organisation and management of the Report of the Board of Management, in which the board outlines its policies and procedures regarding fraud.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We have recognised the fraud risk presumed in the audit standards concerning the breach of internal control measures by the board of directors and management, including whether there are indications of trends that may pose a risk of material misstatement resulting from fraud.

We have performed data-driven procedures, including testing journal entries, assessing estimates and assumptions for trends (including a retrospective review of significant estimates from the previous financial year), and evaluating the justifications for the adjustments made during the preparation of the financial statements. The significant estimates and assumptions that may have a material impact on the financial statements are outlined in note 2.5 of the financial statements. We have also evaluated whether the choice and application of accounting policies by the company, particularly those relating to subjective valuations and complex transactions, may indicate fraudulent financial reporting.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We have reviewed the available information and sought insights from members of the board of directors, management (including the Corporate Affairs, Compliance & Integrity, Corporate Risk Management, and Internal Audit departments), the supervisory board, and others within the group.

No indications of fraud that could lead to a material misstatement emerged from this.

We have included forensic experts in this evaluation.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the company through discussion with the Board of Management, management, those charged with governance and others reading minutes and reports of Compliance & Integrity and internal audit.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Stedin Holding N.V. is subject to other laws and regulations where the consequences of noncompliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of Stedin Holding N.V.'s business and the complexity of, there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Stedin Holding N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the supervisory board, the executive board and others within Stedin Holding N.V. as to whether Stedin Holding N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

As described in the financial statements in note 2, the board of directors has prepared the financial statements of Stedin Group on the assumption that the continuity of the company will be maintained and that it will continue its activities in the foreseeable future.

We have evaluated this assessment by the board, considering whether this assessment includes all relevant information of which we are aware as a result of our audit. This includes evaluating liquidity and financing elements in Stedin Group's long-term plan and the underlying developments and assumptions for both the short and long term.

Our procedures did not yield results that are contrary to the assumptions and assessments made by management in applying the going concern assumption.

Our key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Key Audit Matter	
Developments, estimates and assumptions in relation to property, plant and equipment	
Description	*The manner in which we have audited this key matter.*
In determining the carrying amount of the property, plant, and equipment of €8.294 million, assumptions and presumptions are made, both in terms of determining the amounts that can be capitalized and regarding the useful life and depreciation method of the assets. Also, given its size, it is an account that forms an important part of our time spent. Property, plant, and equipment are valued at acquisition cost, less cumulative depreciation and impairment losses. The disclosures regarding the chosen valuation basis and specific explanations are included in notes 2.5 and 13 of the financial statements.	As part of our procedures, we have assessed internal and external developments that are specific to Stedin Group or relevant to the sector as a whole. Based on our risk analysis, we have determined the audit approach. Our audit procedures include, among other procedures: audit of investments, divestments, review of depreciation, and evaluating the useful life and utilization of Stedin Group's assets. *Observation* Based on the materiality described above and the procedures we have performed and outlined above, we can concur with the assumptions, estimates, and disclosures made by management.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- The Report of the Board of Management, including the Sustainability Statement.
- Other information.
- Additional information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Statement regarding other requirements set by law or regulation

Appointment

We have been appointed by the Supervisory Board as the auditor of Stedin Group from the audit of the financial year 1997, and we have been the external auditor since that audit year to the present.

No prohibited services

We have not provided any prohibited services as referred to in Article 5, paragraph 1 of the European Regulation concerning specific requirements for the statutory audits of financial statements of public interest entities.

Description of responsibilities regarding the financial statements

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 and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible 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

appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error, during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

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 findings in internal control that we identified during our audit. In this respect we also submit 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 safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Rotterdam, 20 February 2025

Deloitte Accountants B.V.

A. van der Spek RA

Assurance report on non-financial information

LIMITED ASSURANCE-REPORT OF THE INDEPENDENT AUDITOR ON THE SUSTAINABILITY STATEMENT

This independent assurance-report is an English translation of the signed Dutch independent assurance-report as issued at 20 February 2025.

To the shareholders and supervisory board of Stedin Holding N.V.

Our conclusion

We have performed a limited assurance engagement on the consolidated Sustainability Statement for 2024 of Stedin Holding N.V. based in Rotterdam (hereinafter: "Stedin Groep" or "the company"). The Sustainability Statement including the information incorporated in the Sustainability Statement by reference (hereinafter: the Sustainability Statement), is incorporated as part of the Report of the Board of Management.

Based on our procedures performed and the assurance evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the double materiality assessment process carried out by the company to identify the information reported pursuant to the ESRS.
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Basis for our conclusion

We have performed our limited assurance engagement on the Sustainability Statement in accordance with Dutch law, including Dutch Standard 3810N, 'Assurance-opdrachten inzake duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting).

Our responsibilities in this regard are further described in the section 'Our responsibilities for the limited assurance engagement on the Sustainability Statement' of our report.

We are independent of the company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Emphasis of matter

Emphasis of the most significant uncertainties affecting the quantitative metrics

We draw attention to section "Estimates and uncertainties" in the Sustainability Statement, in which Stedin Groep describes the most important estimates and uncertainties in the Sustainability Statement.

In the chapter Climate change mitigation, Stedin Groep describes its transition plan regarding CO2-equivalent emissions in scopes 1, 2, and 3. Customer gas consumption, and the CO2-equivalent emissions associated with it, is the lever with the greatest impact. At the same time, this is the emission category over which it has the least direct influence. Stedin Group is largely dependent on the actions and behaviours of customers and other stakeholders, including political policy decisions.

This section also includes important information about quantitative metrics that are subject to a high level of measurement uncertainty and/or that are dependent on information of third parties. Stedin Groep discloses these assumptions, approximations, judgements and used external sources.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis of the double materiality assessment process

We draw attention to section "Changes compared to previous reports" in the Sustainability Statement. In this disclosure Stedin Group describes that it regards the due diligence and double materiality process as an ongoing practice. It provides insight into the steps taken in 2024. These indicate that further research is needed to further concretise where its impact lies within the value chain. It also outlines the follow-up analysis that will be conducted in 2025. Finally, Stedin Group explains the transitional provision it uses, which allows for a gradual increase in understanding of the value chain.

Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and service contexts. The double materiality assessment process may also be impacted in time by developments in the operations or environment of Stedin Groep, (interpretations of) reporting standards, further insights into industry information, and/or the expectations of stakeholders. The Sustainability Statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not subject to assurance procedures

With respect to the Sustainability Statement as prepared in accordance with the ESRS, no limited or reasonable assurance-procedures have been performed on the included comparative sustainability information for the prior year.

Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the Board of Management of the company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

Our conclusion is not modified in respect of this matter.

Responsibilities of the Board of Management and the Supervisory Board for the Sustainability Statement

The Board of Management is responsible for the preparation of the Sustainability Statement in accordance with the ESRS, including the double materiality assessment process carried out by the company as the basis for the Sustainability Statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the Sustainability Statement, the Board of Management is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The Board of Management is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the board is responsible for such internal control as it determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by the company.

