

FAQS ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY AT STEDIN

Sustainability and non-financial performance

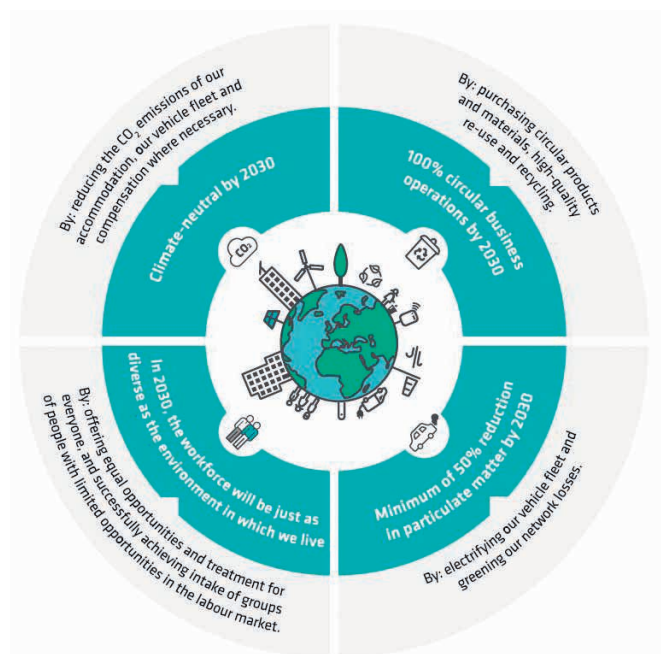
ONE PLANET THINKING

Stedin formulated the One Planet strategy to reduce its environmental impact and is concentrating its efforts on those areas in which its impact is greatest: climate change, CO₂ emissions, use of raw materials and an inclusive society. Stedin is committed to reducing and where necessary compensating for its impact in these areas. At the same time, Stedin seeks to increase its positive impact with regard to an inclusive society. In this FAQ document, Stedin shares the most frequently asked questions and answers related to the environmental, social and governance (ESG), sustainability and non-financial performance. Please visit the Stedin website and check its annual reports for a comprehensive overview of its reporting efforts.

CLIMATE CHANGE

Does Stedin have any formal sustainability commitments in place?

Reducing air emissions is an integral part of the One Planet strategy. Following the One Planet methodology, Stedin has assessed the areas with the highest ecological impact. With regard to emissions, greenhouse gases (GHG) and particulate matter (PM) have the most substantial impact. With regards to GHG, Stedin follows the 'well below 2 degrees' scenario as outlined in the Paris Climate Agreement. Stedin Group wants to achieve climate neutrality in terms of CO₂ (equivalent) emissions (scope 1 and scope 2) by 2030. Stedin challenges suppliers to follow these ambitions, thereby lowering the scope 3 impact as well. Besides greenhouse gases, particulate matter also has a material impact. Stedin aims to reduce the emission of particulate matter by at least 50% by 2030, thereby adhering to the targets set by the



World Health Organization. Main sources of PM emissions are (1) the Stedin vehicle fleet, and (2) energy production for covering grid losses. Stedin has set a mobility strategy that aims to transition to a zero-emission vehicle fleet by 2030 at the latest. Regarding grid losses, Stedin has set a strategy for directly procuring exclusively green energy from a renewable source (Dutch wind projects) by 2030. The first project, covering 40% of the energy demand, will be operational by 2021. Stedin's mobility strategy combined with the strategy to procure renewable energy for its grid losses will achieve the 50% reduction by 2030.

Stedin considers sustainable procurement to be an important driver to increase the ESG performance of both internal business operations and its suppliers. Stedin published a

revised Supplier Code of Conduct in 2018, setting out the social and environmental requirements that its suppliers must meet. All suppliers must comply with it. The code is based on the United Nations Charter and the core conventions of the International Labour Organization (ILO). It contains conditions relating to human rights, labour conditions, privacy, safety, environment, bribery and fraud. The code of conduct forms part of the general purchasing conditions.

Besides the Supplier Code of Conduct, Stedin has created the One Planet Procurement Policy. This policy document translates the One Planet goals into specific criteria and requirements in procurement processes. It helps suppliers to structure sustainability efforts, as well as to investigate together with Stedin in which way assets, products or services can be produced, procured and reused in a more sustainable way, following the One Planet approach. The One Planet goals are an integral part of the Stedin Procurement Strategy and its procurement policy.

