



ESG strategy of Stedin Group

We stand by our word

February 2024

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Foreword by Executive Board

When it comes to making the Netherlands more sustainable, the greatest contribution that Stedin, as a regional grid operator, can make, is to expand our network of cables, transformer stations and distribution stations as quickly and effectively as possible. By accomplishing that, we will enable all companies and private individuals in the area we serve to become more sustainable. In order to build the energy system of the future, however, we will emit nitrogen and require more plastics, copper, aluminium and other (often rare) metals than ever. This presents a dilemma – just one of many that we face.

A long-term focus is inherent to Stedin's social task; lead times of five to ten years are completely normal in our world. We are therefore very familiar with the concept of sustainability, in all its forms. For years, we have devoted plenty of attention to the safety and wellbeing of our people, and have looked for leaks in our gas grids, which we then fix. We also believe it is self-evident that we must operate transparently and within the law.

It goes without saying that there are still many gains to be made. Assuming our responsibility for the impact in the chain and abandoning carbon offsetting as a solution strategy are two examples of how re-thinking matters can have a major impact. Other examples include the decision to join the SBTi, and assuming responsibility for the CO₂ emissions from transmitting gas.

This document describes Stedin's goals and plans for making our operations much more sustainable by 2030. These goals and plans are based on sound research into their feasibility in 2023, based on current knowledge. In 2024, the plans, including the validation process with the SBTi, will be worked out in more detail so that we can proceed with implementation and monitoring. In addition, new insights are constantly arising as a result of new standards, political decisions or additional ambitions. We therefore regularly evaluate our strategy and planning to ensure they remain effective. In view of this, the current strategy will also be subject to change and adjustments in the coming years. We will communicate and publish all such changes and adjustments in a transparent manner. Furthermore, in the coming years we will work on our plans for continuing to monitor climate and sustainability objectives after 2030.

Stedin is working to create world full of new energy for both our generation and future generations.

Koen Bogers, Danny Benima,
David Peters and Trudy Onland

Stedin Executive Board



ESG vision: a vision of our responsibility for the world we live in

Stedin is working to create a world full of new energy for both our generation and future generations. We work hard every day to ensure everyone can access the grid. When it comes to helping the Netherlands become more sustainable, we are making a major contribution by increasing the pace of construction, and by making better use of our grid and managing it more effectively. Creating a world full of new energy, however, involves much more than that. We provide energy - both literally and figuratively.

- Energy so that the grid of the future can be built in a way that is sustainable
- Energy so that people can work for us in a way that is safe, both physically and socially
- Energy so that we can work together in way that is fair and transparent

This is something we are achieving together: our employees feel that they are able and are given the chance to contribute to a better world.



Environmental: green and sustainable

Climate action is needed now. The earth is becoming warmer, and people all over the world are feeling the consequences. Biodiversity is under pressure, and the earth is being depleted due to the intensive use of natural resources. In order to be able to create a world full of new energy for our generation and future generations, Stedin, as a regional grid operator, is adjusting its grids at full speed so that the Netherlands can become more sustainable. We are accomplishing this by increasing the pace of construction, managing the grid more effectively and making optimum use of the grid while not losing sight of the environment surrounding us.

Accelerating the energy transition goes hand in hand with responsible construction, management and utilisation. Sometimes, however, dilemmas arise. For example, the positive impact associated with speed might be at odds with a negative impact that our business operations have on the living environment. The difficult assessment that is required in that situation is made by us together with our colleagues and stakeholders. Our starting point is that, in the long term, any positive impact must always outweigh the temporary negative impact of our business operations. If it does not, then we look for a truly sustainable solution together.

Stedin's promises:

- Our own operations run on green energy.
- We use circular materials wherever possible.
- When it comes to energy and materials, we avoid waste as much as possible.
- We make a positive contribution towards increasing nature in the chain.
- Our assets are ready for the consequences of climate change, such as extreme rainfall and heat.

This is how we construct, utilise and manage in an environmentally friendly and sustainable way.



Social: safe and inclusive

Stedin aims to reflect the world in which we work, and this means we want our workforce to reflect the diversity within society. This is based on our deeply-held conviction that only diverse and inclusive organisations are healthy in the long run. We provide a workplace in which everyone can be themselves, feels appreciated and is treated equally. Employees are given space to continue to work on their development, and we devote plenty of attention to long-term employability. The social and physical safety of our employees is always of paramount importance.

Stedin's promises:

- We provide a workplace in which everyone can be themselves.
- Safety in the workplace is always our top priority for our employees and everyone who works for or with us.
- We do everything to support our employees' growth and physical and mental health.

This is how we construct, utilise and manage in a safe and inclusive way.



Governance: ethical and transparent with an eye for the chain

Stedin works in a way that is ethical and transparent. We comply with legislation and regulations, which helps to build trust in the organisation. We also put necessary changes in legislation and regulations on the agenda, so that they continue to reflect our social task. We view the organisation as a long-term alliance of various stakeholders that can play multiple roles, such as that of shareholder, lawmaker, licensing authority, supplier and customer. When managing and supervising the organisation, we carefully weigh the interests of these stakeholders.

