Building a sustainable future together

Annual report 2024

alliander

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Foreword by the Management Board

Building a sustainable future together

Making dreams come true, realising ambitions and implementing sustainable developments – that is what our customers want. Businesses want to expand, consumers want to make their homes more sustainable, and municipalities want to implement plans for future-ready residential neighbourhoods and districts. The share of electricity in total energy usage is about 18% today, but will rise further to above 50% in 2050. To realise all the goals our customers have in terms of living, working, well-being and prosperity, a future-proof and flexible energy system is needed. An energy system comprising sustainably generated electricity, green gas, hydrogen and district heating networks. In 2024, we worked hard on this with our colleagues, customers and contractors. Together, we are building a sustainable future as we work to achieve our goal for 2030: the ability to offer every customer a suitable and timely solution within an affordable and reliable energy system.

Our strategy is leading, with a focus on realisation, greater flexibility and communication. Working safely, in everything we do, is our golden rule. Colleagues are increasingly aware of this. Even so, last year the number of incidents involving injuries and absenteeism increased. In November, a colleague was badly injured in a very serious incident in Dokkum. Its impact was enormous; on the injured person and their family, and on the colleagues at Liander and the contractor's employees who were involved. ‘Everyone safely home’ remains the absolute prerequisite for our work, and everyone at Alliander has a responsibility in this regard.

Project implementation

Last year, we invested nearly €1.8 billion in building our infrastructure – a new record. We started more projects and more work was done. Unfortunately, we were less successful in completing projects on schedule. This was partly because the work turned out to be more complex than we initially thought, requiring more specialist knowledge. One example of this is the major NuLelie expansion project, where it became clear in late June that completion within the planned time frame would not be possible. But supply problems also caused delays. In early February, we discovered moisture ingress problems in a particular type of medium-voltage station, which led to delays in the delivery of these stations and changes to the schedules.

Due to these delays, the benefits of our increased investments were not experienced by all of our customers in 2024. Last year we once again had to disappoint business owners, because the power grid in their neighbourhood was full. Consumers are also increasingly feeling the effects of grid congestion, for example, because they have to wait longer for an upgraded connection to accommodate new solar panels.

New ways of working

We are actively pursuing new ways of working in order to increase our work output. To increase scheduling reliability, we are focusing on better collaboration within the different production chains, based on the principle of doing the right amount of work in the right place and at the right time. We are setting up agreements with contractors in order to outsource work packages more intelligently and on a larger scale. We also introduced an approach that allows customers to arrange their connection through an installer, without the intervention of the network operator. This approach reduces our implementation workload, eliminates some supply-side dependencies and results in shorter completion times for the customer Further digitalisation of our processes meant that 15% more work could be scheduled and employee satisfaction among our colleagues also increased.

Greater flexibility

We are committed to further upscaling the use of flexible solutions to get more out of the existing grid; an important building block in a future-proof energy system. We signed more than 450 flexible contracts with businesses, freeing up additional capacity. As a result, we were able to arrange earlier connection for a total of 733 companies on our waiting list. Together with the Netherlands Authority for Consumers & Markets (ACM), we introduced new contract forms that encourage and reward flexible use of the energy grids. We supported businesses through the energy hub roadmap initiated by the sector. We also started initiatives for consumers, including working with various energy suppliers on time-dependent charging of home batteries and grid-friendly private charging of electric cars.

> We can get more out of our current grids by upping the permissible load.

In addition to flexible energy usage, we can get even more out of our current grids by upping the permissible load. For example, we have established new load limits for many assets, such as transformers, cables and switchgear.

Communication

We are building a sustainable future together, for and in collaboration with our customers. That is why it is important to be transparent and honest about the current situation on our grids. On the one hand, we do this to manage expectations about the future. We have started to explain more clearly what causes congestion and the impact congestion has on customer connection lead times. Additionally, we are actively communicating in the media that, based on current developments, we will continue to suffer from power grid congestion for at least another decade. On the other hand, we remain realistic, informing households and small businesses about waiting times, breakdowns and project delays.

Investments and financing

In 2024, we achieved a net profit of €976 million (2023: €267 million). If we exclude the book profit on the sale of Kenter, net profit was €219 million. The substantial increase in overall net profit is mainly due to the one-time proceeds from the sale of Kenter. Operating income for 2024 came in at €3,881 million (2023: €2,779 million). The negative cash flow for 2024 totalled €31 million. Excluding the one-time cash flow from the sale of Kenter, the negative cash flow for 2024 was €950 million (2023: €545 million).

Organisation under development

The energy transition is in full swing. Our task package is increasing and we are growing accordingly – our workforce increased last year to about 9,900 colleagues (9,400 FTEs). This was partly boosted by our successful employer's campaign – ‘The energy transition would be impossible without you’. We devoted a great deal of attention to onboarding our new colleagues to ensure employee satisfaction, safety and quality. To achieve maximum attention and focus on realising our strategy, we added an Executive Committee to our senior management structure and created two new roles, specifically a Chief Human Resource Officer position and a Chief Digital Officer position. The statutory responsibility of the Management Board remains unchanged.

We communicate about our impact on people and the environment in line with our obligation under EU regulations, and because we feel it is important to show what we are doing to increase our positive impact on society and to reduce our negative impact. This year, our sustainability statement has been brought in line with the Corporate Sustainability Reporting Directive (CSRD) for the first time and reports extensively on environmental, social and governance (ESG) issues.

Choices needed for living, prosperity and well-being

The energy transition is irreversible and presents major social challenges in relation to living, working, prosperity and well-being. Resolute choices are needed in the coming years to face up to those challenges and prevent new problems. These include both short-term choices, such as where we can build new transformer stations, and long-term choices, such as where the district heating networks should be created. There is also a need for innovation that enables us to reinvent the way we use energy and make smarter use of energy. More and more of our customers and partners are working with flexible solutions and are helping to keep the electricity grid accessible. All these initiatives show that thinking and acting differently together really does have a positive effect on accelerating the energy transition. In the interest of society as a whole, many more initiatives of this type are needed in the coming years. Every day that we succeed in collectively upping the pace benefits businesses, consumers and society as a whole.

Doing whatever it takes to keep everything working

The work of our colleagues – i.e. the results they achieve and everything they learn in the process – is indispensable. We are very grateful for their efforts. We do whatever it takes to ensure that everything keeps working. At this point we would particularly like to thank our COO Marlies Visser and our CTO Daan Schut, who will be leaving Alliander after publication of this annual report. They have put their heart and soul into our organisation and into achieving our social objectives for the past 10 and 15 years respectively.

Together with our fellow network operators, government agencies and departments, and our partners in the construction and engineering sectors, we are continuing to work confidently on building a sustainable future for all our customers.

Management Board, 3 March 2025

2024 in brief

Record amount of
€1.8 billion
invested in energy grids.

Net revenue:
€3.0 billion

Profit/loss after tax:
€976 million

We completed **47,343** connections.

Total of
5,935,169
active connections

Build, build, build!

+2,025 gas connections

+45,318 electricity connections

17% greater technician capacity though integrated control

2,338 kilometres of electricity cable laid

2,029 newly constructed/converted transformer substations

Employer's campaign pays off.

We welcomed more than
1,500 new colleagues

Total number of employees
9,887 (22% female)

39%
of installations procured circularly.

Network reliability **99.99%**

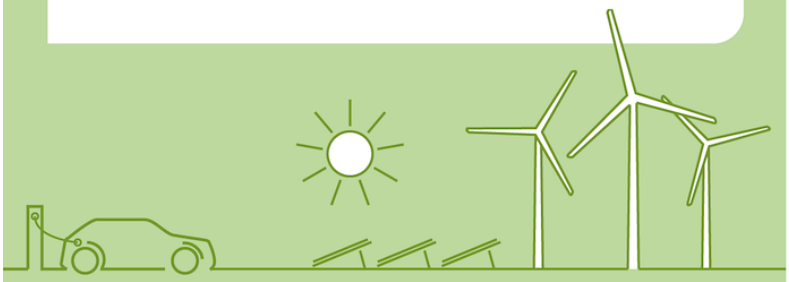
Power outage duration
24.6 minutes

Gas outage duration
104 seconds

Energy transition in figures

Totals at year-end 2024

Charging stations **19,758**	Customers with renewable generation **1,100,000**	Green gas fed in **83,300,000 m³**
CO_2 emissions **446 kt**	Solar energy **8,247 MW**	Wind energy **1,830 MW**



265 new participants at Alliander's Technical College

Locations in **Amsterdam** and **Leeuwarden** remodelled and extended, **Zevenaar** opened.

Congestion on the grid

The use of grid capacity is intensifying further.

Total of **6,862** transmission restrictions

New products for flexibilisation of the energy grid

We flexibly contracted **98 MW** of capacity.
In addition, **269 MW** of flexible capacity was made available by customers.

Customer satisfaction*

Convenience that customers experience when they contact us.

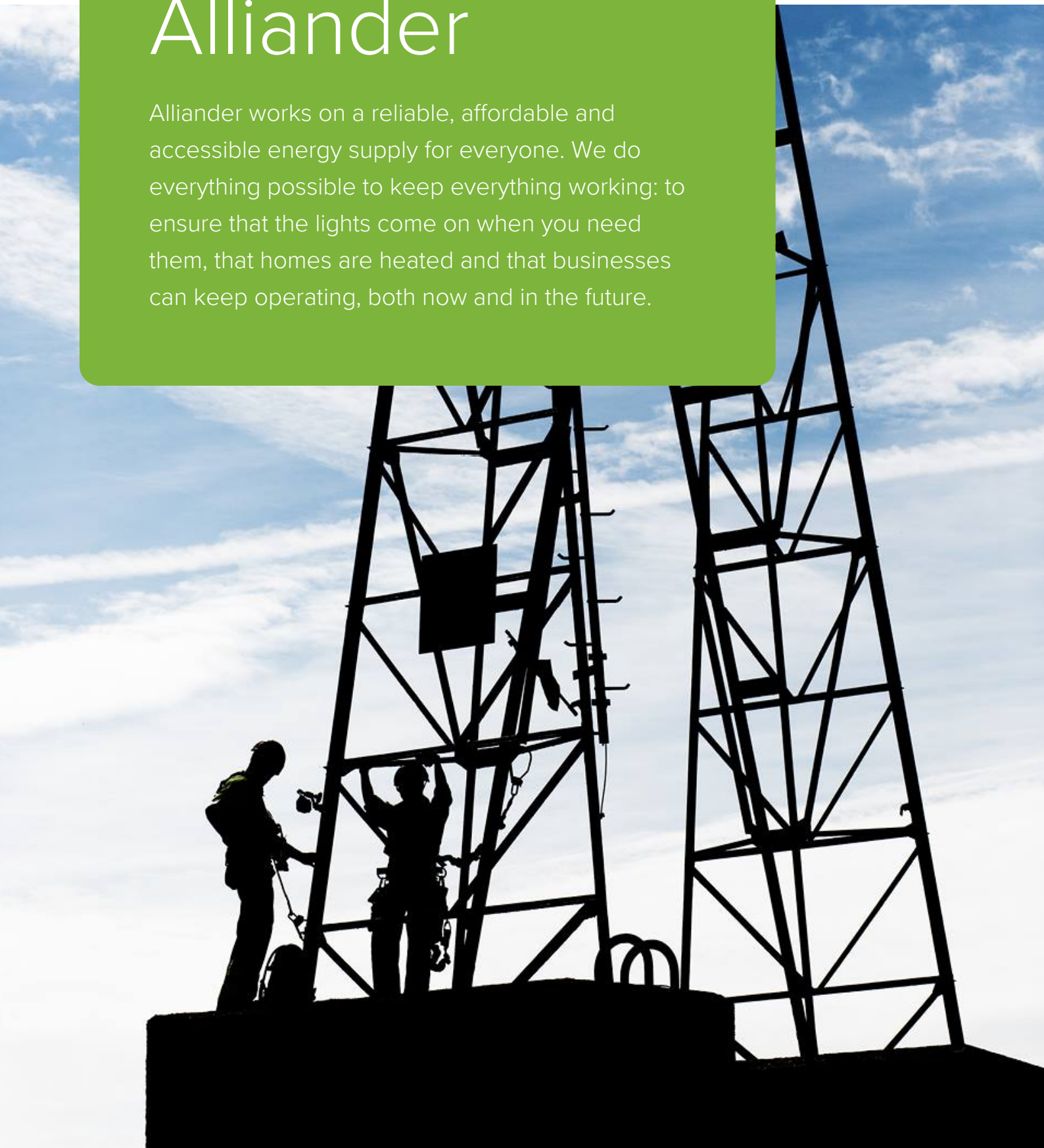
Consumers:
54%

Business:
32%

*Expressed as Net Effort Score.

About Alliander

Alliander works on a reliable, affordable and accessible energy supply for everyone. We do everything possible to keep everything working: to ensure that the lights come on when you need them, that homes are heated and that businesses can keep operating, both now and in the future.



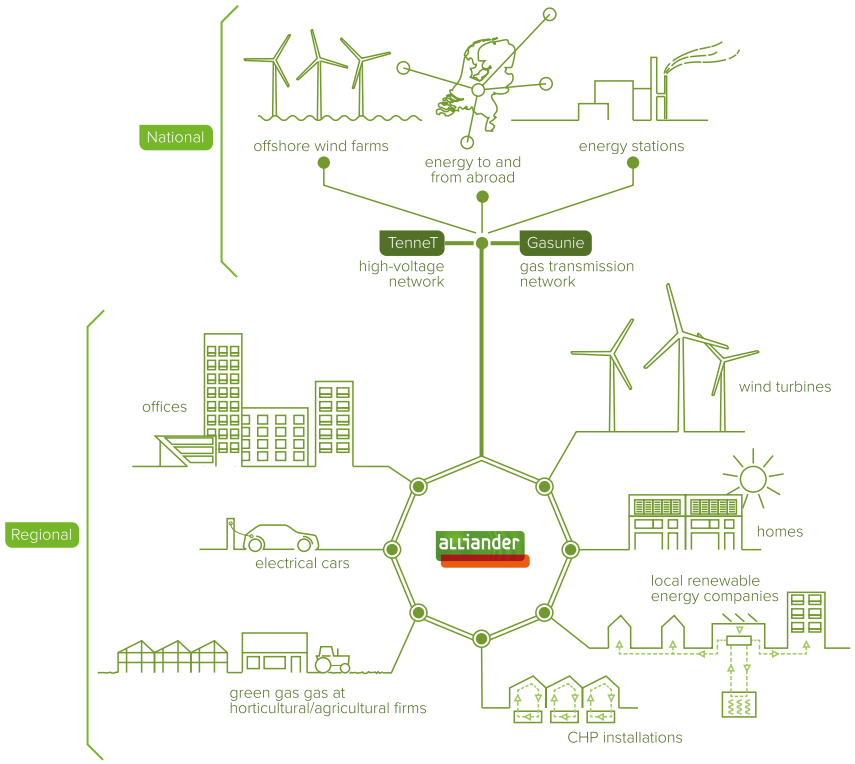
Profile of Alliander

What do we have at our disposal? › What is our role and which choices do we make? › What do our stakeholders notice in the short term? › Which values do we create for the long term? › What are the most significant social impacts? › To which global targets do we contribute?

Alliander N.V. is a network company comprising a group of companies employing some 9,900 people (9,400 FTEs) in all, including agency workers. Our shareholders are provincial authorities and municipalities.

Our role in the energy system

We advocate an energy supply system where everyone has access to reliable, affordable and sustainable energy on equal terms. This is a mission we work towards every day. By continuously improving our network, we are preparing for the future. A future in which everyone can use, produce and share sustainable energy. We invest in the development of the energy networks and explore and implement innovative solutions. Together with our partners and shareholders, we define a roadmap for our customers' plans for the future and offer solutions to complex energy transition issues. Affordability and sustainability play a key role in the choices we make.



Management and development

As a network operator, we have been statutorily tasked with managing and further developing the gas and electricity grids. We are on call day and night to deal with outages. The energy we distribute comes from power stations, wind farms, solar farms and imports from abroad, among other sources. In addition, more and more consumers and companies are feeding the sustainable energy they produce with their own systems back into our energy networks. As a result, energy supply and demand have become interwoven, influencing one another.

Innovation and design

Alliander and its subsidiaries collaborate with various parties in the energy sector and with organisations that innovate in the field of energy. We facilitate the local exchange of energy and work closely in conjunction with public authorities on issues related to the heating transition.

As a co-designer, we provide municipalities, provincial authorities and businesses with knowledge that helps in the long-term development of the energy system. We show them what the energy network can handle and the social costs associated with specific choices. In addition, we help organisations by offering data services and we collaborate with others to develop a flexible energy market that is driven by supply and demand. Our products and services contribute to a future-proof energy network.

How we are organised

Liander

Liander develops, designs and manages the energy network and is available 24/7 to fix faults. In addition, Liander shares knowledge and expertise with customers and public authorities to collaboratively create the most suitable energy network for everybody in the regulated domain. Liander is Alliander's largest subsidiary and accounts for 95% of its total revenue.

Qirion

Qirion designs, builds and maintains Liander's and TenneT's high-voltage and medium-voltage grids, particularly in Liander's service area.

Firan

Firan designs, builds and manages future-proof energy infrastructures for heating, cooling, steam, sustainable gases, solar power, wind energy and CO_2. Firan collaborates with partners to develop smart energy solutions for buildings, regions and municipalities.

Alliander Telecom

Alliander Telecom supplies telecommunication systems used to control and protect critical infrastructures (including electricity and gas grids). Telecommunications are of paramount importance, for instance for securing, controlling and reading data from critical network elements and for communicating with control centres.

ENTRNCE

ENTRNCE facilitates current and future decentralised energy markets. For participants, ENTRNCE allows direct energy exchange between energy producers and consumers (peer-to-peer), and provides complete transparency about the source and final destination of the energy flows. By offering this facility, we give local markets freedom of choice and lower the barriers preventing entry to the energy market.

Network management in Germany

Alliander owns a (small) network operator in Heinsberg, Germany.

As a network operator, we have been statutorily tasked with managing and further developing the gas and electricity grids.

The world around us

Alliander has a massive social impact because of its energy networks and activities. In this period of rapid change, it is important for us to understand which factors affect our work, both in the short and the long term, allowing us to anticipate adequately and refine our strategy if required.

Worldwide effects on society and the energy system

The energy transition in the Netherlands is not an isolated process, but takes place within the context of global trends and developments. These international influences have a far-reaching effect on society because they play a role in shaping the energy transition and the energy system that is currently being created.

International collaboration is becoming less stable

Our society increasingly faces outside interference and influence. Globally, there are military conflicts that may escalate further. Security in Europe is becoming more vulnerable and the threat level in respect of critical infrastructure is increasing, as is the importance of cybersecurity. As a result, the EU Member States are focusing more on independence and sovereignty when it comes to matters such as energy and raw materials. Opting for greater energy independence has a direct impact on the energy system: more self-generated energy leads to the need for higher investment in infrastructure. In respect of raw materials, there is a real risk of shortages of resources and materials such as cables, transformers, meters and digital grid components. This can lead to disruptions in our implementation process and adversely impact customers as a result.

> Choosing greater energy independence has a direct impact on the energy system.

The effects of climate change are increasingly apparent and keeping global warming below 1.5 degrees seems unachievable

A study by the Global Carbon Project shows that global carbon emissions from fossil fuels reached a record high this year. Average global warming exceeded the 1.5 degree limit for the first time in 2024. The effects, in the form of extreme weather events, are increasingly apparent everywhere in the Netherlands. The consequence for us is that the risks to the energy network in our operating area and to Alliander's operations are increasing. We evaluate the risks to our assets and asset load limits, and take actions to prevent interruptions in the energy supply for customers.

Rapid technological developments help with the transition task

The pace of technological development is rapid in many areas. Developments in artificial intelligence (AI) are creating numerous new applications, from defence to health care and from business to science. For the climate and energy transition, developments in digitalisation offer a deeper understanding of climate models and weather patterns, and act as the basis for new applications to make the whole system smarter by allowing decentralised devices to optimise their behaviour.

Energy technology is also developing at a rapid rate. Technological advances in solar and wind energy, including more efficient panels and ever larger wind turbines, are leading to more opportunities to scale up globally. Investments in the energy transition increased by 11% globally. Electric vehicles have become mainstream due to breakthroughs in battery technology and charging infrastructure, while hydrogen is also gradually beginning to emerge as an energy storage solution and energy carrier for applications where electrification is a non-starter. Interest in nuclear power has been reawakened by innovations such as small modular reactors (SMRs). These developments are the cornerstones of a future low-carbon energy system, in which digital smart networks and decentralised optimisation will play a key role.

More challenges than climate change and nitrogen emissions

Six of the nine 'planetary boundaries', as defined by the Stockholm Resilience Centre, have now been exceeded due to human activity. This means that the stability and resilience of our ecosystems are seriously threatened. Multiple crisis mitigation measures converge in the spatial integration of infrastructure projects, complicating and potentially delaying the decision-making process. Examples are space for climate adaptation and water storage versus space for energy infrastructure. Delays in infrastructure construction are detrimental to our customers and the economic position of the Netherlands in relation to foreign countries.

National social developments

In the Netherlands, our customers' policies and actions are strongly influenced by social developments in our own country.

National socio-economic developments

The Dutch economy grew by less than 1% in 2024. Global geopolitical tensions lead to high uncertainty, which in turn drives up inflation (more than 3% during all of 2024). The Dutch Central Bank and CBS Statistics Netherlands expect inflation to remain at about 3% in the coming years. The number of home completions in 2024 fell short of the planned number. The speed of new construction is too low to make up the shortfall of about 400,000 homes.

Increasing debate about the need for industrial policy

Those who believe that choices regarding industry are inevitable are becoming ever more vociferous, especially now that energy costs and network tariffs are rising. Mario Draghi's report for the European Commission calls for a new European industrial strategy based on accelerating innovation, greening and increasing competitiveness. The Netherlands Bureau for Economic Policy (CPB) advocates the importance of long-term thinking in public policy, presenting a scenario study in which the Netherlands independently pursues a very active industrial policy aimed at autonomy. All in all, there is uncertainty about the extent to

which industry will establish and maintain operational sites in the Netherlands and pursue improved sustainability, with a potentially significant impact on the required infrastructure. For Alliander, these uncertainties translate into possible changes regarding when and where certain investments are needed. To continue to provide the infrastructure needed by industry in the future, we in our role as a network operator and industry must jointly plan further ahead for what is needed and where. Alliander is therefore working on a supply-driven and cluster-based approach to building infrastructure for industry, in which the availability of energy sources, infrastructure and cluster development are planned in joint consultation.

Greater focus on livelihood security

The annual costs incurred by municipalities for climate policy are set to rise from €775 million in 2025 to over €1 billion in 2030, according to research conducted by the Council for Public Administration. Fair distribution of the rising costs of the energy transition, transparent communication and leadership on difficult issues are becoming increasingly important and are crucial to retaining broad support for the necessary changes. The issue of livelihood security is becoming more important due to a sharp increase in energy bills caused by rising energy prices and network tariffs.

Decline in confidence in political and public institutions

Last year, confidence in politics was low, according to the Netherlands Institute for Social Research, mainly due to the failure to find solutions to key community and social problems. Examples include the housing shortage, livelihood security, the influx of asylum seekers and lack of shelter for them, the allowances scandal and the repairs to homes damaged by gas extraction in Groningen. Confidence in broader public institutions is also low.

Hardening of views in society

We see that concerns and misunderstandings sometimes turn into hate and aggression, also against people who work to serve society. Unfortunately, Alliander's employees are also affected by this. So we have set up an aggression help desk that provides immediate support when needed.

Political prioritisation

The government's manifesto pays close attention to implementing the energy transition, with a focus on key issues such as the electricity grid, affordability and making industry more sustainable. In line with the plans in the initial outline agreement, this government is linking the energy transition to green growth. In practice, however, we are seeing that rolling out measures to accelerate the energy transition, such as hybrid heat pumps and preventing congestion, is a key priority. With that in mind, it is good to know that the National Network Congestion Action Programme (LAN) is being continued and strengthened. However, the fact that we are not yet seeing enough serious acceleration in the flow of spatial planning processes is worrying. Negotiations about the price of land for infrastructure are taking too long. Nitrogen emissions are still a bottleneck and the Dutch Council of State ruling in December is likely to cause further delays in some of our projects. We further note that there seems to be too little scope for labour migration in the current political climate, at a time when we desperately need technical professionals to get the job done.

Developments in the energy system: progress is being made in the area of sustainability, but affordability requires attention

In 2024, the sustainable power-generating capacity installed in the Netherlands reached 7 GW for onshore wind, increased to 4.5 GW for offshore wind and rose to about 27 GW for solar energy. The number of heat pumps installed increased by 20% to 1.2 million. Home batteries became more popular, rising to some 40,000 units. Gas prices were less turbulent than in the period from 2021 to 2023. So the sector is relatively calm, despite the fact that prices do remain structurally higher than before. In the electricity domain, we are seeing the expected rapid increase in price volatility, which is partly driven by the strong growth in renewable energy. Thanks to greater availability of solar power, the price was negative more often than in previous years (the most extreme situation was an imbalance price of minus €1,500 per MWh), but we have additionally seen

quite high prices. At the beginning of the winter period, for example, when the weather was cold and foggy without much wind. On 12 December 2024, the price for electricity peaked at €800 per MWh. Structurally high energy prices put pressure on energy affordability for households and businesses. That is why Alliander helps businesses and consumers with flexible energy usage solutions. This pays off in two ways: the grid is better utilised and they have greater control over their energy costs.

Congestion calls for structural solutions

Large-scale congestion on the high-voltage grid in late 2023 led to even more congestion reports in 2024. On top of this, consumers also faced scarcity. For customers, this resulted in increasing uncertainty with regard to action plans and growth prospects in the short term. Recent research by Ecorys, commissioned by the Dutch Ministry of Climate and Green Growth, and data from Netbeheer Nederland show that congestion on the low-voltage and medium-voltage grids costs between €10 billion and €40 billion a year. Those congestion costs could rise even further if congestion continues to increase in the coming years and companies invest less as a result. As a result, new businesses can only start up to a limited extent and current businesses cannot expand. One example of this could be a data centre choosing a location outside the Netherlands. This amount could increase further if businesses in the energy-intensive industry sector decide to leave. The impact this has on economic activity and employment is significant.

> For consumers, congestion results in increasing uncertainty about their future plans.

Our industrial customers need heavy-duty connections to electrify their operations, requiring capacity that is often no longer available in our transformer stations. This means that we have to upgrade transformer stations or build new ones. As that is a lengthy process, companies are experiencing significant difficulty in implementing their plans at a time when they need to make their operations more sustainable, in order to meet permit requirements for example. We can only resolve this problem in a few cases by offering flexible usage solutions to a company.

We have many medium-sized businesses as customers, such as companies in the logistics, greenhouse and service industries. They cannot install charging facilities due to congestion, although those facilities are urgently needed to expand the fleet of mandatory zero-emission vehicles. This also affects smaller businesses, such as suppliers and service providers, who need zero-emission vehicles to operate in the inner cities.

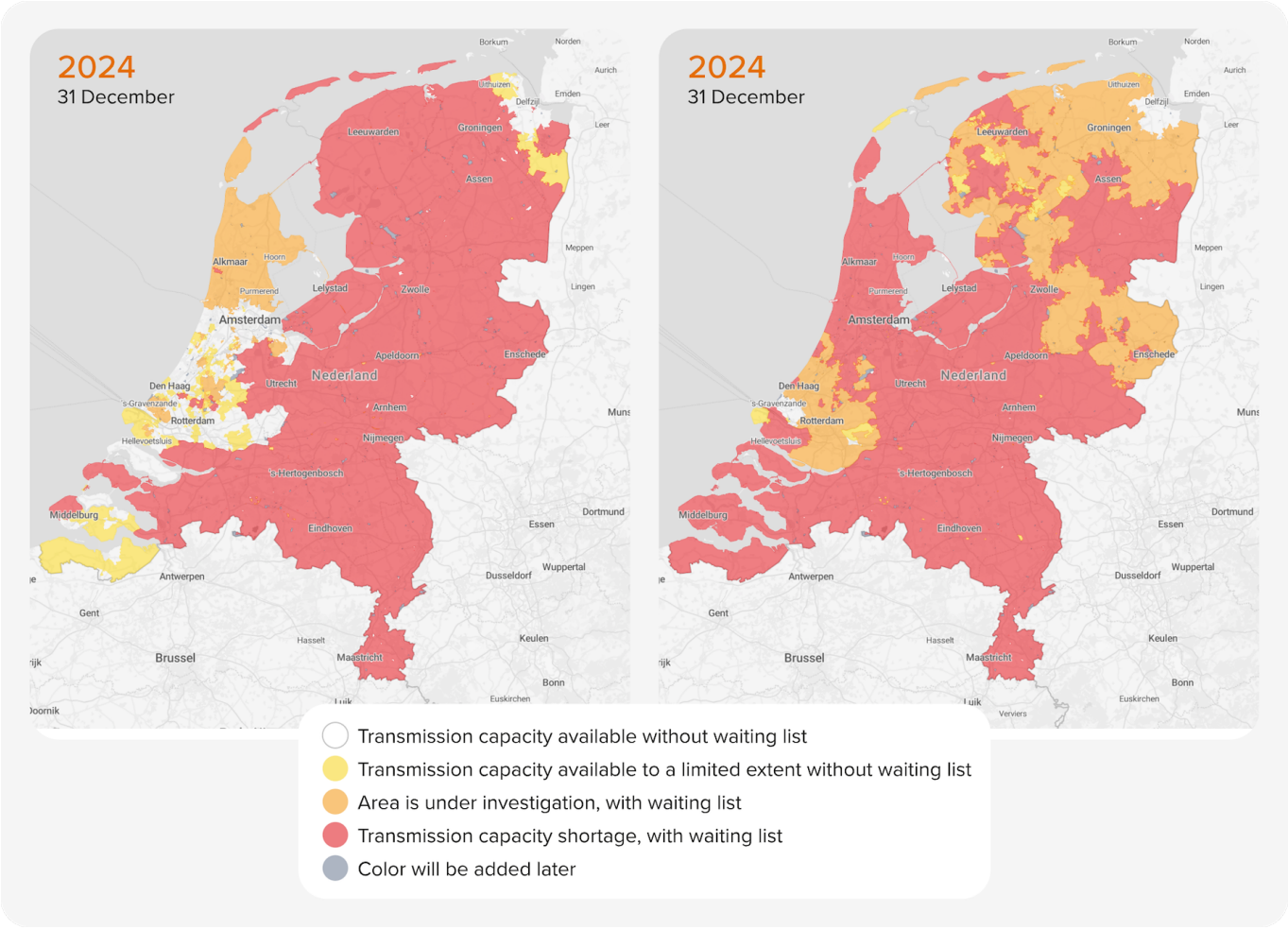
Residential housing construction, which is already in crisis, is further hampered by congestion. Congestion affects large projects, meaning that people cannot move into their homes as early as they would like due to delayed delivery of the electricity connection. But it equally affects smaller projects, for example, in the form of excessive lead times for charging facilities for individual households.

These are extreme cases. In areas where we see potential for doing so, we are acting to speed up the process. We continually evaluate how the grid is loaded and then look for ways of freeing up even more capacity. We are entering into smart contracts, with flexible usage provisions, to create capacity for connecting companies.

Despite our efforts to build and roll out smart solutions as quickly as possible, congestion will probably continue for at least another decade. This shows that the current system, in which energy is available on demand 24/7, is no longer tenable. The differences between parties who are already connected to the grid and have full freedom of use and parties who are not connected are too great. We need to move structurally in the energy system to a way of using and feeding back in energy that does not stress the grid beyond its limits. All of us must make a contribution here so that everyone can participate in the system.

Scarcity on the grid at regional network operators and TenneT

The figure below shows the congestion situation on 31 December 2024.



More congestion management solutions

We have been working together with the market and customers on solutions for congestion and for improving how congestion management works. This included technical preconditions, such as a number of code amendment decisions taken by the ACM (including a revision of the congestion management rules, transmission charges, dispatchable generation and the use of reserve capacity). We can now offer new contract forms, such as the fixed-time window capacity reduction contract (CBC-T), the on-demand capacity reduction contract (CBC-A) and products for energy hubs. Thanks to those instruments, we can often fit customers in. A crucial requirement here is that customers with the ability to shift some of their energy consumption during peak hours on the grid are willing to make that flexibility available to the network operator against payment of compensation. Liander can use that flexibility – for which it pays compensation – to help other customers. Because the grid only actually operates at its physical limits for a few hours a year, a significant amount of grid capacity, which cannot be utilised right now, is available at other times.

A further important aspect is that there are now legal frameworks in place to prioritise allocating transmission capacity in congestion situations to customers who perform socially important functions. Those functions include congestion mitigation activities, security (such as the fire service, police, hospitals) and basic needs (such as drinking water, education and housing).

Structural congestion calls for structural solutions

The increase in electric solutions and the transition to renewable energy sources are greatly increasing the levels of peak demand and peak supply. This leads to greater dependence on the weather and volatility in energy prices, both in terms of usage and the supply of electrical energy. It also greatly increases the need for transmission capacity. With that in mind, we are working hard to strengthen our grids and investing heavily in digitalisation. The latter includes digitalisation of the grid as well as investments in IT systems that are needed for the flexible solutions and security. This is a case of 'costs first and benefits later'. This is one of the reasons why the network tariffs are rising.

One important way to control energy costs is to make energy usage more flexible. By using energy when it is cheap and avoiding usage when it is expensive, costs can be reduced. Flexible solutions, such as price-controlled electric car charging, offer opportunities. These opportunities also exist, for example, for the use or non-use of electricity or gas based on price, which is possible with hybrid heat pumps and hybrid heat supply systems in commercial greenhouses and industry. The energy market is already characterised by dynamic prices that vary from hour to hour. In October 2024, Netbeheer Nederland submitted a proposal for a network tariff system with a time-dependent tariff component that would encourage small consumers to use the grid optimally, for example, by using more energy during periods of high solar power availability, and using less energy during the evening peak.

The solution mix includes more than electricity

Heat and sustainable gases are just as much part of the energy system of the future. Having the correct mix of energy carriers, such as hydrogen, with adequate infrastructures is highly important to safeguard affordability, task feasibility and reliability. During the transition phase, hybrid technologies can potentially play a key role in quickly achieving a significant reduction in carbon emissions without having a major impact on the energy grid.

In about one third of neighbourhoods, district heating networks may well be the heating solution with the lowest social cost. District heating networks are also important for exploiting geothermal energy and waste heat. Last year, virtually no funds were invested in district heating networks. It is important that our politicians quickly adopt the legislation needed and ensure guaranteed investment in district heating networks. The roll-out has not yet started, so customers still have no clarity about their options for the future. Cost-effective district heating networks are beneficial for the transition, but cannot currently be built. This remains an urgent issue. Heat pump sales have rocketed, and as more homes are equipped with electrically powered heating systems, collective heating system projects are becoming increasingly difficult to implement. In addition, due to this development, we are having to strengthen the electricity grid to a greater extent than currently planned in the neighbourhoods where we had expected a district heating network to be installed.

Shortages are chronic, focus on space, technicians and resources

Structural scarcities will have an impact on efforts to change the system to enable a sustainable future. First and foremost, due to the ageing population and growing demand for skilled workers, there are persistent staff shortages in the engineering, construction and energy sectors. This applies especially to technical and IT positions. Labour migration is one of the solutions needed to achieve our task, simply because not enough technicians are available and coming up through the education system in the Netherlands. Migration is a topic of great concern in the Netherlands. Laws and regulations currently offer little scope for exploiting the opportunities of labour migration.
Secondly, materials such as cables, pipes and transformers are not sufficiently available at the right time in

order to perform all the work. Last year, for example, we experienced these shortages first hand when supplying transformer units for medium-voltage stations. Finally, there is a severe lack of physical space for expanding the grid, both above and below ground. As a result, procedures are time-consuming and completion times are long. Due to all these structural scarcities, the pace of grid expansion is subject to limitations, and is driving up costs faster than we would like.

How is Alliander responding to the trends and developments?

Trends and developments are closely monitored and translated into more focused priorities and strategic choices. We take into account various risks and uncertainties. Alliander is investing to improve its ability to quickly and quantitatively substantiate the potential impact of developments on both the demand side and on solution directions within various areas, such as better utilisation of the grid. These investments increase the quality and speed of decision-making within the fundamental scope of our chosen course.

Our strategy fleshes out how we deal with the challenges in the changing energy system and defines the task and mission we have. With our strategy, we are pursuing multiple tracks to achieve our overall ambition, which is to provide timely solutions that are compatible with an affordable and reliable energy system that facilitates economic growth, housing construction and achievement of the ambitions of both businesses and consumers.

We have many medium-sized businesses among our customers. They are sometimes unable to obtain an expansion needed for putting their plans into practice.

Our mission and strategy

We stand for an energy supply system where everyone has access to reliable, affordable and renewable energy on equal terms. This is the social mission that we work to achieve every day. We make sure the lights are on, homes are heated and businesses can keep operating, not just today, but in a sustainable tomorrow too.

Our mission: being reliable, affordable and accessible

Through our cables and pipes, over three million Dutch households and companies are supplied with electricity, gas and heating. We manage about 97,000 km of electricity grid and 42,000 km of gas grid. Our grids are among the most reliable in the world. Our colleagues work hard day and night to achieve this.

Reliability

Our customers need to have access to energy 24 hours a day, 7 days a week, in line with the highest possible safety and continuity standards. This is what drives us to put safety first in our working practices and try to avoid planned and unplanned energy outages wherever possible.

Affordability

We want our customers to pay as little as possible for their reliable energy supply, and so we work ceaselessly every day to improve the effectiveness and efficiency of our operations.

Accessibility

Our customers need to be able to make their own energy choices. This is why we enable customers to choose their own supplier and service providers, and to feed power back into the grid. Plus, we actively help customers switch to sustainable forms of energy.

Our strategy

The Dutch government has decided that our country must be climate neutral in 2050. In other words, our greenhouse gas emissions in 2050 will not exceed what is being sequestered. This means that, by 2030, the Netherlands must already emit 55% less greenhouse gases than in 1990. The target has actually been set higher, at 60%. Among other things, this will require a high degree of electrification in society, new forms of energy generation, alternatives for natural gas and all the associated infrastructural modifications. Apart from expanding and upgrading existing networks, this calls for a fundamental change to how the energy system is

designed, constructed, used and managed. The current rate at which the energy networks are being modified is not in line with what is required. Compared to 2023, financial investments in our network rose again, but not by as much as we would like. In addition, there were longer waiting times for new connections and network upgrades. This has a high impact on society and various tasks, such as housing construction and achieving sustainability.

Our expansions, upgrades and modifications make improved sustainability and development in the Netherlands possible.

Our seven strategic pillars

Our goal is to offer customers timely solutions that fit within an affordable and reliable energy system, both today and in the future. Our expansions, upgrades and modifications make improved sustainability and development in the Netherlands possible and enable us to work towards further acceleration thereof. Our strategy is based on intensive collaboration with the government, provincial authorities, municipalities, other network companies, the industry, companies, citizens and other relevant parties that influence the energy infrastructure in the Netherlands.

Strategic priorities

Within the seven strategic pillars, we maintain a strong focus on the following priorities:

- Further upscaling of the activities needed **to reinforce and expand** the networks: build, build, build.
- Encouraging **more flexible use** of the electricity grid.
- Further **improving** communication with users and partners in the energy system.

1. Excellent management: optimising maintenance and improving customer services

We service our networks smartly and efficiently, and we are a reliable partner for our customers and society. We communicate openly and proactively to ensure that they know what to expect in terms of completing infrastructure in their area, what the waiting times are, but also what alternative solutions would be if we are unable to fulfil all their wishes straight away. We make sure that we resolve and prevent faults, questions and complaints in a timely and targeted manner. Our work is customer-oriented and we ensure that our customers and partners have easy access to the required information to make choices that match their needs and fit within an affordable and reliable energy system.

2. Reducing demand for transmission capacity

We help our customers to make choices that limit the demand for transmission capacity. This cuts their energy bills and at the same time ensures that scarce labour and space can be used in the most effective way possible. It is important here that clear choices are made about which energy solutions are implemented at each location and at each point in time. For companies this provides clarity, and it gives network operators certainty about when and where certain infrastructure should be built. The space required for transformer substations and main stations can be purchased in a timely manner and schedules for various infrastructural modifications can be agreed and coordinated with the local stakeholders in each area. It is important here

that energy infrastructure is given a more prominent position in spatial planning and in the plans that are drawn up for places like residential areas and industrial parks. This requires provincial and municipal coordination and clear choices, down to the district or neighbourhood level. That allows us to deploy people and resources in a targeted manner, avoid unnecessary investments and speed up unavoidable modifications to the energy infrastructure. Our efforts are also aimed at helping customers reduce their energy demand, together with partners and smart innovations, with solutions such as insulation or smart appliance controls that can also be used behind a company's or home's energy connection. And we are working with the construction industry on new design principles for building new homes with much lower energy requirements.

3. Making better use of the network

In almost all of the Netherlands, the electricity grid is (nearly) full. By making better use of the network, we want to connect more customers in the years to come. This is why we are digitising the networks, which gives us more insight and control options, and allows us to handle the available network capacity with greater flexibility anywhere and at any given time. We are increasing the load on the network, but safely. Rather than focusing on contracts based on peak demand a few times a year, we are working towards flexible use and the relevant contracts. This requires new rules and incentives. Examples include tariffs that vary in level at any point in time and simultaneously safeguard the general affordability and reliability of the energy system. In the past, we mainly focused on medium-sized and large companies, but in 2024 we launched several pilot programmes and projects to help consumers with flexible energy usage.

Our organisation, people, systems and working methods are the foundation that supports implementation of our strategy.

4. Completing more work

The completion of network expansions and upgrades is our highest priority. Alliander is adopting a steering and much more explicit role in local, regional and national spatial planning and spatial allocations for electricity, (green) gas and heat, in order to create clarity about the future energy system in a timely manner, thereby increasing levels of support and development speeds. In concrete terms, this means that we will no longer wait for customers and public authorities to make their choice, but rather proactively specify the optimum urban planning ourselves for the energy system down to district or area level, and present those plans to the relevant public authorities. In addition, we want to work with public authorities to shape the final urban planning choices and, on this basis, establish a long-term implementation schedule (8 quarters + 8 years). We actively and systematically support public authorities in the task of agreeing and coordinating the intended energy system plans with residents and businesses in order to accelerate acceptance and implementation. We also actively help them obtain all the permits required at the district or area level in a timely manner (for example, by providing teams on secondment). On the basis of a 'district-by-district and area-by-area' approach, we are upgrading complete districts or areas in a single intervention and starting these works in places where – in accordance with the schedule – the preconditions, such as the required permits and space, are in place and available on time. We are also working on long-term collaboration models with contractors and suppliers. And we are optimising the scheduled deployment of scarce capacity using Artificial Intelligence. We are increasing the available number of technicians by making engineering more appealing in the sector and by making the influx from other sectors easier. We are shortening training periods and investing in outsourcing extensive work packages together with contractors to make optimum use of the capacity in the sector. Furthermore, we are focusing on allowing customers to making use of local installers to perform part of the work themselves.

5. Sharing data and developing new market services

Proactively making data and services available ensures that the energy market can function properly, customers can make choices beneficial to the network and we can balance supply and demand on a local level. Between now and 2030 we will be making (more) asset and customer data available and offering it to customers, so that they can control their own energy usage and make independent optimisation choices.

6. Developing infrastructure for heating and sustainable gases

Hydrogen and green gas are going to play an important role in our energy system, especially in industry. We are using the existing gas grid to distribute these gases and keep the energy system affordable. We are adding more green gas to the gas grid and making sure that it reaches the users. Starting in 2026, we will additionally invest in new hydrogen networks for industry, such as the networks in Deventer and later in the Port of Amsterdam. In addition, we are constructing more district heating networks, both for existing buildings and new construction. We are working together with public authorities and companies to provide complete solutions, from design to management. We do this in neighbourhoods where it makes sense to use district heating networks and where a local heat source is present. This allows quick and large-scale use of sustainable heat and at the same time reduces the load on the power grid.

7. Future-proof foundations

Our organisation, our people, our working methods and our systems make up the foundations for implementing the aforementioned strategies. In the years to come, we will be investing in things like an integrated focus on results in the end-to-end value chains with our partners. We are agile and effective, and have a culture that prioritises safety, results, cost awareness, sustainability and inclusion. We are investing in an IT landscape and digitisation to provide maximum support for the upscaling of our work, the flexibilisation of our network and communication with and solutions for our customers, partners and stakeholders.

Goal-based management

All the facets of the strategic pillars are needed to provide a timely solution for our customers – in the form of our energy networks and market facilitation – that fits within a future-proof energy system. In 2024, we strengthened management control over the overall realisation of that strategy: for example, we drew up a further quantitative analysis of Alliander's 2030 target based on the current and planned change initiatives and production planning in the various chains. In other words, we accurately substantiated the extent to which additional customer value or production value is generated by specific initiatives, such as increasing the load limits for assets or allowing customers to connect themselves. This goal-based management approach will help Alliander in the coming years of further upscaling to optimally deploy our people, resources and focus to maximise customer value and production value.

How the energy system is changing

The Netherlands aims to be climate-neutral in 2050. To achieve that, we are redesigning our energy system. What the energy system will look like in 2050 depends in part on how society develops and how and where energy is generated and used. It is also affected by global energy prices, geopolitical relationships between countries and the extent to which we as a country want to be self-sufficient. All of this has an impact on aspects like how much energy we import, how much we are willing and able to generate ourselves and which infrastructural modifications this requires in certain locations.

Electrification of society

The demand for energy is changing and demand for electricity in particular is increasing. At the moment, electricity accounts for about 18% of the total energy consumption in the Netherlands. This percentage will increase further in the run-up to 2050, to more than 50% based on current projections. After all, we are not only phasing out coal-fired and gas-fired power plants for electricity production, we are also moving away from transportable fuels and natural gas for heating applications. Those energy sources will also become more sustainable and will be largely electricity-based.

> At the moment, electricity accounts for about 18% of total energy consumption. In the run-up to 2050, this percentage will increase to more than 50%.

A complicating factor is that sustainable electricity generation is highly weather-dependent. As a result, it is not always available. So this will require more European interconnection, more *demand response* and more storage. In the changing energy system, much more generating capacity is needed than currently available. It is needed to replace oil and gas, to generate energy during periods of high supply, and to fill storage facilities for use during periods of low supply. The periods when there is copious sun and wind can then be used to compensate for dark periods without wind. To meet all these requirements, decentralised electricity generation capacity will probably need to have increased by a factor of five in 2050 compared to today.

Developments are in full swing and they are far outpacing our physical network expansion capabilities. As a result, small companies and consumers are now also facing the same restrictions as large companies and increasingly having to wait longer for a connection or upgrade. This has a major impact on society, including the housing development challenge, efforts to improve sustainability in the Netherlands and the economy. This also puts pressure on efforts to accelerate development and improve sustainability in the Netherlands.

Change in everyone's behaviour

Because weather conditions will determine energy availability, prices will fluctuate much more during the day and between seasons. Customers will want to respond accordingly to keep their energy costs as low as possible, so they will sometimes consume a lot of energy and sometimes feed energy back into the network. Those supply and demand spikes will be even greater than they are today. We are unable to meet the demand for transmission capacity at an affordable price in all places. As previously stated: the system of 24/7 unlimited and fully guaranteed transmission capacity everywhere in the Netherlands is not sustainable.

A system change is needed to enable an affordable transition. This system change includes changes in the behaviour of all grid users, along with system choices and a change of market structure.

- We will have to avoid disproportionately high transmission requirements by creating a sustainable energy system that focuses on maximum availability of electricity, heat and (sustainable) gas, even during periods of limited renewable generation.
  - The increased volatility of renewable generation requires more flexible behaviour on the part of both large and small consumers, to reduce costs and transmission requirements.
  - By applying targeted policies we can match supply and demand more closely. In doing so, we must examine which of the available energy solutions is the most effective, such as hydrogen for high-temperature heat (in industry) and district heating networks in the built environment where there is little room for heat pumps.

- Better utilisation of the grid can be achieved through behavioural changes and by abandoning the expectation that energy will always be available 24/7.
  - Households consume as much power generated by on-roof solar as possible and utilise excess capacity for charging cars and replenishing heat buffers. In addition, households are more energy-conscious, especially at peak times, and invest in energy-saving measures (or make use of programmes funded by public authorities or market parties to implement those measures).
  - (New) business activity with a high energy demand positions itself strategically, for example, close to offshore wind power landfall sites.
  - Companies across the country invest in flexibility and conversion solutions (such as heat buffers and hydrogen) to maximise their ability to exploit periods when energy is abundant and cheap.
  - Companies also see it as their social duty to be energy-efficient and free up more capacity on the grid for others by being more flexible.
  - The electricity transmission grid is no longer the result of ‘bottom-up’ applications, but a designed system in which infrastructure expansion occurs only where there is sufficient social value. This takes place in line with social and spatial design choices, and is based on long-term projections.

Households need help to become more energy-conscious, especially at peak times, and invest in energy-saving measures.

Dilemmas and lessons learned

Every day, Alliander faces dilemmas that influence the way we plan and are able to carry out our work. Moreover, certain incidents, developments and events can have unforeseen consequences for our day-to-day work. By being aware of this and learning from it, we can continue to improve our company. In this chapter, we present a few of the main dilemmas and events we had to deal with in 2024.

Dilemmas

Sailing closer to the wind

Demand for electricity and new or upgraded connections is exceeding what we can currently build. Transmission scarcity is and will thus remain an urgent problem for a long time to come. The social cost of this is immense. We can free up more capacity in our grids if we 'sail closer to the wind' by deliberately taking more risks in our asset management. This creates opportunities for connecting new parties faster in places where this is technically possible in the entire chain. At the same time, there will be a greater risk of outages and (long-term) non-availability. With a reliability score of more than 99.99%, we have a strong position internationally, but that does not mean that reliability can be lowered by several percentage points. For example, 1% less reliability due to outages means an average of 3.6 days without power or gas. On the one hand, we want to free up as much capacity as possible in our grids to meet the ever-increasing demand for energy, while at the same time continuing to respect safety and quality limits.