Our responsibilities for the limited assurance engagement on the Sustainability Statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance that the Sustainability Statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NV KM, regulations for quality management), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included among others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the Sustainability Statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS.
- Obtaining through inquiries a general understanding of i) the internal control environment, ii) the company's processes for gathering and reporting entity-related and value chain information, iii) the information systems and iv) the company's risk assessment process relevant to
  - the preparation of the Sustainability Statement
  - identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) without obtaining assurance information about the implementation, or testing the operating effectiveness, of controls.
- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the Sustainability Statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). We designed and performed further assurance procedures aimed at assessing that the Sustainability Statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the double materiality assessment process in the Sustainability Statement made by Board of Management appears consistent with the process carried out by the company.
- Determining the nature and extent of the procedures to be performed for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive.
- Performing analytical review procedures on quantitative information in the Sustainability Statement, including consideration of data and trends.
- Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends; however, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Board of Management's estimates.
- Analysing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the Sustainability Statement.

- Considering whether:
  - the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of the company, are consistent or coherent with the Sustainability Statement and appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met; and
  - the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework as defined in Appendix 1 Glossary of Terms of the CEAOB Guidelines on limited assurance on sustainability reporting adopted on 30 September 2024 and in compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented.
- Considering the overall presentation, structure and the fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the Sustainability Statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the Sustainability Statement as a whole is free from material misstatements and prepared in accordance with the ESRS.

Rotterdam, 20 February 2025

Deloitte Accountants B.V.

A. van der Spek RA

Supplementary **information**

Five-year summary

	Unit	2024	2023	2022	2021	2020
Income statement						
Revenue	€ mln	2,048	1,752	1,316	1,265	1,216
Total operating income	€ mln	2,088	1,770	1,333	1,279	1,229
Total operating expenses	€ mln	1,782	1,477	1,197	1,099	1,061
EBITDA	€ mln	637	600	432	484	463
Operating profit	€ mln	306	293	136	180	168
Profit after income tax	€ mln	158	170	81	62	71
Balance sheet						
Property, plant and equipment	€ mln	8,294	7,522	6,993	6,570	6,165
Total assets	€ mln	9,074	8,284	7,505	7,117	6,680
Equity	€ mln	3,370	3,221	2,589	2,480	2,229
Total interest-bearing debt	€ mln	3,801	3,334	3,396	3,281	3,183
Investments in non-current assets	€ mln	1,096	832	711	687	620
Cash flows						
Cash flow from operating activities	€ mln	611	546	392	488	513
Cash flow from investing activities	€ mln	-1,080	-808	-689	-679	-617
Cash flow from financing activities	€ mln	382	397	217	241	115

	Unit	2024	2023	2022	2021	2020
Credit rating						
Long-term rating (S&P)	rating	A-	A-	A-	A-	A-
Solvency	%	42.9	45.4	39.7	40.6	38.2
FFO/Net debt	ratio	11.5	14.0	9.5	10.6	11.4
Shares at 31 December						
Number of ordinary shares outstanding (x 1,000)	number	5,685	5,643	4,971	4,971	4,971
Number of preference shares outstanding (x 1,000)	number	416	416	416	416	-

	Unit	2024	2023	2022	2021	2020
Operational key figures						
High-volume electricity connections[1]	number	26,897	26,531	26,116	25,526	24,997
Low-volume electricity connections[2]	number	2,420,027	2,398,137	2,375,331	2,353,166	2,331,545
Quantity of electricity transported	GWh	24,862	24,374	20,746	20,529	20,171
Length of electricity cables[3]	km	59,118	58,732	58,250	57,616	56,854
Length of electricity cables laid	km	1,013	892	715	998	1,059
High-volume gas connections	number	8,787	8,933	9,084	9,248	9,394
Low-volume gas connections	number	2,076,663	2,092,646	2,108,500	2,121,210	2,129,182
Quantity of gas distributed[4]	million m^3	3,626	3,602	3,782	4,961	4,425
Length of gas pipelines	km	28,080	28,121	28,145	28,160	28,206
Length of gas pipelines laid	km	235	237	231	256	227
Heating network connections	number	323	323	323	323	323
Medium-voltage failures resulting in disruption	number	490	497	507	465	523
Facilitated supplier switches (x 1.000)[5]	number	627	623	395	685	883

	Unit	2024	2023	2022	2021	2020
Staff						
Total number of employees at year end	number	6,573	5,837	5,275	4,973	4,985
Employees (internal) at year end	number	5,471	4,784	4,324	4,194	4,276
Employees (external) at year end	number	1,102	1,053	951	779	709
Total number of FTEs at year end	number	6,232	5,520	4,992	4,730	4,734
FTEs (internal) at year end	number	5,237	4,583	4,148	4,041	4,127
FTEs (external) at year end	number	995	937	844	689	607
Sickness absence (internal) (%)	ratio	5.0	5.4	5.8	4.3	4.2
Safety						
Lost Time Injury Rate (LTIR)	ratio	0.10	0.24	0.52	0.53	0.39
LTIR at work	ratio	-	0.12	0.39	0.27	0.13
LTIR Falls, trips and slips	ratio	0.10	-	0.13	0.13	0.26
LTIR Participation in traffic	ratio	-	0.12	-	0.13	-
Recordable Incident Frequency (RIF)	ratio	0.44	0.57	0.91	0.74	0.68
Total number of accidents (excl. First Aid Case (FAC))	number	29	30	43	38	30
Number of fatal accidents including contractors	number	-	-	-	-	-
Number of fatal accidents Stedin Group	number	-	-	-	-	-
Number of fatal accidents Contractors	number	-	-	-	-	-
Number of lost-time accidents including contractors (lost time > 1 day, LTI)	number	4	5	8	10	6
Number of lost-time accidents Stedin Group (lost time > 1 day, LTI)	number	1	2	4	4	3
Number of lost-time accidents Contractors (lost time > 1 day, LTI)	number	3	3	4	6	3
Number of non-lost-time accidents including contractors	number	25	25	35	28	24
Number of non-lost-time accidents Stedin Group	number	20	22	31	24	23
Number of non-lost-time accidents Contractors	number	5	3	4	4	1

	Unit	2024	2023	2022	2021	2020
Outages and interruptions in electricity supply						
Average duration of interruption MV/LV (CAIDI)	minutes	82	89	96	87	112
Interruption frequency MV/LV (SAIFI)	number	0.25	0.23	0.23	0.22	0.23
Annual downtime MV/LV (SAIDI)	minutes	21	20	22	19	26
Annual downtime HV/MV/LV (SAIDI)	minutes	22	21	25	20	27
Outages and interruptions in gas supply						
Average duration of interruption (CAIDI)	minutes	88	123	141	88	75
Interruption frequency (SAIFI)	number	0.01	0.01	0.01	0.01	0.01
Annual downtime (SAIDI)	seconds	31	44	50	29	26
Waste						
Total volume of waste	kg	13,882,788	13,207,255	11,024,321	11,424,839	8,885,295
Total volume of waste recycled	kg	8,517,337	8,416,474	8,209,666	8,636,798	7,710,474
Total volume of waste not recycled	kg	5,365,451	4,790,781	2,814,655	2,788,041	1,174,821
% waste not recycled	%	39	36	26	24	13
Total asbestos	kg	1,598,760	1,749,220	2,084,395	1,894,085	756,645
% of asbestos in waste not recycled	%	30	37	74	68	64

[1] The number of connections has been retroactively adjusted from 2020 onwards to align with the data in the Central Connection Register (C-AR). Connections with a capacity greater than 3x80A and connected to the low-voltage network are now consistently reported under the high-volume electricity connections; these connections were not previously presented separately.