Stedin also assumes responsibility for a sustainable and fair way of working. We want to avoid situations in which our solutions in the Netherlands create problems elsewhere in the world. Where possible, we endeavour to ease problems that already exist; this is a major condition for collaboration with chain partners. In view of this, in 2024 we will examine the impact of our due diligence policy and revise that policy as necessary.

Stedin's promises:

- We are ethical and transparent, and we express this both within and outside our organisation.
- We work with our stakeholders to create sustainable value for the long term.
- We assess the potential impact of activities in the chain as well as our influence over that impact.
- We make improvements in those parts of the chain where we have an influence and can make an impact.
- We involve customers and local residents in projects that have a major spatial impact.

This is how we construct, utilise and manage in an ethical, transparent and fair way.

Stedin's ESG strategy in five themes

Environment	CO₂ reduction	CO ₂ reduction of 42% in 2030 compared to 2021	<ul style="list-style-type: none"> In 2021, emissions from business operations amounted to 385 kilotons of CO₂. Customers' emissions are also in scope due to the SBTi. Stedin has opted for the SBTi process because our ambition is to reduce our CO₂ emissions "in line with the Paris Agreement". Our plans will be subjected to validation in the coming months and might therefore change. Various measures are possible, and these will be worked out in more detail in 2024. In the long term, these measures could offer solutions for various problems, such as nitrogen emissions.
	Circularity	40% reduction in primary raw materials in 2030 ¹	<ul style="list-style-type: none"> We have the greatest impact on the objectives when we purchase concrete and cables. We are therefore expanding the focus to the design phase, and will make explicit inquiries about circularity in the market.
	Biodiversity	Net-positive impact in the chain in 2030 compared with 2022	<ul style="list-style-type: none"> When it comes to biodiversity, the greatest impact is to be found in the chain. The causes of this impact include climate change, land usage, soil pollution and water pollution. Nature inclusivity in relation to our own assets is primarily of importance in the context of environmental management, and our efforts in this area are based on our commitment to corporate social responsibility.
Social	Good employment practices	<p>Continuing to engage employees on an ongoing basis (eNPS of at least 20.3)</p> <p>Safe working conditions on an ongoing basis (RIF less than 0.9; LTIR less than 1.9 in 2027)</p>	<ul style="list-style-type: none"> We already have extensive plans and goals in place for health and safety and for diversity and inclusion. With regard to learning and development, the Stedin Academy will work on a new strategy in 2024. In the context of this theme, there is a risk of reduced performance due to substantial growth and changes in the workforce. Measures are focused on maintaining the current level of performance.
Governance	Business ethics, integrity and good management	Compliant on an ongoing basis with applicable legislation and regulations and with relevant standards of conduct, in line with the established risk appetite	<ul style="list-style-type: none"> Many matters are in order, have been arranged at a high level and provide insight. The growing problems with grid congestion mean additional measures are necessary for channelling the stakeholder dialogue. We also devote attention to ensuring compliance with CSDDD (EU legislation on due diligence) in relation to the reduction of the impact in the supply chain, and also to increasing transparency on the basis of the CSRD.

1. This target is relative to the current make-up (primary/recycled) of the total quantity of kilograms and raw materials. As a result, the use of secondary materials and biotic materials (such as wood) as well as the reduction of the amount of materials in each product count towards this objective.

Environment



Introduction

The Government has major ambitions when it comes to sustainability, such as 60% reduction in CO2 in 2030, climate neutral in 2050, 50% reduction in primary raw materials in 2030 and entirely circular in 2050. The United Nations has reached agreements aimed at ending the global loss of biodiversity and restoring biodiversity in 2030. We are working towards making a positive impact in this area by 2050.

The greatest contribution Stedin can make towards these goals is to carry out our core tasks. By doing that, we help to make the energy transition possible. This does not absolve us from the need to consider the impact of our own business operations. We are therefore looking for ways to accelerate the energy transition and, at the same time, have a less negative - or even positive - impact on our surroundings through our business operations.

Material themes

With respect to the Environment (E) domain, Stedin focuses its efforts on three material themes, which it identified by carrying out a materiality analyse. These themes are covered in more detail in the following pages.

1. Climate mitigation and adaptation
2. Circular use of materials and waste management
3. Biodiversity in the chain





CO₂ reduction

Stedin has signed the *Science Based Target initiative* (SBTi) commitment letter because we have the ambition of reducing our CO₂ emissions “in line with the Paris Climate Agreement”, which means we are working to achieve the objectives of this Agreement. As there are a variety of scenarios for the energy system of the future, Stedin will not commit to a net-zero objective for 2050 at this moment in time. This is because one of our statutory core tasks is the transmission of gas. Consequently, the 90% reduction that is required for a net-zero objective of that kind may not be feasible for us. It goes without saying that Stedin will continue to endorse the ambitions set out in the Paris Climate Accords.