Links to more information:

- [Stedin One Planet Procurement Policy](#)
- [Stedin Supplier Code of Conduct](#)






Does Stedin actively participate in or support sustainability organisations or initiatives, such as IPIECA, the Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights, UN Global Compact, the Global Gas Flaring Reduction (GGFR) Partnership, the Oil Spill Response project,

CDP (formerly the Carbon Disclosure Project), or the Energy and Biodiversity Initiative (EBI)?

Stedin fully supports sustainability initiatives aiming to increase transparency and sustainable practices in business operations and across supply chains. The ambitions that Stedin has set for its own operations exceed the ambition level of the Paris Climate Agreement. When it comes to CO₂ reduction, Stedin seeks to participate in the science-based targets initiative to prove that its targets and efforts are in line with the 'well below 2 degrees' scenario as defined in the Paris Climate Agreement. Stedin also focuses on supply chain transparency and challenges suppliers to adhere to the legislation and sustainability initiatives that are applicable for each procured asset. Because Stedin procures a wide range of assets across multiple (global) supply chains, the criteria and minimum requirements for each procurement process differ. Through the One Planet strategy, Stedin implicitly adheres to the OECD guidelines for multinational enterprises. The OECD guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context that is consistent with applicable laws and internationally recognised standards.

Links to more information:

- [Stedin One Planet Procurement Policy](#)
- [Stedin Supplier Code of Conduct](#)

SDC	Description	Application to Stedin	Link in annual report
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Energy is essential for almost all major challenges and opportunities in today's world.	Via our grids, we provide our customers with the energy they need to live, work and do business. Jointly with our stakeholders we work on innovations that are necessary for a future-proof grid, ensuring that it remains affordable and reliable.	Future-proof grids One Planet Thinking
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Investments in infrastructure are crucial to make sustainable development possible.	Stedin Group fulfils a facilitating role for the sustainable development of the industrial cluster in the Port of Rotterdam, for instance, and has developed a vision for a future electrical infrastructure in conjunction with the stakeholders.	Future-proof grids Making industry more sustainable Improved grid management
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	The cities and communities of the future must offer opportunities to everyone through innovation and progress, including access to basic facilities such as energy.	Stedin Group helps ensure pleasant and sustainable urban environments by building and maintaining networks. Stedin Group is committed to the goals in the Climate Agreement and works towards them with its stakeholders.	Future-proof grids Making the built environment more sustainable One Planet Thinking
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Sustainable consumption and production means promoting efforts to save raw materials and energy, and supporting sustainable infrastructure, appropriate working conditions and a higher quality of life for everyone.	Stedin Group devises and implements solutions to reduce its own energy consumption and to improve the sustainability of its grid. These include intelligently balancing supply and demand and combating wastage.	One Planet Thinking Professionally competent employees now and in the future Inclusive society
 <p>13 CLIMATE ACTION</p>	Climate change impacts all countries on all continents. It disrupts national economies and endangers lives. Without intervention, the temperature on earth is likely to rise by more than three degrees this century.	Stedin Group conforms to the international climate goal of limiting the average temperature increase on the planet to two degrees. We want to keep the impact of our activities within these limits. Through sustainable innovations, Stedin Group contributes to technologies and systems that combat climate change.	One Planet Thinking Future-proof grids

Does Stedin report on its impact on the UN sustainable development goals?

Yes. Stedin Group contributes to attaining several of the sustainable development goals (SDGs) defined by the United Nations, which are aimed at ending poverty, inequality and climate change by 2030. Stedin's products, services and processes allow it to have a broad impact on multiple sustainable development goals. Stedin has chosen to focus its reporting on the SDGs that it has the highest and most direct impact on. The table below summarises Stedin's impact on SDGs 7, 9, 11, 12 and 13. The table can also be found on page 27 of Stedin's 2018 Annual Report.

Is Stedin committed to biodiversity conservation and protection?

Global loss of biodiversity is just as catastrophic as climate change. When developing new infrastructure projects, Stedin follows all local, regional, national and internally applicable laws and regulations regarding environment, nature and wildlife. As much of its infrastructure is under the surface, the impact of the infrastructure on biodiversity is limited, especially when compared to the other 'One Planet impact areas', such as CO₂, materials and resources, particulate matter and social return. Stedin is looking into a new policy regarding the development of sustainable and circular stations, including green walls, green roofs and solar panels, and their integration into their respective environments. Stedin is looking at initiatives to encourage biodiversity, such as 'Infranatuur', with great interest. The latter initiative investigates the potential of using infrastructural development as a way to increase or strengthen biodiversity.