[2] The number of connections has been retroactively adjusted from 2020 onwards to align with the data in the Central Connection Register (C-AR). Connections falling under Article 1, paragraphs 2 and 3 of the Energy Act (excluding public lighting) with a capacity of less than 3x80A are now consistently presented as low-volume electricity connections. Previously, these connections were not presented separately.

[3] The figures for the length of electricity cables have been retroactively adjusted in 2023, with the reference date aligned to the definition used in previous years. These figures represent the total length, whereas the length of cables laid in a given year is calculated based on route length.

[4] The figures regarding the transported quantity of gas in 2021 and 2020 have been retroactively adjusted, as they were previously presented without DNWG.

[5] Figures regarding facilitated switches of suppliers (in thousands) have been retroactively adjusted from 2022 onwards to align with the numbers in the Central Connection Register (C-AR).

Property, plant and equipment by activity

The table below provides a breakdown of property, plant and equipment by activity within Stedin, as stated in the statement of movements in 13 Property, plant and equipment.

x € 1 milion	2024	2023
Book value		
Electricity	5,713	5,094
Gas	2,187	2,041
Smart meters	300	297
Green buildings	32	32
Other	62	58
	8,294	**7,522**

The table below provides a breakdown of property, plant and equipment by activity within Stedin, adjusted for deferred revenue, as stated in the statement of changes in 13 Property, plant and equipment and 25 Deferred revenue.

x € 1 million	2024	2023
Book value		
Tangible fixed assets (gross)	**8,294**	**7,522**
Electricity	4,726	4,195
Gas	1,994	1,857
Smart meters	292	290
Green buildings (Utrecht property)	32	32
Other	57	58
Tangible fixed assets (net)	**7,101**	**6,432**
Customer construction contribution	1,166	1,065
Income recognized	27	25
	1,193	**1,090**

Impact model

As a grid operator, we have an impact on our society and living environment. This impact can be positive or negative. Since 2019, we have been working on calculating these impacts for the presentation of our social balance sheet: our Impact Model. We do this using the International Integrated Reporting Council's (IIRC) 'six capitals model'. In this model, we quantify our qualitative impacts where we make a social contribution, in our direct activities and in the chain (chain impact). Chain impact is impact for which parties in the chain are responsible together with Stedin. The Impact Model also provides insight into the relationship between our impacts and how we contribute to the United Nations' international goals: the Sustainable Development Goals (SDGs).

We are taking steps to integrate these impact measurements into our key decision-making processes. To this end, we are working with parties such as other grid operators in the Broad Prosperity Coalition. This coalition is working to embed broad social impact in the governance of organisations. One of the requirements is harmonising and reporting on social value in an Impact Model. For further information, see also the Guide to Measuring Impact for Infrastructure Companies (Handboek Impactmeting Infrabedrijven).

The results of our 2023 impact measurements were included as input for the double materiality assessment.

Impact model 2024

CAPITAL	NEGATIVE IMPACT	IN € MILLION	POSITIVE IMPACT	SDGS
Financial capital Financial capital comprises the value of financial flows between Stedin and its external stakeholders	Capital raised, received repayments and interest Payments by customers (low-use) Payments by customers (heavy-use) Contributions received Other revenue		Dividends, repayments and interest Payments to suppliers Payments to employees Movements in cash and cash equivalents Taxes	7 BETAALBAREN EN DUURZAME ENERGIE 8 WAARDIG WERK EN ECONOMISCHE GROEI
Produced capital Produced capital comprises the value of services and products that Stedin and its suppliers create for society	Value of goods purchased for electricity transmission Value of goods purchased for gas transport		Contribution of electricity transmission to consumers' well-being**/*** Contribution of gas transport to consumers' well-being*** Economic change in the value of assets Value of energy transmission for business customers Digital security*	7 BETAALBAREN EN DUURZAME ENERGIE 9 INDUSTRIE, INNOVATIE EN INFRASTRUCTUUR 11 DUURZAME STEDEN EN GEMEENSCHAPPEN 12 VERANTWOORDE CONSUMPTIE EN PRODUCTIE
Intellectual capital Intellectual capital comprises the value that Stedin creates by investing in the development of knowledge and technology	-		Change in value of intangible assets Value of data collection and market facilitation* Development of new market models and open platforms* Technological development*	9 INDUSTRIE, INNOVATIE EN INFRASTRUCTUUR
Human capital Human capital comprises the value of the well-being and competences of our employees and other individuals affected by the business operations	Economic value of work Work-related absenteeism and employee accidents Safety incidents in the area*		Effects on well-being from having work Employee development	3 GOEDE GEZONDHEID EN WELZIJN 4 KWALITEITS-ONDERWIJS 8 WAARDIG WERK EN ECONOMISCHE GROEI
Social capital Social capital comprises the value our activities have for the well-being and social relationships in society	Digital security: breaches of privacy*		Value of change in reputation of Stedin Group Contribution to improved institutions and regulations* Contribution to social cohesion in the Netherlands* Social impact of diversity and inclusion* Reduction of inequality in society*	11 DUURZAME STEDEN EN GEMEENSCHAPPEN
Natural capital Natural capital comprises the pressure on natural resources from Stedin's activities and the entire energy chain	Other environmental impacts due to energy distribution Contribution to climate change through CO_2 emissions Contribution to biodiversity loss* Ecological costs of purchasing materials Ecological damage caused by waste			12 VERANTWOORDE CONSUMPTIE EN PRODUCTIE 13 KLIMAATACTIE 15 LEVEN OP HET LAND

* These values are qualitative and therefore cannot be expressed in figures ** Including energy fed back into the grid
*** Underlying calculation has been adjusted in 2024, with updated factors for price elasticity to adjust for the effects of high energy prices

3,000 - 4,000 | 1,000 - 2,000 | 200 - 1,000 | 20 - 200 | 0 - 20

Connectivity table

In this section, we describe the relevance of our KPIs and metrics to us and our stakeholders and how they relate to our strategy, material topics, strategic risks and opportunities, and the Sustainability Development Goals.