Customisation versus speed

Companies are actively searching for innovative answers to congestion issues, for example, through the use of energy hubs. But these solutions often clash with rules that were established several years ago and do not always match new challenges. We then try to deliver customised infrastructure to the extent needed to move initiatives forward, but, in turn, this leads to a further dilemma: customisation in individual cases requires significant time and commitment of resources, which are needed elsewhere to speed up expansion and upgrading of the grids. The question is how we can best split our efforts between supporting specific solutions on the one hand, and pushing through works for building future structural capacity (faster) on the other.

Affordability

In 2024, calculations by Netbeheer Nederland show that an average household's energy bill will break down as follows: about 62% for gas and electricity, 20% for taxes and surcharges, and 18% for network management costs (including meter rental). This applies broadly to most small consumers, including households, stores, small community organisations and some small SMEs. As network operators, we are investing heavily in expanding and upgrading energy networks that are needed for the energy transition. This automatically results in higher costs. We control those costs as much as possible by building efficiently, limiting the demand for transmission capacity (for example, by linking energy supply and demand locally as much as possible) and by making better use of grids (for example, through more flexible use of the grid). In addition, we are looking at using the tariffs to distribute costs (more) fairly. Despite this, the tariffs will continue to rise in the future. Our dilemma here is how we can meet the increasing demand for transmission capacity, while keeping the system as a whole affordable for everyone.

When collective and individual interests differ

The major challenges facing the Netherlands call for clear choices regarding where and when spatial developments take place and which energy carrier is best suited to them, on a national, provincial and municipal level. This is because the policy goals can only be achieved in a structured and therefore efficient manner if: (i) space is provided in a coherent and timely manner for matters such as the housing challenge, the energy transition and the climate challenge, (ii) clear choices are made regarding the socially most logical energy carriers per district, area and sector, and (iii) the time frames for improving sustainability are clarified. Such an approach requires firm choices to be made based on collective interests, but in practice these may clash with individual interests or wishes. Individuals may object to the installation of new cable connections on

their land. Local residents may take issue with the construction of a substation or transformer unit in their neighbourhood. Or district residents may protest against the energy carriers planned for their district. In the absence of clear rules for this, we need to choose the lesser of two evils: (i) opt for the most collectively desirable option, with the risk of individuals or groups trying to obstruct or stop the process through political or legal channels, or (ii) continue to seek local consensus and then, (too) long after the target date, achieve a suboptimal result after prolonged negotiations.

What have we learned?

Implementation of large-scale projects in a highly volatile context

A key lesson from 2024 is that our assumptions in projects we implement with contractors can quickly be overtaken by reality. In 2024, we launched yet more projects and got more done, but unfortunately we were less successful in completing projects on schedule. There were several reasons for this. For example, we are currently working hard to expand and upgrade the electricity grid in Friesland and northern Flevoland. This is necessary to ensure that customers can count on a reliable power grid in the future. Unfortunately we realised last year that we will not be able to complete this huge expansion project within the planned time frame. For both Liander and the partners involved, this was the first project to be developed on such a large scale. Simultaneously starting up multiple subprojects put too much pressure on the implementing organisation. In addition, the scope of the work was greater than expected. These experiences highlight the need to further improve our schedule reliability, but also the need for continuous learning and reflection to effectively deal with the complexity of the task and the volatile context in which we execute it.

Challenges of a growing organisation

Meeting our challenges requires strong growth in our organisation. We are successfully attracting the people we need. On average, we welcome more than 200 new colleagues every month; this is a great recruitment result. At the same time, all these new people need to be onboarded, be familiarised with our work and find their way around the organisation. This demands a lot from both new and existing colleagues, and represents a challenge for the organisation, even more so because an increasing number of them have less than two years of experience working for Alliander. However, not growing – resulting in us not being able to scale up our work – is not a viable alternative. An important lesson is that growth at this scale really does have an impact on the organisation. Adequately managing absorption of this growth (onboarding, productivity, quality, etc.), in combination with adopting new ways of working and new technologies, is challenging. So the various organisational units are now focusing specifically on this issue, helped by a newly developed experience index, which gives them a better understanding of the risks associated with rapid growth.

Energy-conscious and grid-friendly behaviour

By improving our consultations with customers, promoting collaboration and innovating more, we are acting to flatten and reduce the ever increasing demand for transmission. We also offer congestion management and flex products to get more out of existing and new grids. A key lesson from 2024 is that much energy usage is anchored in daily routines of businesses and households, and that energy – and the demand for transmission capacity – is an abstract commodity for many. We also see that offering flex products has not yet led to that much more flexibility in the system. This makes it clear, on the one hand, that promoting energy-conscious or grid-friendly behaviour is complex and challenging and, on the other, that there are still many (efficiency) gains to be made. So we see this as an encouragement to work even harder to secure the cooperation of our customers and other stakeholders, and really move this forward together.

Objectives and results

What do we have at our disposal? › What is our role and which choices do we make? › **What do our stakeholders notice in the short term?** › Which values do we create for the long term? › What are the most significant social impacts? › To which global targets do we contribute?

Access to energy with high reliability at the lowest possible cost

KPI	Target for 2024	Performance in 2024	Target for 2025	Strategic objective	Most significant risks[8]
Customer convenience	The NES score measured is higher than 50% (consumers) and 29% (business market).	Consumer: 54.3% Business: 32.3%	From 2025, CES scores are reported instead of NES scores.[1]	Increase in customer convenience for consumers and business market over the coming years.	Inadequate completion of work package (Cyber)security resilience Not meeting customers' expectations Uncertainty over the future energy system Financing
Electricity outage duration	Maximum of 23 minutes	24.6[2] minutes	Maximum of 26 minutes	High reliability of supply.	

Making the energy supply and our organisation sustainable

KPI	Target for 2024	Performance in 2024	Target for 2025	Strategic objective	Most significant risks[8]
Gross carbon emissions, own business operations	Max. 416 kt	446 kt	CO_2 emissions from business operations: 171 kt. This includes procurement of renewable energy (271 kt).	Bring into line with SBTi provisions and scope requirements for climate emissions mitigation.[3]	Restrictions and uncertainties around laws, regulations, and policy Inadequate capacity to deliver and for change Uncertainty over the future energy system
Net carbon emissions from own business operations after greening[4]	0 kt	0 kt			
Circular procurement[5]	At least 37% of all our primary assets	39%	At least 39% of all our primary assets	45% circular procurement in 2027.	

Ensuring a safe energy network, a safe working environment and a secure data environment

KPI	Target for 2024	Performance in 2024	Target for 2025	Strategic objective	Most significant risks[8]
LTIF (lost time injury frequency)	N/A[6]	2.9	N/A[6]	Safety is key to our operations. We create a proactive safety culture.	Accidents caused by unsafe situations (Cyber)security resilience Not meeting customers' expectations Ineffective growth of the organisation

Being an attractive, inclusive employer with equal opportunities for all

KPI	Target for 2024	Performance in 2024	Target for 2025	Strategic objective	Most significant risks[8]
Employee survey: enthusiasm and engagement	A score of at least 81%	84%	A score of at least 81%	Being a top-class employer: an innovative and successful company where we develop future-oriented knowledge and competencies.	Inadequate capacity to deliver and for change Ineffective growth of the organisation
Sickness absence among own employees	Maximum 4.3%	4.1%	Maximum 4.3%	The absenteeism among own employees will be no more than 4.3% in the coming years.	
Women in managerial positions	At least 33% of all leadership positions	33.4%	At least 33% of all leadership positions	At least 50% of our leadership positions are held by women.	
People with poor employment prospects	Offer at least 168 apprenticeships. The aim is to provide at least 154 positions that comply with the Dutch Labour Participation Act.	180[7]	Offer at least 182 apprenticeships. Aim is a minimum of 154 places that comply with the Dutch Labour Participation Act and comply with the Dutch Labour Participation Quota Act.	We offer long-term work to people with poor employment prospects who meet the criteria of the Dutch Labour Participation Act. In addition, we offer work experience placements, internships and other learning experiences for a broad target group.	

Being a creditworthy company with solid returns

KPI	Target for 2024	Performance in 2024	Target for 2025	Strategic objective	Most significant risks[8]
Credit rating	Maintain solid A rating profile	S&P A+/A-1/stable outlook Moody's Aa3/P-1/ stable outlook	Maintain solid A rating profile	Remain a creditworthy company. Continuously outperform the sector in terms of costs and operational excellence.	Long-term focus of legal and regulatory framework Pressure on our financial position Uncertainty over the future energy system
FFO/net debt	At least 15%	17.9%	At least 11%		
Interest cover	At least 3.5	11.2	At least 3.5	Solid profits within the boundaries of what is permitted in the regulated domain.	
Net debt/(net debt + equity)	Maximum 60%	43.3%	Maximum 60%		
Solvency ratio	At least 30%	48.1%	At least 30%		

A further explanation along with the definitions of the objectives and results can be found in the Terms, abbreviations and definitions chapter.

1 Starting in 2025, we will report the Customer Effort Score (CES score) instead of the NES scores. The CES score represents customer convenience, in other words, the degree of difficulty (expressed in %) the customer experienced in getting things done. The CES score is divided into four categories: Private Customers, Business Customers, Maintenance & Outages and Market Services. The 2025 targets are respectively: 17%, 22%, 9% and 8%.

2 The electricity outage duration differs from the figure stated in the regulatory report. The summary above does not include the outages in the high-voltage grid (CBL assets) owned by Liander.

3 Alliander plans to align its carbon emission targets with the 1.5 degree scenario from the 2015 Paris Climate Agreement by 2025. The target for 2024 was a maximum of 416 kt CO_2 emissions from operations. This means that, compared to 2021, we want to reduce CO2 by at least 21% in total by the end of 2025. Our targets are defined based on the scope classification in the Greenhouse Gas Protocol.

4 For 2025, we continue to uphold the current target where we fully offset our emissions through deployment of greening instruments. In line with Alliander's policy and GHG Protocol guidelines, we use Guarantees of Origin, 100% renewable energy from Dutch wind farms and Gold Standard Carbon Credits.

5 Circular procurement consists of the percentage of recycled material incorporated into goods procured and the percentage of material that is recyclable at the end of its useful life. The percentage of recycled or recyclable materials is determined based on raw material passports provided by our suppliers, which state these percentages. We therefore rely on the support and expertise of our suppliers to identify these percentages, and we validate them with data provided by DNVL, an independent research and consultancy firm. The scope comprises the primary assets: Low-voltage, medium-voltage and high-voltage cables, gas pipelines, distribution and power transformers, legacy and smart electricity & gas meters and switchgear. Circular procurement is an internal KPI. The definition differs from that presented in the sustainability statement.

6 No target is set for the LTIF performance indicator, because the number of accidents leading to sickness absence should ideally be zero.

7 The number of employees with poor prospects in the labour market comprises 180 jobs created under the Dutch Participation Act, amounting to 145.3 FTEs.

8 The Risks chapter explains the risks in detail.

The value we create

Alliander aims to create value for stakeholders and for society, both now and in the future. We accomplish this through our daily work, by innovating and by investing.

The value we create

Alliander creates value for society, both now and in the future. We accomplish this through our daily work, by innovating and by investing. We use the resources available to us as efficiently as possible, while focusing on making the greatest possible contribution to society. That contribution is expressed in our value creation model, which clearly shows our capital flows, how we use them, how we add value and the resulting benefits for society.

Long-term value creation as the basis of the annual report

Our value creation model is the central theme in this annual report. In the About Alliander section of this annual report, we discuss our role in the energy supply chain, our mission, trends and developments, and our strategy. In the 'The value we create' chapter, we report on our activities and the value we create in the long term:

- Access to energy with high reliability at the lowest possible cost.
- Making the energy supply and our organisation sustainable.
- Ensuring a safe energy network, a safe working environment and a secure data environment.
- Being an attractive, inclusive employer with equal opportunities for all.
- Being a creditworthy company with solid returns.

Alliander creates value for customers, stakeholders and for today's and tomorrow's society.

Each chapter in the second section of the report starts with a visual representation indicating its position in Alliander's value creation model. Where possible, the relevant colour codes are also used for clarification. These colours are used consistently throughout the report in the value creation model, the descriptive chapters and the tables on objectives and results. Each chapter also has a dashboard with KPIs, results and objectives that are covered later on in the chapter.

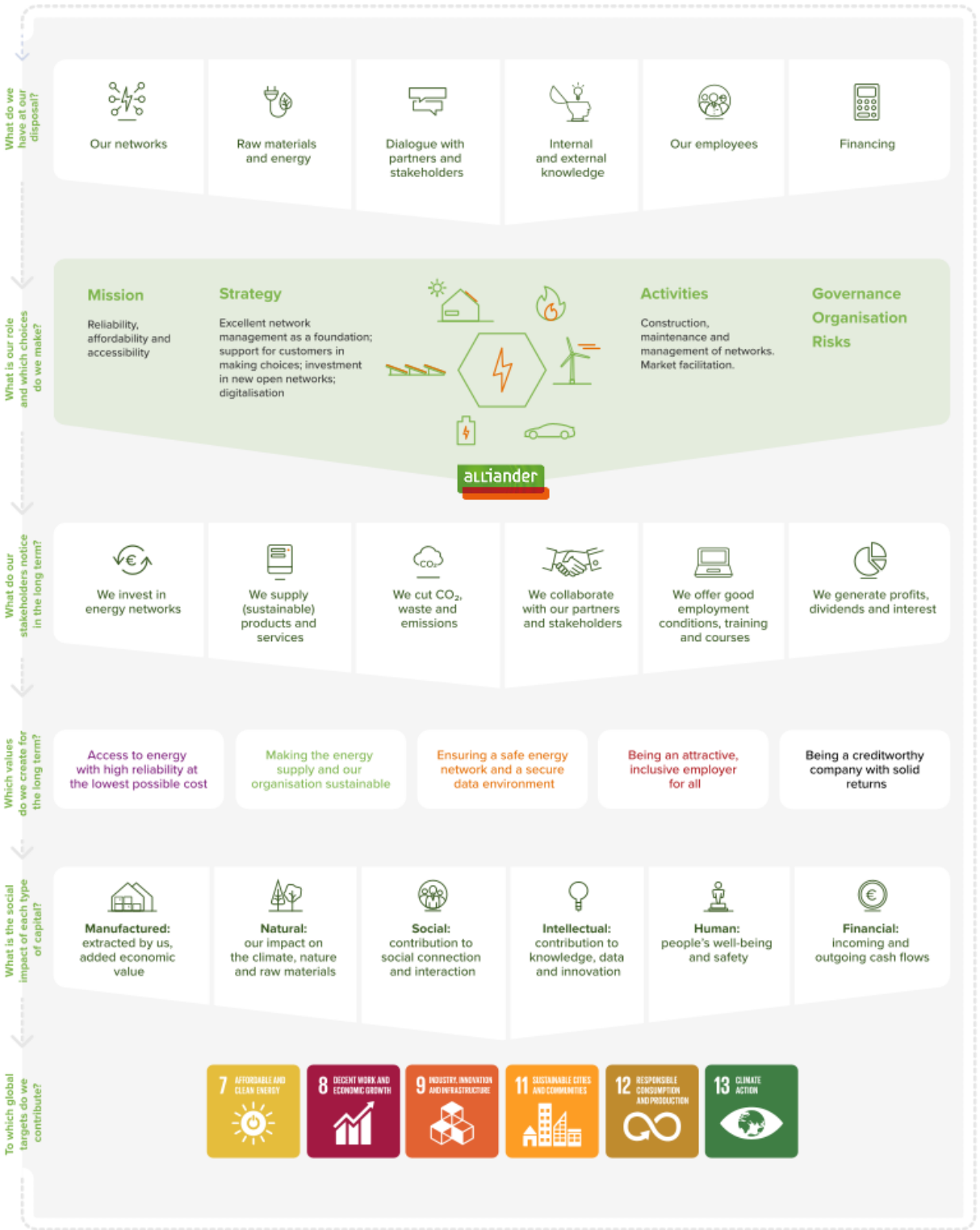
In the third section of the report, we describe the effects of our activities on society and our contribution to the United Nations Sustainable Development Goals (SDGs). We also explain our risks and governance in this section.

Sustainability statement

New to the report is the sustainability statement, in which we report extensively on our sustainability performance in accordance with the CSRD. As a result, some topics, particularly in the areas of strategy, environment, social impact and governance, have been moved to this section of the report compared to reports issued for previous years.

Value creation model

The model is interactive when viewed on our annual report website. You can open the relevant paragraph or chapter by clicking an element.


What do we have at our disposal?
Our networks
Raw materials and energy
Dialogue with partners and stakeholders
Internal and external knowledge
Our employees
Financing
What is our role and which choices do we make?
Mission
Reliability, affordability and accessibility
Strategy
Excellent network management as a foundation; support for customers in making choices; investment in new open networks; digitalisation
Activities
Construction, maintenance and management of networks. Market facilitation.
Governance
Organisation
Risks
alliander
What do our stakeholders notice in the long term?
We invest in energy networks
We supply (sustainable) products and services
We cut CO_2, waste and emissions
We collaborate with our partners and stakeholders
We offer good employment conditions, training and courses
We generate profits, dividends and interest
Which values do we create for the long term?
Access to energy with high reliability at the lowest possible cost
Making the energy supply and our organisation sustainable
Ensuring a safe energy network and a secure data environment
Being an attractive, inclusive employer for all
Being a creditworthy company with solid returns
What is the social impact of each type of capital?
Manufactured: extracted by us, added economic value
Natural: our impact on the climate, nature and raw materials
Social: contribution to social connection and interaction
Intellectual: contribution to knowledge, data and innovation
Human: people's well-being and safety
Financial: incoming and outgoing cash flows
To which global targets do we contribute?
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Access to energy with high reliability at the lowest possible cost

What do we have at our disposal? › What is our role and which choices do we make? › What do our stakeholders notice in the short term? › **Which values do we create for the long term?** › What are the most significant social impacts? › To which global targets do we contribute?

We achieve 99.99% availability in our energy networks, making them among the most reliable in the world. In 2024, the supply reliability of the network remained at this extremely high level. Like last year, timely connection of customers and the expansion of the networks are under pressure. Because of this, we are working on ways of reducing demand for power, making better use of our grids and completing more work.

Objectives and results for reliability of supply

Customer convenience rated by consumers

54% result in 2024

≥50% objective for 2024

43% in 2023

Customer convenience rated by business customers

32% result in 2024

≥29% objective for 2024

36% in 2023

Electricity outage duration

24.6[1] result in 2024 in minutes

≤23.0 objective in 2024 in minutes

23.2 minutes in 2023

1 The electricity outage duration differs from the figure stated in the regulatory report. This report does not include the interruptions in the high-voltage network (CBL assets) owned by Liander.

How we are working on the changing energy system

We are dealing with an unprecedented infrastructure challenge. However, physical realisation of our work is constantly hampered by task feasibility limits. This is a general trend that we also see in other social construction projects in the Netherlands (road construction, hydraulic engineering, housing construction). The investments in our network increased again relative to 2023. At the same time, customer demand for connections and capacity on the power grid remains high. Congestion on the high-voltage, medium-voltage and low-voltage grid is growing.

Investment breakdown

In 2024, Alliander invested the record-breaking amount of nearly €1.8 billion in its energy networks. This represents growth of 25% compared to 2023 and 112% compared to the end of 2019 when the national Climate Agreement was signed. The regional breakdown of the investments over our service area is as follows:

€ million	Electricity	Gas	Other	Total
Amsterdam	157	86	-	243
Flevoland	135	4	-	139
Friesland	200	18	-	218
Gelderland	474	54	-	528
Noord-Holland (excluding Amsterdam)	401	55	-	456
Zuid-Holland	140	23	-	163
Other (mainly operational buildings, Alliander AG and district heating)	-	-	25	25
Total	**1,507**	**240**	**25**	**1,772**

From strategy to implementation

Our task is clear and our strategy for it is in place. In 2030, we want to use our energy networks and market facilitation to provide solutions to customers, public authorities and partners that fit within an affordable and reliable energy system. This is how we facilitate development of the Netherlands and making our country more sustainable. We are doing this by upgrading or expanding energy grids now and using them smartly, so that we can meet our customers' demand for capacity without making concessions on affordability, reliability and accessibility. To bring the capacity of the energy networks in line with our customers' demand, we are working on various ways of making the energy system future-proof:

- We support the initiatives to reduce energy demand.
- We look for solutions to increase our productivity and complete more work.
- We develop tools and services that will allow us to better utilise the energy networks.
- We develop infrastructure for heat supply and sustainable gases.
- We enable data sharing and develop new market services.
- Further improvement of proactive communication with users and partners

Reducing demand

The energy transition is a complex system change. To be able to have a sustainable energy system in place by 2050, we need to do more than simply replace fossil fuels with renewable energy generation. The solutions we have in mind go further than creating a new connection or an upgrade in the form of grid expansion and thicker cables. Those solutions include ensuring that we as a society need less energy (for example, by insulating buildings), or acting to achieve a better spread of the demand for energy throughout the day. We help customers make appropriate choices to reduce energy usage. We do this by working with municipalities down to district level to establish which sustainable energy solution and energy carrier are the most efficient and when they will be available. We encourage customers to be energy-conscious and insulate their homes effectively.

Energy-focused urban planning

Energy and energy infrastructure remain scarce. This is mainly due to the limited availability of space and the limited supply of people capable of building the new energy system. Not everything can be done everywhere and not everything can be done at the same time, especially not if we want to keep the cost to society as low as possible. To avoid unnecessary investments, energy infrastructure needs to become an integral part of the economic, social and spatial development and design of the Netherlands. We call this energy-focused urban planning. So we are working with municipalities and public authorities to understand economic and social developments and make infrastructure choices that are appropriate to those considerations. To this end, municipalities have received a proposal from Liander indicating which heat solution would be best for specific districts and when this could be completed. Overall energy vision documents have also been formulated and submitted in all provinces, specifying the choices made regarding economic, energy-related and spatial developments (business parks, for example) and energy carrier choices (where is hydrogen feasible/not feasible, where is district heating infrastructure needed/not needed). Through this information, we provide timely clarity to public authorities, consumers and businesses regarding when and where certain expansions and solutions will be implemented.

We help customers make appropriate choices to reduce energy usage.

BalansWijk

The BalansWijk is a district that explores how to accelerate housing projects despite high usage of the capacity available in the power grid. With the BalansWijk project, we want to contribute to the design of a neighbourhood where the consumption and generation of electricity are balanced. This eliminates the need for grid expansion. Alliander presented an initial proposal for the BalansWijk in July. One essential aspect is that electrical devices such as charging stations and heat pumps must be controllable to avoid demand spikes. A pilot in which an intermediary controls devices based on control signals from the network operator is currently being tested. Although a fully autonomous residential district is still several years away, we are already seeing contractors adopting our design principles to build homes with a lower capacity requirement. This is much needed, as grid congestion increasingly poses a threat to residential construction.

Grid-friendly construction

The increasing demand for electricity presents challenges for the residential housing sector. The province of Utrecht, together with the province of Gelderland, the network companies Stedin, Alliander and Enexis, Netbeheer Nederland, Bouwend Nederland, NEPROM, Techniek Nederland and TKI Urban Energy, has drawn up design principles for grid-friendly buildings. When building new residential homes or functional buildings, this means making sure that attention is given to keeping the total load on the grid as low as possible, that the load is spread evenly throughout the day and that the load is controllable to some degree. The package of design principles includes limiting heat demand, local generation and storage.

Completing more work

Demand for transmission and distribution capacity remains as high as ever, despite initiatives to reduce demand and make better use of the grid. In the coming years, Alliander aims to grow in terms of production output (investments in the networks) to over €2 billion per year. As Alliander we need to achieve this task within a context of structural shortages in terms of technicians and materials. The shortage of materials is under control, but continues to require vigilant monitoring. These situations require a chain-wide scale-up in capacity together with the contractors and a production process that focuses on efficiency to work more productively.

Upgrades and expansion

Last year, we worked hard to upgrade and expand our electricity network in our service area. We laid more than 2,300 kilometres of cable, built nearly 1,100 transformer substations, converted about 950 substations, and replaced and maintained 156 kilometres of gas pipeline. Through better operational management, our colleagues in the gas domain managed to achieve a large increase in production. Although Alliander invested more last year, not all of our customers noticed this first hand. In 2024, we started more projects and more work was done, but we were less successful in bringing projects to full completion on schedule. The causes include material supply problems and rising costs, and the challenge of obtaining the land and permits needed for our work.

The Liander Netuitbreiding Lelie programme (abbreviated as NuLelie) is an amalgamation of many projects. We are laying over 3,000 kilometres of electricity cables and installing or modernising over 400 electricity substations.

Anticipatory and agile sourcing

One way to generate more work is to work on a greater scale and more intelligently with our partners in the contracting industry. In 2024, we worked both at a strategic level and in concrete tenders to strengthen this collaboration.

We further developed our strategic market approach for the contracting industry, with the goal of continuing to build equal and future-proof partnerships with contractors. Based on trust and long-term contracts, we are working together to accelerate the energy transition. One way we do this is by increasingly working with reciprocal multi-year volume guarantees, so that contractors know what kind of work they can expect and can prepare the people and resources for this. We are furthermore putting unrelenting effort into flow in the overall chain and developing tools to make scaling up rewarding. This creates scalability and ensures that we remain an attractive partner for the market.

We also put these principles into practice: in 2024 we again outsourced several large packages of work, for example, in the NuRijnland and NuMeren programmes. Multi-year volume guarantees were part of this tender procedure. This combined tender involves an investment of more than €2 billion. In South Holland, North Holland, Flevoland and Gelderland, contractors operating within these programmes will lay and replace several thousand kilometres of cable and install more than a thousand new transformer substations over the next few years.

District-by-district approach for low-voltage

We have started to apply a neighbourhood-oriented approach: building the low-voltage grid in one intervention based on a district-by-district and area-by-area approach. Working closely with suppliers, contractors, municipalities and provincial authorities, we have tackled the first neighbourhoods and established a standardised mass-production approach that will allow strong scaling-up in the coming years.

Customers connecting themselves

We are explicitly committed to outsourcing connection work to make it easier for customers and licensed installers to do this work without the intervention of the network operator. This reduces the in-house implementation capacity needed for this type of work, eliminates some supply-side dependencies and results in shorter completion times for the customer. In 2024, the first connections were completed under this customer self-connection programme. We are now analysing the lessons learned from these first connections together with our partners, so that the concept can be made widely available to business customers with a medium-sized connection (AC4 and AC5).

Integrated management

In view of the tight labour market, an ageing population and the restrictions on labour migration, Alliander's only real option is to use the available capacity as efficiently as possible and increase productivity. Alliander has launched a far-reaching efficiency programme to this end. At the heart of this approach is the use of data-driven algorithms (AI tools) to improve the quality of complex decision-making while increasing productivity, to achieve the highest value for customers and society, and to enhance our technicians' job satisfaction. In 2024, we achieved the first benefits by optimising deployment scheduling of our (breakdown) technicians. This has made 17% more technical capacity available for expanding and upgrading our underlying networks. In 2025, we will turn our attention to optimising other scarce technical capacity, such as site supervisors, and implement process optimisations. Alliander is convinced that this approach, in combination with upscaling, will significantly boost production in the coming years, resulting in a percentage increase well into double figures.

Using smarter labour-saving systems

Another way we are working to increase our productivity is the use of labour-saving systems, working even more with standards and applying simplified, innovative and robotic construction techniques. Through further development of modular standards for our assets and innovative tooling, we are simplifying and accelerating the process from design to implementation. We seek to set up sector collaborations to this end and develop together with the market. By introducing a plug-in connection for new construction, for example, we can save implementation time when connecting new homes. Because of the immense housing challenge, this could potentially save a great deal of time in the coming years, allowing us to do more work with the same capacity. And by developing a limited number of standard medium-voltage stations, we are reducing complexity and the completion times in our chains.

Implementation Agreement

The Implementation Agreement, presented on 11 June, stems from the National Implementation Agenda for Regional Energy Infrastructure. This agreement specifies in concrete terms how network operators, civil engineering contractors and installers will work together as partners to best accelerate implementation. The agreement states that parties work with each other on the basis of partnership. They will enter into long-term contracts for a particular area with each other. The greater the volume and continuity of work, the greater the amount companies can invest in people, processes, materials and equipment. The parties agree to invest jointly in innovative techniques and processes. Examples are the use of compact connection modules, plug-in connections and prefabricated meter boxes.

More effective grid use (flexibilisation)

To efficiently match energy consumption and demand within an affordable energy system, customers must adapt their energy usage. This joint adjustment of supply and demand is referred to as ‘flexibilisation’ of the energy system. Alliander is the main party driving this development forward in the Netherlands.

Our ambition is to provide all customers with a suitable solution in the coming years. Flexibilisation and better utilisation of the grid are crucial steps for achieving this. We see it as our task to offer concrete products for this purpose. In 2024, we flexibly contracted 98 MW of capacity with customers. In addition, 269 MW of flexible capacity was made available by (existing) customers. We freed up 213 MW of capacity through grid upgrades and the introduction of higher load limits for assets, and used this capacity to connect customers.

Congestion management

The purpose of congestion management is to ensure that the grid is not overloaded. This means that businesses are asked to reduce their electricity usage at busy times. Unfortunately, not enough companies have volunteered to participate in the scheme to date. So Liander is now moving to the next step in some cases: mandatory participation in congestion management. This is necessary to ensure that the power grid remains reliable and to prevent overloading.

New products for congestion management

At the end of 2024, we presented the final versions of the capacity-limiting contracts based on time windows. The capacity-limiting contract with fixed time windows (CBC-T) is a congestion management product where the customer contractually agrees to a lower transmission capacity within certain time windows. A further product, the capacity-limiting contract on an on-call basis (CBC-A), was ready for application in the market at the end of 2024. Under the CBC-A agreement with a business customer, Liander is entitled to ‘call’ a capacity limitation one day in advance. A central platform, GOPACS, has been set up to ensure that these congestion management calls are coordinated with the market in a standardised manner. This platform is used by all the network operators in the Netherlands. The platform ensures that the applied flexibility does not create new congestion or imbalance problems in our energy system. In addition, we actively worked on the development of capacity-limiting contracts and mandatory participation for groups of customers rather than just individual parties.

Where possible, businesses can reduce their electricity usage at busy times.

New tariff models

Currently, small consumers (households) pay a fixed amount per year in network charges. So there is no impact if they use a lot of energy or very little energy during peak or off-peak hours in the network. The costs are shared equally among all users. There is no reward for using less grid capacity during peak hours or more during off-peak hours. Price incentives can ensure better utilisation of electricity grid capacity, thereby reducing congestion and the need to invest in capacity for peak usage, and thus slowing the increase in network tariffs.

A study carried out by Netbeheer Nederland in 2024 shows that an alternative net tariff system for households, in which the net tariff is calculated based on time and volume, could help distribute more energy through the same electricity grid. This will reduce the grid congestion issue and also to some extent eliminate the need for extensions of the network in and to residential areas. Furthermore, this alternative tariff system results in a new distribution of costs among users that more accurately reflects differences in their use of the electricity grid. Those who heavily load the grid will pay more, but they also have the flexibility to shift this load to off-peak hours, meaning they can save significantly on their costs and help with preventing congestion. A significant majority (66%) of the households displaying grid-friendly behaviour are expected to pay less compared to their fixed costs if the current tariff system is continued.

Netbeheer Nederland prepared a vision document last year for the tariff system for business consumption. The current tariff structure no longer fits well with the changing energy system, the price incentives for system efficiency and better use of infrastructure are insufficient, and accurate cost reflection is lacking. Under the proposed new system, flexibility will be rewarded more, and those who generate power will contribute to grid investments. Under the new tariff system, individual customers with flexible assets and alternative transmission rights can decide how much flexibility they can optimally use to reduce their network costs, taking into account the baseline capacity they need at all times for their operations. This also supports the business case for investments companies are making to become more responsive to energy prices and helps them optimise overall energy costs in alignment with the needs of their business processes.

Increasing the load on grids

Over the past year, Alliander has conducted chain studies to determine the level to which our assets can be loaded beyond their usual standard limit. Heavier loading affects component ageing and failure susceptibility, but also provides additional capacity. We believe that the current congestion situation calls for a new balance between these considerations. As a result of the decision to increase the permissible load on assets, we have created 9% more capacity across the grid on average, with outliers of up to 30%. At present, this has no impact on the service life of our assets. We will continue this optimisation programme next year as well, to allow cyclical heavier loading of components.

Local exchange of energy and grid capacity is an essential part of the energy system of the future.

Local balancing of supply and demand

In our role as a network operator, Alliander sees local exchange of energy and grid capacity as an essential part of the energy system of the future. We are supporting these innovative developments and working to make our data and market facilitation systems suitable for this. We aim to establish partnerships with other parties that deploy solutions and set up combinations such as ENTRNCE, which is a local market platform. We are working on projects that use group contracts, where grid users share transmission capacity among themselves to better balance supply and demand locally.

Group transmission agreement for energy hubs

At business parks, there are often opportunities for businesses to work together to solve capacity shortages, in addition to individual solutions. For example, by jointly investing in batteries, solar panels and generators. When we succeed in achieving a better balance between local energy supply and demand, business developments can continue despite congestion. With this in mind, the sector submitted the code proposal for the group transmission agreement to the ACM in October 2024. This agreement makes it possible for companies to jointly coordinate energy generation and use among themselves. In 2025, the first business parks will start using this new product and we will facilitate 25 energy hubs with it.

Customers are interested in the idea of organising themselves as groups in ‘energy hubs’ or energy communities. By coordinating generation and demand locally, less grid capacity is required and companies, business parks and industrial estates can expand or become more sustainable.

In 2024, we launched projects to set up new energy hubs for companies and business parks in Tholen, Hapert and Almelo. In addition, Firan developed an assessment framework to support legally compliant organisation of local energy networks in the Apeldoorn, Deventer and Zutphen region. Furthermore, the EIGEN consortium (energy hubs for integrating large-scale renewable energy), whose participants include Firan and ENTRNCE, launched an Energy Hub Platform and an Energy Hub Control Box. The applications control analysis, monitoring and regulation of the local energy flows in an energy hub.

Proactively communicating with customers

The challenge of achieving our objective not only hinges on the technical side of our work. After all, we work for customers, and what we do is visible and noticeable to residents and companies in the areas surrounding our work. If we dig up the road in front of our customers’ homes and interrupt the power to carry out our work safely, this causes inconvenience and nuisance. When customers are on a waiting list for a new or larger connection, this can lead to questions or uncertainty. Customers need clarity in all these cases. We provide that clarity through more proactive communication.

We record customer information centrally and conduct customer research to determine how we can better inform customers and strengthen communication in the region or residential district. Construction managers and foremen can use this information when talking to market parties or local media, for example.

> With the new CRM system, we can form a complete and up-to-date picture of customers and help them better.

Customer strategy

In 2023 we developed a customer and channel strategy that provides guidance to all the departments with customer contact. Part of this is a customer data model to ensure that we store data in the same way in all organisational units. In addition to this, we have trained 13 ambassadors who involve customers in the development of new products and services. We do this through customer surveys and panel discussions. Our aim is to improve the degree to which our services meet the needs and expectations of our customers.

Integrated customer service

Many different parts of Alliander's organisation are responsible for serving our customers. Alliander's integrated multidisciplinary team provides central guidance and supervision for integrated customer service. An important step last year was the introduction of a new CRM system for consumers and small business users. Thanks to this system, we now have a more complete and up-to-date picture of our customers. That increasingly complete picture will help us improve our customer service offer, both in terms of content and services.

Tracking requests on 'Mijn Liander'

We have improved the provision of information to our customers by investing in a customer system that helps us give customers the right answers to their questions. We have also made certain choices here. We started out with low-volume customers. This is a large group of customers who are increasingly having to deal with network congestion. Since early 2024, customers have been able to track the status of their request on 'Mijn Liander' (My Liander), even without a 'Mijn Liander' account. They receive an email with a link that provides direct access to the request status page.

Development of infrastructure for heating and sustainable gases

Public district heating networks ensure optimum deployment of sustainable sources at the lowest cost to society and with transparent prices for consumers. With Firan, we are encouraging the development of new, local sources of heat and further greening of the network. The collective system provides access to the full potential of locally available sources, such as aquathermal energy, residual heat from data centres and geothermal energy. In 2024, we worked on developing and expanding district heating networks in various municipalities through our subsidiary Firan. In Amsterdam's Middenmeer district, for example, a heating network using residual heat from a nearby data centre is under development. The municipality of Amsterdam, neighbourhood cooperative MeerEnergie and Firan signed a collaboration agreement for this in 2024. In the Nijmegen borough of Dukenburg, Firan and local partners are now developing the first phase of the heating network for the Zwanenveld and Lankforst-Noord districts, which uses residual heat.

Gelders Warmte Infra Bedrijf (GWIB), which the province of Gelderland, Firan and Oost NL established in 2023, supports municipalities in the development, realisation and operation of public district heating networks. Together with municipalities, Firan started working on several district heating systems in 2024, in Zutphen and Apeldoorn for example.

In 2024, we worked on developing and expanding district heating networks in various municipalities through our subsidiary Firan.

Sustainable gases

Hydrogen

In 2024, Alliander developed a vision of connecting up regional industry in a number of focus areas where multiple potential customers could be connected at relatively short distances from each other This gives us a picture of where possible (local) production and usage of hydrogen will be concentrated and identifies where a requirement for hydrogen infrastructure will arise. Within the sector, this vision is being used as a reference document in consultations with the government. The knowledge gained from the practical projects in Delft, Oosterwolde and Lochem will be used to draw up the tenders for the first industrial hydrogen networks that Firan plans to have constructed in Deventer and the port area of Amsterdam.

Alliander is working closely with the Port of Amsterdam on constructing a regional hydrogen network in the port area (H2avennet). In 2024, Firan and Zaanstad Maakstad (a partnership between local businesses) launched a study to explore the possibilities for a hydrogen network for use by industry in the Zaan region. Firan is working on a hydrogen solution for businesses and business parks in Deventer and the surrounding area.

Green gas

In 2024, 31 green gas providers fed 82.3 million m^3 of green gas into Liander's network. Over 294 million m^3 of green gas were fed in nationwide. This indicates that green gas feed-in is growing at a linear rate. We are not yet seeing the projected growth spurt, mainly due to a utilisation rate of 54% of contracted capacity, compared to around 60% in recent years. In addition, many new start-ups were delayed again, resulting in only four of the expected 11 providers being added by 2024.

Continued growth stimulation through the increased SDE grant scheme for green gas and the blending obligation due to come into effect in 2025 are necessary to achieve the ambitions set out in the Climate Agreement. The growth in exploratory studies that we saw in 2023 was not sustained in 2024 however. The government now appreciates that the growth in green gas is difficult to achieve and has reduced the target quantity under the blending obligation from 1.6 to 1.1 billion m^3 per year. In 2024, Alliander obtained 12 new contracts for connecting new green gas providers.

Network connections

In preparation for the expected growth, Liander implemented policy in 2024 to proactively connect networks to the 8-bar high-pressure network. This allows us to create capacity in areas where there is high potential for green gas feed-in. We also started a new project with partners to build a green gas booster station in Almere, which will transfer surplus green gas from Liander's 8-bar network to the regional transmission network of Gasunie Transport Service (GTS). This opens the door to further growth in green gas feed-in in Flevoland.

Sharing data and new market services

Allowing the energy network to function in a sustainable manner requires more data. Network operators need data to optimise the networks. End users can use data to make better choices that contribute to optimising their energy usage. Between now and 2030 we will be introducing several new data services and proactively making customer, market and infrastructure data available to customers and market parties. We will do this in the form of concrete data products, which will allow customers to individually control their energy usage better and make choices beneficial to the network.

National capacity map

Together with its fellow network operators, Alliander has published a new version of the national capacity map. This is a tool that provides information about the available transmission capacity in the electricity grid in the Netherlands. It identifies where there is sufficient capacity and where shortages have occurred. The map is available to business customers and other interested parties to help them identify where there is capacity for a grid connection.

The new version of the capacity map contains additional information from the regional network operators on the available transmission capacity, the transmission capacity required for the parties waiting in the connection queue and the capacity that has been requested.

Energy Neighbourhood Scan

A new version of the Energy Neighbourhood Scan (EBS) went live in the third quarter. The Energy Neighbourhood Scan allows companies, consultancy firms and market parties in a congested area to view energy data from their immediate surroundings. This includes data on the capacity of installations in the immediate vicinity or data on the power contracted and the actual power used by companies (‘grid neighbours’) operating in the area. Alliander's EBS initiative provides the information that business parks and energy partners need when starting an energy hub. Alliander expects an increase in the speed of completion of these energy hubs in the coming years.

Digitalisation

Every year, network operators invest many billions in the energy transition. However, developments are now moving so fast that we will not achieve our goals if we focus only on building the infrastructure required, so we are putting extensive effort into digitalisation. Digitalisation is helping ensure better utilisation of our energy network through new solutions for flexible transmission capacity. It delivers the improvement in productivity and efficiency that we need. This allows us to do more and more work, and optimise management of the energy network. We want to transform the energy system, the energy market and the way we work through digitalisation. In July 2024, we launched our digitalisation strategy. To exploit the opportunities offered by external developments while at the same time addressing the downsides, we are introducing eight digitalisation themes, three of which are key priorities:

Digitalisation is helping ensure better utilisation of our energy network through solutions for flexible transmission capacity and greater efficiency.

Wider application of Artificial Intelligence (AI)

Alliander is deploying AI to increase employee efficiency, for automation and to support decision-making across the organisation. For example, we formed an AI TaskForce last year to drive this forward. This move will accelerate the deployment of AI within the organisation in line with our strategic portfolio. Alliander's AI policy ensures that we deploy AI only in a responsible and ethical manner, and with appropriate technical control measures.

Making sharing data and transactions easier

Alliander is making access to and sharing of relevant data easier for consumers, businesses and public authorities, so that new services can be set up and offered. We are preparing our IT landscape for the future with the ERP, IAM, Data and Asset programme. In 2024, the first applications started using the new IAM system. It ensures that the right people have access to the right information at the right time.

Encouraging co-creation through collaboration and partnerships

Alliander actively collaborates with network operators, scientific organisations, the business community, start-ups and knowledge coalitions to collectively speed up the process and ensure that we deploy our own resources more effectively. In 2024, we signed a collaboration agreement with other network operators under which we will share our digital knowledge and jointly mobilise.

Innovation to accelerate progress

Alliander's challenges are huge. Among other things, we are facing extreme increases in decentralised generation, electricity usage, the integration of new forms of energy within the system, the need for exponential acceleration of infrastructure construction, market facilitation and customer channelisation. And we are having to cope with all of this in a very tight labour market. Through innovation, we address issues for which there is no solution as yet, or issues where normal solutions do not have sufficient impact. We have started a pilot project with a chip manufacturer to investigate the effect of alternative transmission rights. The aim of this arrangement is to help industrial customers grow and/or become more sustainable with only modest additional transmission capacity. We further investigated options for a ‘pluggable’ medium-voltage grid to allow faster and simpler construction and easier connection. In addition, we launched the Powered programme in conjunction with Alliander Next Grid to work even more closely with start-ups and scale-ups. More than 100 innovative companies have applied for the programme.

Using knowledge: Alliander Next Grid

The transformation of the energy system requires competencies that do not currently exist or for which there is not yet a market. Fortunately, companies around us are innovating at a rapid pace. In the past, we as Alliander invested heavily in our own companies to develop solutions, but now we see that companies outside Alliander – often start-ups or scale-ups – already offer promising solutions. To keep the pace high, it's crucial that we know what's going on and collaborate with them in line with Alliander's strategy. We do this through Alliander Next Grid, which we launched in 2024 as the successor to Alliander New Business.

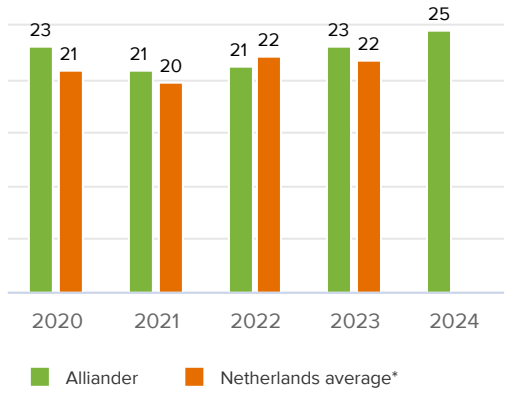
With Next Grid, we want to invest more in corporate venturing and the ecosystem of start-ups and scale-ups around Alliander. We continue to strengthen Firan and ENTRNCE to maximise their contribution to Alliander's challenges and the energy transition. We see opportunities here to jointly develop valuable products and services for the energy system of the future. We do this in the areas of infrastructure, telecom and digital solutions. One example of our activities in 2024 is the facilitation of municipalities in selecting and contracting companies to build a district heating network. We have also made progress in the area of data exchange and the development of contract forms for local energy hubs. Via ENTRNCE, we helped municipalities make their own assets more sustainable by enabling them to purchase energy from their own, local producers. More than 10% of Dutch municipalities, including those in Friesland and Gelderland, are now using this so-called self-delivery concept. Via Alliander Telecom, we were able to renew the licence for the CDMA network used by our smart meters, thereby ensuring continuation of our service.

Excellent network management

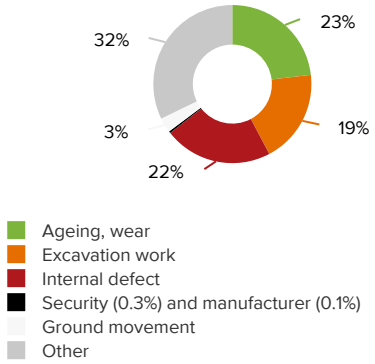
Supply reliability of the electricity grid

In 2024, our customers were without electricity for an average of 24.6 minutes (2023: 23.2 minutes). This represents a roughly 6% higher annual outage duration compared to 2023. There are large differences per grid layer. The outage duration component in the low-voltage grid decreased due to a drop in the number of outages and the average outage duration. In the medium-voltage and high-voltage grids, however, the outage duration component increased, due in part to some extensive outages in the high-voltage grid. There were 30 repeat outages in the power grid in 2024. This represents a drop of 14 outages compared to 2023. This decline was especially apparent in the last few months. During these months, 2023 was characterised by an extremely high number of outages, including repeat outages. In 2024, the number of outages was much lower.

The average outage duration per connection in the power grid (minutes)



Causes of power grid outages

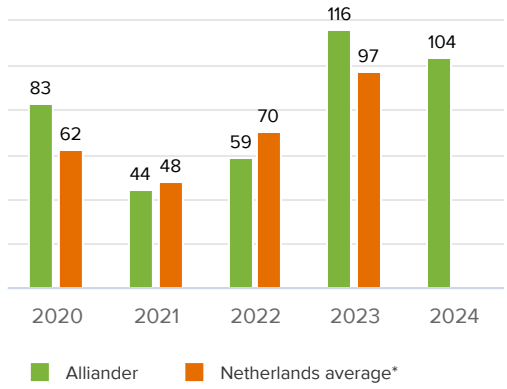


* The average for the Netherlands in 2024 is not yet known.

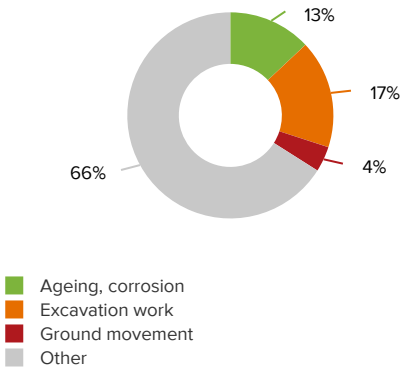
Average outage duration per connection in the gas network (seconds)

Gas outages are relatively uncommon. The main cause of fluctuations in the gas outage duration is ad hoc outages caused by a third party, for example during excavation work, which often leave customers without gas for a long time.

The average for the Netherlands in 2024 is not yet known.



Causes of gas network outages



Access to energy

As a network operator, we believe that energy should be accessible and affordable for everyone. Disconnections happen at the request of the energy supplier. We exercise restraint in disconnecting households that have trouble paying their bills. During extreme winter weather, we take appropriate action to ensure that everyone has access to electricity and heat. In this context, we go further than the law requires.

Energy poverty

The transition to a sustainable energy supply system is essential for addressing climate change, but this transition also raises important ethical issues. One of the most pressing is how we should act to ensure that the transition to clean energy does not lead to increased energy costs that put an extra burden on the shoulders of vulnerable or low-income groups in society. As a sector, we are looking at different solutions for adapting laws to create scope for more appropriate cost distribution and for actually offering help to people who need it and not shutting them out in the cold.

Outage prevention at Liander.

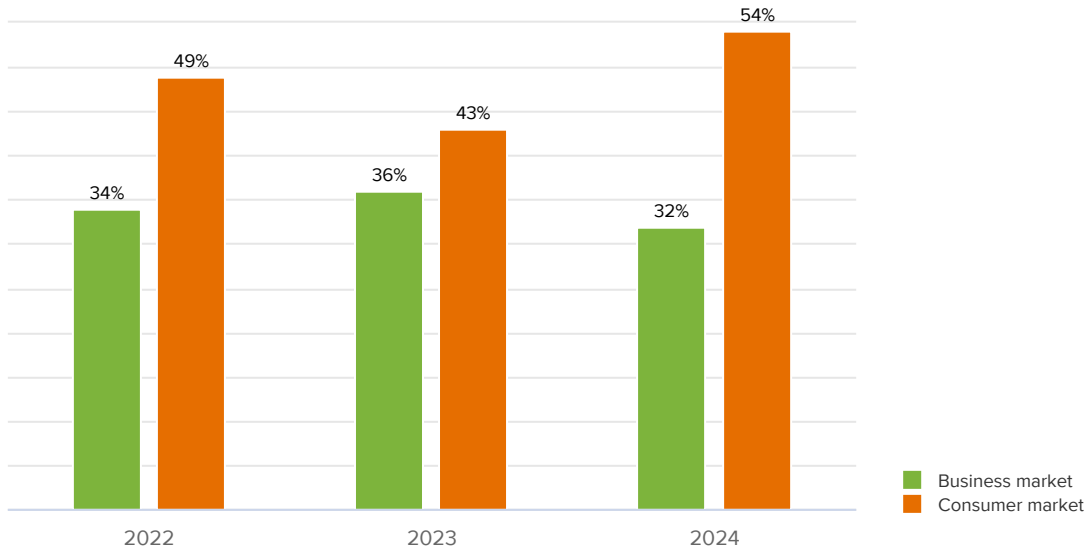
Customer convenience

Our efforts in serving customers and the convenience they experience when using our services are described in detail from an ESG impact and risk perspective in the Social section of the sustainability statement in this report. We have summarised that information below because it is relevant to how we want to create value for society.