Link to more information:

www.infranatuur.net

RAW MATERIALS

Does Stedin have specific goals, targets and policies in place to increase circularity of its operations, and to minimise resource consumption and waste?

Yes. Stedin purchases products such as pipes, cables, meters and transformers. Many raw materials for these products, such as copper, aluminium and plastics, are becoming increasingly scarce, while their extraction or production often causes environmental harm. Stedin aims to maximise recycling both from a sustainability perspective as well as for business considerations. Waste streams are redeployed to the highest grade possible or recycled. By the end of 2020, Stedin aims to have a comprehensive insight into all its raw materials streams and their impacts. A socially responsible purchasing policy forms the basis for the selection of the most forward-looking suppliers. Wherever possible, Stedin includes circularity targets in tendering procedures. For instance, circularity was specifically requested in 2018 in the tendering procedure for transformers. Stedin has

agreements in place with service providers for the responsible treatment of the residue streams which they collect and process.

KPI for circular purchasing and the raw materials passport

Stedin developed a key performance indicator (KPI) for circular purchasing in 2018 to gain an insight into the degree of circularity of its business operations. Stedin collaborated on this with other grid operators and its strategic suppliers. As from 2019, Stedin will ask suppliers to fill out a raw materials passport in tendering procedures for all its primary assets. This serves to establish the raw materials and other materials that the product consists of, how much recycled material it contains, and the extent to which the product or material can be recycled after its useful life.

CLEAN AIR

Does Stedin have any policy that defines initiatives to reduce air emissions other than greenhouse gas emissions?

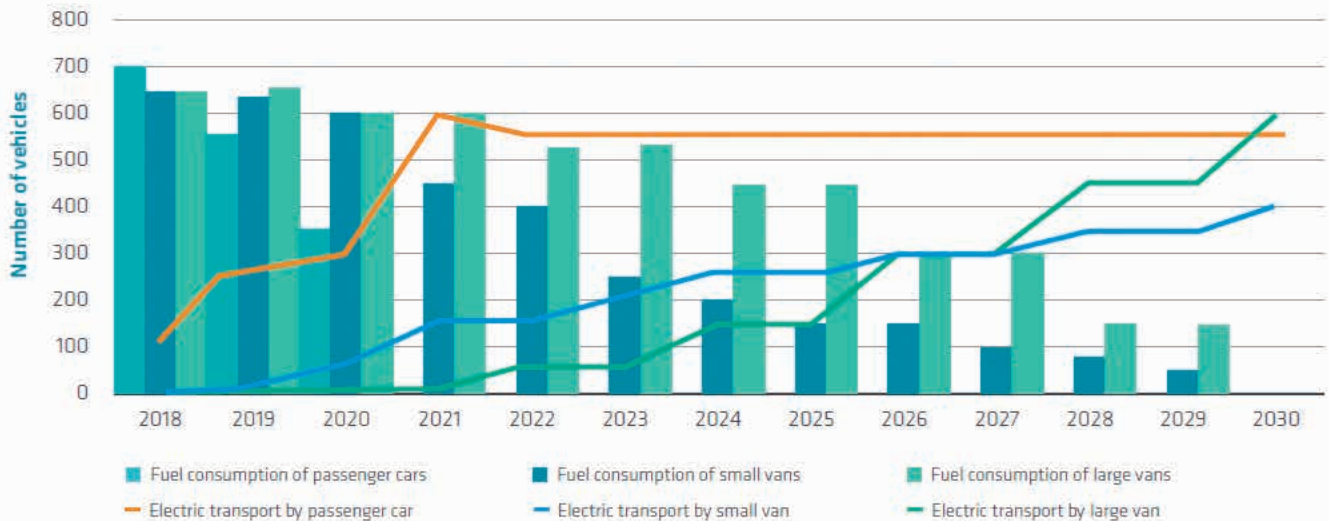
Reducing air emissions is an integral part of the Stedin One Planet strategy. Following the One Planet methodology, Stedin has assessed the areas in which it has the highest ecological impact. With regard to emissions, greenhouse gas (GHG) and particulate emissions are the most substantial. With regards to GHG, Stedin follows the 'well below 2 degrees' scenario as established by the Paris Climate Agreement. Stedin Group wants to achieve climate neutrality in terms of CO₂ (equivalent) emissions (scope 1 and scope 2) by 2030. Stedin challenges suppliers to follow these ambitions, thereby lowering scope 3 impact as well. Besides GHG, particulate matter (PM) has a material impact as well. Stedin aims to reduce the emissions of particulate matter by at least 50% by 2030, thereby adhering to the targets set by the World Health Organization. The main sources of PM emissions are (1) the Stedin vehicle fleet, and (2) energy production for covering grid losses. Stedin has set a mobility strategy that aims to transition to a zero-emission vehicle fleet (lease and operations) by 2030 at the latest.