ESRS2 MDR-M 77a,c; ESRS2 MDR-T 80c,f

KPIs Sustainability Statement

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Investments	Access to energy and supply reliability	Investments are the number of euros that we invest annually and is equal to the investments in tangible and intangible fixed assets as presented in the notes to the financial statements	R: Insufficient expansion of network capacity - Underestimation of gas investments needed - Energy transition becoming unaffordable for society O: Application of new energy carriers within Stedin Group - Comprehensive investment assessment to ensure best possible combination of electricity, gas or future energy sources	
Irrevocable zoning plans	Access to energy and supply reliability	The KPI Irrevocable zoning plans shows the increase in the number of zoning plans for transmission network expansions with a spatial component that became irrevocable in the year. This KPI is calculated based on the number of programs with a spatial component for which a zoning plan has been irrevocably adopted in the reporting year.	R: Acquisition and allocation of land	
Partnership agreements with municipalities	Access to energy and supply reliability	The percentage of municipalities with which partnership agreements regarding the distribution network have been made and recorded in a signed agreement. This concerns the percentage of the number of municipalities of the total of 76 municipalities where the neighborhood approach is provided, with which partnership agreements have been made and with which a signed partnership agreement has been achieved in the reference year.	R: Insufficient expansion of network capacity - Acquisition and allocation of land O: Proactive stakeholder management at national and regional level	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Additional capacity	Access to energy and supply reliability	The KPI Additional capacity refers to the net amount of network capacity in megavolt-amperes added on top of the total capacity in the reporting year, under voltage and accounted for in the project administration. This KPi is calculated based on the sum of additional transmission capacity in megavolt-amperes reported in operation.	R: Insufficient expansion of network capacity	
Capacity covered by flexible contracts	Access to energy and supply reliability	The total transport capacity in MW that is contracted to alleviate or prevent congestion, whereby the contracted power is supplied by parties in Stedin's service area. This KPI is calculated based on the sum of the capacity in MW that is established through bilateral contracts for consumption and/or feed-in.	R: Insufficient controllable power available for capacity management	
Digitally metered MV substations	Access to energy and supply reliability	Percentage of MV substations equipped with a digital metering device that is connected to and communicates with the central environment. This KPI is calculated by dividing the total number of digital measuring devices by the total of MV substations at the reporting date. The percentage for 2023 has been adjusted. In the 2023 annual report, the realisation was compared to the estimated target for 2030 instead of the reporting date.	R: Availibility and quality of data insufficiently compliant	
SAIDI LV/MV	Access to energy and supply reliability	The System Average Interruption Duration Index (SAIDI) LV/MV is the average duration in minutes of interruptions per customer during the year for medium-voltage and low-voltage electricity. This KPI is calculated by multiplying the sum of the duration of interruptions for LV and MV by the total of customers affected by interruptions. This total is then compared to the total number of connections LV and MV by Stedin.	R: Insufficient expansion of network capacity - Increase in capacity and voltage bottlenecks in low-voltage networks - Inadequatly prepared for a surge in replacement of obsolete and overburdened assets - Services on core tasks insufficiently compliant	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
SAIDI G	Access to energy and supply reliability	The System Average Interruption Duration Index (SAIDI) G is the average duration in seconds of interruptions per customer during the year for gas. This KPi is calculated by multiplying the sum of the duration of interruptions for gas by the total of customers affected by interruptions. This total is then compared to the total number of gas connections by Stedin.	R: Inadequatly prepared for a surge in replacement of obsolete and overburdened assets - Services on core tasks insufficiently compliant - Underestimation of gas investments needed	
Supply reliability E/G	Access to energy and supply reliability	The metric E and G supply reliability shows the availability of the electricity (LV and MV) and gas transmission network as a percentage, where: E supply reliability = 100% - (([SAIDI Electricity (mv/lv)] / total minutes in 1 year) * 100%) G supply reliability = 100% - (([SAIDI Gas] / total seconds in 1 year) * 100%), where we include our plannable - class 2 - outages (in contrast to the sector-wide scope set by Netbeheer Nederland)	R: Insufficient expansion of network capacity - Increase in capacity and voltage bottlenecks in low-voltage networks - Inadequatly prepared for a surge in replacement of obsolete and overburdened assets - Services on core tasks insufficiently compliant	
Customer convenience and inconvenience Meters and connections	Customer and stakeholder perception	The key indicator customer (in)convenience meters and connections is a satisfaction score that measures the extent to which customers experience (in)convenience during requesting, planning and carrying out meter and connection work during a contact moment with Stedin. This score is based on the Customer Effort Score (CES), which measures the ease/difficulty of a customers experience. The KPI customer convenience is calculated by dividing the number of 'very easy' and 'easy' scores by the total number of responses. The KPI customer convenience is calculated by dividing the number of 'very difficult' and 'difficult' scores by the total number of responses.	R: Services on core tasks insufficiently compliant O: Continuing to position Stedin as a highly relevant partner in the energy transition	
Customer convenience and inconvenience Meter cupboard problems	Customer and stakeholder perception	The key indicator customer (in)convenience meter cupboard problems is a satisfaction score that measures the extent to which customers experience (in)convenience during requesting, planning and carrying out meter and connection work during a contact moment with Stedin. This score is based on the Customer Effort Score (CES), which measures the ease/difficulty of a customers experience. The KPI customer convenience is calculated by dividing the number of 'very easy' and 'easy' scores by the total number of responses. The KPI customer convenience is calculated by dividing the number of 'very difficult' and 'difficult' scores by the total number of responses.	R: Services on core tasks insufficiently compliant O: Continuing to position Stedin as a highly relevant partner in the energy transition	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Customer convenience and inconvenience Projects	Customer and stakeholder perception	The key indicator customer (in)convenience projects is a satisfaction score that measures the extent to which customers experience (in)convenience during requesting, planning and carrying out meter and connection work during a contact moment with Stedin. This score is based on the Customer Effort Score (CES), which measures the ease/difficulty of a customers experience. The KPI customer convenience is calculated by dividing the number of 'very easy' and 'easy' scores by the total number of responses. The KPI customer convenience is calculated by dividing the number of 'very difficult' and 'difficult' scores by the total number of responses.	R: Services on core tasks insufficiently compliant O: Continuing to position Stedin as a highly relevant partner in the energy transition - Proactive stakeholder management at national and regional level	
Lead time for low-volume connections 18 weeks	Customer and stakeholder perception	Lead time within 18 weeks after submitting the application, either on the desired date or with a valid barrier, if the request concerns a new connection smaller than or equal to 3 x 80A, or a change to an existing connection involving excavation work. This KPI is calculated by adding together the number of connections that were delivered within the standard time of 18 weeks, the number of connections that were realised within the delivery date desired by the customer and the number of connections that were subject to force majeure but were nevertheless successfully completed. This sum is then divided by the total number of connections delivered in the same period.	R: Services on core tasks insufficiently compliant	
Lead time for low-volume connections 12 weeks	Customer and stakeholder perception	Lead time within 12 weeks after submitting the application, either on the desired date or with a valid barrier, if the request concerns a new connection smaller than or equal to 3 x 80A, or a change to an existing connection not involving excavation work. This KPI is calculated by adding together the number of connections that were delivered within the standard time of 12 weeks, the number of connections that were realised within the delivery date desired by the customer and the number of connections that were subject to force majeure but were nevertheless successfully completed. This sum is then divided by the total number of connections delivered in the same period.	R: Services on core tasks insufficiently compliant	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
CO2-eq. reduction compared to base year 2021	Climate change mitigation	Related KPIs concern the reduction percentage of CO2 emissions scope 1, 2 and 3 Purchasing and 3 customer gas consumption compared to 2021. - Scope 1 & 2 consists of direct greenhouse gas emissions from properties or leased equipment, which are the direct result of our core activities, and indirect greenhouse gas emissions from the generation of electricity, steam, heat and cooling used by Stedin, but generated by third parties. - Scope 3 Purchasing consists of indirect greenhouse gas emissions through the business activities of companies in our (supplier) chain. - Scope 3 customer gas consumption consists of indirect greenhouse gas emissions as a result of gas consumption by Stedin customers. The CO2 emissions are calculated by multiplying the values associated with the scope by their respective CO2 emission factor. Actual values are used as much as possible, for example liters of fuel, gas consumption, electricity consumption, business and commuting kilometers and entered kilos of SF6. These are supplemented with, among other things, estimates for electricity and gas network losses and purchasing. The estimate of electricity network losses is based on the average of the actual network losses over 2021 up to and including 2023. The estimate of gas network losses is based on the average of the actual network losses over 2019 up to and including 2021 in accordance with the calculation methodology imposed by ACM. Purchasing concerns the estimation of purchased materials and services based on payments to related suppliers in euros.	R: Insufficient expansion of network capacity - Network losses deviate sharply from budget O: Application of new energy carriers within Stedin Group - Comprehensive investment assessment to ensure best possible combination of electricity, gas or future energy sources	
HEQ - Heat household equivalents	Climate change mitigation	Concerns the number of household equivalents of the heating network operated by Stedin. The calculation is made by adding the number of residential connections plus dividing the consumption of non-residential units by a residential equivalent of 27 GJ. We assume here that a connection for one home is equal to one household equivalent. Non-residential consumption is estimated based on the average consumption of the previous financial year.	O: Application of new energy carriers within Stedin Group	
Employees with an employment contract	Good employment practices	The total number of employees with an employment relationship in accordance with national law or practice. This concerns the number of internal employees of Stedin and is measured in FTE at year-end. This does not include interns or trainees.	R: Lack of sufficient number of people with the required competences O: Continuing to position Stedin as a highly relevant partner in the energy transition	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Filled Participation Act jobs	Good employment practices	The % Participation Act jobs refers to the percentage of employees expressed in % FTE (based on 25.5 hours) employed by Stedin Group who belong to the target group for the job arrangement under the Participation Act. The Participation Act was introduced in 2015, with the aim of getting more people with an occupational disability into work with regular employers. The target group for the jobs arrangement under the Participation Act includes those receiving benefits under the Disablement Assistance Act for Handicapped Young Persons (Wajong), beneficiaries under the Sheltered Employment Act (WSW), those leaving special secondary education and practical training, and others who are able to earn the statutory minimum wage thanks to the jobs arrangement. The percentage is calculated by dividing the total number of filled Participation Act jobs by the number of internal FTEs at year end multiplied by 100%.	-	
eNPS	Good employment practices	Employee net promotor score (eNPS) is the ratio that indicates the extent to which employees would recommend Stedin as an employer minus the percentage of employees who would not recommend Stedin as an employer. The eNPS is a score on a range from -100 and +100. For example, if 34% answer positive, 55% neutral and 11% negative, this results in a score of 23.	R: Lack of sufficient number of people with the required competences - Focus on cultural values and conduct insufficiently effective O: Continuing to position Stedin as a highly relevant partner in the energy transition	
Social safety	Good employment practices	The Social Safety KPI is a composite score of questions from the employee motivation survey (MMO) that expresses the safety that employees experience in their social working environment. Employees receive several questions about social security in the MMO. These can be answered with 5 different options. Each option has its own numerical value from 0-10. The social security score is calculated based on the average of the questions.	R: Focus on cultural values and conduct insufficiently effective O: Continuing to position Stedin as a highly relevant partner in the energy transition	
LTIR	Good employment practices	The KPI LTIR (Lost Time Injury Rate) concerns the number of fatal workplace accidents and lost-time incidents per 1.000.000 hours worked over the past 12 months. The LTIR is calculated by dividing the total number of fatal accidents and lost-time incidents of internal and external employees by the product of the average number of internal and external FTE and standard productive hours per year (1600). Lost time occurs when an employee has to completely stop work on a calendar day following the incident.	R: Impact of accidents related to Stedin Group	