Customer satisfaction: NES

Customer convenience for both private individuals and business customers is a key objective. The key determining factor of customer satisfaction is the convenience they perceive in their contact with us. Immediately after completion of a job, we ask customers for feedback on our services. To express the amount of convenience experienced by customers, we calculate a score – the Net Effort Score, or NES. We calculate the NES by deducting the percentage of customers experiencing some or a lot of difficulty with the service from the percentage of customers finding it easy or very easy.

Customer convenience in consumer and business markets



Customer convenience rated by business customers

The NES for business customers decreased from 36% to 32% in 2024, which is 3% above the 29% norm set for 2024. Customers are experiencing difficulties due to persistent transmission capacity shortages, longer completion times and high staff turnover. Liander tries to use the grid optimally though the use of congestion products. Nevertheless, the majority of customers on the waiting list cannot yet be helped and no short-term solution has been found. On the other hand, some business customers did experience more convenience in both the offer and execution phases compared to 2023. We have started to explain more clearly what causes congestion and what impact congestion has on the connection lead time, so we have improved how we communicate bad news. We also started automating quotes, so that customers can use the tool to generate their own calculations.

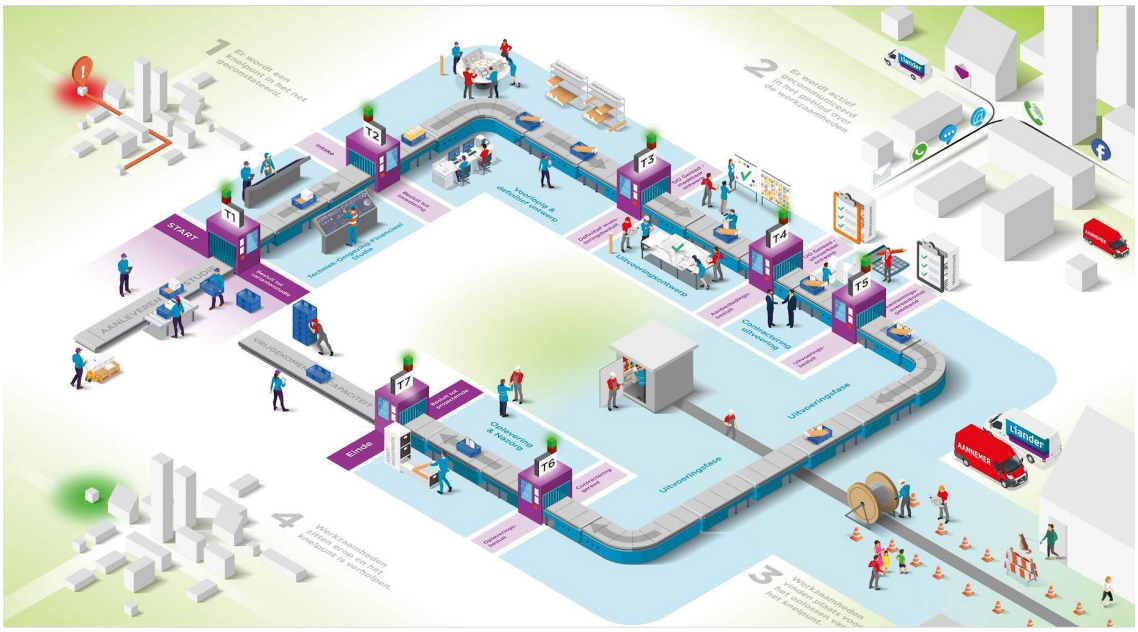
Customer convenience rated by consumers

The NES for the consumer market stood at 54% in 2024. This is higher than in 2023 (43%) and below the target of 50%. Customers indicated their appreciation for better communication and scheduling. Conversely though, in areas where our performance was substandard, the scores are much lower. This is the case, for example, when there are long waiting times or the schedule is not clearly defined. In particular, the degree to which customers were able to contact us and better availability of information contributed to the consistent score.

Consumers are increasingly affected by grid restrictions and increasing connection lead times. As a result, negative customer sentiment is likely to increase. We therefore need to be even more transparent about lead times and communicate reliable schedule data. Although we have improved many aspects of our customer service in recent years, further improvement remains necessary.

Customer inquiries

Investments were made in our digital channels to further improve customer communications. In early 2024, the revamped website liander.nl went live with improved, customer-focused content. In addition, the functionality of the online portals (mijnliander.nl) has been expanded. As a result of these improvements and others, we saw the number of customer inquiries by telephone decrease by about 17% in 2024 compared to 2023, dropping from over 376,000 in 2023 to roughly 313,000 in 2024.



In the medium-voltage domain, we are working on the medium-voltage grid in a structured manner.

More efficient work practices, less nuisance

The work around the substation in Doetinchem involves several projects: NuGelre Achterhoek (Doetinchem ring road), the Mariënvelde control station and a customer connection. These projects are being addressed collectively to increase efficiency and reduce inconvenience to the surrounding area.

The advantage of this approach is that, by installing multiple cables in one intervention, the work area only needs to be excavated once. This not only saves costs in preparation and execution, but also reduces the risk of damage to infrastructure and limits inconvenience to the surrounding area. In addition, investigations and consultations are all performed at once, which saves costs in the preliminary process.

Complaints and claims

The number of complaints rose from 1,900 to 2,450. Most of the complaints in 2024 related to the (excessively long) connection lead times. The number of claims registered, 3,233 in total, is stable relative to last year. Most claims stem from work performed and the effects of power outages.

Regarding the connection lead times, the Dutch Trade and Industry Appeals Tribunal (CBb) indicated that the ACM should not have set the 12-week and 18-week lead times for a small user connection without calling for further investigation. We will be discussing the issue with the ACM in order to set appropriate lead times that represent a realistic expectation for customers. In the meantime, we continue to work based on short connection lead times, but in cases where this is not achievable the scope for submitting claims has reduced as a result.

Changes to the law

Alliander's activities, and particularly those of Liander, are heavily regulated by legislation and regulations. Last year, laws and regulations were drafted to ensure that the statutory framework is suitable for the energy transition. We are continuously consulting with relevant stakeholders in order to contribute to this.

Integrated Energy Act

The new Energy Act was passed by the House of Representatives and approved by the Senate in 2024. The act is expected to come into force on 1 January 2026. Alliander endorses the objective of the Energy Act, which is to create an integrated and future-proof legislative framework for the energy system. The act will support the energy transition and contribute to better utilisation of the existing network. The subordinate national laws and regulations that will follow and their integration in the codes of the ACM are crucial for this and will ultimately determine how effective the act will be in practice. Among other things, Alliander wants to see provisions that allow customers to share their energy among themselves, as a first step toward a more decentralised energy system. We additionally want to include rules that will allow customers requiring a high-power connection to safely engineer their own connection. Further implementation of the Energy Act will take place through the Energy Decree (Order in Council) and Ministerial Regulations. Alliander will monitor developments in these laws and regulations in the 2025 financial year and determine the impact of any resulting obligations on Alliander's consolidated financial statements.

New legislation on district heating networks

The Collective Heating Supply Act, submitted to the House of Representatives by the cabinet in June 2024, is intended to ensure a reliable, affordable and sustainable supply of heat. Its stipulations include that more than 50% of a heating company must be owned by public parties. Over the coming period, the Ministry of Climate and Green Growth will specify the underlying regulations, to ensure that network companies can actually make a valuable contribution to the heat transition. For society and for Alliander, it is crucial that it be adopted as soon as possible to reverse the delay in the roll-out of district heating networks. Alliander is ready to help municipalities and provinces build and complete (public) heating networks.

Heating Transition (Municipal Instruments) Act

The Heating Transition (Municipal Instruments) Bill was passed by the House of Representatives in 2024 and approved by the Senate. This act gives municipalities the authority to designate specific districts where a sustainable energy supply will be introduced to replace natural gas (the authority to designate). This implies that the network operator's existing natural gas transmission obligation and authority in that particular residential district will expire after a certain date. The act makes an affordable district-oriented approach possible with room for a methodical participation process with the residents, where districts collectively switch to a heat supply that differs from natural gas.

Phased reduction of statutory feed-in rate

In 2023, the House of Representatives approved the legislative proposal for reducing the statutory feed-in rate. The Senate rejected the proposal on 13 February 2024. In December 2024, the Senate reassessed its position and decided that the balancing scheme would be abolished in January 2027. Alliander, along with the other network operators, has expressed support for the proposal. Owners of solar panels should be encouraged to use the electricity they generate immediately in their own homes as much as possible to reduce the load on the power grid.

Decarbonisation package

The European Decarbonisation Package was adopted in 2024. This legislative package contains rules about the correct functioning of the European internal market for natural gas, renewable and low-carbon gases and hydrogen. Apart from including key rules to give renewable gases (green gas) more space in the existing natural gas network, these regulations introduce the market organisation for hydrogen transmission. This paves the way for a future regulated role for Alliander in the field of hydrogen distribution. The Ministry of Climate and Green Growth has started implementation of the directive into Dutch legislation, to be completed by August 2026 at the latest. Hydrogen is a crucial element of the future energy system and necessary to support industry in becoming more sustainable. Development of the hydrogen market will only start to pick up speed if the market has certainty and clarity. Precisely because of the integrated nature of the energy system, Alliander advocates organising the hydrogen distribution market in a similar way to the rest of the energy system: with public network operators who scrutinise the entire energy system from their overarching perspective. In this role, network operators can then schedule infrastructure construction.

Revised market design for the European electricity market

In 2024, the revised market design for the European electricity market was adopted. The main goal of this reform is to better protect consumers against strongly fluctuating short-term energy prices and energy disconnection, as well as to promote the deployment of renewable energy. In addition, the revision is intended to promote smooth operation of the market mechanism and full usage of the renewable electricity produced, through provisions for storage and demand response. The changes are largely in line with the concerns identified by Alliander. However, European legislation still closely follows the principle that grid users are able to use the network at any time of day, anywhere and without limitation ('non-discrimination', 'freedom of dispatch', 'freedom to connect'). The end result of this is inefficient use of the power grid.

Reduction of methane emissions

In 2024, the Regulation on the reduction of methane emissions in the energy sector was adopted by the European Commission. The Regulation also covers methane emissions from gas distribution and tightens the requirements regarding gas leak detection and repair. Alliander has been preparing for new leak detection methods since last year, for example, with a leak detection vehicle and a robot dog.

Flexibility and tariffs

Within the scope of the National Network Congestion Action Programme (Landelijk Actieprogramma Netcongestie, LAN), Liander is working on various initiatives to use the available network capacity as efficiently as possible at times when more transmission capacity is available. This must be supported by legislation and regulations. Code amendment decisions were published in 2024 that further shape the application of congestion management, allow alternative transmission rights to be offered and ensure that customers can no longer claim the right to contracted but unused transmission capacity. In addition, the joint network operators have submitted a proposal to the ACM that would allow groups of business consumers to collectively relieve the load on the electricity grid through a group transmission agreement. Finally, work is being done to adjust the tariff structures for households and business consumers, and implement grid-friendly charging for electric vehicles.

Social prioritisation

As of 1 October 2024, customers active in specific social frameworks, such as hospitals or schools, can be given priority when allocating transmission capacity. The ACM took this decision on 18 April 2024. Publication of this code decision allows Liander to apply a prioritisation system in an area of high grid congestion to give priority to important social functions over other customer requests when allocating capacity that has become available. This means that we no longer always have to process requests for a connection or additional capacity on a first-come, first-served basis. Liander already had some prior experience in prioritising when

dealing with distressing and urgent cases. The Social Prioritisation code decision came into effect on 1 October. Customers with a new transmission request can apply for social prioritisation via Liander.nl. To prepare customers for this in advance, we sent a letter to all customers on the waiting list with information on how to apply after 1 October. A number of market participants have lodged an appeal opposing this code amendment with the Dutch Trade and Industry Appeals Tribunal (CBb).

Changes to connection time rules

The ACM changed the Electricity Network Code in 2023 and added a connection lead time for small consumers. The network operators have submitted a joint appeal because the changes are not in line with the exponentially increasing demand for network capacity and the restrictions caused by limited labour capacity and space. The CBb ruled in October 2024 that the ACM should not have set the lead times in this way. The ACM should have more clearly explained how it considered the energy transition and the scarcity of technical staff when setting the fixed connection lead times. In addition, the network operators have been working with parties in the chain to amend the connection lead times for business customers in the Electricity Network Code. This has resulted in new agreements that require customers to allow for connection lead times of between 26 weeks to a year or more. These agreements come into effect on 1 January 2025.

Making the energy supply and our organisation sustainable

What do we have at our disposal? › What is our role and which choices do we make? › What do our stakeholders notice in the short term? › **Which values do we create for the long term?** › What are the most significant social impacts? › To which global targets do we contribute?

As a network operator, we are preparing not only our gas and electricity networks for a sustainable future, but also our market facilitating systems and services. We are working towards a new situation of more awareness and choices in energy generation and consumption, and a future-proof energy system which is reliable, accessible and affordable.

Objectives and results for sustainable business operations

Gross carbon emissions, own business operations

446 2024 result in kt

≤416 2024 objective in kt

425 kt in 2023[1]

Net carbon emissions from business operations

0 2024 result in kt

0 2024 objective in kt

0 kt in 2023[1]

Circular procurement[2]

39%[3] result in 2024

≥37% objective for 2024

31% in 2023

1 The results of the gross carbon emissions and decarbonisation for 2023 were recalculated based on the most recent emission factors and more up-to-date insights into the total network losses for electricity and gas in 2023.

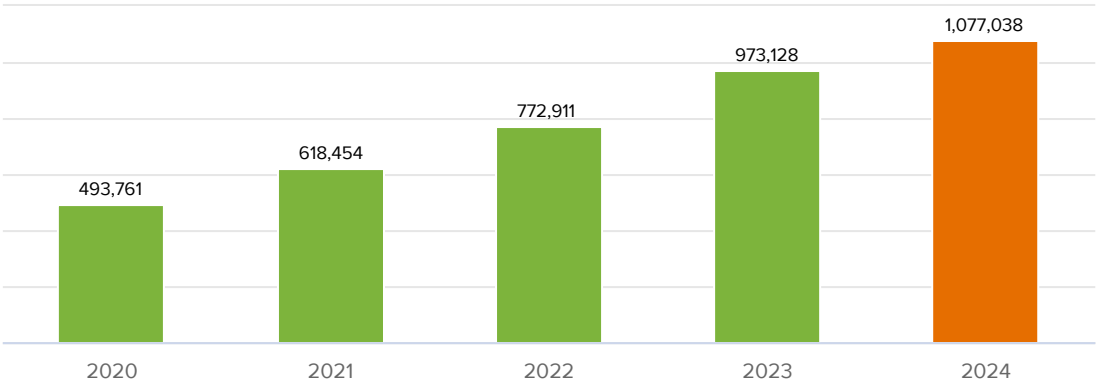
2 Circular procurement consists of the percentage of recycled material incorporated into goods procured and the percentage of material that is recyclable at the end of its useful life. The percentage of recycled or recyclable materials is determined based on raw material passports provided by our suppliers, which state these percentages. We therefore rely on the support and expertise of our suppliers to identify these percentages, and we validate them with data provided by DNVL, an independent research and consultancy firm. The scope comprises the primary assets: Low-voltage, medium-voltage and high-voltage cables, gas pipes, distribution and power transformers, legacy and smart electricity & gas meters and switchgear. Circular procurement is an internal KPI. The definition differs from that presented in the sustainability statement.

3 This score is explained further in the paragraph on Making our own organisation sustainable.

Acceleration in achieving sustainability

Each year we connect more wind turbines and solar farms to the power grid. In addition, green gas producers are also increasingly turning to us for connections so that they can feed their sustainable gas into the natural gas network. In 2024, we again saw an increase in the number of consumer-registered connections with an active feed-in installation in our service area from roughly 973,000 to approximately 1,077,000 (up +11%). Due in part to increased uncertainty about future revenues, the growth trend is flattening off. Congestion and a less favourable business case are the main reasons for this.

Number of feed-in installations at our customers



Effective investments in a climate-neutral system

Making our energy systems more sustainable often requires substantial investments that are recouped with lower energy bills. We reduce overall carbon emissions as a result, and our economy becomes less dependent on imported energy. But are we investing enough to meet the long-term goals? To answer that question, SEO Economic Research, commissioned by Alliander and others, published a study in 2024 in which the firm identified the number of energy transition-related investments made in 2023. The study also evaluates whether that level of investment is sufficient for achieving a climate-neutral energy system in 2050. The study shows that in 2023, an amount of roughly €25 billion was invested in sustainability, almost 12% of the total investments in installations, vehicles and factories, for example. Businesses account for the lion's share at €14 billion, followed by network operators (€7 billion) and households (€4 billion). This is roughly in line with current indications of how much short-term investment is needed to maintain the feasibility of achieving our long-term energy and climate goals.

It should be noted, however, that the easiest phase of this transition is now over. That involved making obvious aspects of our energy usage more sustainable (such as turning off power plants when the sun shines). In the coming years, investments must continue to rise to achieve a profound system change: in how we produce energy, in how we use our grids and in how energy users will participate much more actively in the system. We are working on an update to our Energy Vision document. In it, we examine bottlenecks in the transition investments in the market and among customers.

Sustainable developments in our service area

Solar energy installed capacity

8,247 MW

+12.0% compared to 2023

7,362 MW in 2023

Wind energy installed capacity

1,830 MW

+0% compared to 2023

1,824 MW in 2023

Quantity of green gas fed in

82 miljoen m^3

+9.3% compared to 2023

75 miljoen m^3 in 2023

Number of public charging points

19,758

+18.7% compared to 2023

16,648 in 2023

Electrification in the area of mobility

The number of electric vehicles continues to grow. Of the 380,000 plus new passenger cars registered in the Netherlands in 2024, more than one in three were fully electric. Although government incentives are being phased out, we expect the number of electric cars and demand for charging facilities to continue to grow. In order to charge all of these cars, the principle of 'grid-friendly' smart charging should be made mandatory for all public and private charging points. The essence of smart charging is that charging electric vehicles should not contribute significantly to the peak loads on the power grid, as charging is only performed within the capacity limits of the power grid.

Spatial planning collaboration to achieve area-based grid expansion

The rapid growth in electrification is difficult for us as network operators: it means that we need to be working everywhere at once, but we cannot do that. This is why we are calling on public authorities to manage this development more and adopt a more structured approach. We call this energy planning. To this end, we are working closely with various public authorities in the integrated programming process. An Energy Vision and pMIEK (Provincial Multi-year Infrastructure Energy and Climate Programme) have been adopted in all provinces. We are working together with the municipalities in our service area on the district-specific choices linked to heat solutions.

Collaboration is also needed to take implementation structurally to the next level. These types of collaboration are crucial to accelerating the energy transition and ensuring that the energy infrastructure matches spatial and sectoral developments, such as residential housing construction, industry, mobility and agriculture. Following publication of the National Implementation Agenda for Regional Infrastructure, we signed the Implementation Agreement with our collaborative partners in 2024.

New contract forms due to high and volatile energy prices

The high energy prices and the growing share of sustainably generated energy are leading to major fluctuations in the price of electricity during the day. This affects some of our customers and provides certain opportunities for us. The large price differences are accelerating the use of flexibility and thus also the demand for new contract types. We saw growth in the popularity of home batteries.

The number of households with a dynamic energy contract also rose. The hourly prices in these contracts are agreed with the suppliers the day before. They are particularly beneficial for customers with flexible loads, such as electric boilers, electric cars or home batteries. The increase in the number of dynamic price contracts may be the start of a future trend that could potentially have a major effect on our network load.

Improved neighbourhood analysis tool

We offer effective support to municipalities and housing associations by making a Neighbourhood Analysis Tool available to them. The Neighbourhood Analysis Tool provides information about the gas and electricity networks, their capacity, age and materials. It also shows for each district the expected (not directly customer-related) medium-voltage substations. This gives municipalities and housing associations easily accessible information about the grid situation. In 2024, we improved several aspects of the tool. For example, we are testing a new feature with municipalities to make it easier to find suitable sites for new medium-voltage substations. Furthermore, it is now easier to see if the possibilities in a district match the municipality's new home construction ambitions. Thanks to feedback provided at a very early stage on whether the municipality's ambitions can be accommodated in a substation, municipalities can now manage developments more effectively.

Future-proof heating supply

The transition to an alternative, sustainable heating supply affects all companies, consumers, building owners and public authorities in our service area. Choosing new heating solutions is not an easy task and the availability of infrastructure plays a major role increasingly often. The choices being made are already having a major impact on the low-voltage network capacity. As the scale of sustainability improvements increases, we are also expecting issues in the higher voltage networks.

Insulation is the first step

Reducing energy usage is a crucial step in the transition to a sustainable energy system. Back in 2023, the government provided additional resources for measures to promote energy savings and to keep the energy bills of households and businesses affordable, making us less dependent on other countries and avoiding overcrowding of the electricity grid. This is important: insulation is a crucial building block for reducing the energy usage of buildings, since most of the energy consumed in the built environment is used to heat homes and other premises in the winter. Reducing the demand for energy will reduce peak loads on the networks, and that is crucial.

Heat pumps and electrical solutions

Demand for electrical solutions has risen strongly. In the built environment this is reflected, for example, in the increased number of heat pump installations. However, due to a policy change, we are seeing a slower rate of growth in the heat pump market.

Making our organisation sustainable

The energy system of the future should facilitate the ambitions of the Netherlands in terms of economic growth, sustainability and prosperity. We are aware of the social impact we have as a network operator. That is why we have constantly updated and refined our CSR policy in recent years. We are now building on that, based on the principle of 'general prosperity'.

In the sustainability statement in this report, we present our material issues in extensive detail. In this chapter, we will discuss the principle of general prosperity and provide more background information on issues related to it.

Targeting general prosperity

General prosperity means that, when acting to pursue our economic prosperity, we no longer pass on bills to later generations and other continents. It expresses an aspiration to act in both a socially responsible manner (social cohesion, health and human rights) and an ecologically responsible manner (biodiversity, raw materials and climate). This way of thinking and acting is already firmly embedded in many parts of our organisation. Last year we worked on an integrated general prosperity policy framework, in which we brought together our goals and ambitions for the future.

> General prosperity assumes that, when acting to pursue economic prosperity, bills are no longer passed on to later generations and other continents.

With general prosperity, we monitor the pace of the energy transition and commit to shaping it in an ecologically and socially fair way. To achieve this, we include broad social impact in our decision-making, set clear society-oriented goals in relation to climate, circularity and being a good employer, and report on our impact. By working together, we can learn from each other and we hope to accelerate progress in relation to general prosperity. Together with other network operators, we committed to participating in a collaboration on Managing for General Prosperity in 2024. Several work flows have been defined for this purpose, including the development of general prosperity-weighting tools, harmonisation of calculations and schooling and training initiatives for colleagues.

Alliander started to visualise its impact on society based on six 'capitals' back in 2017, and reports on them annually in its annual reports. The six capitals are derived from the International Integrated Reporting Guidelines (IIRC). They also form the basis of the Impact Weighted Account Framework (IWAF) for measuring, reporting and managing impact. This framework is also the fundamental premise in our collaboration with infrastructure companies. The six capitals are the starting point for arriving at policies on general prosperity. They are:

- Financial capital.
- Manufactured capital.
- Intellectual capital.

- Human capital.
- Social capital.
- Natural capital.

In the chapter entitled Our contribution to general prosperity , we quantify the positive and negative impact we have with our activities in relation to the six capitals.

Link to the CSRD

There is a clear link between the general prosperity policy framework and the Corporate Sustainability Reporting Directive (CSRD). The CSRD requires Alliander not only to report on material issues, but also demands clear objectives and a clear policy cycle. The general prosperity policy framework is reviewed and updated each year. Alliander is currently working on a second edition of the general prosperity policy framework. In other words, the CSRD requires us to set targets and the general prosperity policy dictates the ambitiousness of those targets. In this reporting year, we have accounted for our activities and policy in line with the requirements of the CSRD for the first time. This information is provided in our sustainability statement in this report.

General prosperity means that, when acting to pursue our economic prosperity, we no longer pass on bills to later generations.

Natural capital: entrepreneurship within the planetary limits

The energy transition mitigates climate change and reduces our footprint on the natural environment. However, growing infrastructure has a negative impact on nature development and biodiversity: it requires extensive construction activity, calls for the use of raw materials, crosses ecological areas and can hinder nature development.

Climate-neutral operations

Alliander operates in a climate-neutral manner, partly thanks to green certificates. This means that, on balance, we emitted no CO_2 through our own operations last year (scope 1 and 2). We achieved this in recent years by progressively reducing carbon emissions in various areas and by greening our activities. Our vehicle fleet is increasingly electric, energy usage in our buildings is falling, we are focusing on limiting and greening our grid losses and we are acting to sharply reduce the electricity consumed by our IT systems. We are also reducing our chain-related carbon emissions (scope 3). These include the emissions released by our suppliers when making, transporting and delivering products and providing services to Alliander.

We are continuing to electrify our vehicle fleet, specifically passenger cars and operational vehicles, which also leads to further reductions in our absolute carbon emissions. We are seeing electrification being scaled up in bus services. In 2024, we joined the 'Coalitie Anders Reizen' (travelling differently coalition), an alliance of companies committed to making business travel more sustainable. In 2024, we worked on a new mobility policy with sustainability as one of its guiding principles.

Reduction of carbon emissions an integral part of business operations

Given Alliander's immense task and the growth in the number of employees, embedding the reduction of carbon emissions in our daily choices remains extremely importance. With this in mind, we firstly increased our internal CO_2 price further, together with all the other network operators, to €150 per tonne CO_2 in 2023. This means that energy saving is now given greater priority in our decision-making. Secondly, we once again achieved level 5 on the CO_2 Performance Ladder in 2024. This year's audit identified points for improvement, which we have successfully implemented. The Performance Ladder is a review framework that helps us comply with the SBTi and monitor the quality of our reporting under the CSRD. Moreover, our approach here sets an example for all our chain partners, whom we expect to act in the same way.

Supply chain responsibility

The energy transition requires an annual procurement expenditure of roughly €2.6 billion for products and services needed within the envelope of Alliander's total operations. This will increase considerably in the coming years. Contractors, components, IT and energy purchases are the main areas of procurement expenditure. Our societal role means that our procurement needs to be socially responsible. Our goal is to always weigh up and compare price, quality and sustainability when procuring parts, materials and services.

Together with our suppliers, we aim to make a net positive contribution in the area of responsible production and consumption. We do so by entering into new forms of collaboration with our suppliers, adopting innovations as they appear on the market and by starting partnerships. Our procurement department upholds the principles of procurement law, such as being transparent and non-discriminatory. In our tenders, we give maximum possible attention to energy consumption in our award criteria.

Clean and emission-free construction covenant

Through Netbeheer Nederland, Alliander supports the objectives of the national Clean and Emission-Free Construction covenant. In our work for TenneT, we examine the feasibility and consequences of the covenant, which targets achieving zero carbon and nitrogen emissions for all vehicles and equipment in 2028. The expansion project at our Harderwijk substation serves as a model for this.

CO_2 in the chain

In 2024, carbon emissions and energy usage were included in large contracts put out to tender. CO_2 plays a role primarily in relation to energy-consuming components, such as transformers and cables, and in the contracting industry. In the case of contractors, we mainly ask them to answer questions about CO_2 management and state how they contribute to clean and emission-free construction and working methods. The objective here is to be emission-free in 2030.

Circular economy

Many (critical) materials are needed for successful realisation of the energy transition. To ensure careful use of the raw materials available to us, we aim to organise their inflow, use and outflow with consideration for people and the planet. By applying circular measures, we reduce our use of primary raw materials and limit carbon emissions. In the process, we increase supply availability and can better anticipate the maintenance of older installations that cannot be replaced or do not yet need replacement. Repurposing materials boosts the task feasibility of the energy transition, lowers costs in the longer term and reduces ecological damage.

We analyse how much material has been repurposed and how much we procure circularly every quarter. Circular procurement consists of the percentage of recycled material incorporated into goods procured and the percentage of material that is recyclable at the end of its useful life. In 2024 we purchased 39% of our key assets on a circular basis. In the component mix, the share of transformers obtained through circular procurement increased.

In 2024, we organised dialogues on three themes in collaboration with Gasunie and Enexis, to explore approaches to resolving issues standing in the way of circularity: circular power cables, 'boosting' existing transformers and circular (plastic) gas pipelines. The results are described in a joint report published by the collaborating parties: 'Towards a Circular Energy Infrastructure'.

Biodiversity

When we build and construct infrastructure, facilities and stations, we must comply with the spatial conditions in the Dutch Nature Protection Act. In addition to that statutory duty, we focus on minimising or mitigating damage to biodiversity in our scheduled operational processes. In 2024, we launched the Biodiversity for Network Companies control model. We use this model to gather and organise information as a point of departure for initiating improvement. The control model focuses primarily on the actual changes an organisation could make and which business units are responsible for making them. We also launched the first version of our proprietary Inspirational Guide to Biodiversity in May. The guide provides an overview of measures that have already proven themselves in practice and that can serve as a starting point for new Alliander policies. In 2024, biodiversity was included in the main site management and maintenance contracts, and a pilot project to investigate the effects of a different approach to mowing in outdoor switching areas was completed. That trial, conducted in collaboration with the Butterfly Foundation, shows that removing grass clippings reduces the height of the vegetation at the site and leads to increased biodiversity in terms of plants and insects. This approach will allow us to reduce the frequency of grass mowing over time.

In 2024, biodiversity was also included in the main site management and maintenance contracts.

Green bond loans

Alliander issued green bond loans at different times in 2024. The capital attracted through a 'green' bond loan may only be spent on projects that contribute to a better environment and meeting climate targets.

Social and human capital

In 2024, we formulated our contribution to Alliander's 'social and human capital' in further detail. We have identified four tracks here:

- All the policies we make on diversity and inclusion, and for the health, vitality and welfare of our own employees.
- Our policy on employee well-being in our chains. In connection with this, we performed a risk analysis for our main chains.

- The theme of energy poverty. In 2024, we investigated which scenario provides the most social value under our disconnection policy. This resulted in advocating persistent follow-up of early-warning cases and more intensive collaboration with the energy bank, a platform of energy coaches with enormous reach in the Netherlands.
- The social impact of our work in neighbourhoods. We developed new concepts for greater engagement. To emphasise this, we installed a transformer station with a picnic table in the municipality of Arnhem to clearly communicate that numerous extra transformer stations will be built and that we are always willing to talk about the purpose and spatial impact of the energy transition.

Ensuring a safe energy network, a safe working environment and a secure data environment

What do we have at our disposal? > What is our role and which choices do we make? > What do our stakeholders notice in the short term? > **Which values do we create for the long term?** > What are the most significant social impacts? > To which global targets do we contribute?

Everyone safely home! Based on genuine concern for one another. Safety is a prerequisite for Alliander's work and is embedded in how we think, and in what we do or do not do. It is the window through which we observe our work. We take responsibility for working safely. Our goal is to have zero accidents. Alliander works to achieve this together with its partners on the basis of equality.

We describe our efforts in the area of safe working and safe infrastructure in detail in the Social section of the sustainability statement in this report.

Objective and result for sustainable and safe working environment

Lost Time Injury Frequency (LTIF)

2.9 result in 2024

- [1] objective for 2024

2.0 in 2023

1 No target is set for the LTIF performance indicator, because the number of accidents leading to sickness absence should ideally be zero.

Safe working practices

The challenges of the energy transition are putting considerable pressure on safety. Safety risks are increasing due to the growing volume of work, the high workload and growth of the organisation. To enhance safety, we focus on engendering a proactive safety culture. This means that we are improving our existing safety system, safety structure and safety training to ensure that safety becomes an inherent part of our behaviour. Everyone should also feel responsible for contributing to this. We measure performance based on our score on the Safety Culture Ladder.

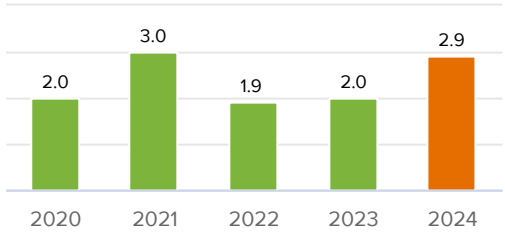
Serious accident in Dokkum

In October, one of our colleagues was seriously injured while working on a 10kV cable in Dokkum. A nightmare, especially for him and his immediate family and for other Liander colleagues and contractor employees who were directly involved. A thorough investigation into the circumstances of the accident is ongoing. The labour inspectorate is involved. This is standard practice in the aftermath of such a serious incident. In addition, Liander has commissioned an investigation performed by an independent consultancy, with the intention of learning from the incident and preventing a recurrence. For Alliander, every single safety incident involving (physical or mental) injury is one too many.

Accidents

In 2024, there were 41 lost-time accidents and 71 accidents that did not result in sickness absence. This was partly why the LTIF increased to 2.9 (2023: 2.0). Contract employees were involved in 12 lost-time accidents and 12 that did not result in sickness absence. Falls and trips constituted most of the lost-time incidents in 2024, followed by traffic-related injuries. Three lost-time accidents were the result of electric arcing in 2024, including one that resulted in very serious injuries.

LTIF



To work safely, we must embed proactive behaviour in our organisation.

Personal safety

The 2024 Central Employee Barometer shows that 87% (2023: 86%) of employees view Alliander as a socially safe workplace. However 6.7% (2023: 6.4%) of our colleagues indicate that they experienced inappropriate behaviour last year like abuse of power, bullying or discrimination. These cases often remain unreported, unlike cases of aggression or violence. Since 2023, our employee satisfaction survey has included questions about experiences of inappropriate behaviour by customers or members of the public. People experienced inappropriate behaviour and aggression in some parts of the organisation. This appears to be a social trend and it has a major impact on our colleagues. One positive thing is that 40% of the individuals involved address the customer or passer-by themselves and 24% of colleagues report it to their manager. The new ‘Through Different Eyes’ interactive workshop helps teams learn to recognise these situations and gives bystanders an understanding of what they can do. The number of reports submitted to confidential advisers increased from 83 in 2023 to 116 in 2024.

Score on the Safety Culture Ladder

Alliander maintained it position on level 4 of the safety culture ladder in 2024 and significantly improved its score within this level. The audit was conducted across the full breadth of Alliander. Seven projects and four office locations were audited. In total about 40 colleagues from operations (including contractors) and 20 management and staff colleagues were interviewed. Level 4 indicates that safety has priority throughout the company and that investments are constantly being made to raise safety awareness. Employees are encouraged to challenge each other’s unsafe behaviour. Improvements are structurally introduced and evaluated. Forward thinking is applied and initiatives are taken. Consciously working safely is experienced as someone’s personal responsibility: ‘What can I contribute?’

Safe infrastructure

Customers expect us to ensure a safe infrastructure and guarantee their safety while we perform our work. The safety of our networks for everyone involved is a key priority. We are constantly investing in the reliability of our infrastructure based on information regarding the condition of our network.

Replacement programme for grey cast-iron and asbestos cement gas pipes

Grey cast-iron and asbestos cement pipes were often used in the past in main pipelines in the gas distribution network. Those pipes are being replaced. In 2024, Liander removed over 156 kilometres of grey cast-iron and asbestos cement gas pipes. Besides replacing pipes, we frequently check for (small) gas leaks using highly sensitive equipment These checks are not limited to the grey cast-iron and asbestos cement pipes; they cover all mains and connecting pipes in operation. This approach ensures that we can address gas leaks at an early stage, before they reach a critical level. We remain alert to changing situations and new risks, and give high priority to the replacement of pipes wherever necessary.

Asbestos in above-ground systems and buildings

In the high-voltage and distribution domain, we continued the asbestos remediation work in the accessible substation areas that needed to be tackled according to the industry-wide colour coding policy (red and orange). This will result in completion of the asbestos remediation work in these selected substation areas in 2027. We are on track with this.

Investigating damage after outages

We set up an investigation when incidents arise in the electricity network. A damage investigation team conducts the investigation to identify damage and faults in Liander components. The purpose is to identify the possible cause and gather information on the equipment failure. This allows us to revise or set up maintenance programmes and improvement actions. In 2024, we completed 143 damage investigations, consisting of 132 in the medium-voltage and low-voltage domains and 11 in the high-voltage domain.

Robot dog detects methane gas leaks

Methane is a very harmful greenhouse gas that is increasingly receiving attention worldwide. In 2024, we joined the United Nations' 'Oil & Gas Methane Partnership 2.0' through Netbeheer Nederland. This partnership is an alliance of 150 countries on a mission to reduce methane emissions by 30% in 2030. Among other activities, it calls for network operators to inspect the grids more frequently in order to detect methane emissions. In a test set up for this purpose, a self-guiding GPS-enabled robot was let loose in a network of gas pipes to assess its ability to accurately detect gas leaks. This test took place at Kiwa Training in Apeldoorn, where there is a small network of pipes with precisely identified gas leaks.

Privacy and security

Privacy

Protecting the personal data of our customers, employees and other stakeholders has Alliander's continuous attention. We aim for an increasing level of maturity when it comes to privacy, In 2024, we continued development of our new automated Privacy Control Framework for optimising privacy and control measures. We also devote effort to Privacy by Design, which involves ensuring that privacy is systematically part of a product or service under development from the start of the process. Our development teams are making significant progress in this area. A targeted validation check is performed on all (new) IT applications (data minimisation, authorisations for access rights and removal of personal data).

Data breaches

In 2024, there were no data breaches involving customers that required reporting to the Dutch Data Protection Authority and the customers concerned, but we did investigate a total of 34 data breaches identified within Alliander. Four of these were cases where we had a duty to submit a report to the Dutch Data Protection Authority, in line with the GDPR. In addition, there were 4 incidents that involved centralised processing, so the network operators bear joint responsibility for them.

Security

Retaining the trust of customers and shareholders requires us to remain resilient. Maintaining focus on our strategic goals is only possible if we prevent security incidents or minimise their impact. We achieve this by investing in people, procedures and technology. In recent years, the number and frequency of threats to organisations in general and organisations with vital infrastructure have increased. Examples of these are:

- Geopolitical developments and state actors.
- Cybercrime, such as hijacking of systems and data.
- Vulnerabilities in systems, software and human behaviour within our ecosystem.

Alliander works in accordance with a security strategy to structurally safeguard security within Alliander, maintain our resilience at an adequate level and comply with relevant laws and regulations.

Information Security Management System

We are working towards an Alliander-wide Information Security Management system to manage security within Alliander consistently in a dynamic world. In 2024, we tightened security controls in accordance with the ISO27001 plan-do-check-act cycle. The ISO 27001 certificates for Liander, Alliander Telecom and Qirion were renewed.

Business Continuity Management

We facilitate business continuity management (BCM) to minimise the impact of a crisis or contingency on business processes. We do this by optimising our preparations for a crisis and by defining our actions during and after the crisis. This is structurally embedded in the form of an action plan and policy relating to BCM. The goal of BCM is to implement measures required in our operations and in the area of information technology to safeguard the continuity of the (most critical) business processes and to minimise the impact of outages on the services we provide. We conduct simulations and tests to assess our crisis organisation. These exercises and test activities involve both outages of energy supplies such as gas and electricity, and non-availability of our digitalisation facilities. In addition, specific plans are available to ensure the continuity of internal processes in the event of a crisis or major disruption.

Sufficiently mature security

As a vital infrastructure company, Alliander attaches great importance to its ability to structurally control security risks. This is why we are constantly working on improving our security resilience. In concrete terms this means that we work in accordance with ISO 27001 and that we allow the level at which we do this, the maturity of our security, to be measured using the C2M2 (Cybersecurity Capability Maturity Model) methodology. The C2M2 methodology is specifically designed for energy network operators and includes both the IT and the OT environment of an organisation.

Security by design

Where possible, we apply Security by Design in digitalisation initiatives, whether or not we build them ourselves. This enables us to implement security wishes and requirements efficiently and effectively. How the software will meet these security wishes and requirements is described in advance. We continuously test all (insourced) software for risks and critical findings, and resolve them in an ongoing process.

Being an attractive, inclusive employer with equal opportunities for all

What do we have at our disposal? › What is our role and which choices do we make? › What do our stakeholders notice in the short term? › **Which values do we create for the long term?** › What are the most significant social impacts? › To which global targets do we contribute?

Alliander employs about 9,900 people (roughly 9,400 FTEs), including agency workers, who all work together to ensure a reliable, affordable and accessible energy supply. These people are an indispensable link in the daily performance of our tasks. Alliander acknowledges the importance of good employment practices and wishes to be and remain a top-class employer, i.e. an inclusive place of employment where employees trust the people they work with, have opportunities for personal development and feel good about what they do. Alliander wants to be an organisation where they enjoy working in a pleasant atmosphere with colleagues, customers, suppliers and partners on the energy supply for a sustainable future. We describe our efforts relating to the well-being, health and safety of our own employees and those in the supply chain in detail in the relevant chapter of the sustainability statement in this report.

Objectives and results for employees

Employee sickness absence

4.1% result in 2024

≤ 4,3% objective for 2024

4.4% in 2023

Employee survey score: engagement

84% result in 2024

≥ 81% objective for 2024

82% in 2023

Women in managerial positions

33.4% result in 2024

≥ 33.0% objective for 2024

30.5% in 2023

People with poor employment prospects

180[1] result in 2024

≥ 154 objective for 2024

125 in 2023

1 The number of employees with poor prospects in the labour market comprises 180 jobs created under the Dutch Participation Act, amounting to 145.3 FTEs.

Getting the job done with our employees

The Dutch labour market is under severe pressure. Engineering and IT are among the sectors that face the highest labour market scarcity. The number of job vacancies continues to grow against a backdrop of increasingly rapid population ageing and near-zero working population growth. This applies to both the Netherlands and Europe.

Inflow of colleagues

In part due to our 'The energy transition is impossible without you' employment campaign and extra efforts in recruitment, we were able to attract a record number of new employees in 2024. More than 1,500 new colleagues started with us in 2024. It is interesting to see that many lateral entrants have chosen to work for Alliander: people from diverse backgrounds want to contribute to the energy transition. We have set up in-house training to prepare these new colleagues for technical positions. As a result, we achieved strong growth in the inflow of technicians: 162 (2023: 75).

More than 1,500 new colleagues started with us in 2024.

To stay productive and connected in the face of such rapid growth, two things are important: our absorption capacity and our adoption capability. Our absorption capacity is a measure of how successful we are in quickly getting our new colleagues to the point where they are productive. Our adoption capability reflects how effective we are in exploiting the inherent value of changes, such as innovations to speed up the work. This starts early, before the first working day, with the onboarding activities and focuses on onboarding specifically into the organisational unit and into the daily work. Our adoption capability reflects how effective we are in exploiting the inherent value of changes, such as innovations to speed up the work. We work on this every day at Alliander. For example, we improved the onboarding programme last year: Join the Grid has been expanded and the onboarding day further optimised.

As we anticipate a continued increase in labour market tightness over the coming years, we committed to improvements in 2024 that will create value in the longer term. For example, the organisation has taken action to become bilingual. Furthermore, career paths for technicians have been rolled out, with an emphasis on managing career advancement to offer colleagues greater career prospects and retain them longer.

Engineering and IT are among the sectors that face the highest labour market scarcity.

Join the grid, onboarding game, onboarding days

Alliander has a central onboarding programme for new employees. This programme consists of an online component with 'Join the grid' e-learning tutorials. The introduction day in Duiven is a key element of the central onboarding facility's offline component. In September, a new interactive game – 'Time is now' – was added to the onboarding day agenda. Finally, several organisational units have improved their onboarding using a toolbox and the Onboarding Community of Practice.

The introduction day in Duiven is a key element of the central onboarding facility's offline component.

Collaboration in the sector and the supply chain

We collaborate closely with the other network operators in the context of labour market issues. We are also committed to increased collaboration with contractors and other supply chain partners. Where possible, Alliander chooses a pioneering role in the development of joint initiatives. Some examples:

Labour matching platform

In order to help more people from other sectors find work in the technical sector, we will be matching the skills of candidates rather than their level of education. Seven companies operating in the energy transition have joined forces for this in the 'Arbeidsmatchplatform' (labour matching platform). In 2024, the platform was expanded to include new partners, including businesses specialising in installation technology, and rolled out to several new regions. Partners have now referred dozens of candidates to each other to ensure their availability for the energy transition. In addition, the platform is enjoying increasing recognition, as evidenced by collaborations that have started with WENB, the Goldschmeding Foundation, the Economic Board Arnhem/Nijmegen, Erasmus University Rotterdam and Tilburg University, among others.

Ecosystems

We are building regional 'ecosystems' with regional partners, such as contractors, public authorities, the education sector and Dutch Employee Insurance Agency UWV, in order to expand technical labour capacity. The first ecosystem, Infra Groot Amsterdam (IGA), has worked with sector partners to clearly formulate career paths and was expanded in 2024. This has resulted in a concrete collaboration model that makes optimal use of available resources for recruiting and training technicians in the Greater Amsterdam region.

We have also established an ecosystem in the Arnhem-Nijmegen region. Based on the objectives identified in the Human Capital Agreement on retraining workers for highly demanded professions in the energy sector and activating unused labour potential, we have set up a collaboration in combination with the Arbeidsmatchplatform (Labour matching platform) to inspire regional candidates to apply for jobs related to the energy transition. We also exerted influence on the strategic mission of the Sustainable Electrical Energy Centre of Expertise (SEECE) partnership in this region to align it with Alliander's task.

We are building regional 'ecosystems' in order to expand technical labour capacity together with regional partners.

Joint labour market agenda for the sector

Following on from the National Network Operators Implementation Agenda (NUA), a sectoral labour market agenda was developed under Alliander's leadership in 2024, which includes the following actions:

- Set up a sectoral preparation programme for refugees with a residence permit.
- Make optimal use of all the training capacity that both network operators and chain partners have available.
- Establish and implement sectoral career paths for hands-on engineering jobs (electricity and gas) and digitalisation.
- Actively engage in WENB's lobbying activities using a technology-related plan of attack, supported by Netbeheer Nederland, in relation to promoting study choices, introduction of a skilled workers regulation and expansion of the regulation for highly skilled migrants to include housing.

Skilled workers regulation

Under the umbrella of Netbeheer Nederland, the WENB and VNO-NCW employers' associations have presented arguments to the House of Representatives in support of a skilled workers regulation that creates greater scope for employing specific skilled workers from outside Europe to help implement the energy transition. This is a target group that we as a sector will need in the future in order to get enough work done. Despite much political support, this proposal has not yet been adopted by the minister. Unfortunately, no alternatives were proposed either. We did, however, manage to get our sector to rally behind the Delta Plan for Labour Migration. This plan also supports recruiting skilled workers from outside Europe for specific positions in healthcare and the energy transition, allows this for a temporary period and includes mechanisms to ensure good housing and other facilities.

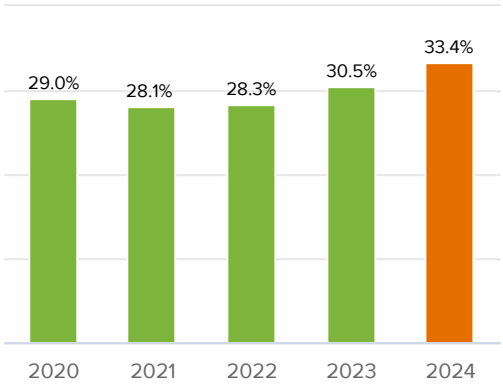
Composition of the organisation

Our task requires innovative thinking, so it is important that colleagues feel at liberty to show their best and unique selves at work. For that reason, we pursue inclusiveness and diversity in our management approach.

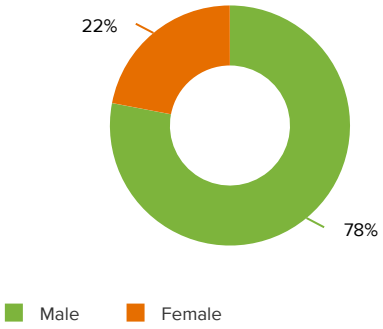
Gender diversity at board and senior management level

In 2025 and 2030, we have set ourselves the target of having women in respectively 33% and 50% of our management positions. In 2024, this percentage was 33.4% (2023: 30,5%), meaning that the objective set for 2025 has been achieved. The proportion of women in senior management (N-2 positions; directors and managers in the hierarchical layer directly below the Management Board) is 38%. In 2025, we want to see growth in the number of women in team leader positions. We will achieve this in part by actively employing role models and objectifying the inflow and advancement process. Alliander strives to be a female-friendly employer. We have initiated and hosted webinars on the menopause and the hormone cycle, and the safety workwear package has been expanded in a manner specifically tailored to the needs of women.