Regarding grid losses, Stedin has set a strategy for procuring exclusively green energy, directly from a renewable source (Dutch wind projects), no later than 2030. The first project, covering 40% of the energy demand, will be operational by 2021. The mobility strategy combined with the strategy to procure renewable energy for grid losses will achieve the 50% reduction by 2030.

Link to more information:

[Duurzame inkoop netverliezen Stedin: Eneco levert Stedin 400 miljoen kilowattuur aan Hollandse windenergie \(NL\)](#)

Development of electrification of vehicle fleet



SOCIAL RETURN

Which programmes does Stedin have in place to increase workforce diversity?

INCLUSIVENESS AND DIVERSITY AT STEDIN

Stedin believes that diversity in teams leads to better results. This is why Stedin wants its workforce to reflect the society and world they live in. Stedin wants all employees to feel welcome and to be treated equally, regardless of age, gender, religious beliefs, sexual orientation, background, education or disability.

Inclusiveness is crucial in order to make this possible. In an inclusive employment market, everyone has equal opportunities and no one is excluded. Unfortunately, this is not always the case, which is why Stedin strives for equal opportunities and sustainable employability for everyone.

PROGRAMMES FOR SPECIFIC TARGET GROUPS

People without job qualifications

Stedin's training-on-the-job programme has already helped hundreds of people without basic technical qualifications to obtain a diploma and find paid work as a technician. A great win-win situation, as Stedin thus has also partially resolved the shortage of technical personnel.

Status holders

A group of 10 refugees with a residence permit and mostly with a technical background began a preparatory programme in 2018. In September that year, all candidates were admitted to the two to three-year training programme

for first technician low and medium voltage (level 3) at the Stedin Company School (Stedin Bedrijfsschool), in cooperation with Techniek College Rotterdam (Zadkine), a VET college for technology. The language level of the majority of the participants turned out to be insufficient, particularly regarding technological terminology. Stedin organised extra language courses and called on colleagues to become language buddies. Within a day, this led to more than enough volunteers. The programme came into being through collaboration between Stedin, the UAF (Foundation for Refugee Students), Techniek College Rotterdam and the municipality of Rotterdam. A comparable programme with a new group of status holders will begin in 2019, with in the preparatory programme giving more attention to learning Dutch and technical jargon.

Older long-term unemployed individuals

In 2015, Stedin began training people from other fields and with other backgrounds to become smart-meter technicians. By now, Stedin has retrained over 300 people, of whom 90 had been unemployed for a longer period of time. A substantial number of these new entrants were over the age of 55.

People with an occupational impairment

In the Participation Act, the Dutch government and employers' associations and trade unions agreed to help 125,000 people with an occupational impairment find paid jobs. Stedin aims to contribute to this proportionally and wants to help increase the employability of people who have difficulty in accessing the job market. Jobs were created in various locations within Stedin for this vulnerable group, and a project was launched in 2019 to set up a department where employees sourced from this target group can start working as assistant technicians.

Young people

Stedin wants to help young people gain work experience. The Stedin trainee desk encourages departments to offer traineeships at intermediate and higher vocational education level, as well as at university level. The association of young Stedin employees, the Young Stedin Group, focuses on expanding its network of Young Professionals, creating a helicopter view to facilitate the energy transition, sharing knowledge, increasing knowledge and enjoyment on and around the job, getting to know the organisation even better and, finally, strengthening and increasing ties within the organisation.

Women

F-EMPOWER is the network for, by and involving Stedin Group women. F-EMPOWER is powered by women and is all about their power and empowering women. In an energy arena full of men, it is Stedin's aim to pool and multiply this power, and share it with everyone within the company. Stedin wants women to learn from other women (and also from men, of course). Stedin believes that a good balance between male and female leadership will help the Stedin organisation to grow. Furthermore, Stedin encourages personal development with a broad range of network and other activities.