No longer in favour of offsetting

Stedin previously expressed its ambition to be climate neutral in 2030. Today we are no longer in favour of offsetting. It is unreliable, and the principle is debatable. In recent years, growing criticism of CO₂ offsetting projects has focused on two main points. To start with, emissions have an immediate impact on the climate but the horizon for offsets is much longer, and in the meantime the planet continues to heat up. In addition, many offset projects are non-transparent, inefficient or even downright misleading, and they often have negative side effects, for example because they violate the rights of indigenous peoples and other local inhabitants.

That is why our new ambition focuses on reduction. We are reducing our emissions in line with the Paris Agreement, with the goal of achieving a 42% reduction in 2030 compared to 2021. Given the impact on Stedin's operations this is even more ambitious, despite the fact that on paper our emissions will not reach 'net zero' in 2030. Achieving 'net zero' is impossible for part of the footprint (for example, methane losses).

Moreover, the emissions stemming from natural gas consumption by customers are also in scope, in accordance with the SBTi. Previously these emissions were not in scope because Stedin followed the Greenhouse Gas (GHG) protocol. It goes without saying that the impact of this change is huge, given our customer base of more than 2.3 million connections, all of which are in Zeeland, Zuid-Holland, Utrecht and part of Friesland. If we consider the entire scope, emissions stemming from natural gas consumption by customers account for 96.3% of our emissions, whereas grid losses, our own operations, purchases and emissions stemming from the supply chain produce a combined total of 3.7%.

This is an unfortunate situation, since we are mostly able to have a direct influence on that final 3.7%. That being said, these emissions amounted to 385,000 tonnes of CO₂ equivalents in 2021, which is still a significant amount. When referring to this scope in this document, we use the term 'footprint of our business operations'.



Decline in transmission of gas

By committing itself to the SBTi, Stedin has chosen to take responsibility for the emissions that stem from transmitting gas to customers. This will require us to take an even more pro-active approach when it comes to encouraging customers to switch to sustainable alternatives, such as cooking with electricity and purchasing heat pumps.



Stedin can also have an impact on the emissions resulting from natural gas consumption by customers. The faster and more effectively we can carry out our core tasks, such as expanding the electricity grids and enabling the feed-in of green gas, the faster we can disconnect our customers from the natural gas grid through the process of electrification.

We expect demand for gas (combined demand for natural gas and green gas) will have diminished by 2030. Furthermore, the intention is that much more green gas will be fed into the gas grid by 2030, which will lead to an additional reduction in CO₂ emissions. Taken together, these developments will result in a halving of demand for natural gas in 2030 compared to 2021.

Stedin Group can only contribute to part of this reduction, through the construction of heating grids and through electrification and alternative gasses. When it comes to achieving these objectives, we are dependent on partners in the energy transition, such as the industrial sector, heat pump suppliers, installers and insulation specialists.



Footprint of business operations

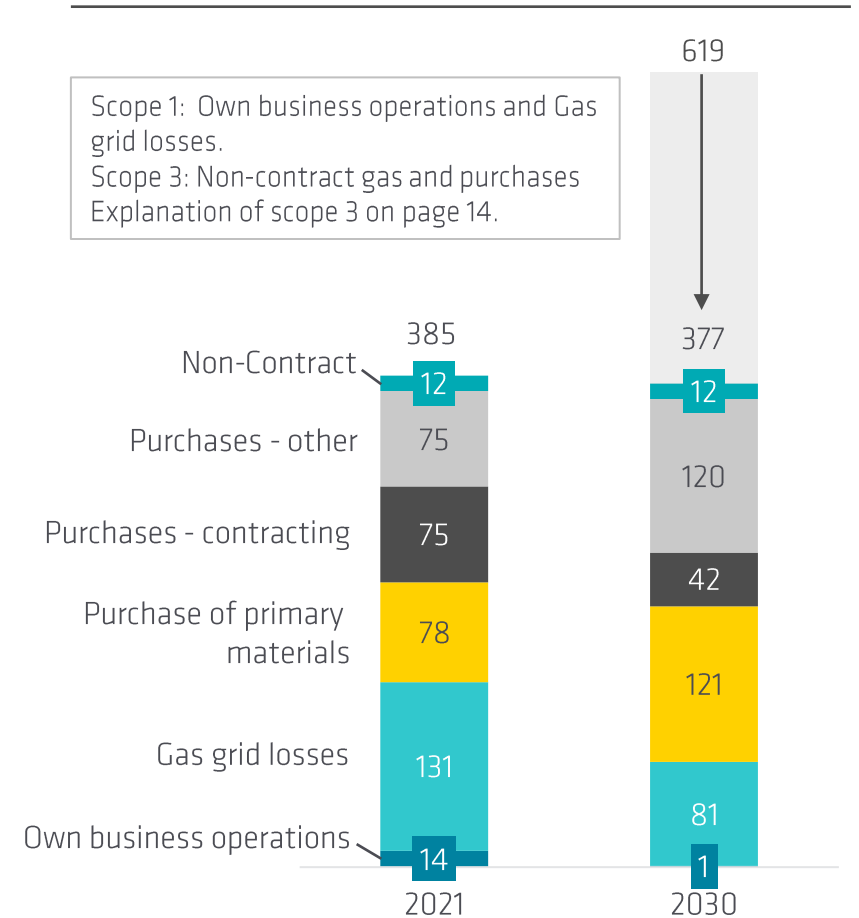
Stedin's business operations encompass various scopes. If we would not take any additional measures, the footprint of our business operations would increase to 619 kilotons due to our growing construction efforts. By taking measures, we will reduce this figure to 377 kilotons. This will be achieved by means of a reduction of 42% in scopes 1 and 2, as well as a reduction of 40% in scope 3. An explanation can be found on the next page.