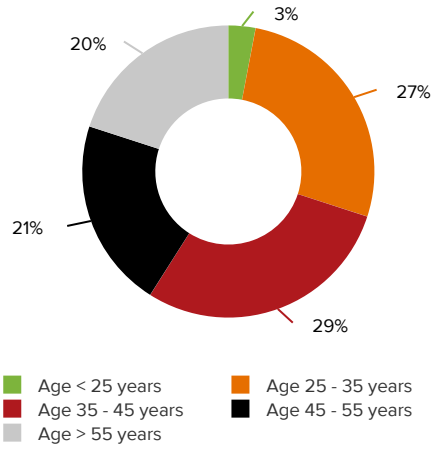
Percentage of women in managerial positions



Employee breakdown by gender



Employee breakdown by age



Attention for special days

We pay attention to special days that are important to groups of colleagues. During Ramadan, we organised an Iftar for 100 colleagues, where we reflected on the values behind Ramadan and how we can use these values to move Alliander forward as an organisation. On July 1, we celebrated Keti Koti with an informative webinar and lunch that facilitated open conversation. We celebrated Coming Out Day together with the presentation of the first Ally of the Year Award. During Diversity Day, we reflected on the diversity of all our colleagues, because everyone has their own story. By sharing these stories, ideas emerge and different perspectives are highlighted.

We pay attention to days that are important to groups of colleagues. This creates a greater connection with colleagues for whom these days are new.

Employee networks

Six employee networks play an important role in promoting inclusion and social cohesion. They are: Wij zijn Nexus (multicultural network), Lianne (women's network), Pride (LGBHTQ+ network), Young Alliander (youth network), Mission Possible (network for colleagues with support needs), Globals (for international colleagues).

In 2024, Mission Possible put the topic of neurodiversity firmly in the spotlights by hosting a webinar for more than 500 colleagues. Lianne regularly organises low-threshold meetings where women can meet each other. The Globals network has contributed to the inclusion of non-Dutch speaking colleagues by holding information sessions in English on topics such as the collective labour agreement and the intranet.

Opportunities for people with poor employment prospects

we aim to include people with poor employment prospects, focusing on the target group that falls under the government's job promise scheme ('banenafspraak'). We offer sustainability-oriented jobs and paid work experience placements. In 2024, we employed a total of 180 people with poor prospects in the labour market. (2023: 125). We are actively seeking new collaboration partners who have candidates with knowledge or skills that will allow them to contribute to our task.

In 2025, we want to see growth in the number of women in team leader positions.

Being an attractive employer

Collective labour agreement for network companies

The network companies want to be attractive employers for people who very much want to contribute to achieving the energy transition. In late 2023, the employers' association and the unions reached consensus on the new collective labour agreement for network companies (NWb) and the NWb Sectoral Social Plan, including wage increases of at least 7% in 2024 and 3% from 2025. In addition, the temporary financial allowance for specific technical groups introduced in 2023 was included in the structural salary. We also agreed to modernise the terms and conditions of employment, both in terms of their text and their content. In the Alliander Collective Labour Agreement, we incorporated the changes to the job classification system, performance management and the remuneration policy. Furthermore, instead of having annual appraisals (with or without financial consequences) we now want to pay more attention to recognising and appreciating our employees (in a timely manner and appropriate form). We are also working hard on a new integrated mobility policy appropriate to Alliander.

Through various pilot schemes across the sector, more experience was gained in exchanging national holidays in 2024. The network sector aims to be a diverse and inclusive sector, which makes allowance for different religions and the associated holidays. Finally, after a successful trial period at pilot scale, we introduced a 'Workation' policy, allowing employees to combine work and holidays for up to two months a year in designated countries.

Employee satisfaction

We use the Central Employee Barometer to measure how satisfied colleagues are with their work at Alliander. Employees are passionate about and proud of their work. Due to the combination of high employee satisfaction and a high score as a good employer, Alliander was recognised as a 'World Class Workplace' for the second year.

Alliander Foundation

The Alliander Foundation encourages and helps our employees to engage in volunteering. A total of €255,000 was spent on 131 projects and activities of the Alliander Foundation in 2024. As in 2023, all colleagues were given four hours off for volunteer work. Many community-related team activities were organised and there were also many activities in which colleagues could participate individually. In addition, as in other years, colleagues could obtain support for their own voluntary work or set up an action for a good cause. There was also an opportunity for pleasantly surprising people going through a difficult period or who are lonely, with a fun activity or gift. Alliander sees value in supporting employees who want to do volunteer work because they experience benefits such as an opportunity to broaden their horizons and increased workplace happiness.

Focus on professional skills

To find solutions for the energy issues of today and tomorrow, we invest in our people. We do this, on the one hand, by offering good pay and benefits, and, on the other hand, by helping our employees get the best out of themselves through training opportunities. That is good for them and good for the company. Employees are encouraged to develop their professional skills with a range of training and development opportunities. Special attention is devoted to safety training for specialist roles or roles involving specific risks.

Alliander's own technical college

In 2024, the inflow of participants in the various intensive and long-term training programmes increased to 250 (2023: 121). New and experienced colleagues enrolled in more than 2,300 BEI/VIAG courses to obtain or renew their certification. To facilitate the growing demand for training, 2024 saw significant investments to scale up our training facilities: the new buildings at our Amsterdam and Leeuwarden locations were completed in 2024, and we opened a new location in Zevenaar.

As the inflow is expected to remain at this high level for the coming years, we are holding intensive discussions with Regional Training Centres that provide the qualification programme for Alliander. They, too, need to scale up sharply due to the growth in inflow, and the training model must also be modified to match. Close collaboration with Regional Training Centres and other stakeholders, such as contractors and industry partners, to ensure high quality of training in the long term is a key priority for Alliander.

Unlimited Learning

Alliander started implementing a new platform for learning interventions in 2024. The platform will be accessible to all employees. Various learning and development opportunities are important components of talent management and trainee programmes.

Performing Together

In the ‘Performing Together’ approach, we offer teams an opportunity to improve their effectiveness and reflect with each other on results and behaviour, so that they can perform better together.

My Energy Plan

The energy transition requires a transition within our own organisation. That means we all need to refresh our professional knowledge and continue to learn and perform. So we dropped the PRO assessment system on 1 February 2024 and now use ‘My Energy Plan’. This is a personal plan that helps employees make the best use of their time, talent and energy. Employees make agreements with their managers about their personal results, behaviour and development, and constantly review their progress. ‘My Energy Plan’ offers more flexibility, has no final assessment, gives more autonomy to the employee, focuses on the future and encourages us to learn as we perform and to celebrate our successes more often.

Leadership

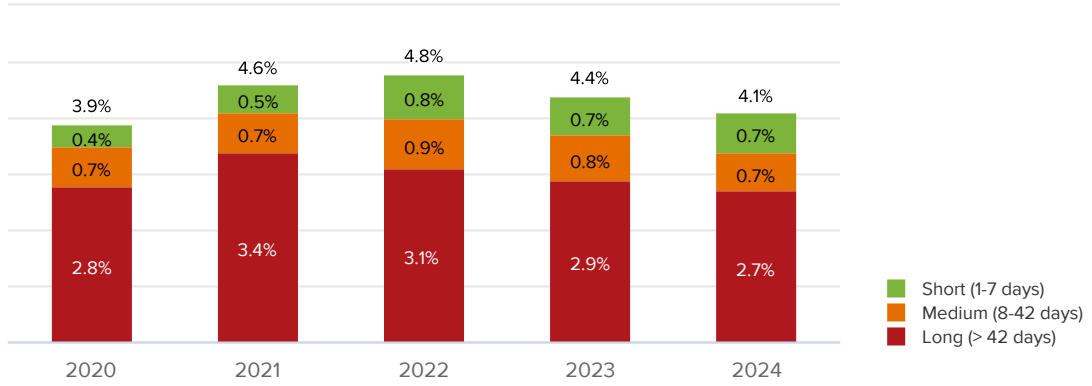
In 2024, under the motto of ‘every colleague deserves a good manager’, the leadership programmes evolved into training programmes that strengthen managers in the ‘skills of leadership’. In these training courses, managers develop their ability to reflect on their own leadership, learn how to improve the quality of their dialogue with employees and their management of inclusive and safe teams that learn as they perform, and how to focus these teams on Alliander's strategic goals. The training courses are based on the Alliander leadership profile introduced in 2023, which is expressed in terms of helpful and non-helpful behaviours. Participants gain insight into their leadership style via 360-degree feedback.

Employee vitality and sickness absence

Sickness absence

In 2024, the sickness absence rate was 4.1% (2023: 4.4%, target 4.3% max). In the first half of the year, the moving sickness absence rate remained virtually flat at or around 4.4%. In the second half of the year, it dropped gradually to 4.1% by December.

Sickness absence rate



Improved absence management

On top of the Preventive Employability Consultations with an ongoing focus on further development and optimisation of the 'Eigen Regie' self-management model, we launched internal workshops in 2024 to help managers improve how they manage sickness absence among their team members. We organised these workshops on four occasions, with a total of 34 managers taking part.

Primary responsibility for managing sick employees lies with Alliander's managers. Sick employees can count on support from internal prevention and sickness absence specialists. In 2024, we also procured a sickness absence tracking system to further improve our absence management capability. This tracking system is an application that helps managers monitor and follow up on sickness absence cases in a way that is efficient, time-contingent and compliant.

Employees with a specific need, whether it be preventive or curative, can turn to one of the intervention providers at Alliander's group health insurer Zilveren Kruis. In 2024, 545 employees used the available interventions.

Sustainably Fit

Both today and in the future, Alliander gives employees the opportunity to be physically fit, mentally relaxed and socially connected, so that they can enjoy their job and feel energised in their free time. An effective and productive organisation starts with employees who are employable for the long term: committed, motivated and both mentally and physically fit. At Alliander, we have been working to boost our employees' sustainable employability for years, including through coaching and programmes promoting physical fitness. There was, however, room for improvement when it came to how easy these programmes were to find. This is why we introduced a new brand name: 'Duurzaam Fit' (Sustainably Fit). Under this name, we have further strengthened our vision on and topics around sustainable employability.

- Physically Fit.
- Mentally Relaxed.
- Socially Connected

By bringing it all together under the Sustainability Fit banner, we are raising the profile of our offering, making it easier for employees to find the tools and support that will help them stay employable for the long term. Together we work to ensure a healthy, connected and energetic work environment.

Sustainably Fit Coach

In late September 2024, we launched the Sustainably Fit Coach that gives employees access to low-threshold coaching without having to go through their manager. Provided by an occupational psychologist, the coaching itself is for a maximum of three hours, either over the phone or on Teams, starting as soon as four (working) hours after the employee requested it. After only 24 hours, the full budget earmarked for these coaching sessions had been used up. In 2024, a total of 79 employees signed up for sessions with a Sustainably Fit Coach.

Future Leader Board

Young employees in conversation with the Management Board

The Future Leader Board was formed in 2023 as a new body in Alliander's governance set-up. Seven young employees sit on the Future Leader Board and engage in quarterly discussions with ExCo and Management Board members about current administrative issues or current topics that they themselves have put on the agenda. Through this board, Alliander ensures that the voice of young people, who are our future, is represented in decision-making. Last year, the Board:

- Organised participatory sessions at various offices to engage with young people. These sessions were instrumental in forming a picture of the views at grass roots level, so that they could be addressed in the board meetings.
- Contributed to a new mobility policy, a scheme for partial repayment of student debt via Alliander, a new buddy system, sustainable and healthier meals in company restaurants, and we are in discussion about setting up a relaxation area at various offices.
- Organised four board meetings with the ExCo. We talked about the energy vision, generational differences in the workplace, the workplace of the future, long-term employability and transformation in supply chain management.

During the past 1.5 years, we have built a strong foundation for the Future Leader Board. In 2025, we will step down in favour of a new, second team of Board members.

On behalf of the Future Leader Board,
Daphne van Paridon (chair)

Review by the Works Council

In 2024, the Works Council further specified and shaped its vision and key priorities as formulated in 2022. The key priorities relate to the balance between control and participation, between acting as an outstanding employer and as outstanding employees, and between fulfilling Alliander's task and resilience. They also help the Works Council maintain a broad overview of our company that is growing so rapidly in terms of the number of employees and the stronger role of digitalisation to cope with its ever-increasing societal task in the energy transition

The Works Council contributes to Alliander by representing the interests of the employees and the organisation in the discussions with Alliander's board and management. In 2024, we held monthly meetings with the Management Board. In addition to this, the Works Council also initiated in-depth consultations with experts responsible for matters such as strategy, finance, HR, the occupational health and safety service and sustainable employability.

Informal consultations were held with ExCo members on Alliander's growth and we engaged in an open discussion with the Supervisory Board on the topics of safety and AI (Artificial Intelligence).

Task feasibility: everything affecting Alliander's work package

In meetings with the Management Board, the Works Council gained a clear insight into Alliander's strategy, financial situation and way of communicating with the national government.

Last year, based on the strategic agenda and in several sessions with ExCo members, we regularly discussed the topic of rapid organisational growth in relation to task feasibility. Task feasibility is aimed at building, building and more building, on using networks in better and more flexible ways, and on improving communication with customers. The most important things for the Works Council are to know exactly what the task feasibility challenge entails, whether that task is physically manageable, whether Alliander's plans are suitable for it, what Alliander's current position is, and what the impact is on the organisation and its employees. In response to the working week in September, for example, where the directors shared their strategic multi-year plans, the Management Board ran us through Alliander's integrated business plan and the actions that are being taken in respect of supply chain management. In the business unit committees, we continue to follow the implementation and effects of the business plans of the individual organisational units with a sharp and critical eye. The sale of Kenter was also completed. As the Works Council we were closely involved in this development and issued our approval for the sale.

Top-class employer: management of and prerequisites for the organisation

Congestion issues greatly affect how our employees have to do their work. Increasingly often this results in unsafe situations for our employees, both in the field and online. This year, Alliander achieved level 4 on the safety culture ladder, but in practice the number of lost-time accidents is on the rise. As the Works Council, we find this unacceptable and continue to insist on the importance of arranging a Safety toolkit session in various work consultations. The planned growth in the number of employees requires all HR processes to run more efficiently, so the Works Council has put significant effort into the HR projects, including a simpler job classification system, more effective performance management and a more transparent remuneration system, and the relationships between these instruments and their implementation. For its consent regarding performance management, the Works Council asked that attention be paid to its major impact and linked it to the Works Council's key priority of transitioning 'from work pressure to work enjoyment'.

The Works Council also collaborated in co-creation on other topics, advising on the modernisation of the mobility policy in order to further shape Alliander's sustainability by including other modalities.

Top-class employee: contributing to Alliander's task and personal leadership

Despite the outflow of employees due to retirement and the tight labour market, the number of employees grew significantly in 2024. The growth in the workforce continued at an even faster pace last year. Because of this, about half of all employees have only been working for Alliander in their current position for one or two years. This requires more attention for onboarding, training and mentoring, which in turn puts additional pressure on the existing employees. Alliander is asking its employees to proactively contribute to the challenges faced by Alliander, to cultural changes and to further developing their personal leadership. As a participation body we share our thoughts to ensure that this process succeeds. One example is the 2023

Works Council survey investigating employee retention, the results of which were used for the development of the aforementioned HR tools in 2024. The Works Council will closely monitor further implementation of this in 2025, including 'My Energy Plan' and 'People Review'.
Negotiations on employee benefits are held between the employer and the unions, but as a participation body we have influenced this process by giving both parties an insight into people's thoughts and feelings within the organisation and the expectations employees have in terms of modern benefits. The Works Council directly affects the formulation of employee benefits in company schemes, for example, it used its influence and advocated measures to strengthen the purchasing power of employees.

Resilience: from work pressure to work enjoyment and mental resilience of employees

Working from home is now the norm for many. This, together with the major growth of the organisation in different teams, leads to a reduction in social cohesion and possibly a greater distance between employees and Alliander. So the Works Council advocates, among other things, the promotion of activities by Alliander and the staff association, to foster team spirit and the 'Alliander feeling'. The high workload that employees may experience is seen as an area of concern by the Works Council, making it a frequently discussed topic during meetings with the Management Board. The Works Council has expanded the framework document on reorganisations, which we use for every planned major change to call for an explicit focus on the impact of the change on the workload and work enjoyment of the employees concerned. The theme of personal safety remains important to the Works Council. Making it possible for people to come forward with their story and keeping it this way is extremely important in a rapidly growing and increasingly diverse Alliander. The basis for doing your job well is to feel accepted as you are and to feel safe in your interactions with managers, colleagues, suppliers and customers.
As more responsibilities are being transferred to the organisational units, employee participation needs to be strengthened at the management level of the organisational units. After all, employee participation is only effective if it follows whoever has control. This may help to ensure that we can talk to directors about the thoughts and feelings of our employees.

The theme of employee retention (including new employees) will continue to be a focal topic for us as the Works Council in 2025. It is especially important in an unstable world in which employees attach great importance to a pleasant, safe and stable working environment in which they can perform optimally and develop effectively. The Works Council continues to work to achieve this situation.

On behalf of the Alliander Works Council,
Nico Büskens

Being a creditworthy company with solid returns

What do we have at our disposal? > What is our role and which choices do we make? > What do our stakeholders notice in the short term? > **Which values do we create for the long term?** > What are the most significant social impacts? > To which global targets do we contribute?

As a major energy network company, we have an important social role in Dutch society. Our social, financial and sustainability performance is of significance in the considerations of shareholders and investors. Having a sound financial position enables us to perform accordingly.

Objectives and results for creditworthiness

Credit rating

Result in 2024:
S&P A+/A-1/stable outlook
Moody's Aa3/P-1/stable outlook

2024 target:
Maintain solid A rating profile

S&P A+/A-1/watch positive
Moody's Aa3/P-1/stable outlook in 2023

FFO/net debt

17.9% result in 2024

≥ 11.0% objective for 2024

21.1% in 2023

Interest cover

11.2 result in 2024

≥ 3.5 objective for 2024

12.2 in 2023

Net debt/(net debt + equity)

43.3% result in 2024

≤ 60.0% objective for 2024

46.9% in 2023

Solvency ratio

48.1% result in 2024

≥ 30.0% objective for 2024

46.1% in 2023

Financial developments in 2024

The growing demand for electricity, in combination with the projected decline in gas connections, means that we need to significantly adapt our energy infrastructure and expand it. In recent years, we have seen significant growth in our work package and the work performed as a result: investments in 2024 amounted to €1.8 billion, almost double the amount of €1 billion invested in 2021. Compared to last year, the increase is also significant, equating to growth of more than 25%. We expect increasing demand to require higher investments in the years to come as well.

In line with previous years, we once again had to deal with considerable price rises in 2024 as a consequence of the scarcity of technical staff, higher prices charged by external contractors and higher costs for materials. In addition, transmission costs rose from about €450 million in 2023 to more than €800 million in 2024. On the other hand, the cost of grid losses fell from over €300 million during all of 2023 to just under €250 million in 2024. The main cause was the drop in the energy prices at which grid losses are monetised. Furthermore, both in-company and hired staff costs increased by €140 million due to the addition of almost 1,000 FTEs as a result of the growing work package.

In consultation with the industry regulator, the ACM, a number of cost types are being discounted in our tariffs at a faster rate. This specifically involved the transmission costs in 2024. Partly because of this, our net revenue in 2024 for the electricity transmission and connection service increased by €400 million compared to last year.

The shares of group company Kenter BV were sold to a consortium of ABP and OMERS Infrastructure on 31 January 2024. Total revenue amounted to €919 million, including a book profit of €757 million.

As a result of the aforementioned developments, the net result in 2024 was €976 million (2023: €267 million), with the sale of Kenter accounting entirely for the substantial increase.

Based on the regulatory framework, the increase in investments, which rose from €1.4 billion in 2023 to €1.8 billion in 2024, is incorporated in the tariffs over an average period of 40 years. Despite the increased profit, this leads to considerable funding shortfalls every year. Thanks to the proceeds from the sale of Kenter, net debt increased by virtually nothing this year. Due to the planned repayment of ECP and a bond loan, Alliander issued a new loan for a nominal amount of €750 million under the EMTN programme in November 2024. Furthermore, in anticipation of the expected redemption of the €500 million subordinated perpetual bond in 2025, a loan for the same nominal amount was issued in June 2024.

In the long term, the annual funding shortfall cannot be financed exclusively with borrowed capital. Reinforcing the networks companies' equity is a crucial precondition for being able to continue making the necessary investments and to avoid even more pressure on investments in the gas and electricity networks. In addition to our key objective of working cost-efficiently to keep the energy system affordable, a framework agreement with the State was put in place in 2023. It describes conditions under which the State will contribute capital to the network company's equity, making it a shareholder of the network company.

Discussions are also ongoing with the ACM about a possible changed regulatory system from 2027. The emphasis here is on the implementation of an appropriate future regulatory method consistent with the energy transition.

Also in 2024, we reached agreement with the Dutch Tax Administration regarding application of the discretionary depreciation scheme for the 2023 financial year. Based on this scheme, Alliander has deducted a one-time amount of €400 million from the fiscal profit for 2023. The immediate tax benefit amounts to €103 million. The use of this facility results in lower future depreciation, meaning that the tax benefit is clawed back during the depreciation period of the assets in question. Another effect here is an improved interest position for Alliander.

Alliander's financial policy is explained in further detail later on in this chapter. The financial results will also be presented, as well as Alliander's position regarding matters such as cash flows and financing. These items are followed by taxation and the regulatory developments. The chapter ends with a look ahead at the results expected for 2025.

Financial policy

In principle, our financial policy is designed to allow us to maintain a solid A rating. This means that we are able to continue to invest in our networks and grow the business thanks to our financial position. It enables us to pursue our strategy. In view of Alliander's task, with effect from the 2025 financial year, a number of changes have been made to the financial framework and dividend policy that will allow us to continue to meet our increased investment needs while maintaining a solid A-rating profile.

Changes in dividend policy

At the Annual General Meeting of Shareholders (AGM) on 17 April 2024, Alliander and the shareholders agreed that they would jointly review whether the dividend policy is still appropriate to Alliander's task. In May 2024, the Management Board initiated discussions on this in the Meeting of Major Shareholders. On 24 January 2025, these discussions resulted in the following agreements on the dividend policy to be implemented from 1 January 2025:

- Continuation of the current payout ratio (in accordance with current policy). As part of the financial policy, the dividend policy provides for distributions of up to 45% of the profit after tax, adjusted for fair value movements, periodic payments relating to loans that are recognised in equity and exceptional items that did not lead to a cash flow, unless investments or financial criteria demand a higher profit retention percentage and/or unless the solvency ratio falls below 30% after payment of dividend.
- Introduction of a dividend cap. Maximisation of the absolute dividend distribution by introducing a dividend cap of €100 million.
- Indexation of the dividend cap. In the first two years, i.e. the payment of dividends for the 2024 and 2025 financial years (actually paid out in 2025 and 2026, respectively), the dividend cap is set at a maximum of €100 million. From the 2026 financial year, the amount of the capped absolute dividend distribution will be indexed annually based on the actual Consumer Price Index (CPI), as published by CBS Statistics Netherlands.
- Evaluation of the policy. After three years, the dividend policy will be evaluated. This includes assessing the impact of any new method decision on Alliander's expected financial results and, more specifically, on the expected dividend distribution and on the FFO/net debt ratio. The results of this evaluation, which will be initiated by the company, will be discussed by Alliander and the shareholders – each adopting a position based on their own responsibilities – and this may, in due course, constitute grounds for adjusting the dividend policy (i.e. tightening or broadening it).

Changes to the financial framework

In late 2024, the Management Board decided to bring the financial framework more in line with the goal of having a solid A-rating profile. The following changes were made to achieve this:

- Lowering the minimum target for the FFO/net debt ratio. The minimum target for the FFO/net debt ratio has been lowered from 15% to 11%. This relaxation is possible because credit rating agency S&P granted Alliander an additional step in Alliander's credit rating on 14 February 2023, in recognition of Alliander being assigned Government Related Entity (GRE) status.
- Reduction in the number of financial ratios. The ratio related to interest coverage and the net debt/(net debt + equity) ratio are no longer used. This brings the financial framework more in line with what is common in the industry.

The following provisions of the financial framework remain unchanged:

- Compliance with regulatory requirements for network operators.
- In a departure from IFRS, when calculating the ratios, the subordinated perpetual shareholder loan and the convertible shareholder loan are treated as 50% equity and 50% debt capital. Security deposits paid and received in the context of network losses are excluded from the ratio calculations.

Ratios on the basis of Alliander's financial policy

	Norm	31 December 2024	31 December 2023
FFO/net debt	≥ 11%	17.9%	21.1%
Interest cover	≥ 3,5	11.2	12.2
Net debt/(net debt + equity)	≤ 60%	43.3%	46.9%
Solvency	≥ 30%	48.1%	46.1%

Investment policy

The investment policy is consistent with the financial policy and is part of Alliander's strategy. Elements of investment policy include compliance with regulatory requirements relating to investments in the regulated domain, such as safety and reliability, and the generation of an adequate return on investment. Ordinary investment proposals are tested against minimum return requirements and criteria as set out in the financial policy. Innovative schemes require specific Management Board approval. As well as quantitative standards, investment proposals must satisfy qualitative requirements. It should also be noted that, in principle, investments in the regulated domain arise from a network operator's statutory duties.

Social performance

Alliander makes a major contribution to the prosperity of the Netherlands, indirectly through the considerable impact that the distribution of energy has for the Dutch economy and for the quality of life experienced through the permanent availability of energy. This is further explained in our impact model in the section Our impact on society. The dividend distributed to shareholders and payments to providers of capital and government authorities make an indirect contribution to social goals. The way these items are allocated and used is set out below.

Financing

The huge investment challenge and the associated financing requirements for the next couple of years increase the importance of having good access to sources of funding. Alliander has set up its financing based on a number of principles, enabling it to cover its financing requirements in the best way possible for the next couple of years:

- Cost-efficient. Alliander's good credit ratings, transparent reporting and regular visits to investors enable us to make optimum use of the public capital markets. This allows us to raise funding at the lowest possible costs.
- Green. Alliander sees that, alongside a sound financial policy, shareholders and other investors are increasingly focusing on sustainability. Alliander endorses the importance of sustainability and so the company's sustainability targets play a prominent role in the management of the business and external financing. Alliander is able to issue green bonds and green Euro Commercial Paper (ECP). The company also has a committed Sustainability Linked credit facility. This financing structure is a financial incentive for Alliander to make sustainable investments and to conduct its business sustainably. Our sustainability efforts have been rewarded with a B sustainability classification by rating agency ISS ESG and a medium Risk classification by Sustainalytics. This puts us among the high-performing companies in our sector in terms of sustainability performance, according to these rating agencies. It allows Alliander to take advantage of the growing demand for green debt instruments and, as a result, achieve favourable financing conditions.
- Scalable and flexible. We are capable of upscaling our funding rapidly and cost-efficiently in order to meet our ever increasing financing needs. Apart from upscaled financing programmes, this also requires adequately proportioned liquidity lines. It will only remain possible to use our ECP programme to issue flexible and competitively priced short-term debt instruments if there is sufficient coverage from comitted bank credit lines.

- Guaranteed in the long term. To be able to finance our investments in the long term as well, agreements with the State regarding possible capital support were laid down in the Framework Agreement. Based on these agreements, accession of the State as a new shareholder will be possible under certain conditions. This guarantees a minimum credit rating of A- (minus), which provides a great deal of comfort to Alliander's current and future financiers.

Our financial stakeholders

Alliander pursues an active policy of maintaining an open and constructive dialogue with shareholders, bondholders, financial institutions, credit rating agencies, sustainability rating agencies, analysts, and the media. We provide all stakeholders with timely and accurate relevant information on finances, strategy, risks, sustainability and other matters, in reports, in press releases, and in meetings, as well as by other means.

Shareholders

All of Alliander's shares are held directly by Dutch provincial and municipal authorities. A full list of the shareholders can be found on www.alliander.com. The authorised share capital of Alliander N.V. is divided into 350 million shares with a nominal value of €5 each. All the shares are registered shares. As at 31 December 2024, there were 136,794,964 issued and paid-up shares. Contact with shareholders primarily takes place during the shareholders' meetings. The company and its shareholders also meet outside of the shareholders' meetings. A summary of the various shareholder dialogue structures can be found on the Alliander website.

Institutional investors

Institutional bond investors, such as asset managers, insurance companies and pension funds, provide a large part of our loan capital financing. These are mostly Europe-based professional players on the international financial markets. We keep existing and potential bondholders informed of the company's financial position and results, as well as developments in the industry by actively engaging in Investor Relations activities in addition to complying with ordinary publication requirements. In this context, a Non-Deal Roadshow is held every other year. We arranged the last one in November 2023. During 2024, we only engaged in deal-related Investor Relations activities.

Banks

Alliander has access to a back-up credit facility of €900 million, committed by seven banks, which matures in December 2028. The fee paid for this facility depends in part on Alliander's performance in relation to a number of sustainability KPIs. As in previous years, no use was made of the credit facility during the past year. A €300 million loan arranged with the European Investment Bank was drawn down in 2017 and 2018. The loan becomes repayable in full in 2031.

In addition to this syndicated credit facility with a group of banks, Alliander has five bilateral credit facilities with individual banks. In 2024, these committed back-up credit facilities were increased from €400 million to €1 billion. They mature at the end of 2025, with the option to extend by one year, up to December 2026 at the latest. No funds were drawn down from these facilities during 2024.

Rating agencies

Alliander has credit ratings from S&P and Moody's. These ratings comprise a long-term rating with an outlook and a short-term rating. The outlook is an indication of the expected change to the long-term rating over the next few years. On 2 February 2024, S&P confirmed that Alliander's credit rating is A+ with a stable outlook. This means that the Credit Watch Positive status put in place on 13 October 2023 has been withdrawn. There were no changes to Moody's credit rating. At year-end 2024, Alliander's credit ratings were as follows:

	Long term	Short term
Standard & Poor's	A+ (stable outlook)	A-1
Moody's	Aa3 (stable outlook)	P-1

During the reporting period, Alliander was in contact with the rating agencies on several occasions. Among other topics, we discussed the developments in the regulations, the demand for electricity, the increase in investments and the congestion problem. The recent financial performance figures and forecasts that Alliander provided on these occasions were taken into account by S&P and Moody's when assessing Alliander's creditworthiness.

Financial results in 2024

Following the sale of Kenter in January 2024, almost 95% of Alliander's income consists of regulated income of network operator Liander and 5% is from other sources, which includes income from rental of district heating networks and transformers, and income from the activities of other companies outside the regulated energy sector. Due to the funds received for the sale of subsidiary Kenter B.V., the ratio in 2024 is 70% regulated income and 30% other income. As a network operator, Liander will publish its own annual report on its performance in 2024. This annual report will appear in the second quarter of 2025.

The main expenditure relates to work maintaining and extending the electricity and gas networks and the operating expenses connected with all other activities. We invested €1.8 billion in 2024, mainly in the replacement and expansion of our networks. This investment equates to 35% of our total expenditure. Expenditure on operating expenses, such as procurement for network losses, TenneT's transmission capacity and employee benefit expenses, accounts for 59% of our expenditure. Additionally, there is the dividend payable to our shareholders and the interest payments to the holders of the subordinated perpetual bond loan and other financiers. The dividend and interest payments for 2024 together amounted to 5% of our overall expenditure. The corporate income tax payment to the tax authorities in 2024 is 1% of our total expenses.

Income statement for 2024

Net profit amounted to €976 million in 2024, which was €709 million higher than in 2023 (€267 million). The higher profit is mainly attributable to the positive book profit on the sale of Kenter, amounting to €757 million. We sold the shares of this subsidiary to a consortium consisting of ABP and OMERS Infrastructure on 31 January 2024. In addition to the sale of Kenter, we see that the cost level is increasing, with cost increases being recovered (in part) in the regulated tariffs, leading to higher revenues.

The net profit is affected every year by exceptional items. In 2024, these items had a positive impact on our profit of €779 million, whereas in 2023 they had a positive impact of €4 million on our net profit. Net profit excluding exceptional items was €197 million, €66 million less than the comparable profit in 2023.

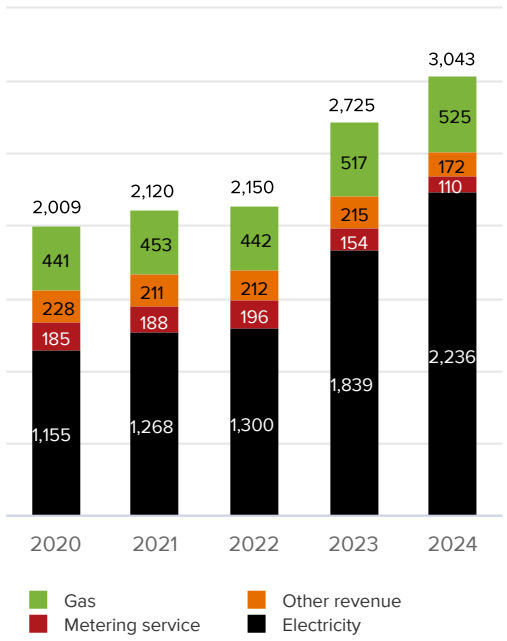
The most notable developments in our profit were as follows:

Net revenue

Net revenue in the 2024 financial year rose by €318 million compared with the previous year, from €2,725 million to €3,043 million. The key cause for this rise is the increase in our regulated tariffs for electricity. This increase is mainly driven by the rising costs for procurement of transmission capacity from TenneT and network losses, which are (partly) covered by our tariffs.

- Revenue from electricity was up €397 million on 2023. This increase is primarily driven by the aforementioned increase in tariffs. We also had a larger number of connections and higher transmitted volumes, resulting in higher revenues.
- Gas revenue is in line with the previous year. At detail level, we see lower numbers of connections offset by increases in the regulated tariffs.
- Compared to 2023, measurement service revenue is €44 million lower due to lower tariffs and because Kenter is no longer included in the consolidation. The sale of Kenter also caused our other revenue to drop by €42 million to €172 million.

Net revenue (€ million)

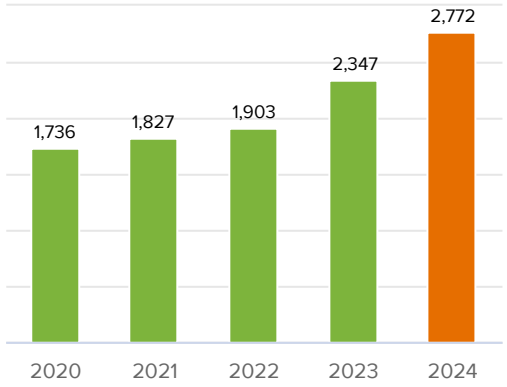


Operating expenses

Operating expenses rose from €2,347 million in 2023 to €2,772 million in 2024. This €425 million increase was primarily caused by the following factors:

- The cost of procuring transmission capacity rose by €383 million as a result of the higher tariffs set by TenneT.
- Employee benefit expenses (total of permanent and temporary staff) were €140 million higher in 2024 compared to 2023 as a result of workforce expansion. For further details, please refer to the following page.
- Other operating expenses amounted to €305 million and were therefore €55 million higher than the expenses for 2023. There is a cost increase due to a multi-year project to future-proof our information systems as well as cost increases due to growth of the organisation (maintenance costs, IT costs and facility costs). There is also a charge of €20 million for forming a provision for the removal of gas connections which cannot be charged directly to customers.
- In addition to the above-mentioned cost increases, the procurement costs for grid losses were €87 million lower than the previous year due to lower energy prices.

Operating expenses (€ million)

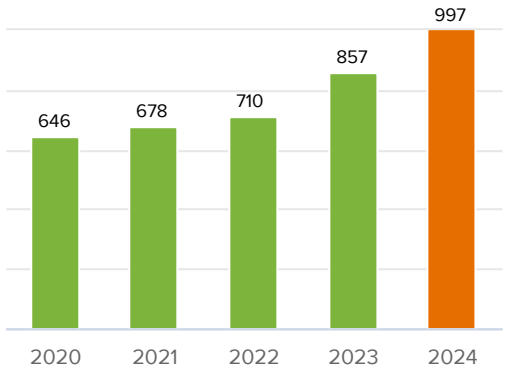


The most significant trends in these expenses are discussed below in greater detail.

Employee benefit expenses

The total employee benefit expenses for both internal and external employees were €140 million higher than in 2023. Despite the sale of Kenter (roughly 400 FTEs), our workforce grew by 689 FTEs in 2024 compared to the previous year. The average costs per FTE also increased due to a pay increase in the collective labour agreement (7%) and a job-related allowance for technical staff. The number of agency FTEs increased by over 214. These agency workers were hired to ensure sufficient staffing for the work package and specific expertise for ongoing projects, such as digitalisation projects. The larger workforce and the higher average expenses per FTE also resulted in higher capitalised production: this was €380 million, which is €62 million more than in the previous year.

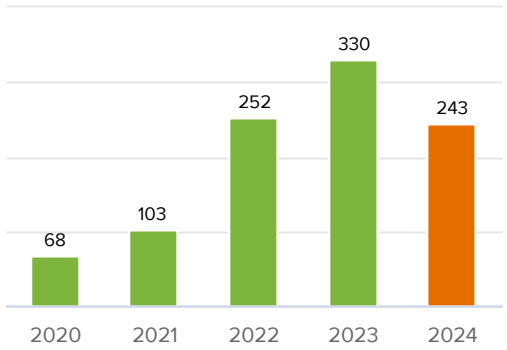
Employee benefit expenses, permanent and temporary (€ million)



Costs of network losses - electricity and gas

The costs of network losses were €243 million, down by €87 million compared with 2023. These lower costs primarily reflect a pricing effect, as the energy prices at which we must purchase grid losses from the market have fallen again compared to the past two years. Besides the price effect, we did have to procure higher volumes. The drop is visible for electricity where the costs decreased by €97 million. The gas procurement costs were €10 million higher. Since 1 January 2020, the network operators have had a statutory obligation to purchase gas to compensate for network losses.

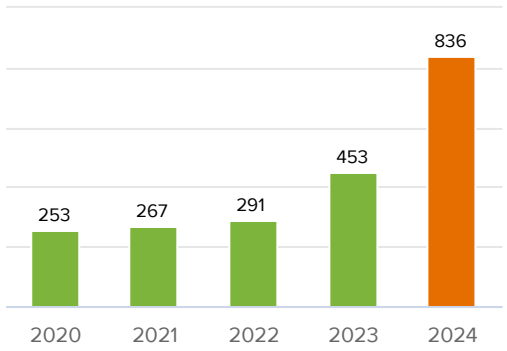
Costs of network losses – electricity and gas (€ million)



Transmission capacity costs

Transmission capacity costs in 2024 amounted to €836 million, an increase of €383 million compared to the previous year (2023: €453 million). These costs mainly consist of the costs for transmission capacity charged by TenneT. TenneT's increased tariffs have led to increased costs for us. These tariffs have risen due in part to the investments TenneT has to make, inflation and rising energy prices. In the current regulatory method, the higher procurement costs are covered by our tariffs, so the cost increase does not affect our profit.

Transmission capacity costs (€ million)

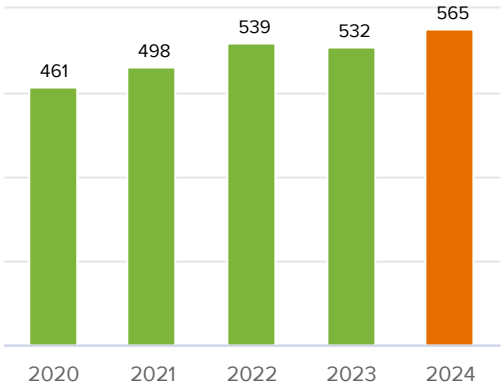


Depreciation and impairment

The depreciation and amortisation charges and impairment losses on non-current assets amounted to €565 million, which, in line with the higher level of investment, represents an increase of €33 million compared with the preceding year (2023: €532 million).

In 2022, we started applying the declining balance method of depreciation to the gas network due to expected decreasing use of our gas assets as alternative energy sources become available. The declining balance method has been chosen as this method is better suited to the expected future decrease in the number of users of the gas network. Alliander also estimates that the decrease in the number of users of the gas network will not lead to large-scale decommissioning of the gas assets. Despite a decrease in the number of users of the gas network, the gas mains infrastructure will remain largely operational. In addition, it is expected that natural gas will continue to be of relevance, along with sustainable alternatives such as green gas and hydrogen. Therefore, this does not imply a reduction in the useful life of the gas assets.

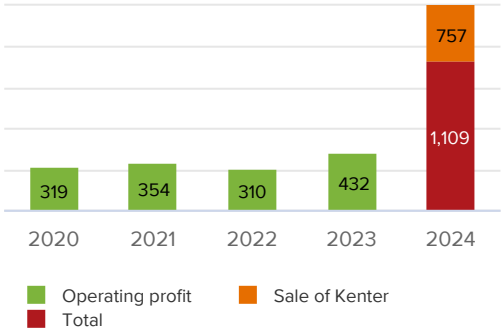
Depreciation and impairment (€ million)



Operating profit

The large profit in 2024 stands out in the bar chart: this was a direct consequence of the sale of Kenter. The operating profit excluding the proceeds from the sale of Kenter is lower in 2024 than in 2023. This is due to the increased cost level, which is partially mitigated by the increasing revenues.

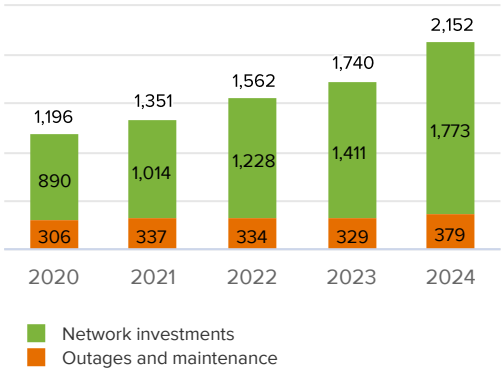
Operating profit/loss (€ million)



Network investments and maintenance costs

Total expenditure on grid-related investments and maintenance costs in 2024 was €2,152 million, an increase of €412 million compared to 2023 (€1,740 million). The increase was caused by higher investments (€362 million), and the costs of maintenance and outages rose by €50 million.

Network maintenance costs and investments (€ million)



Incidental items

Alliander's results can be affected by incidental items and fair value movements. Alliander defines exceptional items as items that, in the management's opinion, do not derive directly from the ordinary activities and/or whose nature and size are so significant that they must be considered separately to permit proper analysis of the underlying results. In 2024, exceptional items had a positive impact of €779 million on our net profit. In 2023, exceptional items provided a gain of €4 million. This means that the net profit, adjusted for these exceptional items, was €66 million lower than in the previous year. The middle column in the table below shows the exceptional items, with an explanation below.

Reported figures and figures excluding incidental items and fair value movements

€ million	Reported		Incidental items and fair value movements		Excluding incidental items and fair value movements	
	2024	2023	2024	2023	2024	2023
Revenue	3,043	2,725	-	-	3,043	2,725
Other income	838	54	787	5	51	49
Total purchase costs, costs of subcontracted work and operating expenses	-2,587	-2,133	-	-	-2,587	-2,133
Depreciation and impairments	-565	-532	-	-	-565	-532
Own work capitalised	380	318	-	-	380	318
Operating profit	**1,109**	**432**	**787**	**5**	**322**	**427**
Finance income/(expense)	-65	-69	-	-	-65	-69
Result from associates and joint ventures	4	-3	-	-	4	-3
Profit before tax	**1,048**	**360**	**787**	**5**	**261**	**355**
Tax	-72	-93	-8	-1	-64	-92
Profit after tax from continuing operations	976	267	779	4	197	263
Profit after tax from discontinued operations	-	-	-	-	-	-
Profit attributable to minority interests	-	-	-	-	-	-
Profit after tax	**976**	**267**	**779**	**4**	**197**	**263**

Other income

(2024: €787 million; 2023: €5 million)

We sold our subsidiary Kenter B.V. in January 2024, which led to a one-off positive sales result of €757 million; this item is recognised under other income.

In December 2024, we also received compensation amounting to €30 million from the ACM for past removals of gas connections, which is recognised under other income.

The exceptional income in 2023 relates to the book profit of €5 million from the sale of our Spaklerweg site in June 2023.

Tax

(2024: €8 million income, 2023: €1 million income)

The income item of €8 million in 2024 and the income item of €1 million in 2023 are due to the impact of the aforementioned exceptional items on corporate income tax. As a result of the substantial-holding privilege, the profit from the sale of Kenter is exempt from corporate income tax.

Segment reporting

General

Alliander distinguishes the following segments:

- Network operator Liander
- Other

The figures for each reporting segment, excluding incidental items and fair value movements, are shown in the following table. These figures are a direct reflection of the regular internal reporting. Detailed information on segment reporting can be found in note 2 to the financial statements.

Primary segmentation

	Network operator Liander		Other		Eliminations		Total	
€ million	2024	2023	2024	2023	2024	2023	2024	2023
Operating income								
External income	2,924	2,519	170	255	-	-	3,094	2,774
Internal income	3	4	508	427	-511	-431	-	-
Operating income	**2,927**	**2,523**	**678**	**682**	**-511**	**-431**	**3,094**	**2,774**
Operating expenses								
Operating expenses	2,598	2,088	685	690	-511	-431	2,772	2,347
Operating profit	**329**	**435**	**-7**	**-8**	-	-	**322**	**427**

Network operator Liander

The Liander network operator segment consists of the legal entity Liander N.V., which, as designated network operator within network company Alliander, has a statutory duty to manage the electricity and gas networks and related assets in the provinces of Gelderland and Flevoland, as well as in parts of Friesland, Noord-Holland and Zuid-Holland. Liander connects customers to the energy infrastructure through which it distributes electricity and gas to those customers.

Liander's operating income for 2024 was up €404 million on 2023, coming in at €2,927 million. This growth is mainly due to higher regulated electricity tariffs. On the other hand, operating expenses increased by €510 million. This increase is largely due to higher costs of transmission capacity (€379 million), an increase in employee benefit expenses due to expansion of the workforce, a collective labour agreement increase of 7% and higher costs for external capacity (€88 million), higher costs due to digitalisation and investments in future-proof information systems (€65 million), higher miscellaneous external operating costs (€40 million), higher depreciation costs (€33 million) due to increased investments and higher miscellaneous procurement costs (€22 million).

The fall in energy prices had a positive effect on grid losses, which decreased by €87 million as a result. Despite that, operating profit came in at €329 million, which is €106 million lower than in 2023.

Other

The Other segment covers the entirety of the other operating segments within Alliander group, such as the activities of Qirion, Alliander AG and Firan. At €170 million, external operating income in 2024 was down by €85 million compared with 2023. Operating profit for 2024 amounted to €7 million negative (2023: outflow of €8 million).

Balance sheet

The abridged balance sheet as at 31 December 2024 is shown below.

€ million	Alliander N.V. 31 December 2024	31 December 2023
Assets		
Non-current assets	11,719	10,509
Current assets	1,229	957
Assets held for sale	8	180
Total assets	**12,956**	**11,646**
Equity and liabilities		
Total equity	6,038	4,749
Non-current liabilities	6,092	5,296
Short-term liabilities	816	1,581
Liabilities held for sale	10	20
Total equity and liabilities	**12,956**	**11,646**

The significant changes in the balance sheet as at 31 December 2024 compared to the situation as at 31 December 2023 are explained below. Detailed information on balance sheet items is given in the financial statements.

- Non-current assets increased by €1.2 billion. This increase is explained by our investments in property, plant and equipment, amounting to nearly €1.8 billion. Together with depreciation and divestments (€600 million), this results in an increase in property, plant and equipment of €1.2 billion.
- Current assets rose by €272 million. The key cause of this rise is the €252 million increase in cash and cash equivalents. During 2024, funds were received as a result of the sale of Kenter (over €900 million), the issue of a convertible bond loan (€500 million) and the issue of an EMTN loan (€741 million), which were partly used for our repayment obligations and to finance the free cash flow. The balance of the funds received was added to cash and cash equivalents.
- The assets and liabilities held for sale at the end of 2024 relate to Warmtenetwerk Hengelo. At the end of 2023, this item related to Kenter
- Equity increased by €1.3 billion. This is mainly due to the €976 million result for the financial year and to the issue of the convertible bond loan, which qualifies as an equity instrument under IFRS (€495 million). This is offset by the €173 million dividend paid and the €8 million coupon interest paid for hybrid holders. Of the dividend paid, €120 million relates to the 2023 result appropriation and €53 million to interim dividend on the proceeds from the sale of Kenter. A summary of the movements can be found in note 12 to the financial statements.
- The €796 million increase in non-current liabilities mainly relates to the €741 million in capital raised through the newly arranged EMTN loan. Current liabilities decreased by €765 million due to repayment of existing EMTN (€400 million) and ECP (€500 million) loan facilities. The accruals and deferred income item includes €5 million as an advance payment on the transformers that will be transferred to Kenter in 2025.

Cash flow

Consolidated cash flow statement

A summary of the cash flow statement for 2024 is shown below.

€ million	2024	2023
Cash flow from operating activities	829	724
Cash flow from investing activities	-679	-1,179
Cash flow from financing activities	102	494
Net cash flow	**252**	**39**

Cash flow from operating activities

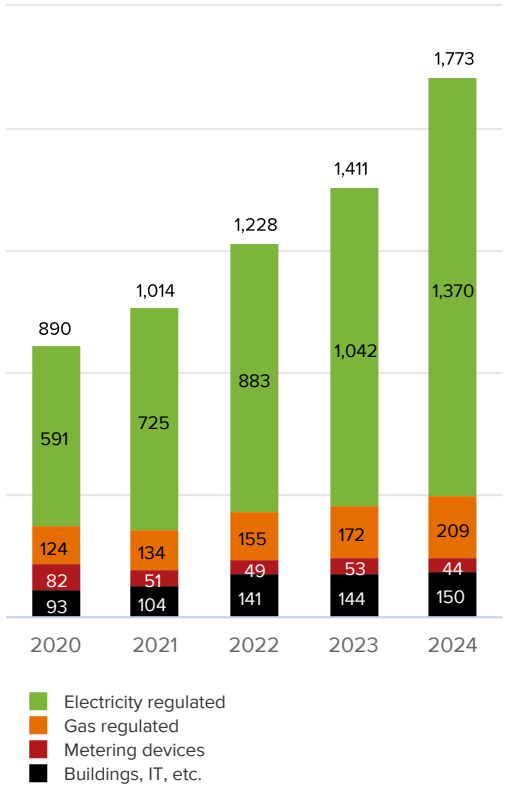
The cash flow from operating activities in 2024 amounted to €829 million (2023: €724 million). The increase of €105 million compared to 2023 is partly caused by the €200 million improvement in working capital, as a result of the prepayment received in the sale of Kenter in 2024. This is offset by the €51 million corporate income tax payment in 2024, which is €49 million more than in 2023 due to the application of the Discretionary Depreciation Scheme in 2023.