SUSTAINABLE EMPLOYABILITY

The sustainable employability of employees is high on the agenda at Stedin. Stedin treats its employees with care. Stedin understands that they face major challenges, so Stedin invests in their personal development and in an open culture. Vitality and sustainable employability are important in a sector where the average age is 47. This has an effect in many areas: job satisfaction, teamwork, agility, productivity and the quality of the work. Together with employees, Stedin examines whether they can specialise themselves somewhere in their field, allowing them to make optimal use of their potential and continue to develop themselves. Stedin provides support to help employees remain healthy and to ensure that they maintain the right competences. Stedin also encourages employees to assume responsibility for this themselves.

Stedin seeks to promote an inclusive society

Ways in which Stedin promotes an inclusive society include combating energy poverty together with a number of other parties, while Stedin is also a partner of JINC, an organisation helping underprivileged children to get a good start in the labour market. In addition, Stedin encourages volunteer work among employees.

ENERGY BANK

The foundation Stichting Samen O10 and Stedin together founded the Energy Bank Rotterdam. This foundation helps families that live around the subsistence level who have

difficulty in paying their energy bill to get a firm grip on the issue. The aim is to reduce their energy consumption thanks to advice from energy coaches. This should lead to a lower monthly energy bill and reduced CO₂ emissions. Various Stedin colleagues have volunteered as energy coaches and are helping this worthy foundation in their free time.

JINC

Stedin is a partner of JINC and subscribes to the view that every child has talent. Yet over 600,000 Dutch children grow up in an environment with widespread unemployment and few role models. This is why JINC is aiming to create a society in which your background does not determine your future and in which every child is given opportunities. It organises short 'speed' traineeships and cooperates in the Baas van Morgen (Tomorrow's Boss) initiative. In the JINC Baas van Morgen programme, 200 children experience how it is to be the boss. They make valuable contacts for the rest of their lives and see how a company works from the inside. It is a 'super speed traineeship' in which senior executives in the Netherlands show how important it is to invest in all of tomorrow's talent.

SUSTAINABLE PROCUREMENT

Does Stedin have a policy in place addressing the material human rights risks it is exposed to?

Stedin has a publicly available policy statement which addresses relevant human rights risks. This policy statement includes a commitment to provide remedy in case of breaches of human rights. It focuses on both internal operations and risks related to the supply chain.

Internal Code of Conduct

A safe working environment and ethical behaviour among employers and employees are highly important to Stedin Group. Accordingly, it has laid down its standards and values in this regard in an internal Code of Conduct (available in Dutch only). The code covers conduct between employees, but also in their contacts with external parties, such as customers, shareholders and regulators. Violations of human rights, bribery and other forms of corruption are not tolerated. The code of conduct has been elaborated in guidelines for a range of specific topics, including competition, privacy and social media. Stedin Group's code of conduct and the guidelines are available on the Group's website, in line with the Corporate Governance Code. DNWG Group applies its own code of conduct based on similar principles. The Compliance Officer organises annual integrity sessions at various locations. Various articles are published on Stedin intranet every year with a focus on integrity risks.

Supplier Code of Conduct

Stedin Group attaches great importance to corporate social responsibility (CSR) and expects its suppliers to demonstrate an ethically responsible approach towards dealing with resources and people alike. By means of purchase conditions, framework contracts and the Supplier Code of Conduct (available in Dutch only), Stedin Group ensures compliance with laws and regulations in the field of socially responsible purchasing at its suppliers. The Supplier Code of Conduct refers to the Universal Declaration of Human Rights and requires suppliers to act in accordance with it. By signing it, suppliers guarantee that their chains are free from child labour, forced labour and discrimination. Stedin Group incorporated socially responsible purchasing in its purchasing policy in 2018. Circularity, the source of raw materials, waste prevention and sustainability are integrated in the specific information requested from suppliers in tendering procedures.

Does Stedin apply social standards to contractors and suppliers?

Yes. The One Planet goals are an integral part of the Stedin Procurement Strategy and the procurement policy. Each procurement or tender procedure provides opportunities to seek out sustainable, innovative solutions in collaboration with sector partners.