KPIs Sustainability Statement	Material Topic Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
RIF	Good employment practices	The KPI RIF (Recordable Incident Frequency) concerns the number of fatal accidents and workplace incidents leading to lost-time injuries, with substitute work or medical treatment per 200.000 hours worked over the past 12 months. The RIF is calculated by dividing the total number of fatal accidents and workplace incidents leading to lost-time injuries, with substitute work or medical treatment of internal and external employees by the product of the average number of internal and external FTE and standard productive hours per year (1600).	R: Impact of accidents related to Stedin Group	

Other KPIs

KPIs Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Execution of Network-Driven scope E and G	Extent to which scheduled work (capacity expansions and/or replacement investments) has been achieved. Average score of underlying tactical KPIs. The ratio is calculated by dividing the total euros realised before price effect within the scope by the objective (in euros).	R: Insufficient expansion of network capacity - Increase in capacity and voltage bottlenecks in low-voltage networks	
Smart meter data provision (FTR)	Providing timely and complete smart meter data for energy services and market processes upon request. This KPI is calculated by dividing the number of valid P4 requests for readings of the current day for which data have been made available by Stedin before 11:00 PM the next day by the total number of valid P4 requests for readings of the current day. The calculation per year is the monthly averages of the year divided by the number of months. These data exclude meters for which remote read-out has been switched off at the request of the customer and excludes repeat requests.	R: Availability and quality of data insufficiently compliant - Services on core tasks insufficiently compliant	
Total workforce	Total workforce is the number of internal and external employees and is measured in FTEs at year-end.	R: Lack of sufficient number of people with the required competences O: Continuing to position Stedin as a highly relevant partner in the energy transition	
Credit rating	A rating based on the S&P methodology of assessing a company's creditworthiness in the form of a 'mark'.	-	
FFO/Net debt ratio	The extent to which the net debt can be repaid out of the Funds from Operations. This ratio is calculated in accordance with the Standard & Poor's (S&P) method. Funds From Operations (abbreviated: FFO; derived operating cash flow) divided by net debt (net debt position). The FFO is comprised of the EBITDA, adjusted for interest and taxes paid, costs related to the perpetual subordinated bond (50%) and capitalised interest. The net debt is the sum of current and non-current interest-bearing debt (including lease liabilities) plus the perpetual subordinated bond (50%) and pension liabilities, minus unrestricted cash and cash equivalents.	-	