Cash flow from investing activities

The cash outflow from investing activities in 2024 was €679 million, compared with an outflow of €1,179 million in 2023. The decrease is mainly attributable to the sale of Kenter (€919 million). On the other hand, there was a €362 million rise in gross investments in 2024, which reflects the increased work package.

In 2024, the investments increased by €362 million relative to 2023. The increase is almost entirely due to higher investments in the electricity grids (€328 million). This involves both replacement and expansion of the network. Besides rolling out new and heavier-duty cables, we are building new electrical substations and expanding existing ones. Compared to 2023, investments in the gas networks rose by €37 million.

Investments (€ million)



Cash flow from financing activities

The cash flow from financing activities for 2024 amounted to €102 million (2023: €494 million). A green bond was issued in both 2024 and 2023 under the EMTN programme, resulting in an incoming cash flow of nearly €750 and €500 million respectively in those two years. In 2024, in anticipation of repayment in 2025, a subordinated perpetual bond loan was issued for €496 million. This was largely offset by items such as the repayment of current liabilities in the form of ECPs (€500 million) and an EMTN loan (€400 million), the dividend distribution of €173 million and lease payments of €45 million.

In 2023, the ECP loan we arranged led to an incoming cash flow of €200 million. Shareholder loans worth €41 million were also restructured in 2023. This was offset by repayment of non-current loans at €126 million, the dividend payout of €82 million, and the lease payment of €28 million.

Free cash flow

€ million	2024	2023
Cash flow from operating activities	829	724
Acquisition/sale of associate	919	13
Investments in property, plant and equipment	-1,773	-1,411
Paid deposits	47	51
Construction contributions received	128	140
Loans received	1	33
Loans repaid	-1	-5
Free cash flow	**150**	**-455**

The free cash flow over 2024 totalled €150 million positive, compared with a free cash flow in 2023 of €455 million negative. This difference is mainly caused by the funds received from the sale of Kenter in 2024, partially offset by higher investments.

Financial position

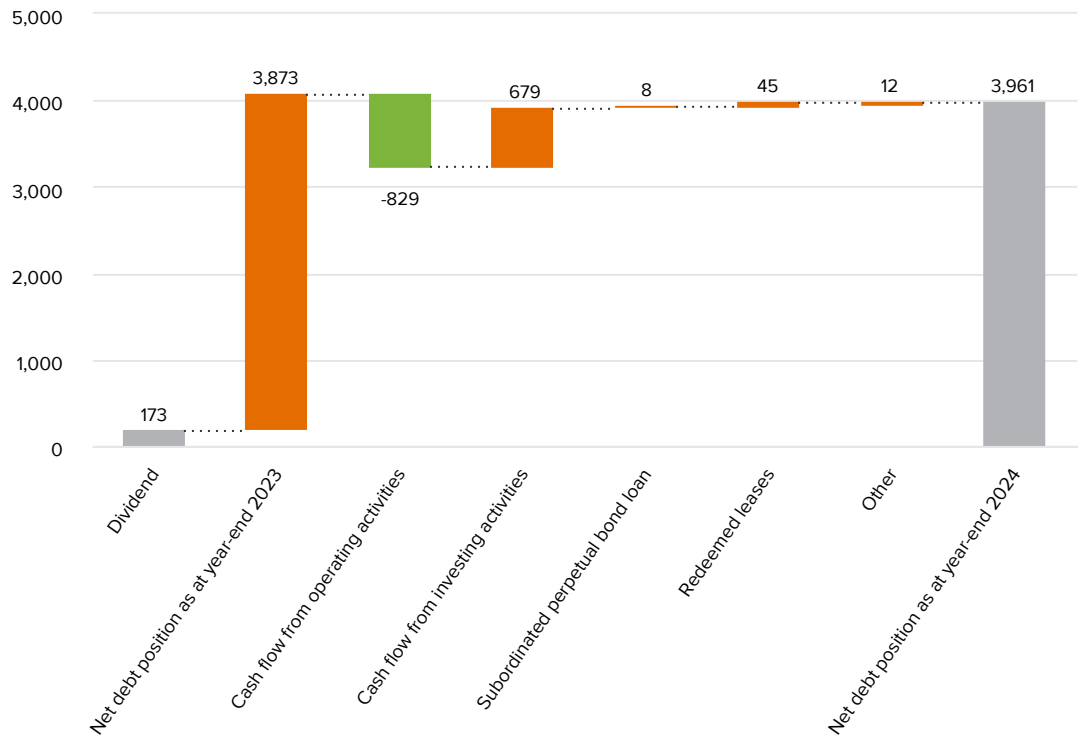
Development in debt position

The net debt position rose by €88 million to €3,961 million at year-end 2024 (31 December 2023: €3,873 million). This small increase is a direct result of the €919 million received in 2024 in the sale of Kenter. Without this sale, net debt would have increased by nearly €1 billion. This also clearly indicates that the normal operating cash flow is nowhere near sufficient to cover investment expenditures.

The redeemed leases are paid rental obligations that are recognised based on IFRS 16 as repayment of the financial lease obligation. These repayments increased by 60% relative to 2023, due to redemption of two leasehold contracts.

The development of the net debt position during 2024 is shown in the graph below.

Development of the net debt position (€ million)



Net debt position

€ million	31 December 2024	31 December 2023
Long-term interest-bearing debt	3,872	3,137
Short-term interest-bearing debt	26	924
Lease liabilities	115	107
Gross debt	**4,013**	**4,168**
Cash and cash equivalents	496	244
Net debt in accordance with the annual financial statements (IFRS)	**3,517**	**3,924**
100% of the subordinated perpetual bond loan 2018	495	-
50% of the subordinated perpetual bond loan 2024	248	248
50% of the convertible shareholders loan	-299	-299
Net debt on the basis of Alliander's financial policy	**3,961**	**3,873**

Alliander has a €5 billion medium-term note (EMTN) programme. As at 31 December 2024, the carrying amount of the outstanding bonds was €2,932 million (nominal value €2,950 million).

Alliander has two euro commercial paper (ECP) programmes totalling €1,500 million, which can be used to issue short-term debt instruments. In addition to the standard ECP programme there is also a separate programme to issue green ECP debt instruments. In the latter case, the funds obtained are used to finance assets that are further specified in the Green Finance Framework. At year-end 2024, no use was made of this programme. At year-end 2023, €500 million in ECP loans were outstanding. They were repaid in 2024.

Interest-bearing debt

The repayment schedule for the interest-bearing debt as at year-end 2024 was as follows:

Repayment schedule for interest-bearing debt (€ million)

The amounts scheduled for repayment in 2026, 2027, 2028, 2030, 2032 and 2034 mainly relate to bond loans. The other amounts relate to the repayment of shareholder loans and other loans.

Available green financing capacity

Alliander has arranged eight green financing facilities since 2016, including seven publicly issued green bond loans. The proceeds of these financing facilities have been used to fund various assets that are defined in more detail in the Green Finance Framework. These assets and financing facilities are accounted for in separate reports. A summary referred to as the allocation table is part of these reports. This summary details the size and composition of Alliander N.V.'s green asset portfolio and green financing facilities.

Allocation table: use of funds available from green financing facilities

€ million	Net book value	Weighting factor	Weighted sum
Renewable energy	5,467	100%	5,467
Smart meters	458	100%	458
Fibre optic network	46	100%	46
Total energy efficiency	**504**	**100%**	**504**
Sustainable buildings	58	100%	58
Total green asset portfolio			**6,029**

€ million	Instrument (ISIN)	Date of issue	Maturity date	Principal sum
Green bond loan	XS1400167133	22/04/2016	22/04/2026	300
Green bond loan	XS2014382845	24/06/2019	24/06/2032	300
Green private loan	XS2152901315	08/04/2020	08/04/2035	100
Green bond loan	XS2187525949	10/06/2020	10/06/2030	500
Green bond loan	XS2531420730	09/09/2022	09/09/2027	500
Green bond loan	XS2635647154	13/06/2023	13/06/2028	500
Green subordinated perpetual bond loan	XS2829852842	27/06/2024	Perp Nc8	500
Green bond loan	XS2913310095	07/10/2024	07/10/2034	750
Total green financing				**3,450**

The table shows that the net weighted carrying amount of green assets as at 31 December 2024 was €6,029 million. This represents an increase of €3,257 million relative to 31 December 2023 (€2,772 million), mainly caused by changing the weighting factor to 100%. Previously, we chose to apply a weighting factor to the net carrying amount of our electricity grids in proportion to the share of renewable generation in the total electricity production landscape in the Netherlands. Because the Dutch electricity grids are classified as EU taxonomy-eligible activities, it was decided to include the full net carrying amount from the start of the 2024 financial year.

As a result, €2,579 million in green financing capacity was available as at year-end 2024. The changes in 2024 in total green financing of €3,450 million relate to the green subordinated perpetual bond loans with a nominal value of €500 million that we arranged. A new long-term green financing facility was also arranged in October 2024: a green bond loan for a nominal amount of €750 million.

Tax matters

Alliander's tax policy focuses on national taxes in the Netherlands, which are mainly corporate income tax, wage tax and VAT. The key aspect of this tax policy is that Alliander is an engaged, reliable and transparent tax-paying company that pays its fair share of taxes to society. Our tax policy is published on our public website. In 2024, we published our tax-related transparency report on this public website for the second time. That report is the first one to include figures from our Country by Country Reporting cycle, published on a voluntary basis.

Alliander has subscribed to the VNO-NCW Tax Governance Code and applies the code's principles. The principles of this code are:

- A clear tax strategy.
- A clear governance structure.
- Compliance with tax laws and regulations.
- A constructive relationship with the tax authorities.
- Maximum transparency about tax payments.

The peer review conducted in 2024 shows that Alliander complies properly with the code.

Alliander has signed a horizontal monitoring agreement with the Dutch Tax Administration for a period of three years. This agreement will remain in effect until 31 December 2025.

Alliander made use of the discretionary depreciation scheme in 2023, so no corporate income tax was payable for the year 2023 and tax-deductible losses arose. Due to carry-back of losses, we are expecting a partial refund of the corporate income tax payable for 2022. The remainder of these losses can be offset against taxable profits in 2024. The application of this scheme has been coordinated with the Dutch Tax Administration.

Most of Alliander's activities are subject to Dutch tax law, although the local tax rules apply to our activities in Germany. The table below shows the totals per type of tax per country.

Tax payments in 2024

€ million	Netherlands	Germany
Corporate income tax	50	1
Dividend tax	4	0
Wage tax	232	1
VAT	277	2
Total	**563**	**4**

Regulatory developments in 2024

The most important developments in the area of economic regulation in 2024 related to the ruling by the Dutch Trade and Industry Appeals Tribunal (CBb) in the appeal proceedings of the joint network operators against the current method decisions for regional gas and electricity network operators for the period 2022–2026. In addition, the ACM took further action in 2024 in preparation for the method decisions to be taken in the longer term (from 2027).

The 2024 tariffs, and therefore the 2024 revenue, take into account the tariffs for the purchase of national transmission and the grid loss costs to be compensated in 2024. Also taken into account is an expected additional compensation linked to the network operators' appeal proceedings against the original 2022–2026 method decisions.

Appeal proceedings for method decisions

In 2024, following the amended method decisions issued on 21 December 2023, the ACM also issued new X-factor decisions for the individual network operators for the period 2022–2026.

For the electricity transmission and connection service, this resulted in significant additional authorised income for the network operators. In addition to the higher newly established authorised normal income for 2025, the total authorised income for 2025 also includes half of the additional amount related to the credit owing for the years 2022–2024. This amounts to €226 million. The other half will be factored into the total authorised income for 2026.

Regulation in the longer term

For the regulatory method for the longer term (from 2027 onwards), the ACM conducted further research last year into a future regulatory method that is appropriate to the energy transition.

The aim of this exercise is to achieve greater harmonisation between the regulatory methods for the national and regional network operators, and the ACM is also advocating individual cost-plus regulation. This means, for example, creating favourable conditions for the immense investment task in the area of electricity, as well as responding appropriately to declining gas consumption. This is in line with Liander's interests in carrying out its operations to efficiently implement the activities required for the energy transition, while also giving due consideration to investment security.

The ACM plans to hold sounding board meetings every four to six weeks in the coming period and intends to quickly publish a draft decision, possibly in September 2025.

Financial outlook for 2025

Investments

Alliander's work package will continue to grow significantly in the coming years. We anticipate that the gross investments, mainly for expanding the networks, will total in excess of €2 billion in 2025. As a consequence of the fast-growing demand for transmission, the power grid is becoming increasingly congested, resulting in limits on transmission. Besides the traditional way of resolving this issue by laying additional cables, Alliander is also boosting its efforts to make better use of the networks.

Cash flow

As the ever increasing investment level cannot be fully financed with the operational cash flows, we expect a sharp negative free cash flow in 2025, which will have to be funded through bond loans, possibly in a hybrid form. In addition, the intention is to repay a subordinated perpetual bond loan with a nominal value of €500 million by mid-2025 at the latest.

Regulation

The ACM and the network operators have already initiated a joint process to determine the long-term regulatory method. This is mainly being done as part of the energy transition. All the parties agree that the network operators need to be given more financial scope to make all the required investments in the coming years. An outline agreement on the regulatory method to be applied from the start of the new regulatory period (2027 financial year) is expected to be reached in 2025.

Our contribution to general prosperity

What do we have at our disposal? > What is our role and which choices do we make? > What do our stakeholders notice in the short term? > Which values do we create for the long term? > What are the most significant social impacts? > To which global targets do we contribute?

The energy transition poses major challenges for the Netherlands. The energy transition receives its direction from the climate targets for 2030 and 2050, i.e. to make the energy supply in the Netherlands more sustainable, to reduce greenhouse gas emissions and to increase energy independence. Bottlenecks are arising in this transition, such as grid congestion and delays in district heating projects that are slowing progress. As an energy company, we have great impact on these developments.

Making our grids more sustainable and expanding them for the energy transition contributes to general prosperity.

The energy supply was further electrified in 2024, primarily as a result of increased network feed-in from non-fossil, decentralised energy sources. The total capacity of connections for renewable energy was up 10% to 8,247 MW for solar energy and 1,830 MW for wind energy. At the same time, demand for electricity transmission rose on the back of growing electric vehicle adoption, people switching to heat pumps and economic development. For the first time in years, gas distribution volumes were up, beyond Alliander's control, which lead to an increase in climate-related emissions and sets us back in terms of achieving the targets from the Climate Agreement.

Targeting general prosperity

General prosperity concerns the quality of life in the present and the extent to which today's quality of life impacts negatively on the general prosperity of future generations and/or people elsewhere in the world. Focusing on value across a broad spectrum in an organisation such as Alliander means that, among other things, we need insight into the internal value drivers and management instruments. The aim is to use that insight to gear our operations and strategies towards achieving positive social impact. This focus goes beyond merely measuring output. It extends to understanding and advancing the intended impacts and reducing the unintended impacts of our operations on society. In 2024, we took further steps in this direction. By targeting general prosperity, we are including social impact in our decision frameworks and contributing to the worldwide climate objectives, as agreed at the Conference of the Parties (COP) in 2015, to the United Nations Sustainable Development Goals (SDGs) for 2030 and to the development of general prosperity, as measured in the General Prosperity in the Netherlands monitor.

Impact model: general prosperity measured

We offer transparency on our social impact by attaching a monetary value in euros to our key positive and negative impacts on society in our impact model. We measure impact on a social level: our share in social issues. We are aware that while our impact may be limited at group level, it can still be experienced as a major impact on an individual level, such as in the case of an accident or rising energy bills.

Cross-industry collaboration

Alliander, Gasunie, Stedin, Vitens, Enexis and ProRail are working together on developing a harmonised model for measuring social impact. Among other things, we are using a handbook for this with additional information about measuring and reporting on biodiversity, ecological damage through procurement of materials and the impact of work-related sickness absence and accidents. We update this handbook annually and adjust the impact assessments at industry level accordingly, while also tying in with the Corporate Sustainability Reporting Directive (CSRD).

General prosperity and SDGs

What do we have at our disposal? › What is our role and which choices do we make? › What do our stakeholders notice in the short term? › Which values do we create for the long term? › What are the most significant social impacts? › To which global targets do we contribute?

Alliander's activities contribute to achievement of the Sustainable Development Goals (SDGs) adopted by the member states of the United Nations in 2015. These 17 Sustainable Development Goals aim to put an end to poverty, inequality, injustice and climate change by 2030. The Netherlands has also committed to achieving these goals. The government, politicians and companies are currently working out their contribution in more concrete detail. Impact measurements are used to calculate the extent to which our activities affect society. These show us whether we have achieved our business objectives and how we are contributing to the SDGs. By being transparent about our calculations and measured results, we can actively involve our stakeholders in our developments, the contribution we make to the SDGs and our value creation in a broad sense.

SDG	Description	Indicators
	As an energy network operator, we play a vital role in guaranteeing a safe, affordable and constant availability of sustainable energy. SDG7 largely coincides with our mission and strategy. We see opportunities and challenges for the proper regulation of the heating market and energy storage, flex-markets, the technical and regulatory feasibility of smart connections, system integration and the prevention of network problems. Together with our supply chain partners, we want to continue making a contribution to a sustainable energy supply system at low costs.	Financial capital Manufactured capital Natural capital Intellectual capital
	We work non-stop on ensuring a safe and fair working environment for all our employees and an inclusive corporate culture.	Human capital
	Every day, we focus on making our networks suitable for the requirements of the energy transition. We facilitate customer choices, make maximum use of digital opportunities, actively create open networks and do our work efficiently. The speed of the energy transition creates new challenges that require us to continuously innovate and invest in our network. We support our customers in the built environment in switching to a sustainable energy system.	Manufactured capital Intellectual capital Financial capital
	The agreements in the Regional Energy Strategies (RES) and the elaboration of the Dutch Climate Agreement in combination with social initiatives lead to concrete strategies and district plans. Our task is to assist municipalities in this process and to programme and implement changes as well as possible. By enabling energy feed-in and connecting a growing number of charge points for electric mobility, we are also contributing to the sustainability of our cities, towns and communities.	Social capital
	We are acutely aware of the impact of our operations on the planet, and strive to make our business operations climate-neutral and circular.	Natural capital
	Climate change leads to our assets being subject to changing physical conditions, such as drought and flooding. We are giving increasing attention to how to respond and adapt to the consequences of climate change in relation to the energy network and our assets.	Natural capital

Most significant results in 2024

- Electricity feed-in to our networks continues to grow. At the same time, however, income from feed-in is falling slightly for individual connections.
- The well-being perceived by consumers for having access to gas and electricity fluctuates greatly in step with prices in the energy value chain. In 2024, the well-being value was up for gas and fell slightly for electricity.
- The fact that we are sharing more data in the public domain is driving up the positive impact value for users.
- Since the ecological cost of procured materials and products is down, the impact on natural capital is also down, despite increased investment in our network. The increase in gas and electricity transmission led to higher climate costs.

- For the second year in a row, Alliander measured how the work done by employees contributed to their development, which showed that the impact was considerable in 2024.
- The indicator of work-related sickness absence and safety incidents was up on 2023.

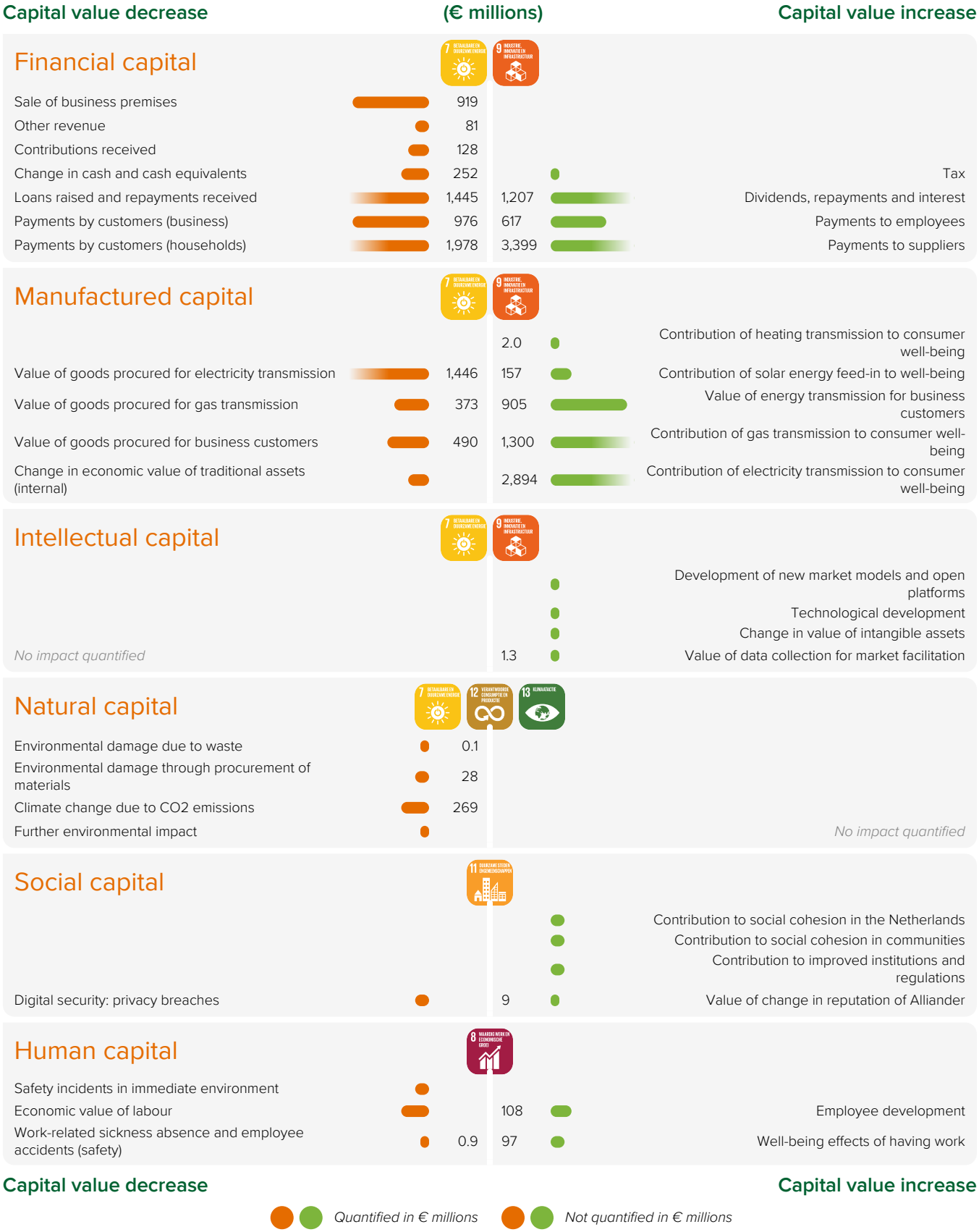
Our Sustainability and Corporate Responsibility report

Alliander follows the six capitals model of the International Integrated Reporting Council (IIRC). Using this model, we quantify and monetise the impact where we can make the largest contribution to society, both in terms of our direct activities and in the value chain. We have described the other indicators qualitatively and made an estimation on the basis of external sources. Value chain impacts are effects for which parties in the value chain are jointly responsible. For principles and calculations, see the accountability document.

Details of our impact measured in 2024

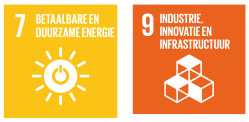
The section below provides an explanation of the positive and negative impact on each type of capital. Collaboration with the other energy network operators has increased intercomparability of the indicators for human, manufactured and natural capital. For the first time ever, we are reporting on our impact on biodiversity within the land we own, thus broadening our insight into our impact on natural capital.

Our impact model



Financial capital: investing in future-proof networks

Relationship with SDGs



The aim to ensure universal access to affordable, reliable energy, as per SDG 7, is explicitly stated in our mission statement. Our impact is reflected by the investments we make to meet the demand for capacity, feed-in and renewable energy transmitted through our networks. We aim to keep the social cost of accessing energy as low as possible. Our impact on SDG 9 is reflected in our activities to build a future-proof energy infrastructure and our use of innovative techniques, such as in hydrogen projects. We invest in local and regional energy networks that support the necessary shifts in supply and demand patterns.

Impact

Financial capital is a source of broad value creation. We use a significant part of our financial capital to contribute to the energy transition, the regional economy and employment. In 2024, our investments in our energy grids totalled approximately €1.8 billion. Our suppliers received payments for goods, services and assets in 2024, which generates work and income for other parties. Due to increasing investments, payments to suppliers were up 15.2% to €3.4 billion in 2024.

Workforce growth in 2024, a pay rise under the collective labour agreement and a change in our pay and job classification system pushed up salary payments by €78 million. Our impact on taxes remitted is €52 million due to a higher profit for 2024. On the other hand, financial contributions from both consumers and business customers, and capital raised have increased.

Manufactured capital: shift to electricity

Relationship with the SDGs

Achieving timely access to energy for our customers is our daily priority. This contributes directly to the level of well-being and prosperity that customers perceive, as envisaged by SDG 7.1. Energy distribution and transmission are the core of our manufactured capital and reflect the value that energy has for our customers. We are working on increasing the share of renewable energy in accordance with SDG 7.2 and contributing to SDG 9.1: develop quality, reliable, sustainable and resilient infrastructure. In doing so, we support economic development and well-being in our service area, with a strong emphasis on affordable and open access to energy for all.

Impact on consumers

Our main impact on manufactured capital for households is the well-being perceived as a result of having access to and the availability of energy. We analyse this impact by looking at the distributed volume, the price and the willingness of households to pay for energy. According to economic theories, the value of a product to a customer is at least equal to the price paid, but this value may be greater if the customer's willingness to pay is higher than the price charged. New insights and changes to our calculation model for manufactured capital have revealed a significant difference in the impact for the 'well-being value of gas' indicator compared to what we published in the 2023 annual report. The comparisons we make in this section are all made based on the new calculation method.

For 2024, we see an increase in the value of well-being perceived as a result of having access to natural gas. With distributed gas volumes up 16.4% on 2023, the trend of falling transmission volumes due to relatively mild winters and price uncertainties now seems to have been bucked. The perceived well-being value rose by 15.1% compared to 2023, totalling €1,300 million in 2024. Customers purchased more natural gas on average,

which may have been due to a colder-than-normal spring, the energy cap for consumer prices in 2024 and the effects of the average inflation rate. Perceived well-being effects of having access to heating fell by roughly a third, partly due to a rise in natural gas consumption and higher costs of heating from district heating networks.

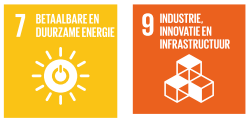
The total volume of electricity distributed to consumers rose by 3.8%. Perceived well-being as a result of having access to the electricity we transmit showed a small decrease of 1.6%, falling to €2,894 million. This drop came mainly as a result of rising electricity prices, which reduces the impact. The well-being consumers experience as a result of their ability to feed solar energy to the grid was up 238.7% on 2023, again due mainly to rising electricity prices. As a result, households without solar panels saw their electricity spend increase significantly, leading to a growing difference between electricity costs for households with and without solar panels. The impact due to the number of connections with solar panels rose by 14.1%. Income from feed-in for individual connections has been falling slightly since 2023 due to energy price developments, including energy feed-in costs and fees.

Impact of business connections

The total value of energy transmission for business connections rose from €715 million in 2023 to €905 million in 2024. This increase is largely the result of growing revenue from electricity sold to business customers (+26.5%), while the contribution of gas revenue growth in the business customer domain remained virtually unchanged.

Intellectual capital: value of market-facilitating data

Relationship with the SDGs



Digitalisation of power grids is essential for the energy transition. New models for business and markets and the use of renewable energy lead to knowledge and data on these developments. This knowledge and data is intellectual capital that can make a positive contribution to issues around the energy transition, raw materials and implementation. Transparency, innovation and collaboration are key concepts for denoting intellectual capital. We associate the indicators for intellectual capital with industry, innovation and infrastructure (SDG 9). They are reflected in our activities to build a future-proof energy infrastructure and our use of innovative techniques, such as in hydrogen projects. Participation in international initiatives aimed at knowledge sharing and technology development and application is associated with SDG 7.4.

Impact

The impact of data was up slightly compared to 2023, rising from €1.2 million to €1.3 million. This increase came partly as a result of a 10% increase in the number of times open data was referenced and downloaded, and partly as a result of an adjustment for inflation in 2023. Another change worth mentioning is that, since 2023, requests for custom data are submitted on a joint network operator platform called ‘Partners in Energie’. Our customers can now get data from multiple network operators through one single request. This partner initiative has brought together six regional network operators (Liander, Enexis, Stedin, Coteq, Westland Infra and Rendo).

Impact of data (€ million)

Impact of projects

Our Sustainability and Corporate Responsibility report paints the overall picture of our impact on the six capitals. In order for our management focus to be guided by impact, we also need insight into the impact of the choices we make, often together with stakeholders, for the energy system, the alternatives there are and the accessibility thereof. Every year, we perform multiple impact analyses for planned projects or options that contribute to the decision-making process. After the notes to the six capitals, we will present three current cases with a specific impact on our operations and our environment.

Natural capital: rising climate costs, favourable development of circular materials

Relationship with the SDGs

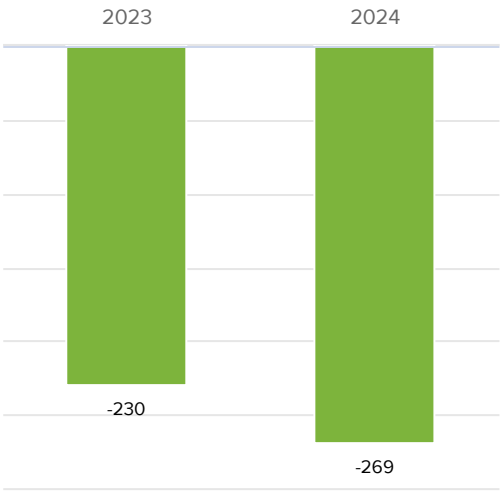
Alliander applies SDGs 7, 12 and 13 to quantify the negative impact of its operations on natural capital in the form of raw materials usage, waste, effects on biodiversity, air, water and soil quality, and effects on climate change. We contribute to international greenhouse gas emission reduction targets in order to comply with agreements and scenarios to limit global warming to 1.5 degrees. We do not yet measure the quantitative impact of actions designed to achieve climate change adaptation at the level of our assets, SDG 13.

Impact on climate costs

In 2024, Alliander greened its scope 1 and 2 emissions and its mobility (scope 3), as per the objective, by taking out Guarantees of Origin (GOs). Emissions in the value chains, customer consumption of gas transmitted and electricity generation elsewhere in the energy system were not factored into this equation.

The total impact on climate change showed a 16.9% increase, rising from €230 million in 2023 to €269 million in 2024. The calculation analysed three indicators: gas transmission volumes, electricity transmission volumes and carbon emissions from our own processes. The increase is primarily the result of a 10.7% increase in electricity transmission volumes and a 5.8% increase in gas transmission volumes. The strong growth of electricity transmission volumes also came with a nominal increase in the extent of network losses and resulting value chain emissions. Compared to 2023, we saw the carbon emission coefficient for Dutch electricity drop to 0.328 kg CO_2 per kWh.

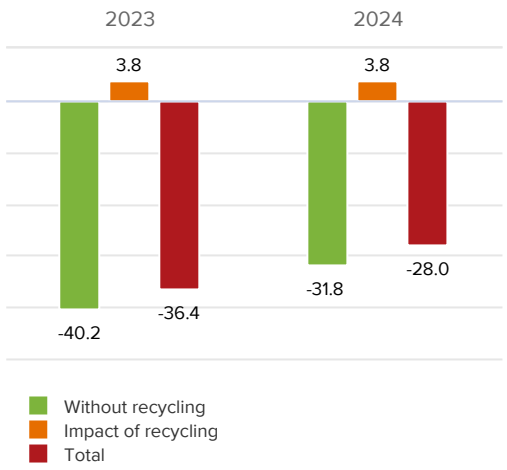
Impact of greenhouse gases (€ million)



Impact on eco-costs

The net impact caused by ecological damage of purchased materials was lower than in 2023, coming in at €28 million for 2024, which is an €8.4 million or 23% drop compared to 2023. This is related to the 15% fall in purchased volume by weight compared to 2023 that came mainly as a result of Alliander procuring fewer cables and transformers in 2024 because of existing stock and temporarily reduced purchasing of components with quality issues. Avoided eco-costs were up 3% on the back of an increase in materials recycled (+12%), totalling €3.9 million in 2024.

Impact of recycling (€ million)



For the years to come, we expect to see further growth in our work package, which is likely to boost the need for materials. This puts the availability of materials under pressure and, as a result, the associated eco-costs. We are attempting to curtail the rising eco-costs by focusing on circularity, reuse and efficient procurement of materials.

We recycle or reuse about 85% of the weight of our waste (2023: 82%). Due to rising incineration costs for the remainder of our waste, the impact has increased slightly, even if the total waste volume has remained the same. The total impact of waste in eco-costs was limited: €0.1 million. The average eco-costs per kilogram of disposed materials were down 16% on 2023, primarily as a result of lower eco-costs for incineration of non-hazardous waste streams.

Biodiversity impact

For the first time, we measured our impact on biodiversity. The biodiversity impact indicator quantifies the impact of our land use as a monetary value and the effect our activities have on biodiversity at our own sites. With this indicator, we have added a new natural capital metric to our model. Our land use has a negative impact on biodiversity, which is reflected in the natural capital. The impact is measured against the reference situation where the land is not used at all and its biodiversity is equal to that of nearby, unspoilt, natural vegetation. Depending on the type of land use, the natural state of biodiversity decreases to varying degrees. Targeted policies can also improve conditions for insects, birds and flowers, among others, and thus improve biodiversity. One example of what we are doing to improve these conditions is applying the principle of ecological mowing at part of our technical facilities. For 2024, we have calculated a total net impairment of biodiversity caused by our land use of €1.2 million for our sites.

Social capital: proactive role in debt assistance and positive reputation development

Relationship with the SDGs

Our social impact is expressed in our connecting role. In the Regional Energy Strategies, we are the connecting factor between government bodies, energy companies and community initiatives. Within the framework of a collaborative planning process, we focus on meeting energy infrastructure needs and creating sustainable cities and communities in line with SDG 11. Participation and connectedness are important values in an open, inclusive and democratic society, and nurture the trust individuals have in each other and in institutions. Alliander attaches great importance to participation and inclusion in its activities, in particular in the energy transition.

Impact

Following on from our exploration of social capital in 2023, we conducted a qualitative pilot to gauge the impact of our disconnection policy in 2024. The previous exploration revealed that we can profile ourselves more emphatically and focus on connection and participation in our working methods, for example, through direct interaction at district level and by making better use of the practical knowledge of value chain partners.

How stakeholders perceive and value our performance is part of the social capital. We have been measuring the value of reputational change in our model for several years now. This value indicates how our reputation has developed in comparison to that of similar companies. Positive reputation development is beneficial for collaboration, employee recruitment and customer satisfaction. The measurement for 2024 shows an increase in the calculated value for Alliander. Across the whole of the benchmark, this metric shows an increase in the average reputation value of European utility companies. This goes towards explaining the rising impact. Aside from that, we have seen a sharper increase for Alliander against the benchmark, caused by the growth in revenue. The impact came in at €9 million (2023: €5 million).

Human capital: employee well-being and development

Relationship with the SDGs

Our impact on decent work and economic growth (SDG 8) is reflected in our positive contribution to employment, the well-being of employees in the Netherlands and our efforts to positively influence working conditions and workers' rights in the Netherlands and elsewhere. Our procurement and tendering policy focuses on encouraging suppliers to apply corporate social responsibility. Anyone who carries out work on our behalf must meet the same safety standards that we use ourselves. In our labour market policy, we pay special attention to specific groups. As a result, we contribute to SDG 8.5: achieving full and productive employment and decent work for all women and men, including young people and people with poor employment prospects, based on the principle of receiving equal pay for work of equal value.

The major challenges of the energy transition are creating lots of job opportunities. Our workforce grew by 745 people in 2024. The impact of accidents also increased.

Impact of well-being effects of having work

The 'well-being effects of having work' indicator for our employees remained virtually flat if we exclude the effect of inflation and the growing workforce. Employee satisfaction fell slightly by 1% on average. Overall, the impact increased from €84.1 million in 2023 to €97.7 million in 2024.

Impact of work-related sickness absence and employee accidents

Long-term work-related sickness absence or safety incidents have a dampening effect on the positive value of being in work for our employees. The work-related sickness absence and employee accidents impact indicator rose from €850,000 in 2023 to €996,000 in 2024 (+17%). This rise came partly as a result of work-related absence due to physical and mental problems. The number of absence days was down slightly, possibly thanks to a targeted focus on sickness absence.

Impact of employee development

In 2023, we measured the impact of employee development for the first time. Alliander measures this impact because it provides an opportunity to better gauge the dynamics between job quality and staff shortages. For some time now, there have been major shortages of technicians and other profiles in the labour market. Employees are more critical of their work and consider opportunities to develop as an important part of job quality. This makes the potential growth employees can experience in their work a factor by which an organisation can set itself apart from the competition. A total value of €108 million was created in 2024 through the development of skills and knowledge gained by employees in 2024. This is more than in 2023, when this impact amounted to €92 million. This impact calculation is based on career advancement, measuring the development of employees who have actually been promoted. Calculating the impact in this way comes with the limitation that the development of employees who stayed in their current jobs is not measured. This makes it a conservative calculation method. Employees who advance in their career generally become more productive, which is beneficial for Alliander and for society when employees continue their careers elsewhere. The percentage of employees who continue to work for Alliander is also important when calculating the development of employees. Alliander's annual staff turnover rate of 11.1% is relatively low compared to the Dutch average of 17.0%. This produces a positive impact result for Alliander.

Case study

Quick scan of the use of gas-powered generators to meet peak demand

The energy transition and economic growth are placing demands on the power grid that far exceed the available capacity. Despite large-scale investments by network operators, customers cannot always be connected to the grid within the usual time frames. This affects economic activity, decarbonisation efforts and housing construction. In many regions, this lack of space on our crowded power grid will endure for several years to come. To be able to serve more customers in the meantime, it is crucial that we find a way to cope with localised peaks in demand for capacity. Using gas-powered generators is one way we can meet peak demand.

Situation and study question

Gas-powered generators offer a readily available technical solution to overcome local capacity problems caused by shortages on the overhead high-voltage grid, and to connect customers to the power grid sooner than would otherwise be possible. By identifying the impact of the use of gas-powered generators and what the most favourable impact situation would be, the organisation can align its choices accordingly. The case study looked at the impacts that occur when delaying new connections for businesses, because they are often the most affected by capacity problems and therefore unable to create economic value. A temporary freeze on new power grid connections keeps companies from starting up, scaling up, electrifying and/or going sustainable. The use of gas-powered generators comes with both direct and indirect impacts, such as the costs incurred to run the generators and the air and noise pollution they cause. At the same time, however, using gas-powered generators makes it possible to connect companies to the grid faster, leading to job creation and income for those companies, for their employees, for energy suppliers and for Alliander.

The generators do not need to run continuously. For some of the time, peak demand can be met using energy from other sources in the grid, such as wind power. The impacts of getting businesses connected to the grid faster were identified in three scenarios. These scenarios affect noise, climate change, air pollution and generator fuel costs differently. The scenarios:

1. Connecting customers in a profile-neutral way: the energy consumed by new customers or extra energy that existing customers want to use is generated exclusively by gas-powered generators. These generators run at full load for much of the year.
2. Optimisation in collaboration with TenneT: customers get energy that comes partly from the grid and partly from generators. TenneT specifies when additional capacity is needed, assuming that the additional capacity will be 100% wind power that TenneT would otherwise scale back. The generators run approximately four times fewer hours at full load during the year.
3. Reference: no temporary use of gas-powered generators, meaning that the companies involved will not have access to (additional) capacity until 2029. The social impacts described do not occur.

Key results

Outcome: In relative terms, the positive impact of the use of gas-powered generators is greater than the negative impact.

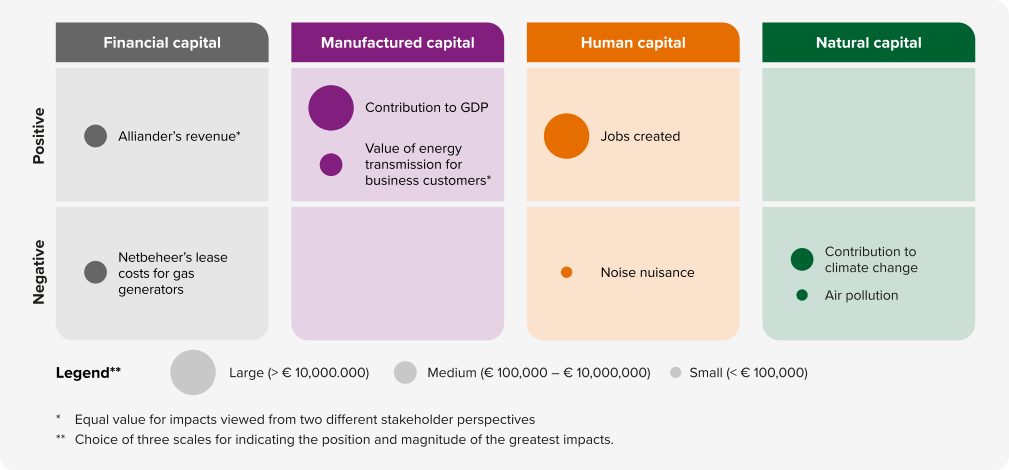
- The negative impact of the use of gas-powered generators on the climate, noise levels and costs for Alliander is, in a relative sense, much smaller than the positive impacts on the economy and job creation.
- The use of gas-powered generators can have a positive effect on the economy.
- Every additional MWh facilitated adds an average of €3,499 to the Dutch gross domestic product.
- Alliander only indirectly influences the economic impact companies have. The impact per MW is generated mainly by the companies themselves, aided by the capacity made available by Alliander. Only a small part of this impact is attributed to Alliander.
- The costs involved in the use of gas-powered generators can amount to over €500 per MWh per year.
- The use of gas-powered generators contributes to climate change, air pollution and noise pollution.
- Emissions avoided because the use of gas-powered generators facilitates electrification at customers connected to the grid were not taken into account in this analysis. After all, these emissions are only avoided after the grid has been upgraded.

Use of the quick scan results

The results of the quick scan study are used to adopt a ‘smart’ approach to the use of generators when having to make choices in how to deal with grid capacity constraints, by offering options in various cases and discussing the impact of choices. In the case of so-called ‘flex tenders’ involving the use of gas-powered generators, this is optimised in partnership with the operator of the national high-voltage grid, TenneT. The quick scan provides additional information for this purpose. When planning and designing temporary measures, there is a keener focus on more optimal ways to use gas-powered generators, such as using a generator during an outage or maintenance work, but not as a permanent solution. Having the two scenarios analysed in the impact study has helped raise awareness of and forge a perspective on this issue within the organisation. The recommendations from the study point to the importance of clear guidelines for the use of gas-powered generators, assessment of the desirability and cost-effectiveness of the use of gas-powered generators on a case-by-case basis and the general value of accelerated electrification in combination with future avoided emissions by covering shortages using gas-powered generators.

Impact of the use of gas generators

Enhanced economic value vs. social costs



* Equal value for impacts viewed from two different stakeholder perspectives

** Choice of three scales for indicating the position and magnitude of the greatest impacts.

Case study

Universal access to energy

Alliander is committed to having an affordable, reliable and accessible energy system. As an organisation with a clear social purpose, we believe it is important that this system be accessible to all. The costs of expanding and developing our energy network will increase significantly over the coming years. As a network operator, we work to ensure an inclusive energy transition, where we prevent energy from becoming unaffordable for part of our society.

A multifaceted problem

Having debts and difficulty paying bills is a complex problem that may be caused by a multitude of issues. In order to give people who are struggling with debt the best possible support, the Dutch government uses tools such as the Energy Fund, an early-detection system and debt assistance. In 2023, Liander drew attention to the fact that this social safety net does not yet sufficiently prevent people who have trouble paying their utility bills or are struggling with broader debt issues from having their energy supply disconnected. It turned out that there was a need for improving how local assistance bodies are informed about imminent disconnections, which would improve the reach of their (debt) assistance. In order to keep local councils more in the loop, energy providers are now required by law to issue an early alert whenever they are close to disconnecting a household.

Prevent when possible, disconnect when necessary

In 2024, Liander switched to a broader approach to prevent vulnerable households from having their energy supply disconnected. On the one hand, we worked to improve the disconnection process, the underlying policy and collaboration between the energy sector and debt assistance bodies. This saw Liander focus on a joined-up cross-sector approach to better understand the effects of policy and processes, and work towards targeted improvement actions.

On the other hand, Liander also worked on a local level to prevent disconnections. One example is Liander's decision to continue with the successful pilots with Arnhem local council that started in 2023 and revolve around human rights, such as the right to privacy and autonomy. The results of this collaboration show that it remains to be seen to what extent the social safety net in its current form is sufficiently robust to protect vulnerable households in situations where they are at risk of having their energy supply cut off. The vast majority of disconnections in Arnhem could ultimately be prevented by expanding the reach of local (debt) assistance through the early alerts network operators are now required to issue by law.

More cost effective for society?

A comparative study commissioned by Liander in 2024 showed that the cost to society of preventing disconnections through successful assistance is significantly lower than the cost to society of households being disconnected. This study calculated the cost to society in three scenarios: 1) disconnection following non-payment, 2) the network operator covering unpaid energy bills and 3) successfully offering assistance and preventing disconnection. The comparison of the three scenarios revealed the positive impact of actively offering help. Actively reaching out to vulnerable households to offer help can prevent them from having their energy supply disconnected and being unable to participate in society. Our hope is also that this will inspire greater trust in institutions and society.

In 2024, we drew on the insights from the impact study in two ways:

1. We are continuing to use pilots to learn how to reduce the risk of people having their energy supply disconnected.
2. We are continuing to use the insights from both studies to draw attention to the issue of disconnecting vulnerable consumers, both in our sector and in collaboration with partners in the disconnection process, so as to ensure an optimal, revised disconnection process.

Joining forces and working together

Besides the impact study, sector coalitions and pilots, we have teamed up with the Energiebank Nederland foundation, which helps people who struggle to pay their energy bills with advice and support, with a view to bringing the figures to life and increasing social cohesion within vulnerable families. A study by the Netherlands Organisation for Applied Scientific Research (TNO) shows that visits from energy coaches and 'fixers' not only help people keep their energy bills under control, but also lift people out of their social isolation. In addition, we want to learn from vulnerable household experiences to improve our policy and processes. We are recruiting colleagues who will be helping households as fixers or energy coaches, and we provide funding for their activities.

Case study

Vlieland

Alliander is the network operator for the Dutch Wadden Islands, which include the island of Vlieland. Like the other islands of the archipelago, Vlieland is very conscious of current and future congestion issues caused by the increase in local power generation from renewable sources and electrification, with the latter coming in the form of increasing numbers of households switching to heat pumps and local shipping companies switching to electric ferries in the future.

The island of Vlieland offers an opportunity to analyse the broad social impact of possible scenarios for a response to the congestion problems. The standard way of dealing with congestion would be to upgrade the power cable that runs under the Wadden Sea. This is the reference scenario. Given the massive investment in terms of time and money that a power cable upgrade would require, as well as the potentially major ecological impact on the protected biosphere reserve that is the Wadden Sea, a decision was made jointly with all stakeholders to look into alternative scenarios. The Friesland provincial authority, Vlieland local authority, Dutch Ministry of Infrastructure and Water Management (in charge of ferry service concessions) and Liander jointly commissioned the study and were all involved in determining the most important impacts.

What is special about the study is the breadth of the impact analysis, as it looked at natural capital (emissions, nature), manufactured capital (security of supply), financial capital (investment) and social capital (accessibility and quality of life). Due to a lack of reliable quantitative data, the impacts were assessed in qualitative terms.

The scenarios

1. The reference scenario is the 'Technological solution', i.e. to lay another cable under the seabed.
2. The 'Smarter with the current cable' scenario involves a decentralised energy supply on the island and a change to the schedule for electric ferries that will avoid the need for an additional cable.
3. The 'Biofuel' scenario involves a (more limited) decentralised energy supply and the use of sustainable fuels instead of electrifying ferries. This will not require any changes to the ferry timetable and avoids the need for an additional cable.

Based on the study and all the impacts analysed, the Technological solution, i.e. laying an additional cable from a location that is yet to be determined, turned out to create the most value from a social perspective. With the approval of all stakeholders, this option is currently being fleshed out further. This case study has created insight into the moderate ecological impact of laying the cable and the operational phase in the Wadden Sea on the one hand, and the great ecological benefits (including through electrification of ferries) on the other. Additionally, network operator Alliander acknowledges the socio-economic effects of a decentralised solution, as it would require a serious change to islanders' lives. What is also special is that the study provides a basis for further optimisation, showing that an upgrade would also be possible by running an additional cable to the neighbouring island of Terschelling and an overhead connection across the Wadden Sea. This would involve less digging in the seabed and be less disruptive to the ecosystem.

Comparative impact figures for 2023

The tables below show the comparative figures for the reporting year and the previous year. In the case of the previous year, two values are listed each time. These are the values reported in the annual report and, where applicable, the recalculated figures. Any corrections to prior-year figures are explained below.

The 2023 figures for manufactured capital have been adjusted following an update to the impact model. It is crucial to understand how changes in price elasticity affect the impacts. The impact on electricity is relatively minor (10-20%). The impact on gas is considerably greater (approx. 50%). The new price elasticities lead to a drop in manufactured capital. Additionally, a new measurement of sources of renewable energy has a positive impact on the district heating networks (+€0.5 million) and on the feed-in of solar power, causing the indicator to change from €27 million to €46 million.