Stedin published a revised Supplier Code of Conduct in 2018, which all suppliers must comply with. It sets out the social and environmental demands for suppliers. This code is based on the United Nations Charter and the core conventions of the International Labour Organization (ILO). The code contains conditions relating to human rights, labour conditions, privacy, safety, environment, bribery and fraud. The code of conduct forms part of Stedin's general purchasing conditions.

Link to more information:

[Stedin Supplier Code of Conduct](#)

In addition to the Code of Conduct, Stedin has created the One Planet Procurement Policy. This policy document translates the One Planet goals to specific criteria and demands in procurement processes. It helps suppliers to structure sustainability efforts, and investigate together with Stedin how assets, products or services can be produced, procured and reused in a more sustainable way, following the One Planet approach.

Link to more information:

[Stedin One Planet Procurement Policy](#)

ORGANIZATION & KPIS

Why is it difficult to find historical data for sustainable business operations preceding 2017?

Stedin Group was formed on 1 February 2017 as a result of the breaking-up of Eneco Holding N.V. into an energy company (Eneco) and a network company (Stedin).

This was a consequence of the Independent Network Management Act (Wet Onafhankelijk Netbeheer, WON), which stipulates that grid management activities must be separated from the generation and supply of electricity and gas. Eneco Holding N.V. was therefore broken up into Eneco (the energy company) and Stedin Group (the network group with the grid manager Stedin).

Any financial, non-financial or ESG-related information on Stedin preceding the break-up can be found on the website of the energy company Eneco by following [this link](#).

How is the Stedin organisation structured with regard to sustainability governance?

The Board of Directors is responsible for Stedin's sustainability ambitions and targets. In 2016, the board agreed upon the ambitions as set out in the annex 'One Planet strategy Stedin'. For the main impact categories, KPIs have been set for the relevant business units, including targets, while the KPI owners have been identified. Departments, such as the Business department, report to the Board of Directors each semester. The CO₂ impact is part of the strategic decision-making document for major projects and investments. Within the strategy team, the sustainability manager (a full-time position) is responsible for developing and monitoring the sustainability strategy, advising the Board of Directors on policy and projects, and helping the business owners to integrate sustainability in operations. The sustainability manager is supported by a dedicated team with members from the most relevant business units, such as Asset Management, Procurement, Safety & Quality and Operations.

Does Stedin report about its sustainability performance periodically?

A distinction is made between internal and external reporting. Stedin's Board of Directors is responsible for the sustainability ambitions and targets. In 2016, the board agreed upon the ambitions for 2030. These ambitions dictate the targets set, and internal and external accountability. A brief breakdown of both internal and external sustainability reporting is as follows:

- For the main impact categories, KPIs have been set for the relevant business units, including targets, and KPI owners have been identified. Each semester, business units and the CSR manager report to the Board of Directors based on the KPIs, while additional reporting provides detailed insights into the management data.
- The Business department reports to the Board of Direc-

tors each semester. Stedin's CO2 impact is part of the strategic decision-making document for major projects and investments.

- Sustainability and environmental, social and governance (ESG) efforts are described in the Stedin Group's annual report, which is audited by a third party (an acclaimed accountancy firm) and published every year.
- With regard to green bonds issuance and green financing frameworks, Stedin reports on the management of proceeds from green financing (if applicable) and engages with ESG rating agencies to provide information on various fields of ESG performance.





Link to more information:

[Stedin annual reports](#)

Does Stedin commit to improving its sustainability performance and setting specific KPIs (e.g. zero incidents)? Yes, Stedin has specific KPIs that monitor its performance on various environmental, social and governance (ESG) topics. The KPIs can be found in Stedin's 2018 Annual Report. KPIs that are set at the level of the Stedin Group, and which are directly linked to Stedin's One Planet strategy, are outlined in the table below. This table can also be found on page 55 of Stedin's 2018 Annual Report.

Link to more information:

[Annual Report 2018](#)

	One Planet KPIs for 2018	Target for 2018	Realisation in 2018
 CO₂ and particulate matter emissions 	Compensation of network losses	100%	100%
	Reduction of CO ₂ emissions	-14%	-2%
 Materials	Develop & calibrate KPI circular including raw materials passport	100%	100%
 Inclusive society	Inclusive society:		
	• Influx of residence permit holders in work-study programmes for fitters	10	100%
	• Filling of jobs under Participation Act	84.5	18%
• Work placement posts for young people	>1% of workforce	100%	
Inclusive society:	100	10%	
• Help for households to achieve energy savings (Via Energy Bank Rotterdam)			