KPIs Sustainability Statement	Definition and calculation method	Relationship with long-term risks (R) and opportunities (O)	SDG
Solvency	Ratio of adjusted equity to adjusted balance sheet total. Solvency is calculated by dividing equity (plus profit or loss for the period minus the expected dividend distributions for the current financial year) by the balance sheet total, adjusted for the expected dividend distribution, long-term portion of connection contributions received in advance and free cash and cash equivalents.	-	

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ESRS 2 GOV-1 Board's gender diversity paragraph 21d	Indicator number 13 of Table #1 of Annex I	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	Material	**Corporate Governance** - Composition of the Board of Management; Biographical details of members of the Board of Management;	89, 90
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ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I	-	-	-	Material	**General disclosures** - Sustainability Due Diligence **Sustainability Statement attachments** - Statement on due diligence	128, 286
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40di	Indicator number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	**General disclosures** - Strategy, business model and value chain	121
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40dii	Indicator number 9 Table #2 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable	-	-

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ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40diii	Indicator number 14 Table #1 of Annex I	-	Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable	-	-
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40div	-	-	Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable	-	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	Material	**Climate change mitigation** - Transition plan, Metrics and targets; Transition plan, Policies; Transition plan, Actions	138, 139
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16g	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	-	Material	**Climate change mitigation** - Transition plan, Metrics and targets	138
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	-	Material	**Climate change mitigation** - Introduction; Transition plan, Metrics and targets; Transition plan, Actions	137, 138, 139
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I	-	-	-	Material	**Climate change mitigation** - Prescribed metrics for climate change mitigation	142

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ESRS E1-6 Gross GHG emissions intensity paragraphs 53-55	Indicators number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)_x000D_	-	Material	**Climate change mitigation** - Prescribed metrics for climate change mitigation	142
ESRS E1-7 GHG removals and carbon credits paragraph 56	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	Not applicable	-	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	-	-	Delegated Regulation (EU) 2020/1818, Annex II; Delegated Regulation (EU) 2020/1816, Annex II	-	Phasing-in	-	-

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Section	Page
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66a ESRS E1-9 Location of significant assets at material physical risk paragraph 66c	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk	-	-	Phasing-in	-	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph alinea 67c	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	-	-	Phasing-in	-	-
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	-	-	Delegated Regulation (EU) 020/1818, Annex II	-	Phasing-in	-	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I; Indicator number 2 Table #2 of Annex I; Indicator number 1 Table #2 of Annex I; Indicator number 3 Table #2 of Annex I	-	-	-	Not material	-	-
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I	-	-	-	Not material	-	-

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ESRS E3-4 Total water recycled and reused paragraph 28c	Indicator number 6.2 Table #2 of Annex I	-	-	-	Not material	-	-
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I	-	-	-	Not material	-	-
ESRS E4 SBM-3 paragraph 16ai	Indicator number 7 Table #1 of Annex I	-	-	-	Not applicable	-	-
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ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I	-	-	-	Not material	-	-
ESRS S1 SBM-3 Risk of incidents of forced labour paragraph 14f	Indicator number 13 Table #3 of Annex I	-	-	-	Not material (disclosed)	**Good employment practices** - Human rights policy	162
ESRS S1 SBM-3 Risk of incidents of child labour paragraph 14g	Indicator number 12 Table #3 of Annex I	-	-	-	Not material (disclosed)	**Good employment practices** - Human rights policy	162
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	-	-	-	Material	**Good employment practices** - Channels for raising concerns; Human rights policy	161, 162
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	**Good employment practices** - Human rights policy	162
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I	-	-	-	Not material (disclosed)	**Good employment practices** - Human rights policy	162

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ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32c	Indicator number 5 Table #3 of Annex I	-	-	-	Material	**Good employment practices** - Channels for raising concerns	161
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88b,c	Indicator number 2 Table #3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	**Good employment practices** - Prescribed metrics for own workforce	162
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88e	Indicator number 3 Table #3 of Annex I	-	-	-	Phasing-in	-	-
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ESRS S1-16 Excessive CEO pay ratio paragraph 97b	Indicator number 8 Table #3 of Annex I	-	-	-	Material	**Good employment practices** - Prescribed metrics for own workforce	162
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ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104a	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Article 12(1)	-	Material	**Good employment practices** - Prescribed metrics for own workforce	162
ESRS S2 SBM-3 Significant risk of child labour or forced labour in the value chain paragraph 11b	Indicators number 12 and number 13 Table #3 of Annex I	-	-	-	Not material	-	-
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	-	-	-	Not material	-	-
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and number 4 Table #3 of Annex I	-	-	-	Not material	-	-
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12(1)	-	Not material	-	-
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Not material	-	-
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I	-	-	-	Not material	-	-

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Section	Page
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex I and Indicator number 11 Table #1 of Annex I	-	-	-	Not material	-	-
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12(1)	-	Not material	-	-
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I	-	-	-	Not material	-	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	-	-	-	Material	**Access to energy and supply reliability** - Processes to remediate negative impacts and channels for customers to raise concerns; Human rights policy	171, 172
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ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I	-	-	-	Material	**Access to energy and supply reliability** - Human rights policy	172
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ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24a	Indicator number 17 Table #3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	**Business ethics, integrity and good governance** - Corruption and bribery	176
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24b	Indicator number 16 Table #3 of Annex I	-	-	-	Material	**Business ethics, integrity and good governance** - Corruption and bribery	176

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1. Embed responsible business conduct	**General disclosures** - Material impacts, risks and opportunities; Management of impacts, risks and opportunities; Sustainability Due Diligence; Governance **Good employment practices** - Human rights policy **Access to energy and supply reliability** - Governance and interests of stakeholders; Human rights policy **Business ethics, integrity and good governance** - Governance; Corruption and bribery; Protection of whistleblowers; Management of relationships with suppliers	122, 126, 128, 129, 162, 171, 172, 175, 176, 177
2. Identify and assess adverse impacts	**General disclosures** - Material impacts, risks and opportunities; Management of impacts, risks and opportunities; Interests and views of stakeholders; Sustainability Due Diligence **Climate change mitigation** - Material impacts, risks and opportunities; Resilience analysis **Biodiversity in the value chain** - Material impacts, risks and opportunities **Circular resource inflow** - Material impacts, risks and opportunities **Good employment practices** - Health and Safety, Material impacts, risks and opportunities; Diversity and Inclusion, Material impacts, risks and opportunities; Training, Learning and Development, Material impacts, risks and opportunities; Dialogue with employees **Access to energy and supply reliability** - Material impacts, risks and opportunities; Processes for engaging with consumers and end-users about impacts **Customer and stakeholder perception** - Material impacts, risks and opportunities **Business ethics, integrity and good governance** - Material impacts, risks and opportunities	122, 126, 128, 138, 147, 148, 150, 154, 157, 159, 160, 167, 171, 173, 175
3. Cease, prevent or mitigate adverse impacts	**General disclosures** - Sustainability Due Diligence **EU-taxonomy** - Steps taken to alignment **Climate change mitigation** - Transition plan, Policies; Transition plan, Actions; Alternative energy carriers, Policies; Alternative energy carriers, Actions **Circular resource inflow** - Actions **Good employment practices** - Health and Safety, Policies; Health and Safety, Actions; Diversity and Inclusion, Policies; Diversity and Inclusion, Actions; Training, Learning and Development, Actions **Access to energy and supply reliability** - Construction - Actions, metrics and targets; Utilisation - Actions, metrics and targets; Management - Actions, metrics and targets; Information security - Actions, metrics and targets **Customer and stakeholder perception** - Actions, metrics and targets **Business ethics, integrity and good governance** - Business conduct and corporate culture; Management of relationships with suppliers	128, 132, 139, 147, 150, 154, 155, 157, 158, 159, 168, 169, 170, 173, 176, 177
4. Track	**Climate change mitigation** - Transition plan, Metrics and targets; Prescribed metrics for climate change mitigation; Alternative energy carriers, Metrics and targets **Good employment practices** - Health and Safety, Metrics and targets; Diversity and Inclusion, Metrics and targets; Training, Learning and Development, Metrics and targets; Prescribed metrics for own workforce **Access to energy and supply reliability** - Construction - Actions, metrics and targets; Utilisation - Actions, metrics and targets; Management - Actions, metrics and targets **Customer and stakeholder perception** - Actions, metrics and targets	138, 142, 147, 156, 159, 160, 162, 168, 169, 170, 173