Financial capital

€ million	2024	2023	2023AR
Purchase/sale of associates and subsidiaries	919	13	13
Payments to suppliers	-3,399	-2,885	-2,885
Dividends, repayments and interest	-1,207	-308	-308
Payments to employees	-617	-539	-539
Tax	-52	-3	-3
Increase in cash reserves	252	39	39
Contributions received	128	140	140
Other revenue from non-core business activities	81	54	54
Payments by customers (business)	976	782	782
Raised capital, received repayments and interest	1,445	926	926
Payments by customers (households)	1,978	1,860	1,860

Manufactured capital

€ million	2024	2023	2023AR
Value of goods procured for electricity transmission	-1,446	-1,416	-1,150
Contribution of electricity transmission to consumer well-being	2,894	2,940	2,338
Contribution of solar energy feed-in to well-being	157	46	27
Value of goods procured for gas transmission	-373	-316	-780
Contribution of gas transmission to consumer well-being	1,300	1,130	2,373
Value of goods procured for business customers	-490	-368	-368
Value of energy transmission for business customers	905	715	715
Contribution of heating transmission to consumer well-being	2.0	3.0	2.5

Intellectual capital

€ million	2024	2023	2023AR
Value of data collection for market facilitation	1.3	1.2	1.2

Natural capital

€ million	2024	2023	2023AR
Environmental damage due to waste	0.103	0.126	-0.1
Environmental damage through procurement of materials	-28	-36	-36
Climate change due to carbon emissions	-269	-230	-230
Biodiversity loss through use of own land	-1.2		

Social capital

€ million	2024	2023	2023AR
Value of change in reputation of Alliander	9	5	5

Human capital

€ million	2024	2023	2023AR
Work-related sickness absence and employee accidents (safety)	-0.9	-0.8	-0.8
Well-being effects of having work	97	84	80
Employee development	108	93	93

Sustainability statement

Sustainable organisations are strong organisations. For the Environmental, Social and Governance (ESG) dimensions, we present our responsible business practices and how we define social impact.

Introduction

With this report, we provide insight into the progress we have made in our sustainability pursuits, through which we, as an organisation, create long-term value for society. We set out how we take our responsibility in the domain of ESG (Environmental, Social and Governance).

Access to energy for all, both today and in a sustainable future

For many years now, Alliander has been working to improve its reporting on sustainable activities. In the sustainability statement, we report in line with disclosure requirements under the EU's Corporate Sustainability Reporting Directive (CSRD). The EU's intention with the CSRD is to reconcile the ESG information of companies with their financial information. This will allow stakeholders to review activities of companies on an equal basis and better assess the extent to which they create sustainable financial and non-financial value.

For the Environmental, Social and Governance (ESG) dimensions, we present our responsible and sustainable business practices and how we define our social impact. Using a multi-stakeholder approach, we are inspired by the social impact we can have through our products and services, and by the way we operate in the world.

We embrace the CSRD as an opportunity to continue working with our stakeholders and our partners in the industry to advance sustainability in relation to the work we have to do and to amplify our knowledge and insights.

We embrace the CSRD as an opportunity to continue working with our stakeholders and our partners in the industry to advance sustainability.

The structure of the sustainability statement

The European Financial Reporting Advisory Group (EFRAG) has formulated standards for compliance with the CSRD, the European Sustainability Reporting Standards (ESRS). This Alliander sustainability statement for 2024 was prepared based on the ESRS as published by the European Commission on 31 July 2023.

General disclosures

The sustainability statement starts with general disclosures under the CSRD:

- Basic principles for the sustainability statement
- Governance and culture
- Strategy, business model and value chain

Double materiality assessment

In this sustainability statement, we have included the double materiality assessment (DMA) process that Alliander has initiated as per the general principles set out in ESRS 1. A double materiality assessment looks at the impact Alliander's activities have on people and the planet, in a positive and/or negative sense, as well as at the financial impact these topics have on Alliander (risks and/or opportunities). For details of this process, see the following paragraphs:

- Double materiality assessment
- Impacts, risks and opportunities

ESRS topics

The double materiality assessment led to us selecting the following ESRS as being relevant to Alliander, and we will report on these in detail in the sustainability statement:

Environment

- E1 Climate change
- E5 Circular economy

Social

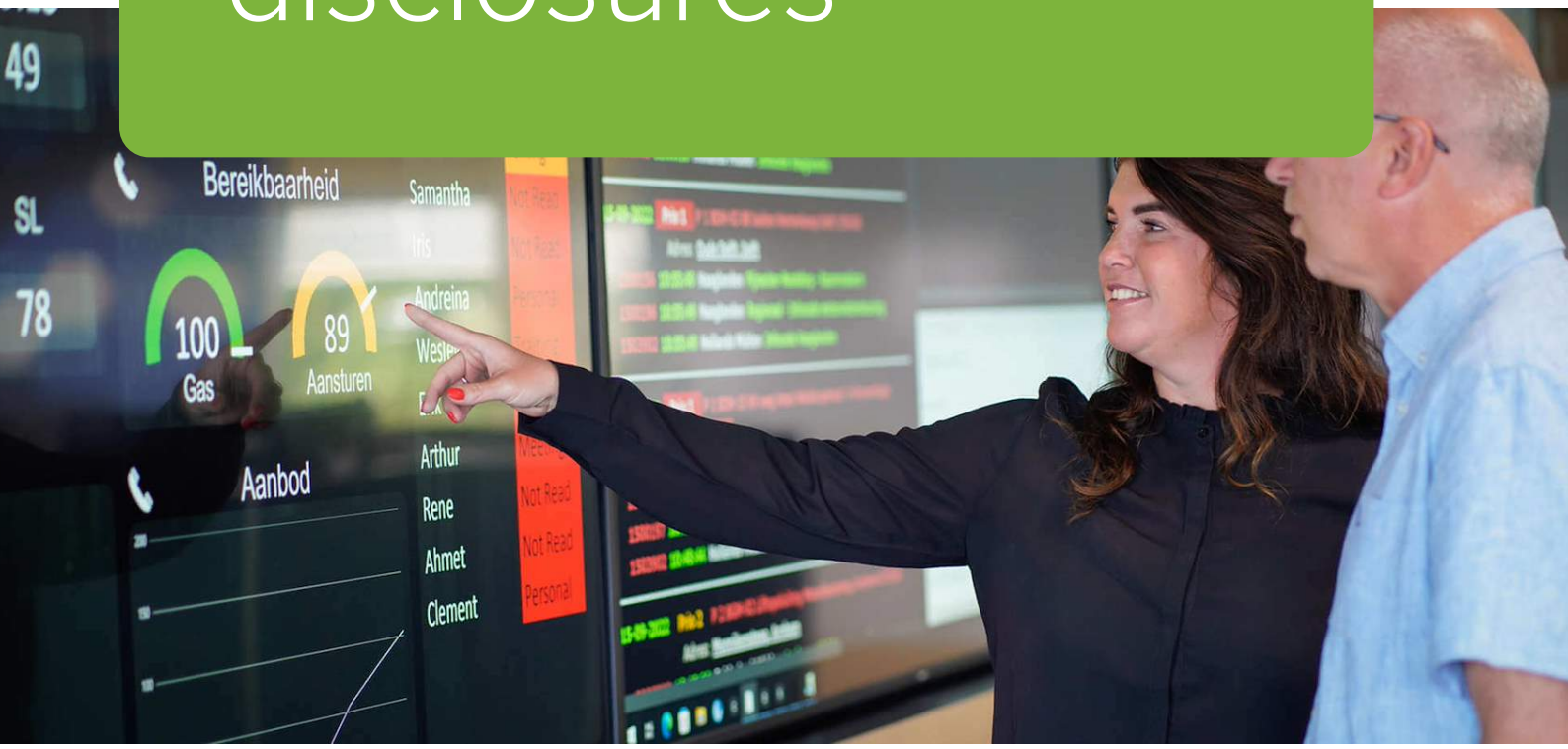
- S1 Own workforce
- S2 Workers in the value chain
- S4 Consumers and end-users

Governance

- G1 Business conduct

See the reference table at the end of the sustainability statement for a list of topic references to the various CSRD disclosures.

General disclosures



Basic principles for the sustainability statement

Basis

General

The sustainability statement relates to the 2024 reporting year. The report was prepared based on the disclosure requirements from the European Sustainability Reporting Standards (ESRS), as approved by the EU.

Consolidation

The sustainability statement uses the same consolidation structure as Alliander's financial statements. Any deviations from this structure in the report are explicitly stated. Alliander does not have any subsidiaries that are exempted from the obligation to report on their sustainability performance under Directive 2013/34/EU. There are no specific circumstances impacting preparation of the sustainability statement, nor has there been any deviation from the medium or long-term horizon. The standard time horizon we use for sustainability information is the same as the financial time horizon (short < 1 year, medium 1-5 years, long > 5 years).

Alliander's operating income totalled €3.9 billion in 2024. Pursuant to IFRS 8, Alliander distinguishes the following segments: network operator Liander and Other with a total operating revenue, including internal revenue and excluding exceptional items, of €2.9 billion and €0.7 billion respectively. Operating income from gas totalled €0.6 billion. See note 2 to the financial statements.

Value chain

The value chain used for the purpose of this sustainability statement consists of two parts. Alliander and its direct and indirect suppliers are on the upstream side of the value chain, and the work we outsource to contractors makes up the downstream side of the value chain. We purchase products from suppliers and hire contractors as part of our obligation to maintain the grid. Alliander's role in the energy value chain is detailed in the 'Profile of Alliander' paragraph of this annual report.

Alliander's value chain

Goods procurement

Procurement for the construction and maintenance of energy grids

Upstream			Alliander	Downstream
Phase 1	Phase 2	Phase 3	Own operations	Phase 4
Extraction of raw materials	**Processing of raw materials**	**Production to semi-finished product stage**	**Production**	**Construction and operation**	**Recycling**
The extraction of (raw) materials to produce components. This mainly involves copper, aluminium, zinc, steel, rubber and various plastics.	Processing of (raw) materials to produce components via smelting and refining	The production of components (semi-finished products) from these (raw) materials.	The production of the final product from these components (semi-finished products).	Performance of work by in-house employees. See contractor chain for the performance of work by contractors working under contract.	The removal and disposal (processing) of end-of-life products.

Contractor chain

Tendered works for the construction and maintenance of energy grids

Alliander	Downstream		
	Phase 1	Phase 2	Phase 3
	Contractors	**Subcontractors**	**Self-employed persons and migrant workers**
	The contractors engaged by Alliander who are responsible for performing work for which tenders have been issued.	The subcontractor engaged by the contractor to perform certain work.	The work tendered by the (sub) contractors to workers on a flexible contract or migrant workers.

Estimates and assumptions

In preparing the sustainability statement, we use estimates and assumptions regarding our own operations and those across our value chain. This applies in particular to the indicators for E1 Climate change (including scope 3 GHG emissions) and E5 Circular economy. When we use estimates and assumptions to determine the value of indicators, we include explanatory notes with references to source documentation, details of the degree of accuracy and the methodology used.

We review our estimates and assumptions periodically and adjust them as necessary. We account for any changes resulting from such reviews in the period when the changes occurred.

Inclusion by reference

Certain disclosure requirements in scope for this sustainability statement are included by reference in other sections of this annual report. Whenever we include information by reference, this is clearly indicated in the relevant section. The reference table also shows which disclosure requirements are included by reference.

Other

Given that the year 2024 is the first year for which we report based on the ESRS, corresponding figures for 2023 are not available. However, prior-year figures may be available if previous NFRD or GRI reports contained the same indicators as this sustainability statement, in which case we have included them. The external auditor has performed a limited assurance review of the sustainability statement. No other external bodies have validated one or more of the sustainability indicators.

Governance and culture

Organisation of management and supervision

Management Board and Supervisory Board

Alliander's management and supervisory function are organised based on Dutch law in a so-called 'two-tier' system made up of a Management Board consisting solely of executive directors and a Supervisory Board consisting solely of non-executive directors. The Supervisory Board supervises and advises the Management Board and ensures an external presence in the company's governance. The Supervisory Board acts as the employer of the Management Board. The two boards are independent of each other and are accountable to the General Meeting of Shareholders in respect of their performance.

By-laws

	Chair of the Management Board and CEO	Member of the Management Board and CFO	Member of the Management Board and CTO	Member of the Management Board and COO
Primary task	Overall ultimate responsibility for Alliander's strategic course and performance, and for acquiring a leading role in the energy transition within society	Solid internal control and operations at Alliander and a robust financial-economic position	The energy system of the future, exploration and implementation of the energy transition and Alliander's digitalisation task	Alliander's operational performance implementation chains and fulfilment of Alliander's infrastructure construction task
Key focus areas	Corporate strategy	Long-term financing	Vision for the energy system for 2030-2050	Feasibility
	Corporate governance	Cost savings	Digitalising Alliander	Operational excellent network management
	Exercising influence over policy, legislation and regulations	Unregulated activities within Alliander	Market facilitation	Digitalisation in implementation chains
	External positioning and reputation management	Business & Corporate Control	System Operations	Execution of the energy transition
	Sustainability and diversity	Tax	Network vision, strategy and architecture	In charge of deployment of personnel, resources and services
		Procurement	Making the energy grid smarter and more flexible	Intake and handling of customer queries
		Legal	Innovation, standardisation and product management	

The rules of procedure for the Management Board set out the Management Board's responsibilities. The members of the Management Board have agreed on an allocation of specific duties and responsibilities while maintaining the collective responsibility of the Management Board as a whole. Additionally, it is the CEO's responsibility to assign duties and responsibilities to various departments for the management of material impacts, risks and opportunities.

Works Council

Alliander has a Works Council at the level of Alliander N.V., on which the company's employees are represented. The Works Council looks after the interests of all employees at Alliander and is involved in making the policy regarding the company and its employees. In 2024, the Works Council was made up of 13 members from all Alliander business units. After the Works Council elections in December 2024, the new Works Council has 14 members. The chair of Alliander's Management Board acts as the Works Council's discussion partner.

Twice a year, the Works Council meets with a Management Board delegation to discuss the company's general course of business, including developments, risks, the results and effectiveness of policy, targets and measures, based on the quarterly business review that Alliander compiles specifically for these consultations. Supervisory Board members Frits Eulderink and Gerard Penning were appointed to Alliander's Supervisory Board after the Works Council exercised its 'enhanced right of recommendation'. The members of the Supervisory Board who were appointed on the basis of the Works Council's enhanced right of recommendation have regular contact with the Executive Team of the Works Council. The Works Council and the Supervisory Board meet once a year to discuss predetermined specific focus points and topics.

Gender and other forms of diversity

Both the Management Board and Supervisory Board recognise the added value of diversity in a broad sense and gender diversity in particular. The current diversity policy applicable to the Management Board and Supervisory Board was written with this in mind. Alliander is subject to the provisions on the balanced allocation between men and women of seats on the Management Board and Supervisory Board pursuant to the Dutch Act on appointment quota and target ratios ('Diversity Act'). The Supervisory Board has adopted a diversity policy for the composition of both the Management Board and the Supervisory Board that gives consideration to the following elements:

- a balanced gender ratio with a target percentage of at least 33% women and at least 33% men;
- a complementary composition in terms of experience and professional background;
- a balanced age structure.

In 2024, the Management Board consisted of three male members (CEO, CFO, CTO) and one female member (COO), meaning that women make up 25% of the Management Board, which falls short of the target for a balanced gender ratio. The gender diversity ratio was 3:1 in 2024. There is a good balance in terms of diversity of knowledge, background and experience and age on the Management Board. Further details on the composition of the Management Board are provided in the 'Governance roles, Management Board and Executive Committee' paragraph of the 'Corporate governance' section and in the 'Management Board' paragraph of the 'Personal details' section of Alliander's annual report.

In 2024, the Supervisory Board was made up of two men (40%) and three women (60%), meaning that the target gender ratio was met. The gender diversity ratio was 2:3 in 2024. The Supervisory Board has a sufficiently diverse composition, both in terms of gender ratio and in terms of background, experience and age.

Independent directors

All Supervisory Board members are 100% independent under the definition from the Dutch Corporate Governance Code. One of the Supervisory Board members is not independent within the meaning of the Dutch Electricity Act of 1998 and the Dutch Gas Act. The other Supervisory Board members are independent within the meaning of these Acts, meaning that the majority of Supervisory Board members do not have any direct or indirect connection with an organisational entity that produces, procures or supplies electricity and/or gas. Supervisory Board members give the Supervisory Board advance notice of other positions. None of

the Supervisory Board members holds more than the maximum number of supervisory positions with large Dutch companies or major foundations. In accordance with the Code, every (potential) conflict of interest of a Supervisory Board member must be reported to the chair of the Supervisory Board immediately. In 2024, one conflict of interest was reported by a Supervisory Board member. Further details on the composition of the Supervisory Board are provided in the 'Governance roles, Supervisory Board' paragraph of the 'Corporate governance' section of Alliander's annual report.

Before accepting any kind of position outside of Alliander, Management Board members must report it to the Supervisory Board. A member of the Management Board needs the Supervisory Board's approval to accept a seat on a supervisory board or another paid position, including positions of an advisory or supervisory nature. All board members comply with the cap on the number of supervisory directorships someone can hold, as stipulated in Book 2 of the Dutch Civil Code. In accordance with the Code, every (potential) conflict of interest of a director must immediately be reported to the Supervisory Board chair and the other Management Board members. In 2024, there were no conflicts of interest involving a Management Board member.

Other positions of Management Board and Supervisory Board members are discussed at a Supervisory Board meeting at least once a year.

Sustainability

The Management Board is responsible for integrating the sustainability agenda into the business strategy and monitoring sustainability performance through the Planning and Control Cycle. This includes risk awareness. The Management Board is responsible for implementing all policies outlined in the sustainability statement. Sustainability is on the Supervisory Board's agenda on a quarterly basis. In addition, the Supervisory Board and, more specifically, the Audit Committee are kept informed of developments in sustainability reporting. Both the Management Board and the Supervisory Board possess the pertinent expertise and skills, or have access to specialist knowledge, to understand, assess and make strategic decisions on sustainability topics. They make sure of this by engaging external expertise, such as specialist consultants, and by conducting self-evaluations to determine whether additional knowledge or skills are needed.

The management's role in governance processes

Management responsibility for supervising the quality of the management of our top risks also consists of three layers.

- The Alliander Resilience Committee has the CFO as its chair and issues recommendations on privacy and security, compliance, risk acceptance, risk profile, external risk reporting requirements, exceptions of a temporary nature or events that diverge from the applicable risk policy and risk acceptance guidelines. The Committee also discusses risk reports and monitors and advises on the follow-up actions arising from the internal and external audits. Finally, it also promotes the embedding of risk management and internal control processes within Alliander's organisational units and value chains.
- Alliander has created an Executive Committee (ExCo) to support the Management Board in the performance of its duties and responsibilities. The ExCo also provides direction for the execution of Alliander's strategy. The ExCo is made up of four Management Board members who were appointed by the General Meeting of Shareholders as required under the articles of association, plus two Management Board members who were not appointed under the articles of association, namely the Chief Human Resources Officer (CHRO) and the Chief Digital Officer (CDO). The ExCo manages attitudes and behaviours regarding risk management and internal control. The ExCo discusses the portfolio of top risks every six months, and specific risks are frequently on the agenda for their meetings. If necessary, the ExCo initiates implementation of additional measures. Moreover, the ExCo monitors the risk management and control system, which it regularly tests against the expectations of and developments at our key stakeholders. The CHRO also takes part in meetings of the Works Council and the CEO.

- The Supervisory Board supervises the design and effectiveness of the risk management and control system. The Audit Committee discusses the portfolio of top risks every six months, issuing a summary of its deliberations to the Supervisory Board. The Management Board provides an explanation of the risk report, which the Audit Committee takes on board in its supervision. Proposals for adjustments to the risk management policy are put to the Audit Committee before being implemented. Governance processes are highly geared towards controlling risk. The introduction of the CSRD has led to a broadening of the risk control scope to include sustainability risks.

Defining objectives and monitoring progress

General responsibility for sustainability lies with the Management Board, which is also the body that makes all the decisions about strategy and objectives. The Management Board's focus is on overarching objectives. On an operational level, the Management Board and senior management focus on developing and achieving the more detailed sustainability objectives. The sustainability objectives defined are aligned with the overarching objectives and strategy. The CSR manager reports to the Corporate & Social Affairs director and coordinates the implementation and disclosure of the strategic initiatives. Responsibility for managing sustainability initiatives and achieving objectives lies with the relevant business units and support functions. This is how the effectiveness of sustainability measures is monitored.

For the governance of the company, we use the Objective, Goals, Strategies and Measures (OGSM) method with qualitative and quantitative objectives and indicators to monitor progress on strategic sustainability initiatives. The corporate dashboard is reviewed by the Management Board and discussed with the Supervisory Board on a quarterly basis.

The Management Board and Supervisory Board are aware of the importance of having knowledge, skills and experience in the area of sustainability represented on their respective boards. The backgrounds of the individual Management Board and Supervisory Board members differ and, as a result, so do the qualities indicated above. Depending on the needs and topics Alliander is involved in, we organise deep-dive sessions. In 2024, one of these deep dives focused on CSRD implementation and the associated disclosure requirements.

Information on sustainability topics

At Alliander, we manage our material impact by applying a strategic allocation of resources and effective control practices. In order to do that, we have made funds and resources available in various domains:

- Financial investments: an annual budget for sustainability initiatives.
- Human resources: teams and jobs focused specifically on sustainability.
- Technological resources: systems and software used to monitor and manage impacts.

Alliander runs an annual budget and business plan process. Based on an environmental analysis of trends and developments, an internal analysis of the organisation and the performance delivered, the budget and business plan process gives the Management Board the insights they need to recalibrate the business strategy. Next, the organisation makes the annual plans and incorporates them into the OGSM method that forms the basis for Alliander's decision-making and ability to achieve objectives. The budget and business plan process aligns the objectives for the short, medium and long term for both financial and non-financial KPIs. Integration of the defined impacts, risks and opportunities (hereinafter referred to as 'IROs') into the current planning and control cycle will be further optimised.

Sustainability-related performance in incentive schemes

Management Board members do not receive variable pay. They receive a fixed gross annual salary, including holiday allowance. The fixed gross annual salary of Management Board members does not exceed 130% of the limit under Dutch legislation on high income earners (WNT). The fixed gross annual salary is adjusted annually to the current WNT remuneration limit. Sustainability is an essential part of the objectives that Alliander works towards and against which the Management Board's performance is appraised. There is no direct link to directors' remuneration.

Statement on due diligence

Due diligence is the process that sees Alliander identify, prevent and mitigate (potential) negative impacts and render account on its response to the impacts of its activities on people and the environment. These impacts comprise negative impacts of Alliander's own activities and those in the upstream and downstream value chain. Given below is the overview of how the core elements of the due diligence process are incorporated into the sustainability statement.

KEY ELEMENTS OF DUE DILIGENCE		PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
A	Embedding due diligence in governance, strategy and business model	Governance, the role of the Management Board
		The market in which we operate
B	Engaging with affected stakeholders in all important steps of the due diligence process	Stakeholder interests
C	Identifying and assessing adverse impacts	Materiality assessment for the annual report
		Risk management and Internal Control
D	Taking actions to address those adverse impacts	Risk management
		Objectives and results
E	Tracking the effectiveness of these efforts and communicating about it	Governance, the role of the management

Risk management and internal controls over sustainability reporting

Risk management is the deliberate handling of uncertainties that can have a negative impact on the achievement of the strategy as adopted by the Management Board. Uncertain events may also have a positive effect on strategy execution. While this will be reflected more in the new risk management framework, the organisation's focus for now is on controlling risks with a negative effect. An effective risk management and internal control system is therefore important. This system is updated in line with internal and external developments. We apply the 'three lines' model for risk management purposes. Each line of defence has its own responsibility in the management and control process:

- The first line is responsible for identifying, managing and monitoring the risks within its processes and for an effective risk management and control system. The first is responsible for defining the quantitative data points and safeguarding their quality, as reported in the sustainability statement.
- The second line supports, advises, coordinates and sets frameworks to ensure that the management genuinely takes responsibility. This line therefore provides additional assurance within Alliander. In the context of the CSRD, the DMA is drawn up from the second line. The same goes for accountability in compliance with the EU taxonomy. The second line decides which data points to disclose.
- The third line provides additional assurance about the question whether the first and second lines can jointly manage the risks, so that the organisational objectives are achieved. The third line gives an objective and independent opinion on this matter, including suggestions for possible improvements. The third line operates objectively and independently from all other parts of the organisation. The third line selects the quantitative data points for the sustainability statement.

We are currently integrating the topic of sustainability into the organisation's risk management system. One way we are doing this is by including sustainability in the standard scope of the risk sessions we hold at various levels in the organisation (including the ExCo and the MTs of organisational units). We classify risks based on the Alliander risk matrix. The risk matrix comprises six impact scales based on corporate values, of which sustainability is one. After they have been identified, sustainability risks are prioritised in the same way as other identified risks. We record and track identified and classified risks and associated control measures in the Alliander Management System (ABS). Risks are part of the analysis of impacts, risks and opportunities. The relevant impacts, risks, opportunities and associated actions are described for each subtopic. These are explained for the relevant subtopics.

In addition, there are various other actions through which we manage our risks and periodically report on our risks, such as the planning and control cycle, the risk management framework, the business control framework, the quarterly 'in control' update and the Alliander risk report. The risk report and the quarterly 'in control' update are prepared by the Risk Management & Compliance department and approved by the Management Board. We are working towards making sustainability risks part of existing processes and reporting.

Strategy, business model and value chain

Business model and value chain

Being an energy infrastructure company, Alliander is tasked with ensuring an energy supply that gives everyone access to reliable, affordable and sustainable energy (NACE 3513) in six regions of the Netherlands. Driven by our mission, Alliander also considers it part of its core task to enable and even accelerate the greening of the Dutch energy system.

Our main business activities

- Electricity distribution – We ensure reliable and efficient distribution of electricity to millions of households and companies. This includes building, operating, managing and maintaining power grids, connecting producers and consumers to those grids as requested, measuring consumption and recording, managing and exchanging data to facilitate the energy market.
- Gas distribution – We ensure reliable and efficient distribution of gas to millions of households and companies. In doing so, we see to it that our gas grid is technically sound, that network losses are minimised and that the gas grid is repurposed for the transmission and feed-in of renewable gases. Gas distribution includes building, operating, managing, modernising and maintaining gas grids, connecting producers and consumers to those grids as requested, measuring consumption and recording, managing and exchanging data to facilitate the energy market.
- District heating networks – We ensure integrated development of district heating networks, either independently or in partnership with other companies. The development of district heating networks is an important element in greening the energy supply and phasing out fossil fuels.

Customer groups

We have two customer groups within our service area: low-volume consumers (households and small businesses) and high-volume consumers (large service providers and industries). The customer groups are primarily defined by the Dutch Energy Act. During the reporting period, there were no major changes to these groups. However, we do see many developments in our customer groups. These include developments in the energy transition, such as increases in the number of solar and wind energy producers, EV charging stations and e-boilers at industrial customers.

Banned services, banned substances

Alliander does not supply products or services that are banned and does not use banned substances. In the past, however, certain materials were used to build our networks that we now know involve certain risks and are now banned or may be banned in the future. We have implemented precautionary measures and replacement programmes for these materials. Examples include materials that contain asbestos, the replacement of cables containing lead, polychlorinated compounds, reduction of SF_6 gas leaks, coatings containing chromium-6 and the replacement of grey cast iron used for gas pipelines.

Climate-related emissions

Alliander abides by current Dutch government policy aimed at reducing carbon emissions by at a least 55% by 2030. Another target is for the energy system to be climate-neutral by 2050. With the energy transition now well and truly underway, it is becoming clear that the changes are more far-reaching and more difficult to achieve than all the ‘regular’ changes we have implemented as an organisation and as a society in recent decades.

The key challenge is to accelerate sufficiently to make the energy transition possible. To do so, we need to scale up in terms of personnel, materials and services. Scaling up to the required degree creates sustainability dilemmas. This is especially true for materials and services.

- When it comes to materials, we have set high standards in the area of sustainable and circular procurement, and value chain responsibility. However, the transformer and cable shortages we had several years ago made us realise that, ultimately, being able to acquire sufficient materials is even more important.
- With respect to services (and equipment), the issue is that current NO_x legislation forces us to produce without emitting nitrogen. This is not always possible yet, as many of our instruments and tools run on diesel. Although the biodiesel (HVO100) we use does reduce carbon emissions, it still produces NO_x emissions. We also have no other option than to use diesel-powered generators.

Alliander's business model is largely the same as that of other network operators. The business model is based on the Nbility model, which incorporates the activities of the infrastructure group. We count both Alliander's own operations and those of our direct suppliers and customers as part of our value chain. We buy materials and components for the energy infrastructure from suppliers. Installers and contractors provide engineering services and carry out infrastructure projects. On the customer side, we ensure that everyone has access to reliable, affordable and sustainable energy on equal terms.

Material impacts, risks and opportunities are directly or indirectly linked to the strategy.

Interests and views of stakeholders

Alliander involves stakeholders in its strategy development process and in defining and putting a value on material topics. We have identified four core stakeholder groups: customers, employees, shareholders and investors, and local and regional authorities in our service area. In addition to these groups, we have a variety of societal stakeholders and partners. See the section on the double materiality assessment for a more detailed description of our stakeholders.

We engage with the following and other stakeholder groups on a regular basis to discuss the major grid congestion and energy transition challenges:

1. Customers: households and companies;
2. Partners in the implementation chain: suppliers of materials, services and technology, permitting authorities and financiers;

3. Public authorities, policymakers and other parties with a major role in the energy system overhaul: supervisory authorities, municipal authorities, regional authorities, other network operators, government ministries in charge of policy in our domain and civil society organisations.

Customers

We engage with our customers to get a proper understanding of their challenges and future transmission needs that guide their choices. In addition, we aim to encourage customers to be flexible in their power consumption for congestion management purposes. We do this in various ways, including by conducting targeted customer surveys, having relationship or account managers reach out to customers, sending out questionnaires and running pilots. Besides our customer services department and website, we use social media for customer contact. These channels are used to respond to individual queries and post updates on works in people's local area. The ExCo has made improving communication with customers and stakeholders one of the priorities. We continuously monitor how often our communication channels are used and what customers think about them. Where appropriate, customers can share negative experiences through the Complaints Procedure.

Partners in the implementation chain

With our implementation partners, we maintain close and long-term partnerships that are necessary to scale up and carry out more work. To this end, we have set up an organisational unit called 'Major Work Packages' that builds these partnerships aimed at scaling up. In June 2024, we sealed the Implementation Agreement with other regional network operators, public authorities and partners. This Implementation Agreement contains arrangements with respect to working together to accelerate implementation.

Other partners

We are in consultation with the Ministry of Climate Policy and Green Growth, and the Ministry of the Interior and Kingdom Relations on effective policies, among other things, for decarbonising the energy system and solving grid congestion. These consultations are part of programmes such as the National Network Congestion Action Programme, the National Energy System Plan and the National Programme on Sustainable Industry. We work with municipal and provincial authorities on the issue of spatial integration of infrastructure. Through integrated programming, we also work together on developing the future energy system. Energy Boards have been set up in each of the provinces for administrative collaboration in this area, aimed at acceleration and making choices. We involve civil society organisations and organisations representing specific stakeholders so that we can take their views and insights into account. We seek their input for our investment plans, for example, both at the start when defining the starting points for the scenarios and at the end when we submit the draft investment plan for consultation.

How we harness stakeholder insights

We use our stakeholders' insights to fine-tune our strategy. For many of our stakeholders, the utterly unsatisfactory grid congestion situation is their biggest problem. As we do not have an instant solution to that problem yet, we are increasingly deepening our search for unconventional solutions to rise to the challenges, so that we can ultimately meet the needs of our customers and society.

Stakeholder bias

Stakeholder bias is something that can manifest itself in all kinds of different ways. When estimating and determining materiality, we have always looked at which stakeholders are affected by our impact or affect us. The best way to prevent bias from creeping in is by having more eyes on our work and inviting more forums to weigh in. We engage with both internal and external stakeholders to discuss topics. These consultations are monitored by our CSRD working group and steering committee, and separately reviewed by the Management Board. We ask our youth panel called the Future Leader Board to co-read and review our annual report, and we organise a stakeholder panel every year to go over the annual report. This process reveals a wide range of insights, perspectives and interests. We focus our attention on the results of the input delivered.

Guaranteeing stakeholder engagement

In making our policy and setting our targets, we heed the interests of the main stakeholders. The resulting policy is published on our intranet or website, as applicable. The Management Board has delegated responsibility for incorporating our stakeholders' views on our strategy and business model to several business units/departments within the organisation:

- The Corporate & Social Affairs (CSA) department is responsible for engaging our social stakeholders.
- Customer & Design is responsible for customer relationships with respect to future transmission needs and for acquiring land for new substations.
- Strategic Resource Management is responsible for supplier relationships.
- Asset & Product Management is responsible for gauging stakeholders' views as part of the process of preparing our investment plan.
- High-Volume Connections, Reconstructions & Grids is responsible for major accounts and setting up new high-volume connections.
- Major Work Packages is responsible for organising large-scale projects we are taking on as part of long-term and deepened partnerships with implementation partners and public authorities.

Stakeholder table

Stakeholder	Items for discussion	Type of interaction	Topics discussed
Customers (consumers)	Collaboration, relationship management, dialogue, service improvements	Digital panel	Climate change (E1), Consumers and end-users (S4)
		Quantitative research	
		Complaints and mediation (per case)	
		Qualitative research (various)	
		Dialogue	
Customers (business)	Collaboration, dialogue, service improvements	Dialogue and relationship management (e.g. VEMW, Uneto VNI, Bouwend Nederland, VNO NCW)	Climate change (E1), Consumers and end-users (S4)
Employees	Participation, dialogue, employee engagement and initiatives, formal negotiations (on pay and employment conditions)	Formal consultation meeting	Own workforce (S1), Consumers and end-users (S4)
		Dialogue, workshops, meetings	
		Employee association	
		Employee volunteering	
		Periodic negotiations on pay and employment conditions	
Shareholders	Formal/informal consultations, knowledge and insight into activities	General Meeting of Shareholders	All topics
		Meeting of Major Shareholders	
		Consultative meetings, individual contact	
		Biennial reputation survey	
		Regular newsletter	
Investors	Accountability and explanations	Regular consultations and reporting on financial results	All topics
Local and regional authorities	Coordination of climate and energy plans and projects, investment areas	Consultation, collaboration, projects	Climate change (E1), Consumers and end-users (S4), Business conduct (G1)
Government bodies	Expression of interest and active/ proactive dialogue	Consultation, having a say, views	Climate change (E1), Consumers and end-users (S4), Business conduct (G1)
Politicians	Keeping them informed generally and on specific topical subjects	Relationship management, working visits, proactive and reactive updates	Climate change (E1), Consumers and end-users (S4). Business conduct (G1)
		Qualitative research	
Industry regulators	Informing, information sharing and explanation	Regular meetings on topical subjects and issues, standard and ad hoc information requests	Own workforce (S1), Workers in the value chain (S2), Consumers and end-users (S4), Business conduct (G1)
Energy sector	Knowledge sharing, partnerships, promotion of interests, collaboration	Participation in boards	Climate change (E1), Circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Consumers and end-users (S4), Business conduct (G1)
		Working groups	
Suppliers	Collaboration, relationship management, dialogue	Contracting Day	Climate change (E1), Circular economy (E5), Workers in the value chain (S2)
		Supplier Days	
		Topic consultations	
		Responsible procurement consultations	
Knowledge institutions	Knowledge sharing and partnerships	Collaboration, knowledge development, co-creation, knowledge sharing	Own workforce (S1)
Media	Informing, positioning	Relationship management, proactive information, crisis communications, qualitative research	All topics
Social sector organisations	Volunteering	Employee volunteering	Own workforce (S1)
	Participation, dialogue and relationship management	Alignment, participation in associations and foundations	Climate change (E1), Own workforce (S1), Consumers and end-users (S4)
Partnerships	Collaboration with knowledge institutions, the business community and government bodies, promoting sustainability, new models for innovation and social development, facilitating a sustainable energy supply	Participation in boards, meetings, sponsoring, strategic collaboration, consultation and dialogue	Climate change (E1), Circular economy (E5), Workers in the value chain (S2), Consumers and end-users (S4), Business conduct (G1)
Corporate partnerships	Collaboration with the business community and government bodies, promoting sustainability, new models for innovation and social development, sustainable energy supply	Meetings, collaboration, development, consultation and dialogue, commissioning projects, strategic partnerships	Climate change (E1), Circular economy (E5), Workers in the value chain (S2), Consumers and end-users (S4), Business conduct (G1)

Material impacts, risks and opportunities and their interaction with the strategy and the business model

Based on the double materiality assessment (DMA) we conducted, we have defined five ESRS themes as material topics. The ‘Information on sustainability topics’ paragraph will explain how these interact with our strategy and our business model.

Alliander has a solid financial position, and therefore also has a resilient business model and resilient strategy in order to address material risks and impacts. Current financial impacts are recognised in the financial statements. For more background information, please see the financial statements. We have not performed any further IRO-specific qualitative or quantitative assessments based on this. Targeted financial effects are included in our business plans. Scenario analyses are part of our business plan process.

Double materiality assessment

Companies that are under an obligation to report based on the CSRD are required to perform a 'double materiality assessment' for that purpose. This is necessary in order to establish which sustainability topics are the most relevant to the company and its stakeholders. The double materiality assessment thus determines the scope of the company's sustainability reporting. Over the past few years, our material topics were the foundation for the process of scope determination. In 2023, we carried out a broad topic-oriented double materiality assessment based on the Corporate Sustainability Reporting Directive (CSRD) for the first time.

For the 2024 report, we brought our double materiality assessment further into line with the CSRD and the European Sustainability Reporting Standards (ESRS). In doing so, we gratefully drew on our experiences from last year, the dialogue on materiality with colleagues and experts, network meetings and a peer review. For a detailed description of the methodology and the DMA process, see the 'The DMA process in steps' paragraph.

Inside out and outside in

For the double materiality assessment for 2024, we assessed our impact on people, the environment and society with respect to all ESRS topics and subtopics (inside out), aligning the business-specific topics with and detailing them within the context of the relevant ESRS topics and subtopics. We identified and assessed our current and potential impact on people and the environment. Following on from that, we assessed what risks and/or opportunities each topic and subtopic may generate for Alliander's operations. This analysis of risks and opportunities forms the basis for assessing the financial impact of ESRS topics on our company (outside in). If an ESRS topic was classed as material in at least one of the two perspectives, we designated that topic as material to Alliander.

Impacts, risks and opportunities in the value chain

We assessed impacts, risks and opportunities with respect to the relevant topics, not only for our own operations, but also for topics in our value chain. This value chain includes both upstream parties that supply to Alliander and downstream stakeholders to whom we supply. Based on internal knowledge and value chain analyses, the value chain assessments look primarily at our first-line suppliers, especially in assessing impacts, risks and opportunities with respect to Workers in the value chain (S2), Climate change (E1) and Circularity (E5).

Stakeholder involvement in the DMA

Stakeholders are parties that can influence Alliander or be influenced by Alliander. Alliander distinguishes three core stakeholder groups and a diverse field of social stakeholders around that.

Our activities in stakeholder domains or in partnership with stakeholders provide a valid basis for assessing the impacts, risks and opportunities that are material for them and for us.

Further development of the DMA

We are confident that our double materiality assessment delivers a truthful picture of our material topics and their impacts, risks and opportunities. At the same time, the due diligence process we continue to run may give rise to possible adjustments due to new strategies, activities, modified processes and activities that are also relevant to stakeholders. Over the coming years, we will further fine-tune our DMA process and methodology, especially when prompted by new insights or implementation guidelines, such as industry-specific standards. This not only means that our double materiality is subject to change in the future, but also that our sustainability statement may not cover every impact, every risk and every opportunity that individual stakeholders or stakeholder groups may consider important.

Material	Not material
Climate change (E1)	Pollution (E2)
Circular economy (E5)	Water and marine resources (E3)
Own workforce (S1)	Biodiversity and ecosystems (E4)
Workers in the value chain (S2)	Affected communities (S3)
Consumers and end-users (S4)	
Business conduct (G1)	

We have summarised the outcome of our double materiality assessment in the above materiality matrix. The ESRS to which each topic relates are stated in parenthesis. The topics of Climate change (E1), Resource use and circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Consumers and end-users (S4) and Business conduct (G1) are material both from an impact and a financial perspective. This was to be expected, as standards are closely related to our strategic priorities of driving the energy transition, delivering a sustainable energy supply, ensuring security of energy supply for our customers and communicating with and providing information to our customers. The topics of Pollution (E2), Water and marine resources (E3), Biodiversity and ecosystems (E4) and Affected communities (S3) are not material, neither from an impact nor a financial perspective.

We have not screened our assets and business activities for actual and potential impact risks in our own operations and the value chain with respect to pollution, water and marine resources, and biodiversity and ecosystems. Neither have we engaged with affected communities on these topics. We discussed these topics with internal subject matter experts.

The DMA process in steps

Step 1: identify, review and validate relevant aspects and topics

In order to identify material topics, it is essential that we consider all possible aspects. To this end, we compared the list of ESRS topics and subtopics to the material topics from our 2023 annual report. We also consulted a wide range of sources, including:

- a peer review of topics covered in annual reports of other Dutch network companies;
- the Alliander Trend Report for 2023;
- the Alliander strategy;
- Alliander's risk assessment.

We also used more specific data that gives further insight into the potential scope of impact topics, such as source data in the form of our carbon footprint, value chain analyses and management reports. The assessment sought to establish the extent to which ESRS topics relate to our activities, in particular the distribution of electricity, gas and heat, our work on the infrastructure and support processes such as buildings management, procurement, material needs and energy management. Additionally, we looked at specific activities of subsidiaries such as Telecom and at Qirion's high-voltage grid and engineering activities. These are also highly linked to Alliander's impact.

Subject matter experts

Discussions on each ESRS topic were held with internal subject matter experts. These subject matter experts work in the domain of corporate social responsibility or have expertise in relation to ESG topics. With them, we assessed the relevance of the listed topics, the choices and actions Alliander has developed for the specific topics and how Alliander is organised in respect of the specific topics.

Step 2: determine the impacts, risks and opportunities

In order to determine the degree of materiality, we identified current and potential impacts, risks and opportunities for all topics that are deemed to be material. In doing so, we specifically focused on factors that lead to a potential specific impact or a heightened risk of impact for Alliander as an energy network operator. One example of such a specific impact is the impact caused by the acceleration of the energy transition, as that will create a considerable need for more labour capacity and materials for the energy network and put additional pressure on the work. This potentially generates additional impact on safety during the work and a greater need for required resources.

These impacts reverberate to partners in the value chains to which we are connected, such as business partners, including suppliers, and outsourcing partners. At the same time, the energy transition creates risks and opportunities for Alliander, such as effects on our reputation and the opportunity to organise our work in a more sustainable and efficient way, including together with value chain partners. As per the ESRS guidelines, we assessed the topics using different dimensions:

- Scale - the extent of the (potential) impact, both negative and positive, after mitigating measures.
- Scope - how widely the impact manifests itself, based on parameters such as the percentage of locations, percentage of group employees or financial expenditures.
- Recoverability - whether it is possible to recover after a negative impact, i.e. if this is physically possible and what the costs and time frame for this would be.
- Probability - the chance of the (potential) impact, both negative and positive, actually occurring.

Financial materiality

Based on Alliander's risk framework, the risks and opportunities were weighed in the light of the financial consequences topics may have for the organisation. This weighing of risks and opportunities is a qualitative assessment. While based on the best available insights, there are no absolute certainties. Along the lines of the risk model, the topics were classified based on their financial effect, including recoverability from that impact and the probability of the risk or opportunity materialising. Estimation and assessment of the topics delivers a financial impact classification that ranges from – potentially – (very) low and medium to (very) high. The financial impact was assessed for the short (up to 1 year), medium (1-5 years) and long term (over 5 years).

- Probability - the chance of the impact, risk or opportunities occurring.
- Financial effect - the extent of the (potential) financial costs and revenue.

See the end of this section for a run-down of all our defined impacts, risks and opportunities for each ESRS topic.

It must be noted that the defined risks and opportunities may have a material effect on Alliander's financial position, net profit and cash flows. There is always an inherent risk of a material adjustment to the carrying amount of assets and liabilities in the next reporting period,

Step 3: determine materiality

After consulting with internal subject matter experts, the CSRD working group determined the materiality of the impacts, risks and opportunities. This was done in a qualitative sense by the members of the CSRD working group, taking into account all available knowledge and Alliander's sustainability track record. Wherever impact is classed as material, it is disclosed for the topic in question.

We assessed the probability and financial effect of risks and opportunities based on Alliander's risk framework. Based on the scores for the two above dimensions, we plotted the topics in the materiality matrix shown above.

Step 4: validate relevance to stakeholders

As part of the materiality assessment, we reached out to stakeholders on various occasions to get their views, both through individual interviews and in a group (stakeholder panel). We used the outcomes in the final assessment of the topics.

- In preparing the annual report, we consulted with internal subject matter experts from the business units and expert support functions. Their frequent contact with the main stakeholders gives them a good understanding of stakeholder interests and views on social topics.
- In a meeting attended by the members of the Management Board, we discuss the topics and Alliander's challenges, and how these are incorporated in the draft annual report, with a panel of social actors in December every year. In preparation for this session, we asked the panel members for their views on the topics that we classified as material topics.
- We discussed social topics in interviews with representatives for the main stakeholder groups. Stakeholder input and views were taken into consideration in Alliander's ultimate determination of materiality.

While the stakeholders confirmed the overall picture of the material topics, they sometimes also specifically pointed to or asked about topics and urged us to look at the distinction between topics of low and high materiality. The outcome of the materiality assessment and the scores were brought together in a draft materiality matrix. No impacts, risks or opportunities were specifically suggested by the Works Council or Supervisory Board.

The outcomes of the assessment and the materiality matrix were discussed internally and made available to the Management Board and the Supervisory Board. The list of key topics and subtopics was discussed and approved by the Management Board. One of the conclusions was that the topics where Alliander has or could have the most impact are largely aligned with the most important strategic challenges Alliander is addressing.

Step 5: place topics in the materiality matrix

The combination of the inside-out and outside-in impact shows how topics affect Alliander's social performance, thus determining their materiality in the annual report. The materiality matrix shown earlier in this section lists the material and non-material topics for Alliander's sustainability statement.

Topics

These are the topics in the materiality matrix that stand out in the eyes of stakeholders and have double materiality, because they have an impact on both society and on Alliander. Listed in the left-hand column, these topics are discussed in detail in the sustainability statement. Other topics are listed in the right-hand column of the matrix and are not material, meaning that they have little to barely any impact.

(Sub-)subtopics

Based on the ESRS, topics can be broken down into several subtopics and sub-subtopics. The table below gives an overall view of material topics and (sub-)subtopics.

Material ESRS topic	Subtopic	Sub-subtopics
E1 Climate change	▪ Climate change mitigation	
	▪ Climate change adaptation	
	▪ Energy	
E5 Circular economy	▪ Resource inflows and use	
S1 Own workforce	▪ Employment terms and conditions	▪ Job security
		▪ Collective bargaining, incl. collective bargaining coverage for employees
		▪ Work-life balance
		▪ Health and safety
	▪ Equal treatment and equal opportunities for all	▪ Gender equality and equal pay for work of equal value
		▪ Training and development of skills
		▪ Employment and inclusion of persons with disabilities
		▪ Actions against violence and intimidation in the workplace
		▪ Diversity
S2 Workers in the value chain	▪ Employment terms and conditions	▪ Job security
		▪ Working hours
		▪ Adequate wages
		▪ Work-life balance
		▪ Health and safety
	▪ Equal treatment and equal opportunities for all	▪ Gender equality and equal pay for work of equal value
		▪ Training and development of skills
		▪ Employment and inclusion of persons with disabilities
		▪ Actions against violence and intimidation in the workplace
	▪ Other workers' rights	▪ Child labour
		▪ Force labour
S4 Consumers and end-users	▪ Impact on information for consumers and/or end-users	▪ Privacy
	▪ Personal safety of consumers and/or end-users	▪ Health and safety
		▪ Personal safety
		▪ Protection of children
	▪ Social inclusion of consumers and/or end-users	▪ Access to products and services
G1 Business conduct	▪ Corporate culture	
	▪ Protection of whistleblowers	
	▪ Corruption and bribery	▪ Prevention and detection, incl. training
		▪ Incidents

Other related topics

Some of the topics the double impact assessment based on the ESRS system did not class as material are still relevant to the annual report given developments and/or Alliander's responsibility. It may also be necessary to include disclosures on these topics based on statutory obligations or because of a specific stakeholder interest. While these non-material topics are not included in the sustainability statement, they can still feature in other sections of the annual report or be mentioned in an explanatory appendix.

Step 6: implementation

An assessment was made for each European Sustainability Reporting Standard of what information is deemed material for the sustainability statement. This was a topic-by-topic assessment process, during which we did not have all the information or data points instantly available. Whenever information was missing, we estimated what actions would be needed to meet the disclosure requirements under the ESRS. Where possible, these will be incorporated in a future report. Additionally, Alliander uses business-related indicators that we include in the sustainability statement if they are relevant to the accountability process. The materiality of topics decided by the Management Board provides the basis for the organisation of content and for the

overall management of the reporting process. Based on the double materiality assessment, we decided how to work out the details of the topics and where to address them in the report, while coordinating with the Management Board. Next, we obtained the required information for each topic from internal content suppliers. Organisational units prepared the reporting process in conjunction with the responsible departments and recorded agreements reached on the verification and validation of data.