Scopes 1 and 2: Direct and indirect emissions

Scope 1 encompasses Stedin's direct emissions. These consist of CO₂ equivalents from gas grid losses (methane) and emissions resulting from our own business operations. Examples include emissions resulting from mobility, emissions from buildings and the use of the insulation gas SF₆ in switchgear installations. This gas, which has a very high CO₂ equivalent value, can sometimes leak from older installations. The current quantity of gas losses indicated in this figure does not correspond to the information contained in our annual report 2023, because our starting point for the calculation of current gas losses was the new method in pursuant to the Oil, Gas and Methane Partnership (OGMP).

The emissions associated with the generation of electricity purchased by Stedin come within scope 2. These amount to zero, because we already purchase green electricity with 'Guarantees of Origin' to compensate all of our electricity grid losses, and we have a power purchase agreement under which we feed in green electricity directly from a wind farm owned by Eneco. The small portion that is left can be attributed to the use of electricity in our buildings.

CO₂ goals in kilotons





Emissions from own business operations in kilotons of CO₂

	2021	Goal for 2030
Mobility	8.5	~0
Buildings	2.3	~0
SF₆ leaks	0.5	0,5
Generators	2.6	~0
Total	13.9	Max. 1

Emissions from own business operations

Stedin obviously has a significant amount of influence over its own business operations (scope 1). On balance, we expect emissions from our own business operations to be reduced by some 96% in 2030.

At the start of 2024, all passenger cars were electric. Company buses and heavier equipment are being electrified gradually, and the goal is that all vehicles will be electric in 2030. Achieving a further reduction in emissions from commuting and business-related mobility is difficult, because they are already very low. Stedin has had a robust public transport policy for years, and our national orientation means few flights are taken. Substantial reductions in emissions from energy consumption in buildings (electricity, gas and heat) have already been achieved. A plan needs to be developed for reducing the remaining emissions. This plan must be linked to appropriate points in time wherever possible, and its goal must be that natural gas is no longer used in 2030.

There is not always an alternative to the use of SF₆ for insulation in the high-voltage grid, and there is still a limited market for the medium-voltage grid. We expect the expansion of the energy grid will lead to an increase in leaks, but we also expect leak intensity to decline as a result of measures. Examples of such measures include the recent overhaul of old installations, the use of air instead of SF₆ in specific situations, and a revised process for repairs. No further SF₆ installations will be brought into operation by 2030-2035 at the latest, in line with the EU regulation, although we aim to achieve this ambition before then.

The CO₂ emissions of the 26 emergency power generators had already been cut significantly in 2023 due to the use of HVO100, which resulted in a reduction of 90%. NO_x is still being emitted, however. Transitioning to hybrid units will lead to a further reduction in emissions.



Scope 3: Value chain emissions

Scope 3 includes the emissions in our value chain. Some of these emissions comprise emissions in our supply chain, on account of the fact that we purchase assets and services. Based on the growth forecasts for Stedin's energy transition investments, we expect these CO₂ emissions will almost double. We will limit this increase by reducing the intensity (CO₂/euro based on the purchase price). This scope also includes emissions due to the burning of natural gas relating to sold assets - this is the quantity of gas we bill to customers who are temporarily without an energy contract but still obtain gas (gas grid loss).

Emissions from gas grid losses

Reducing emissions stemming from gas grid losses (scope 1) presents a challenge, but a substantial reduction is possible. Based on estimates by Kiwa, we expect to see a reduction of 38% in 2030. We will achieve this by looking for leaks more frequently, replacing brittle pipelines and reducing gas consumption. We are still examining how searching for leaks can be organised more efficiently.

Purchase of green gas

As mentioned previously, we do not believe that carbon offset certificates are an effective solution. Owing to the use of 'Guarantees of Origin', the purchase of green gas offers the possibility of reducing some of the

emissions. Some of the grid losses relate to unburned methane, however, and so it is impossible to remove all emissions through the use of green gas.

At the moment, the supply of green gas is inadequate. We could 'lay claim' to some 10% of the market (23 million m³ out of 230 million), which is why we are starting modestly. We expect there will be a greater supply of green gas in 2030, owing to a blending obligation of 2 billion cubic metres. Assuming that our purchases are in line with market developments, green gas purchases will account for some 8% of the grid losses in 2030.





Electricity grid losses

The grid losses are expected to be some 30% higher by 2030, owing to an increase in electricity transmission. There is little that can be done about these grid losses due to the materials' resistance. When new grids are built, grid losses are included in the assessment by taking the voltage level and cable thickness into consideration.