Steps OESO due diligence process	Section in sustainability statement	Page
5. Communicate	**Good employment practices** - Dialogue with employees **Access to energy and supply reliability** - Processes for engaging with consumers and end-users about impacts	160, 171
6. Provide for or cooperate in remediation	**Good employment practices** - Channels for raising concerns **Access to energy and supply reliability** - Processes to remediate negative impacts and channels for customers to raise concerns; Actions for remediation	161, 171, 172

Glossary

This section presents explanations of terms and abbreviations.

ACM
The Netherlands Authority for Consumers and Markets (ACM) is an independent public regulator whose tasks include oversight of compliance with the Gas Act and the Electricity Act 1998.

Waste hierarchy
Dealing with waste: four approaches. Prevention has the highest priority. Reuse in high-quality products comes second. Third, waste incineration to generate energy. The least desirable approach is dumping or discharging waste.

Allocation
Energy volumes are allocated to market parties per 15 minutes for electricity and per hour for fossil gas, so that the balance can be maintained and imbalances can be settled. This is done on the basis of measurements of values per 15 minutes or per hour (if these are recorded), or based on standard consumption and the profiles of the network users (if energy volumes are not recorded per 15 minutes or per hour).

Blue diesel
Blue diesel or actually HVO (Hydrotreated Vegetable Oil) is a type of diesel fuel. It is made from processed vegetable oils and residual waste. No more fossil oil is involved, so it produces much lower CO_2 emissions.

Cable pooling
Feeding back wind and solar energy through a single cable.

CAIDI
The Customer Average Interruption Duration Index is the average duration of an unforeseen interruption of electricity supply per customer affected.

CAPEX and OPEX
CapEx are the Capital Expenditures, the costs related to developing and supplying our products and services. OpEx are the Operating Expenditures, the operational costs to enable our business operations.

CO_2 equivalents
To sum up the impact of different greenhouse gases, emission figures are converted into CO_2 equivalents. The conversion is based on the Global Warming Potential (GWP), in other words the extent to which a gas contributes to the greenhouse effect. One CO_2 equivalent equates to the effect of 1 kilogram of CO_2 emissions.

Congestion
Congestion occurs when a network or part of a network has insufficient capacity to transmit all electricity generated and/or purchased. Congestion management uses price mechanisms and market forces to manage energy supply and demand. This is called flexibility.

Corporate governance
Corporate governance is about good management. It governs the relationships between Board of Management members, Supervisory Board members and shareholders. Good entrepreneurship (ethical and transparent conduct by the Board of Management) and effective supervision (including reporting on it) are key principles of corporate governance.

CGC (Corporate Governance Code)
The Dutch Corporate Governance Code is a code of conduct for listed companies which aims to bring about improved transparency in Financial Statements, better accountability to the supervisory board and stronger control and protection of shareholders.

DEFRA (Department for Environment, Food and Rural Affairs)

The UK Department for Environment, Food and Rural Affairs publishes emission factors of various activities based on UK consumption. This is similar to Dutch consumption and is used to calculate CO_2 emissions in scope 3 Purchasing.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

Operating profit plus depreciation, amortisation and impairment of non-current assets.

Energy transition

The transition from fossil-fuel energy generation to renewable energy generation (e.g. from solar, wind or water).

ESG

ESG stands for environmental, social and governance.

Flexibility

If a network has insufficient capacity to transmit all electricity generated and purchased, we deploy congestion management. In congestion management, price mechanisms and market forces are used to manage supply and demand.

FFO/Net Debt ratio

This ratio is calculated in accordance with the Standard & Poor's (S&P) method: Funds From Operations (abbreviated: FFO) divided by Net Debt. The FFO is comprised of the EBITDA (see above), adjusted for factors including interest and taxes paid, costs related to the perpetual subordinated bond (50%) and capitalised interest. The net debt is the sum of current and non-current interest-bearing debt (including lease liabilities and including the perpetual subordinated bond [50%] and pension liabilities) minus unrestricted cash and cash equivalents.

Smart Network Management Code of Conduct

The Code of Conduct for Smart Network Management (Gedragscode Slim Netbeheer) was approved by the Dutch Data Protection Authority in 2022. This makes it possible to use certain smart-meter data for network management, subject to strict conditions. This mostly concerns the monitoring of voltage quality.

Regulated market

The activities of the grid operator that arise from the tasks that are exclusively reserved for the grid operator and for which maximum tariffs are set by ACM. They include:

- installing, maintaining, modernising and managing connections to the electricity network with a rated capacity up to 10 MVA;
- building, maintaining, modernising and managing electricity as well as gas networks;
- transmitting gas and electricity;
- the low-volume metering service;
- safeguarding the safety and reliability of the networks in an effective manner;
- promoting safety in using equipment and installations that consume electricity as well as gas;
- facilitating the free market to enable customers to switch to a different energy supplier.

IFRS (International Financial Reporting Standards)

Set of reporting rules issued by the IASB. Stedin Group complies with these reporting rules, which were drawn up to harmonise financial reporting at an international level.

Credit rating

The credit rating score of a company, or 'rating', is an assessment of its credit rating in the form of a 'mark'. Ratings are awarded by specialised agencies (credit rating agencies).