Our Impacts, risks and opportunities

ESRS E1 Climate change				
		Material impact, risk, opportunity	**Description**	**Scope**
Climate change mitigation				
⊖	Negative impact	GHG emissions from fossil energy sources used for internal and value chain applications contribute to climate change.	GHG emissions contribute to climate change (contributor to global warming) across the entire value chain.	Upstream, own activities, downstream
⊖	Potential negative impact	Expanding and upgrading the network leads to emissions and an increase in network losses, which contributes to climate change.	The growth of the network and the heavier load on the network leads to emissions and an increase in network losses. This contributes to climate change.	Upstream, own activities, downstream
⚠	Risk	New legislation for climate change mitigation leads to higher costs.	Mandatory measures from laws and regulations may lead to additional investments and costs in addition to previously planned measures.	Own activities
⚠	Risk	Failure to hit climate targets leads to higher cost of capital.	Inadequate and late accomplishment of climate targets may erode the organisation's credibility and reputation. In addition, it may lead to higher costs and possible fines.	Own activities
★	Opportunity	The use of innovative technologies in sustainable energy supply delivers an increase in revenue or cost benefits.	The use of new technologies and innovation creates opportunities for storage, supply/demand management and decentralisation in the transition to a sustainable energy supply. These activities may lead to cost benefits, efficiency and revenue growth.	Own activities
Climate change adaptation				
⚠	Risk	Disruptions in vital energy infrastructure lead to increasing maintenance costs or loss of assets.	Frequency and severity of intense weather events may pose a risk to vital infrastructure and result in damage to or loss of assets.	Own activities
⚠	Risk	Disruptions in the value chain for materials needed for vital energy infrastructure leads to higher procurement costs.	Indirect value chain effects on materials, assets and elsewhere in the energy chain due to disruptions in the supply chain. This may drive up costs.	Upstream
Energy				
⊕	Positive impact	The creation of infrastructure for the purpose of electrification and the use of renewable energy contributes to the energy transition.	Use of renewable sources leads to a reduction of emissions and a shift in the energy mix from fossil fuels to renewable energy.	Own activities
⚠	Risk	The decrease in gas consumption and the number of gas connections drives up the cost per gas connection and reduces revenue from gas consumption.	The heat transition may cause the financial support for the gas grid to decrease and drive up the costs per connection. Agreements on the financing of the transition are needed in this respect.	Own activities
⚠	Risk	Rising expenditures for necessary grid investments lead to potential funding shortfalls.	Pressure on profitability and funding sources may restrict investment financing. The rising level of investment creates a structural negative cash flow and therefore an increase in our financing requirements. This will eventually put pressure on our financial ratios and our rating.	Own activities
★	Opportunity	Climate agreements increase demand for heat connections, leading to higher revenue.	Supranational, national and regional climate agreements such as the Dutch climate agreement on the heat transition offer opportunities to replace gas with alternative heat sources.	Own activities, downstream
★	Opportunity	Introduction of new technologies leads to increased revenue or cost benefits.	The introduction of new technology such as hydrogen technology and more sustainable transport and mobility offer opportunities for new business and jobs. Alliander is actively researching and developing ways to use these alternatives.	Own activities

ESRS E5 Circular economy			
Material impact, risk, opportunity	Description	Scope	
Resource inflows and use			
Negative impact	Use of resources contributes negatively to their availability.	The use of resources may lead to depletion of natural resources. In this IRO, Alliander focuses on the procurement of core assets that are essential for its core activities (management of gas and electricity grids). This includes the assets: cables, meters, pipes, transformers and switchgear.	Upstream, own activities
Risk	Disruptions in the supply chain due to material shortages and/or geopolitical circumstances may lead to increased costs for material procurement.	Prolonged shortages of materials and components due to supply problems and production capacity affect the completion of work packages and inventories, which can lead to pressure on supplier relationships. This may lead to price rises.	Upstream
Opportunity	Reuse of materials and components in our own business activities and in the value chain, and collaboration between suppliers and network operators reduce the consumption of (scarce) resources.	By purchasing and using circular materials and components, and forging collaboration in the value chain, we reduce the demand for resources. This may bring costs down in the long term.	Upstream, own activities
Opportunity	We reduce our sensitivity to disruptions in the international value chain through wider availability of materials and by collaborating with suppliers and sheltered work providers to repair and overhaul materials. This reduces purchases of new products and creates cost savings.	By repairing and overhauling materials, we reduce dependence in the value chain. This means less procurement and lower costs.	Upstream, own activities

ESRS S1 Own workforce			
Material impact, risk, opportunity	Description	Scope	
Employment terms and conditions			
Positive impact	Good working conditions and terms of employment contribute to employee well-being.	Good working conditions and terms of employment contribute to physical, mental and social well-being, which has a positive effect on productivity, sickness absence rates and work atmosphere.	Own activities
Positive impact	Alliander's growth leads to job creation.	Alliander's growth generates additional demand for workers and, consequently, jobs.	Own activities
Negative impact	Health and safety incidents lead to (fatal) injury to workers.	Workplace incidents may cause workers to suffer (fatal) injuries.	Own activities
Risk	Shortage of available (technical) personnel in the labour market leads to higher costs.	Insufficient availability of adequately trained technical professionals in the labour market prevents us from getting the work done. This makes attracting and retaining well-trained personnel more challenging and expensive.	Own activities
Risk	Personnel safety incidents lead to sickness absence, damage to our reputation, damage claims and fines.	Personnel safety incidents may occur while working on power grids. Safety incidents lead to sickness absence, damage to Alliander's reputation, damage claims and fines.	Own activities
Equal treatment and equal opportunities for all			
Positive impact	Equal treatment and opportunities for all contributes to employee well-being and development.	Equal treatment and opportunities (including training opportunities) contributes to the well-being and development of all employees. Training has a positive effect on the development and employability of employees and also on the company's performance.	Own activities
Negative impact	Inappropriate behaviour in the workplace may lead to a reduction in employee well-being.	Inappropriate behaviour in the workplace has a negative effect on employee well-being, health and productivity.	Own activities
Risk	Insufficient diversity and inclusion leads to loss of talent and higher employee benefit expenses.	A lack of diversity and inclusion causes underrepresented groups to not feel 'at home' at Alliander, which may lead to a negative impact on their well-being and productivity. This may result in the loss of talented employees due to high staff turnover, which results in higher employee benefit expenses.	Own activities

ESRS S2 Workers in the value chain				
		Material impact, risk, opportunity	Description	Scope
Employment terms and conditions				
⊖	Negative impact	Poor working conditions in the value chain lead to a reduction in the well-being of workers in the value chain.	Poor working conditions contribute to physical, mental and social discomfort, which has a negative impact on productivity, sickness absence rates and work atmosphere. Alliander's supplier contracts include provisions on working conditions and equal opportunities.	Upstream, downstream
⚠	Risk	Inadequate compliance with standards on working conditions in the value chain may damage our reputation and lead to higher costs.	Risks relating to working conditions in the value chain. These risks include human rights violations, unequal treatment and forced labour. This may damage our reputation and lead to financial losses.	Upstream, downstream
Other workers' rights				
⚠	Risk	Violations of workers' rights and human rights in the value chain may lead to liability or fines.	Modern slavery or other forms of forced labour and child labour or involvement in such practices in the value chain may damage our reputation and lead to legal problems and fines.	Upstream, downstream

ESRS S4 Consumers and end-users				
		Material impact, risk, opportunity	Description	Scope
Privacy				
⊖	Negative impact	A breach of confidentiality of our customer data relating to the operation of our power and gas grids may lead to unauthorised use of their personal data.	Privacy breaches for consumers may lead to unauthorised use of their personal data.	Downstream
Personal safety of consumers and/or end-users				
⊕	Potential negative impact	Potentially unsafe conditions in the infrastructure (our power and gas grids) may cause injury or death to customers or passers-by.	Unsafe conditions may negatively affect the health and/or safety of customers and/or passers-by.	Downstream
⚠	Risk	Safety incidents related to the operation of our power and gas grids damage our reputation and lead to damage claims and fines.	Safety incidents for local residents/passers-by may occur during work on power and gas grids. Safety incidents damage Alliander's reputation and lead to damage claims and fines.	Downstream
Access to products and services (energy security for customers)				
⊕	Positive impact	Customers get access to power and gas, leading to an increase in their well-being.	Access to energy has a positive effect on customer well-being. If customers have no or limited access to energy, this has a negative effect on their well-being. A positive impact is recognised on account of more customers experiencing a higher level of well-being.	Downstream
⚠	Risk	Power and gas supply disruptions lead to damage claims.	Disruptions may occur due to external factors such as weather conditions and due to the focus being on expansion. This leads to financial losses and possibly claims.	Own activities, downstream
⚠	Risk	Growing pressure on limited grid capacity, resulting in increasing waiting times, may lead to damage claims.	Grid capacity is under increasing pressure due to growing demand for connections and power consumption. This leads to longer waiting times for new connections or grid expansion. As a result, affected parties may file damage claims.	Own activities, downstream
⚠	Risk	Cyberattacks threaten power operations, leading to damage claims and costs related to the hacks.	Alliander's business processes are extensively digitalised and increasing cybersecurity threats create a risk of the energy supply being shut down. Hackers hack vital infrastructure and demand a 'ransom' to lift the hack.	Own activities
★	Opportunity	Innovative solutions improve access to power and grid management, leading to higher revenue or lower costs.	Innovative technologies make it easier to access power and optimise grid management. These improvements lead to higher revenue (access) or lower costs.	Own activities, downstream

ESRS G1 Business conduct			
	Material impact, risk, opportunity	Description	Scope
Corporate culture			
Positive impact	A good corporate culture adds to employee well-being and motivation.	A good corporate culture leads to higher job satisfaction and well-being, because a good corporate culture ensures a balanced workload and a positive work environment.	Own activities
Risk	A poor corporate culture may result in potential wrongdoing, which will damage our reputation and increase costs.	A poor corporate culture results in damage to our reputation and possible wrongdoing with financial consequences.	Own activities
Protection of whistleblowers			
Positive impact	A known whistleblower policy promotes transparent operations, leading to the prevention of wrongdoing.	A known whistleblower policy has a positive effect on safety, trust and ethical behaviour, and prevents the occurrence of wrongdoing. The whistleblower policy covers employees and other stakeholders of Alliander.	Own activities
Corruption and bribery			
Potential negative impact	Potential corruption and bribery incidents contribute negatively to transparency and honesty in the industry.	Potential corruption and bribery incidents can negatively affect ethical standards inside and outside the organisation. It may also damage our reputation.	Upstream, own activities, downstream

Environment

Our activities, products and services have both a positive and negative impact on the environment. In this section on environmental performance, we summarise the key environmental indicators for our ESG obligations. We focus on the material topics that emerge from our double materiality analysis:

- E1 - Climate change (subtopics: climate mitigation, climate adaptation and energy). The explanation is followed by the justification in accordance with the EU taxonomy.
- E5 - Circularity (subtopics: resource inflows and resource use).

Climate change (E1)

Climate change affects Alliander's value, due to its central position in the energy chain. Energy infrastructure is the crucial facilitating link in the energy chain for the transition to a sustainable, low-carbon energy supply. Our network management activities focus on distributing electricity, gas and heat, and on achieving sustainability in the energy system. Alliander has no business activities in relation to the fossil fuels coal and oil and does not invest in such activities.

Stakeholder expectation

As a network operator, we have an indirect impact on climate through our energy systems. The energy we distribute is partly of fossil origin and this contributes to the climate impact on our stakeholders. They expect Alliander to have an active policy aimed at maximising our contribution to the energy transition goals and limiting climate-related emissions. Alliander is taking various steps to limit climate impact, in which we take account of stakeholder concerns. For instance, we collaborate with organisations and NGOs working for the transition to a sustainable energy supply. The starting point for this work is formed by the international climate objectives laid down in the 2015 Paris Climate Agreement and further specified in the Dutch Climate and Energy Agreement. Alliander is working on the implementation of this policy.

With our role in the energy transition, we are also meeting the growing demand for energy infrastructure. The challenge is to meet customer demand while simultaneously maintaining our focus on 'Reducing demand', one of our strategic pillars.

Our strategy is designed to offer customers timely solutions that fit within an affordable and reliable energy system, both today and in the future. By expanding, upgrading and modifying energy infrastructure, we make it possible to improve sustainability and development in the Netherlands and we work towards accelerating it. The strategy is based on intensive collaboration with the government, provincial authorities, municipalities, other network companies, industry, companies, citizens and other relevant parties that influence the energy infrastructure in the Netherlands.

Policy and approach

We acknowledge the role we play in reducing potential negative effects, such as emissions from the extraction and production of materials and key components needed for a successful transition to renewable energy sources. To address potential negative effects in our value chain, we work together with suppliers to reduce emissions. This all forms part of our climate policy.

To increase transparency and reduce climate-related emissions in our operations and the chains in which we are active, we align our work as closely as possible with the Science Based Targets initiative (SBTi). The SBTi takes the internationally agreed carbon reduction targets and provides a framework for translating them into CO_2e (CO_2 equivalent) emissions targets and timescales. Managing climate-related emissions is part of our strategy. We have explored the impact of climate change on our operating assets. An approach and the actual transition plan for managing and, where necessary, preventing and limiting this impact form part of our planning for 2025.

Responsibility for our carbon emissions is embedded in the daily management of our organisation and reported on every quarter. The carbon emissions KPI is part of the dashboard of the topmost management bodies. This KPI covers scope 1, 2 and 3 emissions of the company's operations and is also reported on the basis of emissions after greening measures. Our emissions are calculated in tonnes of CO_2. We set CO_2 budgets for each scope. Alliander reports on all emissions categories that are material to its own operations and any part of the chain.

Climate policy and its implementation are managed by the CO_2 steering group, which is attended by the portfolio holders of the business units with the most important climate issues. Discussion and management within the CO_2 steering group is based on the quarterly reports. Progress of policy, targets and actions is regularly evaluated and assessed. Targets may be adjusted following changes to material climate impacts, risks and opportunities.

Alliander regularly draws up an Energy Management Plan, which focuses on emissions in the organisation and the chain. This plan forms part of the CO_2 performance ladder. In the plan, we bundle and integrate the various actions, activities and measures aimed at reducing emissions at Alliander and parties in the chain. The operating targets for CO_2, network losses, buildings and mobility are agreed and adopted by the Alliander Management Board.

Green finance is a part of Alliander's policy. Alliander is able to issue green bonds and green Euro Commercial Paper (ECP). The company also has a committed Sustainability Linked credit facility. This financing structure is a financial incentive for Alliander to make sustainable investments and to conduct its business sustainably. For more details, please refer to the chapter on 'A creditworthy company with a solid return'.

Governance

Our commitment to the energy transition, climate mitigation and climate adaptation is an integral part of our strategy, targets and activities. The decision-making process follows our regular decision-making arrangements. We make separate arrangements for additional investments if they appear necessary. Progress on targets and agreements in the business plan is monitored and forms part of the monthly, quarterly and annual reports to the Management Board, where achievement and implementation are discussed with management and the process owners.

The targets form part of the dashboard for the topmost management bodies. The approach is signed off annually by the Director of Corporate & Social Affairs. Owing to Dutch legislation for public companies such as Alliander, executive and management compensation within the organisation currently includes no financial or other incentives.

About the transition plan

A climate transition plan is a strategic plan that describes how Alliander will make the transition to a more sustainable energy system. It contains specific steps, targets and measures that we will take to both cut carbon emissions and adapt to the effects of climate change. This plan is essential to ensure that we take our share of the responsibility for a sustainable future.
Alliander is working on an overall transition plan as referred to in the CSRD, in which we consolidate our planning for energy transition, climate mitigation and climate adaptation. This plan will be presented for board approval in 2025. In the paragraph on the EU taxonomy, we report the climate-related KPIs for capital and operating expenditure at corporate level. The KPIs form part of our overall business planning and accountability. The starting points for the transition plan are:

- The transition plan will be aligned with the Alliander strategy.
- The transition plan will be drawn up in line with the SBTi framework. The choice regarding possible SBTi accreditation will be made in 2025.
- The transition plan will be aligned with Alliander's planning and budget cycle. Our financial planning will incorporate our targets, activities and measures into the budget over several years.
- The budget cycle covers the availability of resources and labour, and contains plans for a feasible work package.
- A summary of allocated financial resources will be adopted as part of the transition plan. More details of the plan and the financial resources (OpEx, CapEx) will be provided in the 2025 annual report.

Climate change mitigation

The carbon emissions of Alliander's activities contribute to the overall emissions for the Netherlands. The vast majority of emissions are directly related to our core tasks of distributing and transforming electricity and gas. At the same time, these core tasks are a vital part of making the energy transition a reality and thus meeting the national climate targets, for instance by connecting sustainable energy sources to the energy networks and by facilitating the heating transition.
We understand mitigation to mean taking measures to reduce greenhouse gas emissions, which means taking action to make the effects of climate change less severe. Examples include using green energy sources such as solar and wind, improving the energy efficiency of our networks and reducing energy usage.

Impacts, risks and opportunities

- Negative impact – CO_2e emissions from fossil fuels used internally and in the value chain make a negative contribution to climate change.
- Potential negative impact – Network expansion and higher loads cause emissions and increase network losses, which makes a negative contribution to climate change.

- Risk – New climate mitigation regulations lead to higher costs.
- Risk – Failure to achieve climate targets leads to a higher cost of capital and reputational damage.
- Opportunity – Using innovative techniques for sustainable energy supply leads to increased revenue or cost savings.

Policy and approach

Trends

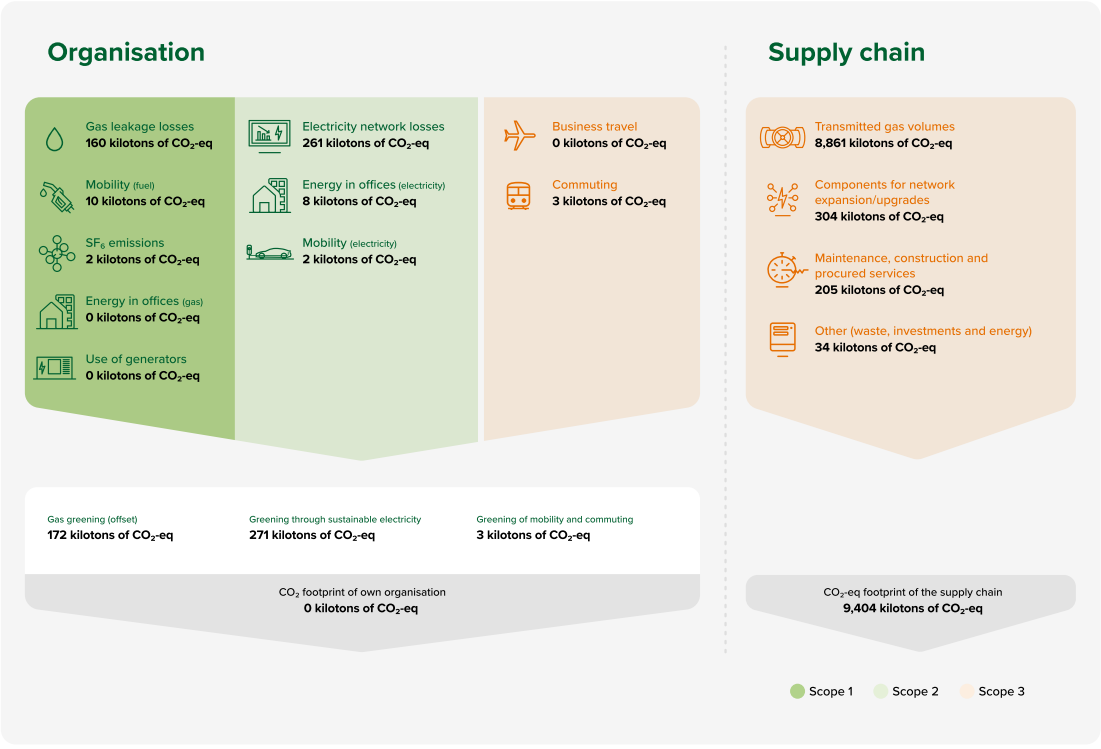
As energy production gradually becomes more sustainable, the carbon emissions associated with our network losses fall. The European agreements on mobility (only zero emission vehicles to be sold as from 2035) are also bringing a wider range of electric (company) vehicles with increasing ranges to the market. National building regulations are also leading to an improvement in building-related emissions, so the emissions from the buildings we rent or manage will fall. We also note that firms and the industry are committing to international science-based climate targets aligned with the Paris Climate Agreement (SBTi).

Policy

Alliander has a mitigation policy aimed at limiting the CO_2e under its immediate control and greening the remainder of its carbon emissions. This policy focuses on:

- Scope 1: gas leak losses, owned and leased company vehicles.
- Scope 2: electricity network losses and buildings.
- Scope 3: commuting.

To achieve our targets, we are investing in mitigation measures focused on energy savings and efficiency in our operations. We also invest in Guarantees of Origin and Gold Standard Carbon Credits to further reduce our carbon emissions. Greening our network losses and other emissions in this way keeps us climate neutral according to the climate policy Alliander has followed since 2013. In 2024, Alliander took the next step forward in its climate policy, and we are now focusing on reducing and managing climate-related emissions in accordance with the guidelines of the Science Based Targets initiative (SBTi). As a result, we will cease using the term ‘climate neutral' with effect from 2024. Our footprint for the year 2024 was as follows.



Objectives

Alliander intends to bring its carbon emission targets into line with the 1.5 degree scenario under the 2015 Paris Climate Agreement. The target for 2024 was a maximum of 416 kt CO_2 emissions from operations. We offset all of these emissions through greening instruments. We are maintaining this target, including greening, for 2025. We have reduction targets by topic for each of the scopes.

The starting point for climate mitigation is that we direct our efforts towards enabling our energy network to facilitate the energy transition and the feed-in of sustainable energy, limiting the carbon emissions of our operations, and offsetting emissions.

We have adjusted the reporting of electricity network losses in our CO_2 reporting to conform with the CSRD guidelines. We perform calculations based on the actual CO_2 coefficients of our suppliers, i.e. using the market-based method, which directly incorporates the effects of purchased Guarantees of Origin (GOs). In the table in the next subsection (Climate-related emissions), we show the effects of our electricity network losses separately from the GO-based offset.

In previous reports, we did not take account of the Greenhouse Gas Protocol guidelines for estimating market-based emissions and adjusted the emissions in order to reflect the actual market basis. This new approach offers a better insight into Alliander's sustainability efforts, especially with regard to the purchasing of renewable electricity via GO certificates.

The current targets reflect the division into scopes under the Greenhouse Gas Protocol and are in line with the CO_2 performance ladder. This means that we have targets for scope 1 and 2. For scope 3, we have only included a target for mobility within our own operations.

Alliander has adopted 2021 as the base year for reporting on its targets. Our total footprint for that year is complemented by an extended scope 3 analysis.

Science Based Targets initiative

Science Based Targets are business objectives that align with the 2015 Paris Agreement. We have now made preparations to adopt the methodology of the Science Based Targets initiative (SBTi), with verification scheduled for 2025. This means that we are actively aligning our current climate objectives with the 1.5 degree scenario:

- Our zero-emissions target, in accordance with the net zero objective under the Paris Climate Agreement, has been moved to 2050 at the latest (long term) with targets for 2030 (medium term) and the intervening years (short term).
- Our use of CO_2 certificates in various situations for greening purposes will be modified.

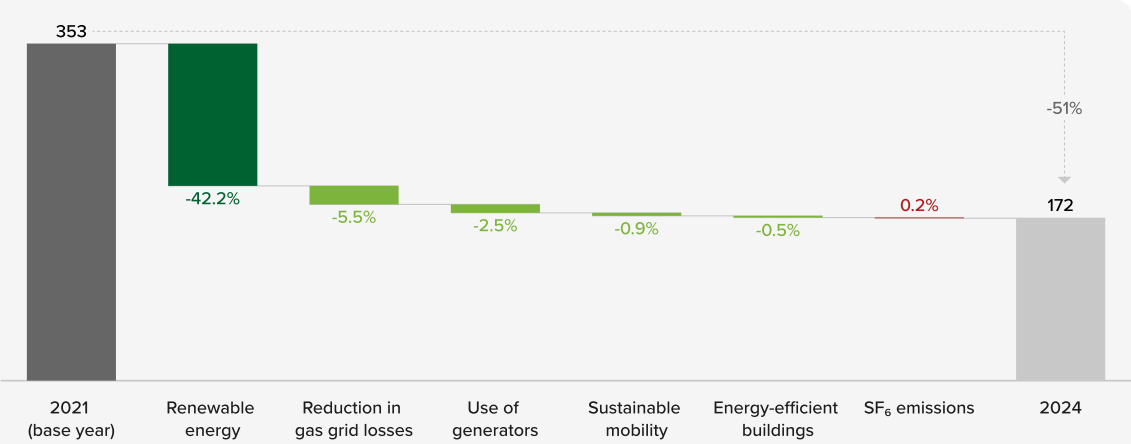
The SBTi targets are being translated at a national and international level into maximum carbon emissions per industry and per company that remain possible if the global temperature rise is to be limited to a maximum of 1.5 degrees. For the final verification, we additionally need to define our targets for a wider group of scope 3 emissions categories. As well as preparing for the verification of our targets, we have begun drafting a climate transition plan.

Decarbonisation levers and reduction pathway

Decarbonisation levers are the specific actions and resources we employ to bring down our carbon emissions. Such levers help us to achieve our climate objectives and make a positive contribution to the energy transition. Alliander's decarbonisation levers provide an insight into the emissions reduction pathway that was followed from 2021 to 2024. We are aiming for a combination of measures and instruments that focus on reducing and limiting CO_2-related emissions. In line with our previous policy, we have been offsetting the entire carbon footprint of our scope 1 and 2 emissions and our own mobility in scope 3 since 2023.

CO_2 emissions trend

scope 1 and 2 key reduction measures in kilotons CO_2eq



Based on our policy, we offset the remaining emissions in our carbon footprint through our greening policy in 2024.

Use of renewable energy

The biggest lever is purchasing GOs. Since 2016, we have gradually greened an ever larger proportion of our electricity network losses. In 2021, this proportion was 53%. Since 2023, total electricity network losses (scope 2) have been greened through purchases of Dutch GOs to help foster the Dutch energy transition. The electricity for our buildings and operations is either obtained from renewable energy sources or offset through GOs.

Limiting gas leak losses

We closely monitor leakage losses in our gas distribution network and limit them through repair and replacement measures. We offset emissions in accordance with our offset policy as referred to above.

Alternative fuel generators

During work and in the event of power cuts, we use generators in a targeted manner to maintain the electricity supply. Since 2023, our policy has been to replace diesel fuel with HVO (hydrotreated vegetable oil). This reduces carbon emissions.

Clean mobility

Our employees travel long distances every day in order to do their work. A mobility policy is in place that focuses on reducing the fossil fuel emissions from our own vehicles, leased vehicles and commuting. We are reducing our footprint further by going all-electric as standard and by using alternative modes of transport and mobility management.

Energy efficient buildings and sites

For our buildings and sites, we are committed to sustainable generation, alternative heat sources, insulation and energy certification. Through this we aim to improve efficiency despite an increase in our workforce.

Reducing SF_6 usage

SF_6 equipment is inspected, our emissions are reported and leaks are sealed. This has been bringing emissions down for a number of years. In 2024, however, an increase was noted. As of 2024, new legal rules are in force for SF_6, for which we are making preparations. The use of new SF_6 will be prohibited from 2035.

Climate-related emissions in 2024

Emissions trend and reduction in carbon emissions

Alliander has adopted 2021 as the base year for energy and carbon emissions data for scope 1, scope 2 (market-based) and for scope 3 regarding our own mobility. Total emissions in that year came to 523 kt CO_2, before GO offsetting. Total carbon emissions in 2024 were 446 kt CO_2 (9.3% less than in 2021). The difference relative to 2021 is 46 kt.

	Unit	2021	2023[4]	2024	% 2024 / 2021	2025 [6]
Direct GHG emissions (scope 1)[1]	**tonnes CO_2 equivalent**	**204,031**	**144,017**	**171,525**	**19%**	**169,093**
Use of generators	*tonnes CO_2 equivalent*	*8,848*	*84*	*48*		40
Gas usage in buildings	*tonnes CO_2 equivalent*	*2,014*	*1,063*	*312*		368
SF6 emissions:	*tonnes CO_2 equivalent*	*1,441*	*1,148*	*1,920*		999
Leased & company cars	*tonnes CO_2 equivalent*	*12,148*	*9,515*	*9,111*		7,097
Gas network losses, administrative	*tonnes CO_2 equivalent*	*83,868*	*40,352*	*68,280*		53,999
Gas network losses, technical	*tonnes CO_2 equivalent*	*95,712*	*91,854*	*91,854*		106,590
Indirect GHG emissions (scope 2)						
market-based[2]	**tonnes CO_2 equivalent**	**149,065**	**32,597**	**22**	**-100%**	**24**
Heat use in buildings	*tonnes CO_2 equivalent*	*32*	*30*	*22*		*24*
Leased & company cars	*tonnes CO_2 equivalent*	*587*	*215*	*0*		*0*
Energy usage in buildings	*tonnes CO_2 equivalent*	*1,566*	*328*	*0*		*0*
Energy usage at substations	*tonnes CO_2 equivalent*	*2,339*	*561*	*0*		*0*
Electricity network losses, administrative	*tonnes CO_2 equivalent*	*56,792*	*10,367*	*0*		*0*
Electricity network losses, technical	*tonnes CO_2 equivalent*	*87,748*	*21,096*	*0*		*0*
location-based[3]	**tonnes CO_2 equivalent**	**588,693**	**403,474**	**369,939**	**-8%**	**372,551**
Heat use in buildings	*tonnes CO_2 equivalent*	*209*	*157*	*102*		
Leased & company cars	*tonnes CO_2 equivalent*	*985*	*1,211*	*1,733*		
Energy usage in buildings	*tonnes CO_2 equivalent*	*3,322*	*2,097*	*2,150*		
Energy usage at substations	*tonnes CO_2 equivalent*	*4,963*	*3,614*	*3,373*		
Electricity network losses, administrative	*tonnes CO_2 equivalent*	*227,581*	*130,632*	*118,396*		
Electricity network losses, technical	*tonnes CO_2 equivalent*	*351,633*	*265,761*	*244,185*		
Upstream indirect GHG emissions (scope 3)[5]	**tonnes CO_2 equivalent**	**506,654**	**529,498**	**545,829**	**3%**	**2,061**
C1. Purchased goods and services	*tonnes CO_2 equivalent*	*205,830*	*242,202*	*304,192*		
C2. Capital goods	*tonnes CO_2 equivalent*	*164,382*	*247,861*	*205,265*		
C3. Fuel- and energy-related activities	*tonnes CO_2 equivalent*	*112,019*	*11,855*	*17,318*		
C4. Upstream transportation and distribution	*tonnes CO_2 equivalent*	*13,977*	*15,501*	*9,514*		
C5. Waste generated in operations	*tonnes CO_2 equivalent*	*2,562*	*1,678*	*2,597*		
C6. Business travel	*tonnes CO_2 equivalent*	*64*	*201*	*231*		*132*
C7. Employee commuting	*tonnes CO_2 equivalent*	*1,421*	*2,328*	*2,618*		*1,929*
C15. Investments	*tonnes CO_2 equivalent*	*6,399*	*7,871*	*4,095*		
Total GHG emissions (market-based)	tonnes CO_2 equivalent	859,749	706,112	717,376	2%	171,178
Total GHG emissions (location-based)	tonnes CO_2 equivalent	1,401,126	1,142,379	1,166,762	1%	623,734

Alliander has no legal emissions-trading obligations and is not covered by the ETS provisions.

Market-based scope 2 emissions include the effect of using renewable energy through the purchasing of Guarantees of Origin (GOs). These are used to bring carbon emissions from electricity consumption down to 0 tonnes CO_2 equivalent. The quantity of CO_2 equivalent offset using GOs was 161,392 tonnes, 242,417 tonnes and 268,683 tonnes in 2021, 2023 and 2024 respectively. Our target for 2025 is to green 270,779 tonnes of our electricity consumption using GOs.

Total greenhouse gas emissions under the location-based method. Total greenhouse gas emissions under the location-based method are calculated using the average emission factors for the national electricity grid. This means that carbon emissions per kWh consumed are multiplied by the average emission factor for the Dutch energy mix, disregarding any individual contracts for renewable energy such as Guarantees of Origin (GOs).

The gross scope 1 and 2 carbon emissions disclosed for 2023 were recalculated and set at 419 kt. This is 7 kt lower than the figure of 425 kt originally reported in the 2023 annual report. The adjustment is the result of applying updated emission factors and a revised determination of the total network losses for electricity and gas in 2023.

Categories C8, C9, C10, C12, C13 and C14 are excluded as they are not applicable to Alliander's operations, which concern the operation of energy transport infrastructure and not the production or sale of physical products.

Alliander does not have any specific targets currently set for 2030, but plans to set targets in line with the Science Based Targets Initiative (SBTi) in 2025. For further details, see the transition plan.

Climate footprint development and results for 2024

The energy transition, cutting emissions in our operations, and climate-adaptive measures for energy infrastructure and sites are intersecting issues that need to be thought about holistically. To provide a resilient response to the tasks we have outlined, we as an organisation have to pay attention to the availability and allocation of people and resources. As well as our own funds, we use the scope we have for outside funding, among other things, through green bonds and loans. We will provide more details about resource allocation in the forthcoming climate transition plan.

Network and leakage losses, which arise mainly during the transmission of electricity and gas, account for 96% of the carbon emissions from our own organisation. We are working to reduce our technical and administrative network losses each year by using an internal CO_2 price, among other things. The network losses percentage is an accurate approximation. Assumptions and estimates are used when calculating the carbon footprint and energy usage. Since 2016, the carbon emission factor for grid losses has been calculated on the basis of energy purchased from our suppliers to cover grid losses. The 2023 electricity labels have been used for the 2024 annual report. This gives a figure for the CO_2 coefficient of 0.19318 kg CO_2 per kWh. In 2024, 47% of carbon emissions were attributable to network losses in electricity infrastructure.

Network and leakage losses

As of 2020, network operators are obliged to purchase the natural gas leakage losses over a larger part of the supply chain. Since then, they have therefore represented a much higher proportion of our carbon footprint. In 2024, gas leakage losses accounted for 14% of the carbon emissions in the total footprint, not including emissions from the consumption of transmitted gas volumes by end users. Gas leakage losses are based on consumption by customers without an energy contract, improper use or theft of gas from the network and the number of kilometres of gas mains in Alliander's gas network. Cast-iron gas mains have higher leakage losses (322.5 m^3/km) than regular PE pipes (55.3 m^3/km) and therefore higher emissions. The CO_2 equivalent is calculated using a factor of 29.8 (CO_2) to 1 (CH_4, methane).

Technical network losses

Total technical electricity network losses fell by 2% in 2024 compared to 2023. This decrease was due to the increased network load compared to 2023, which resulted from an increase in local sustainable power generation and network congestion. In the years to come, sustainable energy feed-in may well increase and congestion issues may persist. Over time this will increase the load on our networks, leading to higher network losses. The amount of our gas-related network losses rose sharply compared to 2023, due to greater administrative losses. In the coming years, the CO_2 equivalent of a cubic metre of gas will be increased, so we expect to report higher carbon emissions for this category in the future.

SF_6 in switchgear

In Europe, SF_6 (sulphur hexafluoride) is covered by the Fluorinated Gases Regulation (Regulation (EU) No 517/2014), which imposes strict rules on the use and emission of SF_6-related greenhouse gases. The Regulation, which was tightened further in 2024, is a determining factor in our policy. The new, stricter Regulation includes:

- Restrictions on the use of equipment containing large amounts of SF_6: a phased limit has been imposed on the use of SF_6, especially in new facilities and equipment. Where the market offers alternatives to SF_6-charged equipment, we examine them carefully. Alternatives are gradually becoming available, depending on voltage class.
- Mandatory reporting and registration: firms must report all SF_6 emissions and rules have been set for the reclamation and reuse of SF_6 from old equipment. We report in accordance with the latest guidelines. We report any unusual events to the competent authority.

We actively monitor leakage losses. In 2024, carbon emissions due to SF_6 increased. This rise is primarily attributable to a number of specific, complex disruptions that were difficult to rectify, resulting in higher-than-expected SF_6 consumption.

Administrative network losses

Administrative network losses are caused by issues like energy fraud, e.g. illegally tapping into the electricity supply to grow cannabis, or the absence of contracts for new or existing connections. In view of the high energy prices, we focused attention on how we could minimise that impact in 2024. Disconnections and the absence of contracts lead to higher administrative network losses for the network operator. Under statutory agreements, these network losses are offset by the network operator and the purchased energy is included in the calculation of the operator's carbon footprint. Measures implemented by the government in partnership with suppliers and network operators are focused on combating the number of disconnections and uncontracted connections.

We rely partly on the efforts of the police and judiciary, with whom we have collaboration agreements to help us detect fraud. In 2024, we continued to improve our fraud detection and recovery of losses suffered due to the absence of contracts for new and existing connections. In 2024, emissions attributable to administrative network losses fell for gas but rose for electricity.

Emissions from buildings

Electricity usage has risen, among other things because we added a number of new owned and rented sites at Alkmaar Jan Ligthartstraat, Alkmaar Toermalijnstraat, Arnhem Beaulieustraat, Eemnes Vogelkersberg and Nijkerk Sluiswachter, and because we brought the location at Doesburgseweg, Zevenaar back into full use. Staff numbers also increased substantially at nearly all our locations, especially at Arnhem Bellevue, Dijkgraaf 4 Duiven and Westpoort Amsterdam. We also fed less power into the electricity grid, partly because there were far fewer hours of sunshine in 2024 (26%, source: KNMI). In addition, we were still unable to generate power at full capacity in Leeuwarden and Doetinchem and cannot feed into the grid there on account of congestion.

Gas consumption in buildings declined, despite the new gas-fired site at Arnhem Beaulieustraat. It fell because we left Amsterdam Spaklerweg in 2023 and because we no longer need gas to heat the buildings in Leeuwarden and Doetinchem since their renovation. The building in Wageningen stopped using gas in 2024. Making buildings gas-free does, however, boost electricity consumption. We have also noticed an increased use of electric vehicles, so our sites are being used more for charging.

Emissions from vehicle fleet

In recent years, Alliander has taken steps to improve the sustainability of its vehicle fleet. Fully electric vehicles will become standard for business use. Since July 2023, we have taken an important step towards our sustainability goals by requiring all employees with leased cars to choose fully electric vehicles (EVs). For our company vehicles, we have an 'EV unless' policy, which means that we are aiming for a rapid transition to fully electric cars. We expect our leased vehicle fleet to run exclusively on fossil-free energy by 2030. In 2023, we also started the electrification of company vans. The percentage of EVs in our vehicle fleet rose to 41.1% last year, a 38% rise relative to 2023.

Reaching our targets depends on continuing technological progress in the availability of suitable vans. Electrifying the van fleet also requires involvement of the manufacturing chains. Alliander ordered another 217 electric vans this year, which will enter use in mid-2025. About 89 mechanics and technicians are now driving electric vans. Although we are making considerable progress, we note that the current range of electric commercial vehicles on the market does not fully match the specific requirements that Alliander sets in order to perform high-quality work. Nevertheless, we remain firmly committed to our ambition to go sustainable. We will keep monitoring market developments closely in order to continue making our commercial vehicle fleet more sustainable. Our aim is to switch to EVs wherever possible and thus contribute to a more sustainable future. All Alliander employees, including those with leased vehicles or mileage allowances, can now obtain an NS Business Card, which allows them to use public transport for their work. In this context it was also agreed that the commuting allowance for car or bicycle use should be similar to the average cost per kilometre of second-class public transport.

In 2024, due to a growing workforce and increased travel mileage, carbon emissions from mobility increased, despite diesel being phased out and our electric fleet being expanded.

Footprint of IT equipment

Our IT facilities account for a large part of the electricity consumed in Alliander's buildings. We measure this consumption annually and assess the developments of the past year. Alliander's digitalisation organisation is taking measures to reduce the amount of energy used by IT equipment. Their efforts focus on equipment in offices, Alliander's data centres, cloud services and equipment used for home working that is issued by or registered with Alliander. Our efforts to reduce energy usage in 2024 included improving the efficiency of the data centres and replacing desktop computers, laptops and monitors with more efficient versions. We are phasing out desktop printers as much as possible and have reduced their numbers. Further reductions in energy usage are becoming harder to achieve, following the steps that have already been taken in previous years, not to mention the fact that the role of IT continues to expand as staff numbers rise and digitalisation continues. Achieving further reductions will involve looking at harder options such as refurbishment and lifetime extension.

Supply chain emissions

Our gas distribution network is part of the Dutch gas infrastructure. The natural gas it transports is used for many different purposes by end users. We record the associated greenhouse gas emissions as scope 3 emissions in our carbon footprint. The parties to the Dutch Climate Agreement have made agreements on limiting gas-related emissions and have set timescales for doing so. Alliander facilitates the agreed heating transition and the alternative supplies the transition will require. Reporting on the carbon emissions related to the total volume of natural gas we distribute shows that this has a large effect on the overall picture. Reporting is in line with the SBTi standards. Reported emissions from the distributed volume of gas currently fall outside the scope of our climate objectives and are not part of the intensity indicator.

For 2024, we are also reporting the chain-related emissions of suppliers we purchase from. This forms part of our footprint, in scope 3. These are emissions which take place at our suppliers when making, transporting and delivering services and products. We calculate them by multiplying emission indicators for each sector by Alliander's expenditure in the sector concerned. These emissions currently fall outside the scope of our climate objectives and are not part of the intensity indicator. To calculate emissions from materials procured, we use standardised key indicators, such as eco-costs in the Idemat app. For comparison purposes, we work with a carbon price. Working with an internal CO_2 price makes it easier to see which investments and which purchased components lead to a higher CO_2 reduction. The procurement percentage based on CO_2 pricing is 304 kt CO_2e, 3% of the total indirect scope 3 emissions in our upstream and downstream value chain.

To actively reduce our supplier-related emissions, we are taking the following actions:

- Sustainable purchasing policy: We encourage our suppliers to use more sustainable materials and production processes by including carbon reduction as a selection criterion in tenders. This means that CSR is included in every category strategy, in the sourcing plan and in the tender documentation.
- Carbon pricing in procurement: We attach a price to CO_2, which makes investments and procurement decisions that lead to a higher CO_2 reduction more visible.

- Use of recycled and circular materials: Where possible, we encourage the use of circular raw materials and recycled materials in our infrastructure projects. Internally, we reuse our technical components wherever possible.

CO_2 performance ladder

We assess our approach to and the reduction of our climate footprint based on the criteria for the CO_2 performance ladder. In 2024 we once again achieved level 5, the highest level under this Dutch initiative. This demonstrates our understanding and implementation of the following:

- Our own footprint (level 1)
- Possible reduction measures (level 2)
- Our capability of actually implementing those measures (level 3)
- Transparency regarding our performance and ambitions (level 4)
- Innovations with our supply chain partners (level 5)

CO_2 performance is an assessment criterion for tenders. We know the carbon emissions of our main suppliers and are committed to the government's CO_2 reduction programme. In 2024, our certifying body reassessed and confirmed the operation and scope of our certification.

CO_2 intensity ratios

Intensity value of total emissions and reduction of greenhouse gas emissions for activities in the 'distribution and transformation of electricity' sector (Nace D35), plus the distribution of gas.

Greenhouse gas intensity by net revenue (tCO_2e/ net revenue x € million)	2021	2023	2024	% change in 2024 compared to 2023
Location-based emissions	5,662	3,186	3,269	2.6%
Market-based emissions	5,455	3,050	3,148	3.2%

Basis of reporting

Greenhouse gas intensity based on net revenue is calculated as the sum of scope 1, scope 2 (location-based/ market-based) and scope 3 emissions, including the carbon emissions from distributed gas, divided by reported net revenue (see note 21).
In 2023, the location-based greenhouse gas intensity was 3,186 tonnes CO_2 equivalent per million euros of revenue. In 2024, this figure went down to 3,269 tonnes CO_2 equivalent per million euros of revenue, a fall of 2.6%.
The market-based greenhouse gas intensity was 3,050 tonnes CO_2 equivalent per million euros of revenue in 2023 and fell 3.2% to 3,148 tonnes CO_2 equivalent per million euros of revenue in 2024.
If the carbon emissions of distributed gas are disregarded, the intensity figures are lower:

- The location-based greenhouse gas intensity was 395 tonnes CO_2 equivalent per million euros of revenue in 2023 and fell 9.6% to 357 tonnes CO_2 equivalent per million euros of revenue in 2024.
- The market-based greenhouse gas intensity was 259 tonnes CO_2 equivalent per million euros of revenue in 2023 and fell 8.9% to 236 tonnes CO_2 equivalent per million euros of revenue in 2024.

Carbon emissions reduction through CO_2e offsetting and certificates

Part of Alliander's policy involves greening electricity network losses by generating additional sustainable energy in the Netherlands and purchasing Gold Standard certificates. This greening of our network losses and other emissions meant that we were climate-neutral according to our 2024 climate policy. In 2024, Alliander spent a total of €5 million on greening CO_2e emissions. Our footprint for scope 1 and 2 emissions after greening in 2024 is 0 kt CO_2e.

Guarantees of Origin

In 2024, we greened 261 kt CO_2 of our total network electricity losses with Guarantees of Origin from Dutch wind certificates. We also received 12.6% of the electric network losses as green electricity.

In 2024, we greened 100% of the total electricity network losses with Dutch wind certificates by activating additional contractually secured green certificates. Alliander assesses the supplier of the certificates against the supplier criteria in its general procurement policy. This approach ensures that our network losses are low-carbon and supports growth in renewable energy generation.

The reliability of purchased GOs is fully guaranteed by VertiCer criteria. The GO system is designed to prevent double counting of avoided carbon emissions. One GO represents one megawatt of sustainable electricity. If a country exports a GO to another country, the avoided emissions can no longer be counted in national reporting to the European Commission. This rule applies to all European countries, as well as to countries with which the European Commission has agreed a sustainability target.

Gold Standard certificate

Alliander greens all other emissions, such as gas network losses, commuting and business travel in scope 3 with Gold Standard Carbon Credits. The relationship between GOs and Gold Standards in 2024 was 61% Guarantees of Origin and 39% Gold Standard certificates. A total of 446 carbon credits were used in 2024. Alliander does not take part in external projects aimed at carbon storage or removal and does not acquire carbon credits that originate from them. Alliander has not entered into any long-term contractual commitments to obtain Gold Standard certificates.

Alliander is planning a switch to the SBTi framework, under which Gold Standard certificates are not permitted. This means in particular that we will no longer be able to offset our methane emissions (gas leaks) and will have to invest more in cutting those emissions. We have made a conscious decision to progressively green our procurement for network losses with electricity from investments in renewable sources.

The Gold Standard is a quality mark for carbon credits developed by the World Wide Fund for Nature. Issued certificates must not be more than five years old. Alliander uses carbon offset certificates outside the value chain. Alliander has no information on the extent to which corresponding adjustments qualify with respect to Article 6 of the Paris Climate Agreement.

Internal carbon price

We use an internal CO_2 price as a weighting factor when assessing our investments. Energy savings or reductions in methane leaks are assigned greater weight as a result. In 2020, Alliander took the initiative in persuading all the network operators to reach a sector-wide agreement on (higher) internal CO_2 pricing, and the network operators resolved in 2021 to use the same CO_2 price of €50 per tonne and to raise it progressively over time. The network operators raised the internal CO_2 price to €100 per tonne in 2022 and to €150 per tonne in 2023. In 2024 the price remained at the 2023 level.

When assessing our tenders, we include the energy consumption of components during their service life as far as possible. Given the volumes we purchase, we are always looking for improvements in this area. Working with an internal CO_2 price ensures stronger prioritisation of a higher CO_2 reduction in respect of our own investments and the components we purchase from others. We are finding that price rises in the energy market, together with our tender specifications regarding energy efficiency in combination with CO_2 prices, are making a clear difference. The internal carbon price is a shadow price and has no impact on the company's financial statements.

Carbon price types used

The internal CO_2 price of €150 per tonne forms part of the Price of Network Losses.

The Price of Network Losses is a shadow price used to incorporate network losses and the associated carbon emissions into investment decisions and business cases. The figure of €150 is based on the 'prevention price' for CO_2. This is higher than the market price in the European Emission Trading System (ETS) and is also 'consensus-based' within our sector. In recent years, efforts have been made to determine the appropriate pricing level for the network operators as a whole, based on financial consequences and CO_2 impacts. The idea is to prevent excessive market distortion (exclusion of suppliers) and ensure that investments in the energy grid for the energy transition are not undermined. In 2024, the whole sector began a more extensive integrated sensitivity analysis of the core processes in case of future rises in the CO_2 price.

Examples of cases where the Price of Network Losses made a difference in 2024 are:

- MSR-gateway (APM): in the investment proposal for the MSR gateway, the Price of Network Losses was used to integrate the business case for proactive fraud detection into the measurement of assets.
- Tender for distribution and grounding transformers (Procurement): the tender for distribution and grounding transformers specified the maximum amount of power (in watts) that a transformer can consume in network losses. If a supplier is below this level, network losses are reduced and this is taken into account in the award process via the Price of Network Losses.
- Gas leak detector vehicles (Innovation): the Price of Network Losses was included in the business case for the procurement of Picarro leak detector vehicles for cutting gas leak losses.
- Cable tender (Procurement): in the evaluation of the MV+ cable tender, the network loss calculation for medium-voltage (lot 1) and low-voltage distribution (lot 2) was taken into account in the total cost of ownership.

Scope 1, 2, 3 and total greenhouse gas emissions (GHG emissions)

Alliander reports greenhouse gas (GHG) emissions in line with the Greenhouse Gas Protocol (GHG Protocol), as required under European Sustainability Reporting Standards (ESRS E1). For scope 1, 2 and 3, the operational control method is used. Reported scope 1 emissions comprise carbon dioxide (CO_2), methane (CH_4) and sulphur hexafluoride (SF_6).

Alliander has no legal emissions-trading obligations and is not covered by the ETS provisions. In addition, we do not use biomass for energy generation in our scope 2 activities and we therefore have no biogenic carbon emissions from incineration or decomposition. Biogenic carbon emissions are outside the scope of our carbon footprint. Alliander will be examining the materiality and merits of reporting in 2025.