Stedin will continue to compensate for these grid losses by purchasing sustainably generated electricity. We will formulate a new purchasing strategy to this effect for the period after 2030. In the meantime, we will continue with the current policy. Pursuant to that policy, approximately 40% of grid losses will be compensated under a power purchase agreement for the Borssele III and IV wind farm. We purchase European 'Guarantees of Origin' for wind energy generated in the EU to compensate the rest of the grid losses.

Reducing emissions from increased purchases

Stedin's spending on purchases will grow as part of the energy transition. We assume that, compared to 2021, our spending on cables will increase by approximately 75% and other spending will double by 2030. According to estimates by Stedin, CO₂ emissions will increase by 464 kilotons if no additional measures are taken. We can reduce this by 40% by taking additional measures.

Given the uncertainty concerning the level of these investments, we are using an 'intensity target' in which the reduction relates to CO₂ emissions per euro, which means the emissions are not dependent on the quantities that are ordered.

We expect that the circularity measures will enable us to achieve a 12% reduction in emissions from the purchase of primary assets. This is equal to 5% of the intensity target.

The expectation is that a 90% reduction in CO₂ emissions can be achieved on the work carried out by contractors for Stedin. The substantiation for working to achieve zero emissions is based on the reduction pathways in the "Clean and Emission-Free Construction" agreement. This reduction, in combination with the use of more environmentally friendly materials (such as circular concrete) purchased by contractors for buildings for high voltage stations, is equal to 23% of the intensity target.

Finally, we expect that part of this reduction (51 kilotons of CO₂) relating to 'Purchases - other' will arise organically as a result of the economy becoming greener. The figure we have assumed for this is 30%. This is roughly in line with the SBTi scenario in which temperatures rise by less than 2 degrees Celsius, and is therefore a reasonably defensive scenario. This is equal to 12% of the intensity target. Reporting on this aspect will need to be based on actual emissions instead of CO₂/euro. We will continue to monitor and evaluate methods for doing this.



Roadmap for achieving main objectives for CO₂ reduction

	2024	2027	2030
Mobility	100% of passenger cars electric	40% of commercial vehicles electric	100% of fleet and own equipment emission-free
Reduction of gas grid losses	Ramp up search for gas leaks	Reduction of gas grid losses by 36%	Reduction of gas grid losses by 55%
Purchases for gas grid losses	First purchase of green gas	Green gas purchased for 1% of losses	Green gas purchased for 8% of losses
Purchase of assets and services	4% reduction in carbon intensity (CO ₂ /euro)	27% reduction in carbon intensity (CO ₂ /euro)	40% reduction in carbon intensity (CO₂/euro)
Achieving zero emissions	12% reduction in contractors' emissions	70% reduction in contractors' emissions	90% reduction in contractors' emissions
Transmission of natural gas	Carrying out of green gas impact analysis	Reduction of transmission of natural gas by 33%	Reduction of transmission of natural gas by 42%



Circularity

Circularity is taken into consideration in tenders. In addition, a raw material passport (which indicates the percentage of recycled materials) is requested for primary assets. Experience has shown that sustainability is rarely, if ever, the deciding factor in a tendering process, not least because the products in question are often mature products such as cables and pipes.

That is why Stedin wants to shift the emphasis to the “front end” of the process, where there are more opportunities to make sustainable choices in terms of both CO2 emissions and circularity. Examples include adjusting specifications to avoid undesirable materials, coming up with designs that require fewer materials, using sustainability as a criterion in the selection of products, and challenging suppliers to develop sustainable alternatives.

Cables and concrete for buildings

According to an initial estimate, primary assets make up some 38% of the total (with cables representing 80% of primary assets). Secondary assets, such as smart meters and control equipment in stations, comprise 7% of the total, and tertiary assets 55% (with concrete representing 93% of tertiary assets). Cables and concrete for buildings are therefore key categories when it comes to exerting influence, whereas secondary assets have little impact.

In 2023, recycled materials made up 9% (by weight) of our primary assets. This is the new benchmark for our 40% reduction target, and it has therefore not yet been included in that target. As far as tertiary assets are concerned, there is currently no data on the amount of recycled materials. Our assumption is that recycled materials are not yet used in tertiary assets, but we will check this assumption in 2024.





Reuse and processing of waste

Primary materials can currently be reduced by 0.8% through reuse and the reduction of waste. Although this impact is small, we will continue to pay attention to this matter. We will focus actively on the reusability of assets and an improved logistical returns process will enable us to reuse as much as possible. We also expect that this focus will allow us to reduce the quantities of materials we order.

Waste processing also plays a role in improving circularity. Enough steel, copper and aluminium is obtained from processed assets to supply a small amount (approximately 4%) of the total quantities of materials that are required. Holding on to our recycled materials mitigates the risk of a market shortage. In this way, we will partially close our raw material cycle. We will also concentrate on reducing residue levels (the portion that cannot be reused as a raw material or energy by means of incineration).