Critical raw materials and rare-earth materials

These are Aluminium, Lithium, Silicon Metal, Gallium, Manganese, Germanium, Graphite, Bismuth, Titanium Metal, Boron, Platinum Metals, Tungsten, Cobalt, Copper and Nickel. We currently solicit raw materials based on the standard raw material passports and thus only have insight into the use of the materials listed therein such as Aluminium, Copper and Nickel. The main uses of the other raw materials and earth metals are as follows:

- Lithium – batteries;
- Silicon metal – silicon chips and solar panels;
- Gallium – solar cells and medical applications;
- Manganese – production of steel and iron (removal of impurities);
- Germanium – transistors, diodes and optical fibres;
- Graphite – electrodes, batteries, lubricants and reactor cores;
- Bismuth – pharmaceutical and medical applications;
- Titanium metal – aviation and aerospace, luxury products, medical industry;
- Boron – glass and ceramics industry, fertilisers, semiconductor production;
- Platinum metals – catalyst, jewellery, hydrogen fuel cells;
- Tungsten – tools, aviation, aerospace and military applications;
- Cobalt – batteries, catalyst, magnets, medical applications.

kV

Kilovolt (kV) is a unit of voltage equal to 1,000 volts.

Low-voltage network (LV)

Network intended for the transmission of electricity at a voltage level less than or equal to 1 kV in the case of an AC network and less than or equal to 1.5 kV in the case of a DC network and operated as such.

MVA

MVA is the abbreviation for megavolt-ampere.

Medium-voltage network (MV)

Network intended for the transmission of electricity at a voltage level greater than 1 kV but less than or equal to 35 kV and operated as such.

National Hydrogen Programme (NWP)

The National Hydrogen Programme (NWP) is a government programme that aims to realise the contribution of hydrogen to the energy transition and meeting climate targets in 2030 and beyond. The NWP supports hydrogen applications in various sectors and helps achieve hydrogen targets and agreements.

Network capacity and transmission capacity

Both terms are synonymous and refer to capacity in the network.

Network component

A network component is a physical part of the energy network. At our company, network components are divided into primary, secondary and tertiary network components.
Primary network components contribute directly to transmitting energy in the form of both gas and electricity. Examples include cables, transformers and switchgear.
Secondary network components or systems are components or systems that can be used for security, control and/or monitoring of primary equipment. This includes operating systems and smart meters.
Tertiary network components house medium-voltage and high-voltage substations, such as a transformer substation.

Net investments

Gross investments less customer construction contributions received from third parties.

Network losses

Network losses arise during the transmission of electricity and gas. The greater the distance, the greater the loss. Network losses can also be caused by fraud and administrative losses (in the allocation and reconciliation process as well as the administrative process).

Installed capacity

The maximum capacity (of a generating unit) that can be utilised to provide electrical energy under ideal conditions.

PIE
A PIE is a Public Interest Entity. These are organisations that, due to their size or function in social and economic life, affect the interests of comparatively large groups.

WC
WC stands for Works Council. This is a body that consists of members of the works councils of the various business units of Stedin Group.

Regional Energy Strategy (RES)
Each region develops its own energy strategy in order to realise the measures for electricity and the built environment in the Climate Agreement. Examples are the regional generation of sustainable energy as well as plans to match supply and demand.

BoM
BoM stands for Board of Management. The Board of Management is the highest executive body and is in charge of the strategic management of the company.

SB
SB stands for Supervisory Board. In the Netherlands, the Supervisory Board is the supervisory body of public limited liability companies (NVs) and private limited liability companies (BVs).

Remuneration Report
The remuneration report is a report on the remuneration of the Board of Management and the Supervisory Board. The incentive scheme of Stedin Group is prepared by the Selection, Appointments and Remuneration Committee of the Supervisory Board.

R-ladder
The R-ladder indicates the degree of circularity. The R-ladder has six steps (R1 to R6) representing different circularity strategies. Strategies higher up the ladder save more raw materials. The higher a strategy is on the R-ladder, the more circular it is, with R1 being the highest step.

SAIFI
System Average Interruption Frequency Index. The interruption frequency: the average number of unforeseen interruptions with which customers are faced on an annual basis.

SDG (Sustainable Development Goals)
Goals published by the United Nations for sustainable development of the world up to 2030.

Smart meter
A smart meter enables the grid operator to read the meter for both electricity and gas from a distance, as well as the meter status information. The smart meter can also carry out instructions sent remotely, such as connecting or disconnecting a customer. Communication with the meter takes place via the cable network (Power Line Communication), via GPRS, via the CDMA network or via the LTE-M network.

Solvency
Equity plus profit or loss for the period less expected dividend distributions for the current financial year divided by the balance sheet total, adjusted for the expected dividend distribution, the long-term portion of customer contributions received in advance and free cash and cash equivalents.

Voltage quality
The voltage at a connection to the electricity network is required to be of a specific quality. Good voltage quality is important, for instance to ensure the continued proper operation of equipment.

Stakeholders
Stakeholders are individuals and groups that have an interest in a variety of ways in Stedin Group, such as employees, shareholders, customers, capital providers, suppliers and government.

Failure reserve
This is the reserve capacity for the electricity network. This gives us sufficient additional room in the network to shorten the duration of an interruption caused by a failure and enables us to carry out maintenance on our networks without an interruption being necessary to do so.

Tier N

Suppliers that go beyond tier 1 contracted suppliers and form the network of companies that provide the tier 1 supplier with the goods or services they need to deliver their own goods or services to the ultimate buyer.

VCA**

The Safety, Health and Environment (SHE) Checklist for Contractors (VCA) focuses on the direct management of SHE during the performance of work in the workplace, as well as on the SHE structure (including SHE policy, SHE organisation and improvement management). The ** indicate that this applies to larger organisations that operate as main contractors and/or use subcontractors and/or carry out complex, high-risk work.

VIAG

The VIAG (Safety Instructions for Fossil Gas) for energy companies, in conjunction with the annexes and operational safety instructions, provide a set of uniform rules for the safe operation of gas production systems of grid operators.

Free cash flow

The cash flow from operating activities less cash flow from investing activities.

Disclaimer

This report may contain forward-looking statements and projections. These can be identified by words such as 'anticipate', 'intend', 'estimate', 'assume', 'expect' or the negative equivalents of these terms and similar terms. These forward-looking statements and projections are based on current expectations and assumptions concerning expected developments and other factors that can affect Stedin Group.

These are not historical facts or guarantees of future results. Actual results and events can differ from the current expectations due to factors such as economic trends, technological developments, changes in laws and regulations, the behaviour of suppliers and customers, currency risks, tax developments, financial risks or political, economic and social conditions.

Further information on potential risks and uncertainties that can affect Stedin Group is stated in the documents filed by Stedin Group with Euronext Amsterdam.

Except as required on the basis of laws and regulations, Stedin Group rejects any obligation or liability to revise or adjust projections and forecasts in this document on the basis of new information, future events or otherwise, or to publicly disclose such adjustments or revisions.

Certain parts of the Annual Report and the Financial Statements have been audited by our auditor or assurance has been provided. The section entitled 'Independent auditor's report' describes which parts have been audited, and how, by the independent auditor.

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Publication details

Published by
Stedin Holding N.V.
Postbus 49
3000 AA Rotterdam

The annual report is available on our website: www.stedingroep.nl

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English translation
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This is an English translation of the Dutch annual report, which is available on www.stedingroep.nl. In the event of any discrepancy, the Dutch version will prevail.

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