Circularity roadmap

	2024	2027	2030
Inflow	<ul style="list-style-type: none">• Research into annual inquiries about raw material passports.• Annual monitoring of purchases and application of tertiary materials	18% reduction in use of primary materials	40% reduction in use of primary materials
Reuse	<ul style="list-style-type: none">• Reuse equivalent to €5 million• Gain insight into current level of reusability and set targets	Increase reusability of assets to target level to be set in 2024.	Increase reusability of assets to target level to be set in 2024.
Outflow	Set target for reduction of residue levels		<ul style="list-style-type: none">• At least 7% of waste flow used as own raw materials• Reduce residue levels after waste processing



Biodiversity

The impact on biodiversity has four drivers: climate change, land usage, water pollution and soil pollution (including nitrogen). For Stedin, the impact on biodiversity in the chain (99%) is many times higher than the impact on biodiversity in the 79 hectares it owns (1%).

By taking measures aimed at CO₂ reduction and circularity, Stedin has already reduced its impact to a great extent (55%-70%, see table). Further focus measures are currently not possible, and so it is necessary to agree individual arrangements with each supplier. Examples include incorporating the topic of biodiversity in the code of conduct for suppliers and in due diligence, partly for reasons relating to the Corporate Sustainability Due Diligence Directive (CSDDD). More information can also be found in the section on the governance strategy further on in this document.

Nature-inclusive construction

Despite the fact we have a minimal impact on biodiversity in the areas of land we own, Stedin has a policy on newbuilds and management, which stems from our commitment to corporate social responsibility. We also endorse the ambitions laid down in the 'Nature Inclusive Agenda' of the Ministry of Agriculture, Nature and Food Quality.

	Current impact	% decrease due to CO ₂ reduction / circularity measures
Electricity grid losses	€27 million (53%)	-52%
Contracting	€10 million (20%)	-6-14%
Electrical materials	€5 million (10%)	-3-5%
Corporate services	€5 million (10%)	
Services	€1 million (2%)	-0,2%
Other	€6 million (12%)	
Total	€51 million (100%)	-55-70%



Our measures include requirements for the site design when building new high voltage stations, and there is a 'menu' of optional measures that can be taken depending on specific environmental characteristics. We objectify the impact of our measures by collaborating with ecologists and working on the basis of the biodiversity yardstick developed by IPC Groene Ruimte. Our ambition is to have as much of a positive impact as possible on local biodiversity, within operational and safety parameters.

Medium voltage stations are smaller, but can still be seen by local residents. We will learn from our experiences with high voltage stations, and at a later stage we will investigate whether, and if so how, we can also design new medium voltage stations in a more nature-inclusive way.

In the next tendering process for gardening contracts, our criteria will include ecological management, such as 'meandering (sinus) mowing' and a prohibition on pesticides. The application of ecological management is being piloted and will be put out to tender in 2024.





Biodiversity roadmap

	2024	2027	2030
Biodiversity in the chain	Formulation of implementation plan for reducing impact on biodiversity in the value chain (examples include adjusting code of conduct and the due diligence policy)	60% reduction in negative impact in the chain	Net positive impact (€) in the chain
Design and construction of assets*	All new designs for high voltage stations are nature inclusive	<ul style="list-style-type: none"> All new medium voltage stations nature inclusive Policy for existing stations ready 	
Ecological management*	<ul style="list-style-type: none"> Application of 'sinus meandering mowing' where possible No use of pesticides Drawing up land management policy 		

* This is not a material theme, but concerns measures that have been implemented in the context of our corporate social responsibility and with an eye on accelerating in connection with our construction efforts.



Introduction

Our organisation and employees need to be flexible in order to cope with our rapidly growing package of work and the changing environment in which we operate. Stedin, which has a firm foundation when it comes to good employment practices, is continuing to grow, and we ensure that our employees are ready to cope with the demands that are placed on them both now and in the future.

We provide our employees with a safe and inclusive working environment in which they are encouraged to take ownership of their own development and long-term employability. Stedin has a good reputation as an employer, and this is reflected in its high employee Net Promoter Score (eNPS).

In order to be able to carry out all the work, many new employees will join the company and colleagues who currently work at Stedin will move on to new or different roles. This will have an impact on our employment practices, the culture of our organisation, and our employees. Given this, the basis for the Social strategy consists of maintaining and strengthening our high level of ambition in the area of employment practices.

The main objectives are to maintain an eNPS score of 20.3 – which is almost 10 points higher than the average score for Dutch companies in

2022. To measure whether safe working conditions are being maintained, we use the recordable incident frequency (RIF) and the lost time injury rate (LTIR). The objectives for the period up to and including 2027 are a RIF of less than 0.9 and an LTIR of less than 1.5.

In order to achieve those goals, we will focus on maintaining our high safety standards, continuing to develop a robust learning and development climate, and building on the steps that have already been taken in the area of diversity and inclusion.

Themes

Within the 'Social' domain, Stedin has identified three subthemes, which are the focus of our efforts. These themes are covered in more detail in the following pages.

1. Training, learning and development
2. Health and safety
3. Diversity and inclusion



Training, learning and development

The energy transition places huge demands on our employees, in terms of the work they carry out and the constant changes they have to deal with in their own work context. To help them with this, we are developing a robust development and learning climate in which employees will continue to work on their development in relation to the strategic challenges they will face, and in which managers will regularly discuss development with employees, supported by a range of learning opportunities that reflect the skills required in future and meet the needs of our organisation and employees. This will ensure our employees and the organisation remain flexible.

We are setting up a Stedin Academy to efficiently deal with the increase in demand relating to development. In order to create a basis for this, we are formulating a vision on learning and development that sets out Stedin's ambitions and goals in the areas of learning and development.

We are also designing appropriate, timely learning interventions. We analyse long-term developments relating to our organisation's goals, identify future skills and provide support in the form of appropriate and timely learning interventions. These learning interventions focus on technical and non-technical skills that are in line with - and suitable for - Stedin's culture and strategy.



Health and safety

Our employees will have to carry out a great deal of work in the next few years. This challenge will be accompanied by change. This will place high demands on our colleagues, both physically and mentally, and so it is important that employees are able to control their availability, and are actively supported in this by their manager and the organisation. We are making efforts to keep our absenteeism figures constant at the very least, and to move towards increased ownership. We focus on awareness and behaviour, because we believe that safe behaviour is essential for a safe and healthy working environment.

In the coming years, we will focus on safeguarding our performance in the area of safety and will endeavour to reduce accidents, injuries and other consequences for our employees, employees of third parties, customers and the surroundings in which we operate.

Increasing safety consciousness

We are continuing our HRO programme in combination with the Safety Culture Ladder. The principles and behavioural characteristics of a High Reliability Organisation serve as our guideline for dealing with risks such as safety risks. The entire organisation is involved in this because safety starts on the inside. We will use the Safety Culture Ladder certification as an embedding tool.

Learning from dangerous situations

It is vital that we learn from accidents, incidents and near misses, as this will enable us to avoid dangerous situations in the future. We are keen to learn from ourselves as well as fellow companies and chain partners. We take the initiative in this area and also support initiatives within our sector and further afield.

A clear basis

Many of our safety-related and other working arrangements are fixed. These working arrangements must be clear, understandable and consistent. We aim to make safe working practices easier through the use of available personal safety equipment and through the arrangements laid down in policies, procedures and instructions. The basis for safe working practices must be up to date and in order.



Enhancing positive aspects

Stedin enables employees to live and work in the most pleasant and effective way possible, both now and in the long term. We accomplish this by actively promoting positive factors that contribute to their wellbeing, make work easier and give employees control.

Proactive prevention of absenteeism

Stedin endeavours to provide proactive support, in the form of preventive interventions, to employees who run a higher risk of absenteeism, for example because they have physical or mental health complaints. Our goal is to use early identification as a basis for taking measures to enhance their wellbeing and give them control.

Support in the event of absenteeism

Stedin supports employees and managers during absences by means of effective guidance and supportive interventions. We aim to create a culture in which joint efforts to improve wellbeing occupy centre stage. We use interventions in a proactive way to promote recovery and ensure the return to work goes smoothly.

We monitor the effectiveness of our policy constantly, using data insights as well as active input from - and the active involvement of - employees and managers in focus groups and the employee motivation survey (EMS).





Diversity and inclusion

Stedin will be a diverse and inclusive organisation by 2030. We will accomplish this by recruiting and retaining a diverse workforce that reflects the world in which we live. In order to achieve this, attention needs to be paid to equal opportunities, equal treatment and long-term employability. In this context, we focus on our chain as well as our own employees.

Monitoring and management

We set up monitoring and management in such a way that managers have up-to-date information on the situation regarding D&I and can use such information as a basis for taking targeted action to bring about improvement.

Increasing awareness and support

Make an even larger group of managers and employees aware of the importance of D&I and increase support for D&I within Stedin.

Phased approach

Behavioural change is necessary in order to make Stedin more diverse and more inclusive. In an effort to accomplish this, we will go through three phases in the coming years. These phases overlap because different departments will reach the end of each phase at different times.

Awareness	(2021-2025)
Learning	(2024-2027)
Habit forming	(2025-2030)

Employee networks at Stedin





Introduction

Stedin works in a way that is ethical and transparent. We communicate this both within and outside the organisation. We work with our stakeholders to create sustainable value for the long term. We assume responsibility for a sustainable and fair way of working, and this includes when we collaborate with our chain partners. The main activities that relate to this have already been arranged within Stedin at a high level. We take various measures to maintain that level.





Compliance and integrity

Stedin's main goal with respect to governance is to continue to comply with applicable legislation and regulations and with relevant standards of conduct, in line with the established risk appetite.

Stedin has a *Compliance & Integrity* Department that focuses on guaranteeing legal compliance and integrity. We are retaining the existing *Code of Conduct*, in which Stedin lays down norms and values for the culture on the shop floor and how employees are required to behave towards each other and external parties.

We maintain a sound integrity policy, which includes an integrity hotline and a whistleblower scheme, among other things, and there are seven confidential counsellors to provide support with tackling fraud, corruption, breaches of privacy and unacceptable behaviour, for example.

CSRD standards

With regard to compliance, in the short term we are placing a special focus on complying with reporting standards for sustainability information as contained in the *Corporate Sustainability Reporting Directive* (CSRD). We will increase the reliability of our reporting points on the basis of the CSRD legislation. We provide insight to investors and other stakeholders. In 2024, we will take steps to enable us to obtain *limited assurance* for some important sustainability KPIs based on the CSRD standards. We are working towards obtaining *reasonable assurance* in 2027.



Management and supervision

Stedin's Executive Board is appointed by the Supervisory Board, whereas the Supervisory Board is appointed by the shareholders, which are public bodies. The Supervisory Board and the *Internal Audit* Department give independent advice and exercise supervision. The Executive Board and Supervisory Board are supported by the *Administrative Affairs* team.

Stedin continues to adhere to the Dutch *Corporate Governance Code* on a voluntary basis. The annual report explains which aspects of the CGC Stedin (as an unlisted company) does not, or cannot, apply.

Stakeholder dialogue

Through our *Code of Conduct for Suppliers*, we call on suppliers to make efforts relating to ESG themes. Environmental managers and local area liaison officers, among others, maintain contact with regional governments. Stakeholder dialogue relating to customer demand takes place through Regional Energy Strategies, alliances, the Energy Transition Committee and shareholder relations management.

We focus on making constant improvements to our stakeholder management, and pay particular attention to channelling in the case of stakeholders that have multiple interests, such as government bodies (for example in the role of licensing authority, shareholder and customer).

Responsibility for impact in the value chain

Stedin has a responsibility for the impact in the value chain. Our goal is to have full insight into the value chain in 2027. That is why we are updating our code of conduct for suppliers on the basis of our ESG strategy. We are also improving the due diligence policy, to satisfy the requirements pursuant to the Corporate Sustainability Due Diligence Directive (CSDDD), by:

- Developing policy (determining scope and risks)
- Identifying negative effects
- Avoiding or reducing negative effects
- Setting up a complaints mechanism
- Providing insight to stakeholders (reporting)



Governance roadmap

	2024	2027	2030
Governance	<ul style="list-style-type: none">• Ongoing application of corporate governance code (including corruption, and safeguarding of whistleblowers)• Applying updated compliance management process• Implementing CSRD at the level of limited assurance	<ul style="list-style-type: none">• Stakeholder management has been improved by means of stepping up internal governance, structuring, and increasing awareness.• Implementing CSRD at the level of reasonable insurance	Remaining compliant with applicable legislation and regulations and with relevant standards of conduct
Supply chain responsibility	<ul style="list-style-type: none">• Scope of value chain determined (IRO analysis)	<ul style="list-style-type: none">• Full insight in the value chain	We take responsibility for impact in the value chain

Disclaimer

This document was drawn up and published by Stedin in February 2024.

All of the figures in this document come from the sources specified on this page and/or are based on the latest insights derived from internal data.

We have endeavoured to substantiate and verify all the objectives referred to in this document insofar as possible, based on current knowledge. In 2024, Stedin will work out these plans in more detail to create roadmaps that provide insight into what can be achieved each year by means of KPIs for the organisation. If these annual goals turn out to be unachievable for any reason, the objectives will be adjusted. In 2024 we will also work on setting up a monitoring system, for the purpose of management and control, with the aim of enabling the early identification of objectives that are at risk of not being achieved, in order that appropriate action may be taken.

CO₂

- OGMP <https://ogmpartnership.com/>
- SBTi <https://sciencebasedtargets.org/>
- Transmission of natural gas:
<https://www.klimaatakkoord.nl/gebouwde-omgeving>
- SEB: <https://www.opwegnaarseb.nl/convenant>

Circulariteit

- NPCE: <https://www.nederlandcirculairin2050.nl/nationaal-programma-circulaire-economie>

Biodiversity

- Nature Inclusive Agenda: <https://agendanatuurinclusief.nl/de-agenda/>

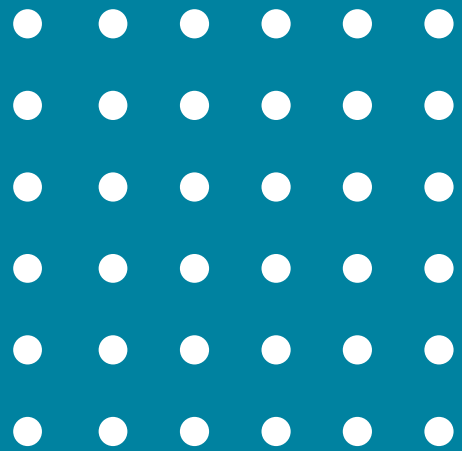
Governance

- CSRD: <https://www.efrag.org/lab6>
- CSDDD:
[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2022/0051\(COD\)&l=en](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2022/0051(COD)&l=en)
- CGC: <https://www.mccg.nl/>

Further information

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