In 2024, we linked purchased electricity as reported under market-based scope 2 emissions to the purchase of Dutch GOs. 168,074 MWh of green electricity was purchased via this instrument. This means that 100% of our purchased renewable electricity is unbundled (GOs).

Our emissions reporting covers:

- Scope 1: Direct emissions from sources under Alliander's operating control.
- Scope 2: Indirect emissions from purchased electricity and heating.
- Scope 3: Indirect emissions in the entire value chain.

Scope 1

Our scope 1 emissions derive from the fuel used by leased vehicles, gas used for office heating, gas network losses, the use of generators, and SF_6 emissions. In 2024, total emissions were 171,525 tonnes CO_2e, an increase of 28 kt from the 144,017 tonnes CO_2e in 2023. This rise was mainly caused by higher network losses in relation to gas, which went up by 15.7 million m^3.

To reduce our scope 1 emissions, we are carrying out tougher controls on gas network losses. An important mechanism in our methane reduction policy is the OGMP 2.0 programme, which enables us to measure and monitor methane emissions more precisely. This enables us to take targeted reduction measures, such as replacing grey cast iron pipes and increasing the frequency of inspections, so that methane leaks are spotted and rectified sooner. We are also expanding our policy for electric commercial vehicles.

Basis of reporting: scope 1

Calculations are based on carbon emission factors from CO_2emissiefactoren.nl, which is run by the Dutch government. For gas network losses, an estimate is made based on assumptions and subsequently reconciled with actual measured data. This process can lead to adjustments to the final emissions values. These adjustments are made annually in respect of the previous reporting year, in order to disclose emissions as accurately as possible. For more information about assumptions and estimates in relation to network losses, please refer to note 35, Assumptions and estimates used in the financial statements (critical accounting policies).

Scope 2

Our scope 2 emissions derive from the generation of purchased electricity and heat for consumption in our buildings and stations, electricity network losses and the emissions of charging points for leased and service vehicles.

In 2024, total market-based emissions were 32,575 tonnes CO_2e, a fall of 22 tonnes CO_2e relative to 32,597 tonnes CO_2e in 2023. This decline in scope 2 emissions is largely attributable to the greater use of renewable energy and lower network losses of around 24,000 MWh, corresponding to a CO_2 saving of 4,775 tonnes.

To reduce our scope 2 emissions further, we are committed to:

- 100% renewable electricity for buildings and infrastructure;
- Expanding the use of electric leased and service vehicles.

Basis of reporting: scope 2

For scope 2, we use both the market-based and location-based methods, in accordance with the GHG Protocol guidelines:

- Market-based method: Under this method, we primarily use key figures as reported on the electricity labels of our energy suppliers. The same applies for heat, for which the emission factors are based on specific data from suppliers. As electricity labels always relate to the previous year – the most recent year available at the time – emissions are subsequently recalculated using the electricity labels that apply in the next reporting year.
- The calculation of indirect greenhouse gas emissions using the market-based method takes account of renewable energy purchases. If an electricity label is not known, we conservatively use the grey mix emission factor as stated on CO_2emissiefactoren.nl.
- Location-based method: This method involves using an average emission factor for the Dutch electricity mix, as stated on CO_2emissiefactoren.nl. Emissions are calculated by combining the specific energy sources Alliander uses for its purchased electricity and heat with the average emission factors for the national electricity grid. This method reflects the energy mix within the specific consumption area and does not take account of renewable energy purchases.

For electricity network losses, an estimate is made based on assumptions and subsequently reconciled with actual measured data. This process can lead to adjustments to the final emissions values, which are annually adjusted for the previous reporting year in order to disclose emissions as accurately as possible. For more information about assumptions and estimates in relation to electricity network losses, please refer to note 35, Assumptions and estimates used in the financial statements (critical accounting policies).

Scope 3 - upstream

Total scope 3 emissions rose in 2024 to 545,829 tonnes CO_2 equivalent, an increase of 16,331 tonnes CO_2 equivalent (3%) relative to 8,134,419 tonnes CO_2 equivalent in 2023. Alliander does not use primary data for the calculation of scope 3 emissions.

The most important development in the past year was the rise in scope 3 GHG emissions, specifically in category C1 Purchased Goods and Services, whereas there was a decline in category C2 Capital Goods. The rise in C1 was mostly due to increased operating activity, whereas the fall in C2 was driven by reduced use of materials and use of materials with a smaller carbon footprint.

In 2024, our scope 3 reporting covered the following 14 upstream categories.

C1 Purchased goods and services
Emissions rose by 25.6%, from 242,202 tonnes CO_2e in 2023 to 304,192 tonnes CO_2e in 2024, an absolute increase of 61,990 tonnes CO_2e. This increase was not caused by major changes, but was mainly due to increased operating activity during the year.

C2 Capital goods
Emissions in this category fell by 17.2% in 2024, from 247,861 tonnes CO_2e in 2023 to 205,265 tonnes CO_2e in 2024. In general, this reduction in CO_2e emissions was the result of both a volume effect (less material use, -12 kt CO_2e) and the effect of the emission factor (lower CO_2e emissions per kg of material, -31 kt CO_2e).

For around 57% of this category, data is used from the raw material passports that some of our suppliers provide. The remaining 43% of emissions are calculated using the spend method, which combines purchasing data (in euros) with emission factors from the DEFRA database.

Where specific data is available from raw material passports, Alliander uses the Idemat database of Delft University of Technology. This database contains detailed environmental data for life cycle analyses and is specifically relevant for the capital goods Alliander buys.

C3 Fuel and energy-related activities

Emissions in this category rose by 46.0% in 2024, from 11,855 tonnes CO_2e in 2023 to 17,318 tonnes CO_2e in 2024. These scope 3 emissions are derived from the direct and indirect emissions reported under scopes 1 and 2. The rise in this category is therefore directly linked to the movements in scope 1 and scope 2 emissions.

C4 Upstream transportation and distribution

CO_2e emissions related to "Costs incurred in transportation (third parties)" fell by 38.6% in 2024, from 15,501 tonnes CO_2e in 2023 to 9,514 tonnes CO_2e in 2024. This fall is mainly due to lower spending on third-party transport.

C5 Waste generated in operations
Emissions in this category rose in 2024, from 1,678 tonnes CO_2e in 2023 to 2,597 tonnes CO_2e in 2024. Emissions are calculated from data supplied by waste reprocessing partners Prezero and HKS.

C6 Business travel
Emissions from business air travel are calculated from travel data supplied by CWT, a business travel organisation that provides business travel management services to Alliander.

Emissions rose slightly in 2024, from 201 tonnes CO_2e in 2023 to 231 tonnes CO_2e. This increase is due to growth in business activity.

C7 Employee commuting
Emissions from commuting are calculated from mileage data supplied by Mobility Concept. Mobility Concept supplies mobility solutions to Alliander.

Emissions rose in 2024, from 2,328 tonnes CO_2e in 2023 to 2,618 tonnes CO_2e in 2024. This increase is attributable to growth in staff numbers and more journeys.

C15 Investments

This concerns emissions related to Alliander's associates and joint ventures. Emissions from these entities are expected to be relatively low, given the nature of their activities and their low revenue relative to Alliander's total. The revenue of these entities is less than 3% of Alliander's total revenue. As emissions data for these associates and joint ventures is not yet available, the CO_2 emissions are derived from their revenue as disclosed in the annual report, multiplied by a relevant emission factor. This method is also known as the revenue-based method.

In 2024, emissions from investments totalled 4,095 tonnes CO_2 equivalent, a fall relative to the 7,871 tonnes CO_2 equivalent in 2023.

Excluded scope 3 categories

Categories C8, C9, C10, C12, C13 and C14 are excluded as they are not applicable to Alliander's operations, which concern the management of energy transport infrastructure and not the production or sale of physical products.

Basis of reporting: scope 3

Calculating scope 3 emissions entails a greater degree of uncertainty than that of scopes 1 and 2. This is because these emissions are outside our direct sphere of influence and we are reliant on data from external parties. Obtaining full, specific and verifiable data for all scope 3 categories is a challenge. The availability and quality of data from suppliers and other value chain partners varies substantially.

The calculations make use of secondary data such as emission factors from the DEFRA database, which gives rise to a degree of uncertainty.

Due to the diversity and scope of our value chain, which includes a wide range of actors and processes, fully charting all of the relevant emission sources is difficult. In the absence of primary data, we are forced to make assumptions and use calculation methods that affect the final results. Despite these limitations, Alliander endeavours to improve the accuracy and reliability of its scope 3 emissions reporting by using more detailed data as well as more data based on physical units. Methodology by category:

Spend-based approach

This method is used when physical data is lacking. Emissions are calculated on the basis of procurement data, using spend-based emission factors from the DEFRA database.

Categories covered by this method:

- C1 - Purchased goods and services
- C2 - Capital goods (for 43% of the emissions)
- C4 - Upstream transportation and distribution

As DEFRA emission factors are expressed in British pounds (GBP), purchasing data provided in euros is first converted into GBP at the exchange rate on 31 December of the relevant reporting year. Because the emission factors date from 2011, they are indexed to the current reporting year with the aid of historical Dutch CPI inflation figures. Indexation is necessary in order to bring the emission factors up to date, but introduces an additional uncertainty into the calculations.

As the purchasing data is only available in euros, spend-based emission factors are applied that express the emissions per euro spent. This method is less accurate than methods based on physical units, but offers a practical alternative when detailed volume data is lacking.

Physical data

Used where possible, based on life cycle data from the Idemat database and/or raw material passports provided by suppliers.

Categories covered by this method:

- C2 - Capital goods (for 57% of the emissions)
- C5 - Waste generated in operations (data supplied by waste reprocessing partners Prezero and HKS)
- C6 - Business travel (travel data in kilometres combined with emission factors from CO_2emissiefactoren.nl)
- C7 - Employee commuting (data in kilometres combined with emission factors from CO_2emissiefactoren.nl)
- C11 - Use of sold products (gas consumption based on distribution data from Liander, with the emission factor for natural gas as stated on CO_2emissiefactoren.nl)

Revenue-based method

Used for investments and associates where no specific emissions data is available. CO_2 emissions are derived from revenue multiplied by a relevant DEFRA emission factor.

Categories covered by this method:

•

		Retrospective			
	Unit	**2021**	**2023**	**2024**	**% 2024 / 2021**
Volume of natural gas transmitted	m^3	5,996,752,349	4,267,632,832	4,980,744,687	-17%
Downstream indirect GHG emissions	**tCO_2e**	**10,704,203**	**7,604,922**	**8,860,745**	**-17%**
Use of sold products	tCO_2e	10,704,203	7,604,922	8,860,745	

Emissions from the combustion of distributed gas by end users

Since 2024, Alliander has reported on the emissions that result from burning the gas transported via the distribution networks of its subsidiary Liander. Although Alliander does not sell gas itself, Liander as a network operator plays an essential role in the energy chain. Although distributors such as Liander have no formal responsibility for these emissions, the GHG Protocol recognises the importance of voluntary reporting. This does not apply to electricity because end user consumption of electricity does not produce any carbon emissions.

At the same time, there is increasing social and regulatory pressure to make the climate impact of the whole energy chain transparent. As a network operator, Liander plays a crucial role in this chain. Alliander therefore believes it is important to include these emissions in its reporting.

The associated emissions in 2024 were: 8,860,745 tonnes CO_2e, an increase of 1,255,823 tonnes CO_2e relative to 2023: 7,604,922 tonnes CO_2e (+17%). However, the figure represents a decline of 1,843,458 tonnes CO_2e (-17%) when compared to 2021 (10,704,203 tonnes CO_2e). The rise in emissions in 2024 relative to 2023 can be explained by a longer cold weather period in 2024 and an extremely cold January, which led households to use more heating. A shift in the pattern of energy consumption, possibly due to changed consumer behaviour and energy prices, also played a role in the higher volumes. On the other hand, the 17% decline in emissions relative to 2021 reflects a structural trend whereby efforts to improve sustainability, energy-saving measures and changing market conditions have caused total volumes to go down.

Basis of reporting

The calculation is based on the total gas outflow, assuming that all gas is fully combusted by end users. The emission factor for natural gas as published on CO_2emissiefactoren.nl is used for this.

Climate change adaptation

Alliander aspires to be fit for the future. One aspect of this is dealing effectively with the risks and opportunities presented by climate change. These include physical risks, e.g. flooding, but also business and commercial effects, such as changes to tax or legislation. Although Alliander does not have a current risk analysis in line with CSRD requirements, this is an important issue for us. Climate risks form part of the Alliander risk management framework and are included in the annual risk session with the Management Board.

Adaptation is the process of adapting ourselves to the changes that climate change brings. This means setting up our infrastructure and processes so that they can withstand extreme weather conditions. By making adjustments, we ensure that the energy supply will remain reliable, even in less favourable circumstances.

Impacts, risks and opportunities

Climate change creates several risks for our assets.

- Risk – Disruption in vital energy infrastructure leads to increasing maintenance costs or asset loss.
- Risk – Disruption in the value chain for materials (provisioning) required for vital energy infrastructure leads to higher purchasing costs.

Stakeholder expectations

Extreme weather conditions are a recurring phenomenon in the media. The intensity, length, scope and consequences of extreme weather seem to be increasing, sometimes affecting large areas. The resulting damage and suffering are headline news. Public authorities are working on catastrophe planning and involve us in designing adaptive policies to make regions more resilient, for example, to flooding risks. Capital providers are asking questions about risks and risk mitigation in relation to planned investments. Conservationists and communities are doing more to make open spaces climate-adaptive. For Alliander, this means having to deal with new and different criteria, which we apply in consultation with stakeholders and to which we want to offer a timely response.

Summary of identified risks and opportunities

Physical risks and opportunities

Our physical risks mainly stem from supply chain effects in the event of extreme weather conditions and flooding. This involves potential damage to our own components or TenneT's high-voltage pylons. Given the low elevation of some of our service areas, rising sea levels also pose a risk. Having to deal with higher temperatures more frequently also drives up electricity consumption, as homes and offices use more air conditioning.

Transition risks and opportunities

Our networks are an indispensable element for ensuring a successful transition to a sustainable energy supply. The transition offers opportunities: growing electrification in society and the feed-in of more green gas into our networks. But there are also transition risks: the demanding but unavoidable pace at which we must fulfil our task, and phasing out the gas infrastructure.

Physical risks	Possible effects
Extreme weather events like drought, heat waves, wildfires and heavy rainfall	Damage to infrastructure Power outages Damage at suppliers, in the energy supply chain and to transmission infrastructure
Rising sea level	Damage to energy supply chain, assets and at customers
Increasing average temperature	Damage to company assets Pest damage/insect plagues More demand for air conditioning, cooling, etc.
Transition risks	**Possible effects**
Technological innovation and market changes	Decrease in natural gas distribution in our networks in combination with the transition to other sources for heating Limitations in available workforce More and more consumers are becoming 'prosumers' Electrification of society Energy storage Opportunities for hydrogen
Changes in policy and regulation	Cost allocation of energy transition Carbon pricing

Impact of physical adaptation and transition risks

We drew up a qualitative catalogue of our physical and transition risks in late 2020. The risks were determined based on two average global temperature rise scenarios: the 1.5 degree Breyer scenario and the 4 degree scenario defined by the International Energy Agency (IEA). Impact projections up to the year 2100 were prepared for both, incorporating chain, asset and customer-related climate risks. The climate scenarios were used to assess physical and transition risks in relation to our trend reporting, which is used in the nationwide Energy System Plan and in the annual risk assessment with business units.
The 1.5 degree scenario is used because it corresponds to the approach followed by the Dutch government. This scenario assumes 100% sustainable energy by 2050: far-reaching electrification, decentralised generation, higher efficiency, large-scale use of solar and wind energy, increased energy storage and a more independent energy supply.

The 4 degree scenario is applied because it represents the most extreme trajectory in terms of physical risks and climate adaptation. It involves an intensification of current trends up to a temperature rise of nearly 4 degrees in the current century and 5.5 degrees over the longer term. This is the worst climate scenario, involving major physical risks worldwide. In this scenario, fossil fuel use and large-scale carbon emissions dominate. The high temperature scenario assumes a situation in which physical risks manifest in more extreme ways than under the low, one-and-a-half degree scenario. This affects the speed at which the company needs to take action and adapt its activities, not least because of the serious threat of extreme weather effects and an energy supply breakdown. The one-and-a-half degree scenario identifies the opportunities that arise for various transition techniques such as sustainable and decentralised feed-in and storage. These are considered to be relatively favourable.

Following on from this study, Alliander intends to reassess the scenarios and impact analysis in 2025, incorporating more of the points demanded by the ESRS. These include applying new scenarios, multiple time horizons, greater quantification of the impact on assets and operations, a resilience analysis and a consideration of the potential impact on the financial statements. The resilience analysis will serve to report on transition risks and opportunities, as well as on the vulnerabilities of the organisation, its infrastructure and its supply chains. This will include assessing whether or not certain operating activities are compatible with the adaptation policy. In addition, the potential impact of climate change on operations, finances and reputation will be analysed. Based on these insights, measures and strategies will be developed to reduce the risks identified and increase resilience. Account will be taken of the implications for affected stakeholders.

Risk management

Climate risks in relation to operations form part of Alliander's risk system. Annual updates are performed of the extent to which the organisation manages and monitors these risks. Responsibility for asset maintenance lies with the business units, which also mitigate the risks identified in that regard. The 2024 risk analysis covered our current and desired levels of adaptability. No specific time horizon was applied, but this is to be added in the course of a follow-up scenario analysis. Physical and value chain risks both form part of the risk assessment with business units. The results of the risk assessment and the operation of risk management in relation to climate risks are regularly discussed (at least once a year) with the topmost management level. In November and December 2024, an examination was carried out into the impact of climate change on the organisation (assets and operations) and future energy demand. Three workshops were held, in which various stakeholders from the organisation took part. The examination in December 2024 covered our current and targeted adaptability. No specific time horizon was applied, but this is to be added in the course of a follow-up scenario analysis. The results of the 2023 risk sessions indicate a high risk of damage and asset loss due to flooding. The effects of drought and high temperatures can also pose a risk to the continuity of our operations. Our current adaptability comprises:

- The use of weather protocols (applicable to all production chains).
- Safeguarding and recovery plans to prevent network overloading and outages, and restore supplies as soon as possible.
- A stable crisis organisation is in place with established crisis plans, which cover the whole organisation and are the subject of regular drills. These include extreme weather scenarios.
- Business continuity management plans (applicable to the whole organisation).
- A strategic asset management plan (SAMP) that specifies scenarios for the future and takes account of transition risks. This includes ways in which the strategy and operating plans can be more closely adapted or aligned to climate change.

Alliander regularly assesses its physical and transition risks in line with international standards and current insights. The results form the basis for possible adjustments to climate adaptation policy and measures with a view to implementing efficient and effective mitigation steps. Alliander participates in national and regional alliances. We work together with other network operators in Netbeheer Nederland and agree on national policy and planning. A Climate Adaptation working group is investigating the potential physical effects of climate change on network components and energy infrastructure under the banner of the industry association Netbeheer Nederland. The group is also developing recommendations for climate adaptation measures for infrastructure. This is needed in order to determine the actual resilience of our organisation

more precisely. Agreeing on policy is essential given the many dependencies and roles in climate policy. Differences between regions demand focused agreements about policy and approach. Alliander caters for this with a multi-layer adaptation policy. We work together with regional and local actors on spatial planning and measures such as local water management, dykes and quay reinforcement. In the development phase, we align the overall development plan and take measures accordingly. In existing situations, we take ad hoc measures where necessary. Lastly, we participate in (regional) emergency plans and crisis response simulations.

Energy

We manage energy and gas networks, which means that very large volumes of energy pass along our networks every day. A great deal of our energy usage is associated with this. Alliander is accountable for the energy loss caused by the rapidly increasing transmission of energy in the part of the transmission networks it manages. Electricity network losses in 2024 were 1,343 GWh (2023: 1,367 GWh), while 44 (2023: 28) million m^3 of gas was lost through leakage. Energy is also used for mobility, buildings and sites, and as input for purchased materials.

Transition and our own energy usage

Alliander wants to contribute to the energy transition by giving all customers access to sustainable energy on equal terms. In 2024, we enabled 10,077 MW (2023: 9,216 MW) of solar and wind power to be carried on our networks. At the same time, we aim to keep the social cost of the transition as low as possible. Climate change means that rising energy use will ultimately have to be met solely from renewable forms such as wind, solar, hydropower or sustainable heating sources. Our contribution to the energy transition and a fossil-free energy supply forms part of our strategy and is thus our most important social pillar.
Secondly, we work within the limitations of the planet, which is why we align our strategy and business targets with the one-and-a-half degree scenario under the Paris Climate Agreement. To this end, we are making our own energy use more sustainable and working towards making our operations circular.

Impacts, risks and opportunities

- Positive impact – Creating energy infrastructure to promote electrification and the use of renewable energy makes a positive contribution to the energy transition.
- Risk – Declining gas consumption and fewer gas connections increase the cost per gas connection and reduce revenue from gas consumption.
- Risk – Accumulating costs for necessary network investments lead to possible financing shortages.
- Opportunity – Climate agreements increase demand for heating connections, leading to higher revenue.
- Opportunity – Introduction of new technologies leads to higher revenue and cost savings.

Energy consumption and energy mix

Total energy usage related to own operations

Alliander uses 2021 as the reference year for comparing energy and carbon data. This is because we expanded our footprint in 2021 with data on scope 3-related emissions, improving comparability with subsequent years. Alliander has formulated targets for sustainable and efficient energy use for its operations. At least 10% of the electricity consumption of our buildings is fed by renewable electricity we generate ourselves on site. The remaining electricity consumption for buildings is procured. The electricity label for this represents a value of 183 g CO_2/kWh. The energy mix comprises 52% renewable energy and 48% natural gas. All of Alliander's office buildings meet the criteria for an A or B label in accordance with the Building Structures (Living Environment) Decree (Besluit bouwwerken leefomgeving). Solar panels on our buildings also feed into the electricity network.

Energy usage by source and energy mix

Energy consumption and mix	2023	2024
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	52,025	51,381
Fuel consumption from natural gas (MWh)	278,492	428,121
Fuel consumption from other non-renewable sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam and cooling from non-renewable sources (MWh)	543	378
Total consumption from non-renewable sources (MWh)	**331,060**	**479,880**
Share of non-renewable sources in total energy consumption (%)	21%	26%
Consumption from nuclear sources (MWh)	0	0
Share of nuclear sources in total energy consumption (%)	0%	0%
Fuel consumption for renewable sources, including biomass (also industrial and municipal organic waste, biogas, renewable hydrogen, etc.) (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	1,226,037	1,368,542
Consumption of self-generated non-fuel renewable energy (MWh)	0	1,226
Total consumption from renewable sources (MWh)	**1,226,037**	**1,369,768**
Share of renewable sources in total energy consumption (%)	79%	74%
Total energy usage (MWh)	**1,557,097**	**1,849,648**

Basis of reporting: energy usage

The scope of the energy usage reported in the table covers our own activities in relation to: energy and gas distribution networks; electricity, gas and heating for buildings and sites; and fuel consumption for mobility.

Our total energy usage rose by 19% from 1,557,097 to 1,849,648 MWh. This increase was mainly the result of an increase in gas consumption in our network. Our total share of renewable energy went down by 5 percentage points, from 79% to 74%.

Non-renewable sources: Energy from non-renewable sources includes the gas lost from leakages and the energy we use to heat office buildings. This increase stands out due to a change in the leakage loss calculation method and increasing administrative network losses. The electricity consumption for the sites reflects the energy mix of the purchased energy. We offset this volume with Guarantees of Origin from Dutch wind farms. The source for converting combustible fuels into MWh is based on the latest available data on emissiefactoren.nl. A conversion factor of 35.17 is used to convert cubic meters of gas into megajoules; this is the official energy value for Dutch natural gas. The conversion factor used to convert gigajoules into megawatt-hours is 0.28.

Renewable sources: Energy from renewable sources comprises purchased electricity and the consumption of self-generated renewable energy from our sites.

Energy intensity ratio

To arrive at the energy intensity ratio, Alliander divides its own scope 1 and 2 energy usage in megawatt-hours (MWh) by its net revenue. This ratio takes into account the gas and electricity consumption of buildings and the fuel consumption of the vehicle fleet. Network-related energy losses also form part of these scopes. In 2024, energy losses from the networks increased. This is reflected in the energy intensity increase from 571 to 608.

Energy intensity per euro of net revenue

Energy usage and energy intensity (D35)	2023	2024
Total energy usage (MWh)	1,557,097	1,849,648
Revenue (€ million)	2,725	3,043
Energy intensity (MWh/€ million of revenue)	**571**	**608**

Table for sectors with high energy usage – Alliander.

Net revenue from activities in sectors with a high climate impact, as defined in the EU taxonomy, was €709 million in 2024. This revenue derives mainly from the natural gas sector. Net revenue from activities that do not qualify as high climate impact sectors under the EU taxonomy was €2,334 million. This comes mainly from electricity distribution. Both activities fall under Nace code 35.

EU taxonomy

Alliander implements the agreements on the national climate policy. This means that all our activities must contribute to national and international climate goals. We expect the distribution of OpEx, CapEx and revenue growth to increasingly reflect the achievement of these targets.

Introduction

In order to achieve the objectives of the Paris Agreement by 2050, the European Union drew up the EU Action Plan in 2018 as part of the Green Deal to ensure that the European economy becomes more sustainable. The three main elements of the EU Action Plan are:

- Redirect capital flows toward a more sustainable economy
- Make sustainability a permanent aspect of risk management
- Encourage transparency and long-term thinking

The next step was the adoption of the EU taxonomy, a classification system that shows whether cash flows support environmentally sustainable business activities. Under the EU Taxonomy Regulation (EU) 2020/852, companies report three financial indicators regarding environmentally sustainable business activities: turnover, CapEx and OpEx. The EU taxonomy serves six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Alliander's operations have to be assessed against the EU taxonomy to establish whether they qualify (are 'eligible') as climate-related business activities on the basis of the definition. The assessment of the climate-related business activities involves determining whether they meet the criteria for making a 'substantial contribution' to the environmental objectives and also meet the 'do no significant harm' criteria in relation to the other five environmental objectives. At a corporate level, it must be determined whether Alliander meets the minimum safeguards with regard to human rights, corruption, tax and fair competition. If the aforementioned conditions are met, these business activities qualify as environmentally sustainable ('aligned') under the EU taxonomy.

Business activities that are eligible under the EU taxonomy

The EU taxonomy (Climate Delegated Act 2021/2139) defines which business activities are climate-related and thus qualify as eligible under the taxonomy. Some of Alliander's business activities fall under the 'climate change mitigation' environmental objective: 'Transmission and distribution of electricity' (code 4.9) and 'District heating/cooling distribution' (code 4.15). The business activities 'Transport by motorcycles, passenger cars and light commercial vehicles' (code 6.5) and 'Acquisition and ownership of buildings' (code 7.7) are also reported on; although they do not generate revenue, they do contribute to Alliander's sustainable objectives as supporting business operations.

Alliander has no business activities that focus on the five other environmental objectives stipulated by the Environmental Delegated Act 2023/2486. The climate-related business activities were therefore assessed on the basis of the 'climate change mitigation' objective. They do not overlap with other business activities, so there is no duplication in the reported figures. Transmission and distribution of electricity is an environmentally sustainable business activity under the EU taxonomy. The infrastructure for distributing electricity is part of the European electricity network and so this facilitative business operation meets the most important criterion relating to substantial contribution.

However, direct connections between the network and third-party production units with emissions exceeding 100 grams CO_2 per kWh do not meet the requirements. Energy meters that are not smart meters are likewise excluded. The financial value of these activities is therefore included in a separate line. Electricity distribution meets the 'Do No Significant Harm' (DNSH) criteria for the other environmental objectives; a climate impact assessment has been carried out within the context of climate adaptation and the criteria relating to circularity, pollution prevention and biodiversity are satisfied.

Climate-related but environmentally non-sustainable business activities

Heat distribution complies with the substantial contribution criteria (more than 50% of the distributed heat is residual heat) but not with the DNSH criteria. For instance, no climate impact assessment specifically for the district heating networks has been carried out yet. It is also not possible to demonstrate that the DNSH criteria for the marine environmental objective or for pollution prevention have been met. As regards transport by motorcycle, passenger cars and light commercial vehicles, some of the passenger cars meet the emission requirement of no more than 50 grams CO_2 per kilometre as set in the substantial contribution criteria. The lease companies do not yet have information to determine whether these vehicles also meet the DNSH criteria for the other environmental objectives.

Minimum safeguards

We started raising awareness within Alliander and updating the risk analysis with regard to the violation of workers' and human rights in the supply chain.

We communicated with fellow network operators and with suppliers in the chain about the introduction of the CSRD and the actions required to gain a better insight into human rights in the supply chain and to safeguard them. For components that are made up of many parts, it can be difficult to get a clear picture of the entire supply chain. On the other hand, suppliers are often major European businesses that also implement human rights legislation. The introduction of Human Rights Due Diligence in the supply chain is a continuous process aimed at organising human rights monitoring in accordance with international legislation throughout the supply chain and implementing measures to rectify and prevent violations where required. By creating awareness and performing a risk analysis, Alliander is taking the first steps towards eventual compliance with its due diligence obligation in the field of workers' and human rights, as required under the minimum safeguards of the EU taxonomy.

As regards acquisition and ownership of buildings, we have determined the locations at which investments have been made in new-build or renovation. These projects meet the substantial contribution criteria as regards energy efficiency. No climate impact assessment has been performed for this business operation in 2024 to determine which measures have to be taken for climate adaptation, and no data is available for the other environmental objectives to determine whether they meet the DNSH criteria. Due to the fact that the aforementioned business activities do not meet the DNSH criteria, they cannot be designated as environmentally sustainable. Business activities that are not eligible under the EU taxonomy
Natural gas distribution and other (supporting) operations are not considered to be climate-related business activities under the EU taxonomy and are therefore not eligible for the EU taxonomy.

Financial information

The turnover under the EU taxonomy (Disclosure Delegated Act 2021/4987) is consistent with IFRS reporting standards and is equal to the net revenue as shown in note 21 to the financial statements. The turnover is allocated to Alliander's various business operations on the basis of sales records. The table shows how each operation is classified under the EU taxonomy. The CapEx relates to investments in property, plant and equipment (note 3), investments in intangible assets (note 4) and additions to right-of-use assets (note 3). Investments associated with assets held for sale are not part of this CapEx. The portion of the total investments that concerns climate-related business activities was determined by identifying the economic activity to which each asset group is related and assessing whether this activity is mentioned in the EU taxonomy. The OpEx under the EU taxonomy is defined as the non-capitalised direct costs for preserving the assets. Based on this definition, Alliander has only classified maintenance and outage costs as operating expenses under the EU taxonomy. We have determined which part of these maintenance and outage costs is associated with climate-related business activities based on the underlying work order and project records.

Activities in relation to nuclear energy and non-renewable gas

Nuclear energy related activities		
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 related activities		
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

EU taxonomy key figures

Turnover 2024				**Substantial contribution criteria**						**DNSH criteria (Does Not Significantly Harm)**									
Economic activities	**Code**	**Turnover**	**Proportion of Turnover**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1**	**Category (enabling activity (E))**	**Category (transitional acitivity (T))**
		€ million	%	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	%	F	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	F	
Of which transitional			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transmission and distribution of electricity	4.9	2,323	76%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Distribution of district heating and cooling	4.15	7	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorcycle, passenger car or light commercial vehicle	6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	7.7	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transmission and distribution of electricity	4.9	4	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,334**	**77%**	**77%**	**0%**	**0%**	**0%**	**0%**	**0%**								**74%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**2,334**	**77%**	**77%**	**0%**	**0%**	**0%**	**0%**	**0%**								**74%**		
B. Taxonomy-non-eligible activities																			
Distribution of gas (NACE 35.22)		606	20%																
Other business operations		103	3%																
Turnover of Taxonomy-non-eligible activities (B)		**709**	**23%**																
Total for Alliander (A+B)		**3,043**	**100%**																

CapEx 2024				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	**Code**	**CapEx**	**Proportion of CapEx**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1**	**Category (enabling activity (E))**	**Category (transitional acitivity (T))**
		€ million	%	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																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transmission and distribution of electricity	4.9	1,400	77%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Distribution of district heating and cooling	4.15	17	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorcycle, passenger car or light commercial vehicle	6.5	22	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	7.7	12	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transmission and distribution of electricity	4.9	1	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,452**	**80%**	**80%**	**0%**	**0%**	**0%**	**0%**	**0%**								**76%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**1,452**	**80%**	**80%**	**0%**	**0%**	**0%**	**0%**	**0%**								**76%**		
B. Taxonomy-non-eligible activities																			
Distribution of gas (NACE 35.22)		223	12%																
Transport by motorcycle, passenger car or light commercial vehicle	6.5	6	0%																
Acquisition and ownership of buildings	7.7	13	1%																
Other business operations		126	7%																
CapEx of Taxonomy-non-eligible activities (B)		**368**	**20%**																
Total for Alliander (A+B)		**1,820**	**100%**																

OpEx 2024				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	**Code**	**OpEx**	**Proportion of OpEx**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water and Marine Resources**	**Circular Economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1**	**Category (enabling activity (E))**	**Category (transitional acitivity (T))**
		€ million	%	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	%	F	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	F	
Of which transitional			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transmission and distribution of electricity	4.9	167	75%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Distribution of district heating and cooling	4.15	2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorcycle, passenger car or light commercial vehicle	6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	7.7	5	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transmission and distribution of electricity	4.9	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**174**	**78%**	**78%**	**0%**	**0%**	**0%**	**0%**	**0%**								**75%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**174**	**78%**	**78%**	**0%**	**0%**	**0%**	**0%**	**0%**								**75%**		
B. Taxonomy-non-eligible activities																			
Distribution of gas (NACE 35.22)		49	22%																
Acquisition and ownership of buildings	7.7	1	0%																
OpEx of Taxonomy-non-eligible activities (B)		**50**	**22%**																
Total for Alliander (A+B)		**224**	**100%**																

Comparative figures

In 2023, 'Transmission and distribution of electricity business' was classified as an environmentally sustainable business activity on the grounds that Alliander was thought to have complied with the minimum safeguards. However, based on more detailed interpretations and partly due to the justification under CSRD ESRS S2, it was later concluded that the minimum safeguards in relation to work-related rights and human rights in the whole value chain were not fully in place in 2023 (or in 2024). The main reason is that more insight into the value chain is needed in order to meet the minimum safeguards. The work required to achieve this will begin in 2025.

In the table below, the 2023 comparative figures for the transmission and distribution of electricity have been reclassified from 'Environmentally sustainable activities' to 'Taxonomy-eligible, but not environmentally sustainable activities'. This concerns the 2023 figures for turnover (€2,028), CapEx (€1,075) and OpEx (€154).

The change in the 2024 figures relative to 2023 is the result of the developments explained above in the paragraph 'Income statement for 2024'.

	Turnover				CapEx				OpEx			
€ million	2024		2023		2024		2023		2024		2023	
Environmentally sustainable activities	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Taxonomy-eligible, but not environmentally sustainable activities	2,334	77%	2,039	75%	1,452	73%	1,118	79%	174	78%	160	78%
Taxonomy-non-eligible activities	709	23%	686	25%	368	27%	298	21%	50	22%	45	22%
Total	**3,043**	**100%**	**2,725**	**100%**	**1,820**	**100%**	**1,416**	**100%**	**224**	**100%**	**205**	**100%**

Circularity (E5)

Achieving the energy transition will require a lot of (critical) materials such as copper, aluminium and plastic. These materials are scarce and increasingly play a role in geopolitical conflicts. For us as a network operator, they are indispensable in the production of cables, transformers and gas pipes. Long-term shortages due to supply problems and lack of production capital affect the performance of our work. Inventory shortages put pressure on relations with our suppliers, putting us at a disadvantage in terms of price.

Resource inflows and use

Inflow

Inflows include raw or processed materials that are required for the production of our most important components and equipment. At present, we still disregard the items required to mine or processes these materials, such as water.

Impacts, risks and opportunities

- Negative impact – Using materials makes a negative contribution to the availability of those materials.
- Risk – A disruption in the supply chain due to material shortages and/or geopolitical circumstances could lead to higher material procurement costs.
- Opportunity – Reusing materials and components in our operations and in the value chain, and collaboration between suppliers and network operators could reduce the consumption of (scarce) raw materials.
- Opportunity – Through greater availability of materials and collaborations with suppliers and sheltered work enterprises for the repair and overhaul of equipment, we can reduce our vulnerability to disruptions in the international value chain. This would reduce purchases of new products and create cost savings.

Policy and approach

Alliander currently has no formally defined circularity policy. Applying circularity measures to materials, such as reuse (after repair and overhaul), will increase the availability of our existing inventories. This will also improve our ability to anticipate the maintenance of outdated facilities that cannot yet be replaced or do not need to be replaced. Reuse of materials contributes to the feasibility of the energy transition and reduces costs over the long term.

Together with the other network operators, suppliers, customers and sheltered work enterprises, we are setting the circular economy chain in motion. We do this by being open to opportunities in innovative development, reuse within the chain, and overhaul and repair of existing equipment.

We want to achieve this by making use of the R ladder methodology to measure our impact. The R ladder is a widely used method for ascertaining circular impact. It works on the basis of rungs: the higher up the ladder you go, the more materials are saved. Alliander has 10 rungs from refuse (0 – the highest rung with the biggest impact) to recover (10 – the lowest rung with the least impact).

Inflows and material use

- Reduce raw material use and replace raw materials. Impact from refuse, rethink and reduce
- Extend useful lives of equipment. Impact from reuse, repair, refurbish, remanufacture and repurpose
- In order to anchor circularity in our business, the Procurement business unit is working on implementing the draft CSR policy in the procurement function. The ‘Alliander CSR from the perspective of General Prosperity’ policy framework applies to material inflows and use.

Raw material passport

So that we can calculate our circular procurement, our suppliers provide raw material passports for the products they sell us. The supplier indicates the quantity of each raw material in the product and the percentage that is recycled or otherwise reused or recovered. In 2023, two of our cable suppliers (TKF and Prysmian) received KIWA certification for supplying circular cable. As well as using raw material passports and certification, we also validate the information provided by suppliers by performing audits.

Passport data is validated at the Centre of Excellence in the Procurement department using the CE Delft methodology. We also check the data from our suppliers against a central database. Using the database helps us to prevent duplicate figures when counting recycled materials that we purchase.

Reuse

We at Alliander make an impact by reusing equipment, after repair or overhaul if needed. We do part of this ourselves and part in collaboration with suppliers and sheltered work enterprises. We are not unique in this: other network operators also strive to maximise the reuse of components, and we learn from each other's experience. Together we investigate the opportunities and risks.

The incomplete (un)coded material flow is screened upon use by the Circular team. An intake process has been developed in which we distinguish between product types and possible purposes. In so doing we follow the value chain, assessing suitability for:

1. Alliander
2. other network operators
3. suppliers
4. commercial sales
5. charities

If repurposing in one of these categories is not possible, the product is regarded as waste.

Materiality analysis for circularity

In 2024, we carried out a materiality analysis for circularity in order to ascertain our positive and negative impact, and identify opportunities and risks. We conducted a qualitative screening of our operations for inflows and material use. We tested the assumptions with experts and stakeholders both in and outside our organisation. We have reported the results in the description of material inflow and use. As the DMA was completed relatively late in 2024, a consultation has not yet taken place.

Objectives and results in 2024

At the moment, Alliander has set an ambition that focuses on both purchasing recycled core assets and the end-of-life recyclability of core assets. The aim is that, by 2027, 45% of core assets will be circular purchases or recyclable at the end of their lives. This is a voluntary target that we have chosen ourselves. An official target has not yet been set.
The CSRD requirements established a new KPI in 2024 that indicates what percentage of purchased materials is recycled. A target for the percentage of recycled purchased materials has not yet been set for 2024. The scope of this KPI covers our core assets: low, medium and high-voltage cables, gas pipes, distribution and power transformers, (smart) electricity and gas meters, and switchgear.

In 2024 we purchased 6.8% of our materials on a circular basis. Among other things, we did so by including conditions in tender processes for cables and distribution transformers that were aimed at increasing the use of recycled materials and stimulating the market's creativity regarding the development of circular materials.

The table below shows the total weight and the circularity of materials used:

Key components	Total weight (tonnes)[1]	Circularity (tonnes)[2]	% Circular[3]
Cables	18,911	1,165	6.2%
Meters	344	105	30.5%
Pipes	1,521	57	3.8%
Transformers	7,398	699	9.0%
Switchgear	1,289	-	0.0%
Total	**29,462**	**1,996**	**6.8%**

The total volume of purchased products and materials is the total weight in tonnes of low, medium and high-voltage cables, gas pipes, distribution and power transformers, (smart) electricity and gas meters and switchgear purchased for our network management activities (electricity and gas). If the exact weight is wholly or partly unavailable, the weight is calculated on the basis of standard weights per core asset.

The weight of secondary reused or recycled components, products and materials is determined from the raw material passports provided by suppliers. If the exact weight is wholly or partly unavailable, the weight is calculated on the basis of current industry data per core asset.

The percentage of secondary reused or recycled components, products and materials is determined from the raw material passports provided by suppliers. If the exact percentage is wholly or partly unavailable, the percentage is calculated on the basis of standard weights per core asset.

To determine the weight of the core assets and the percentage of recycled materials, our suppliers provide raw material passports (RMPs) in which these weights and percentages are stated. Item data for the purchased products is retrieved from SAP and then linked to the RMPs. If the weight of an item is not stated in the RMP, the weight is taken from SAP. This applies to high-voltage cables, some transformers and switchgear. In addition, the recycled percentage from the RMP is compared with data from the independent research and advisory bureau DNVL for verification purposes. To prevent overestimates, the lower of these two values is used in the calculation. If the RMP for an article is unavailable, it is assumed that the percentage of recycled materials is nil. This information is then used to calculate circularity.

As well as monitoring the circularity of used materials, we have also carried out other activities in relation to circularity. We organised an evaluation session with internal stakeholders on cable assets, with the aim of examining points where technical specifications and the circularity ambition were in conflict. The session drew attention to points of friction and the decisions that then need to be taken. This knowledge was shared with colleagues in procurement, so that they could learn and improve.

We have set out the definition and terms of (potential) overhaul products and drawn up a budget with the expected revenue and growth up to 2029.

We set up a pilot project for overhauling multi-joints (gas couplings) with a sheltered work enterprise, who helped us with the cleaning, disassembly and reassembly. The supplier provided missing materials for this purpose. Research shows that over 90% of multi-joints are suitable for reuse.

In collaboration with suppliers, we had 76 compact stations overhauled. Such stations are made up of a reused transformer and switchgear (magnefix). We collect stations that come from the network and have them checked for reusability by a technical specialist. One milestone is that we are now able to offer these stations through the existing ordering system for engineers, so that new and overhauled stations are available in the same place.

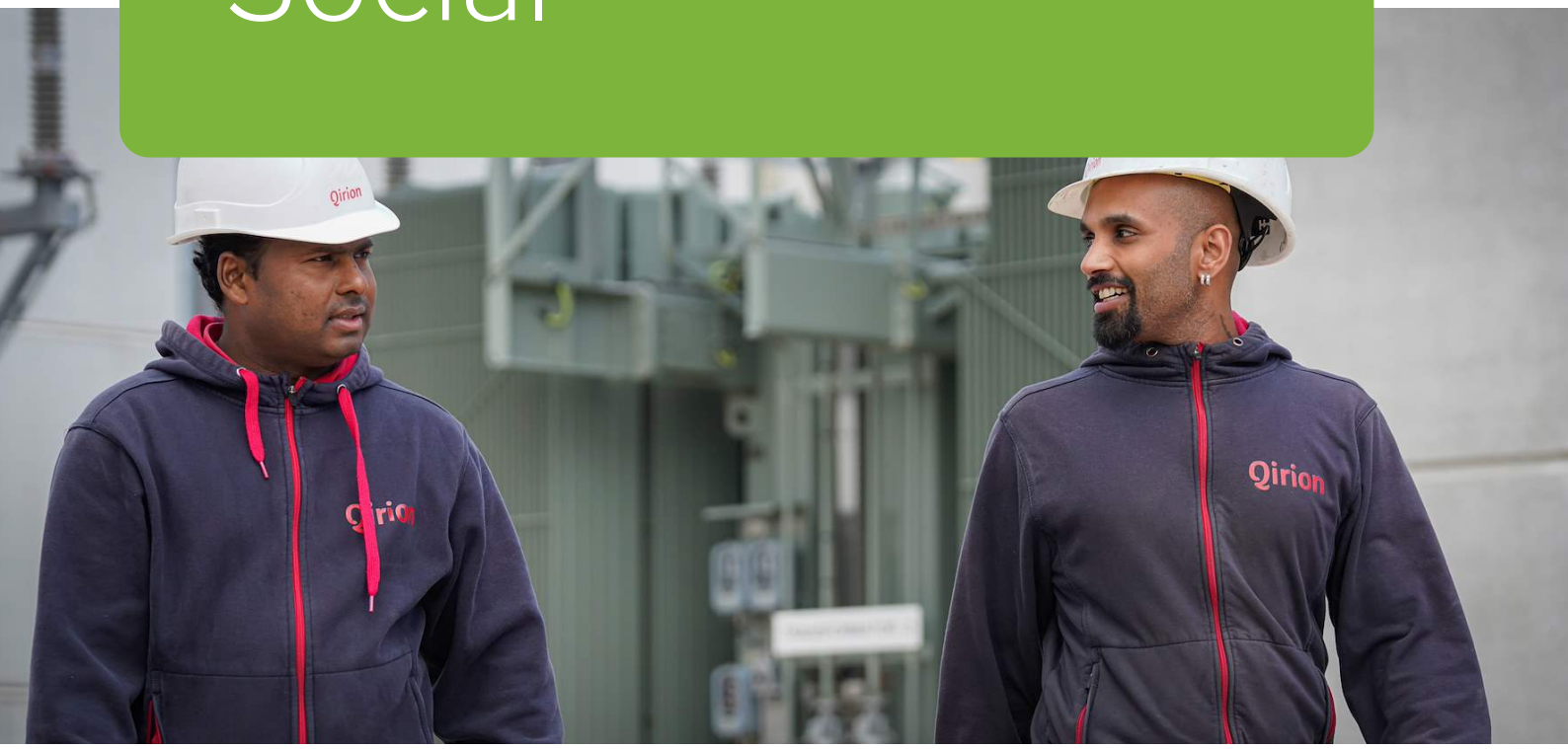
We have created a circular materials warehouse in SAP, which gives us better insight into our inventory, and we have shared this with Liander Logistics and other parties. In 2024, we began introducing coded tools and so created a blueprint for the systematic introduction of other circular materials. The number of reused tools issued to operations is 1,624.

Our plans

Having established the circularity policy framework, we will set about implementing it in 2025. We want to make circularity a permanent feature of procurement. We are taking an integrated approach based on the overall sustainability ambition. In 2025, we intend to set a target for the percentage of circular procurement in relation to core assets.

The Strategic Resource Management department will determine the need for scarce materials that should be top of the list for reuse. Together with suppliers and sheltered work enterprises, we will prepare a plan of attack to make these scarce materials suitable for reuse.

Social



As a leading regional network operator, we see it as our duty to try and create a good workplace for our staff and the staff of our partners in the chain. We work to promote their health and well-being, and encourage personal development, inclusion and diversity. We also have a social responsibility to consumers and the end users of our services and products. In these sections, we account for our activities and services in the following areas:

- S1 - Own workforce (subtopics: employment conditions and equal treatment)
- S2 - Workers in the value chain (subtopics: employment conditions and other work-related rights)
- S4 - Consumers and end-users (subtopics: information-related impacts, personal safety and social inclusion)

Own workforce (S1)

Alliander employs about 9,900 people (over 9,400 FTEs), including agency workers, mostly in the Netherlands, who all work together to ensure a reliable, affordable and accessible energy supply. These people are an indispensable link in the daily performance of our tasks. Alliander acknowledges the importance of good employment practices and wishes to be and remain an ‘employer of choice’, i.e. an inclusive workplace where employees trust the people they work with, have opportunities for personal development and are proud of what they do. Alliander wants to be an organisation where they enjoy working in a pleasant atmosphere with colleagues, customers, suppliers and partners on the energy supply for a sustainable future.

Number of employees[1]	Male	Female	Other	Total
Full-time employment contracts	5,350	925	1	6,276
Part-time employment contracts	665	793	2	1,460
Total number of employment contracts	**6,015**	**1,718**	**3**	**7,736**
Full-time agency/contract staff contracts	762	140	65	967
Part-time agency/contract staff contracts	874	296	14	1,184
Total number of agency/contract staff contracts	**1,636**	**436**	**79**	**2,151**
Total number of employees	**7,651**	**2,154**	**82**	**9,887**

Concerns the number of employees (including agency workers) measured on the last day of the reporting year.

Number of employees in FTEs[1]	Male	Female	Other	Total	Total
Permanent employees (permanent employment contract)	4,981	1,281	1	6,263	6,456
Temporary employees (fixed-term employment contract)	924	293	2	1,219	1,280
Total number of employees with an employment contract	5,905	1,574	3	7,482	7,736
Total number of agency/contract staff	1,484	383	72	1,939	2,151
Total number of employees	**7,389**	**1,957**	**75**	**9,421**	**9,887**

Concerns the number of employees in terms of full-time equivalents (38 hours) measured on the last day of the reporting year. FTE means a full working week, irrespective of the number of hours worked. The number of employees in service (in FTEs) is shown in the financial statements under note 24.

Policy and organisation

Our commitment to employee retention is outlined in policies, targets and measures of various types. All policies concerning Alliander's own workforce apply to all employees directly employed by Alliander, as well as to agency staff where stated. Where applicable, distinctions are made in these policies based on position and authority, which are approved by the Management Board.

We are committed to Dutch labour law and to compliance with international human rights and labour standards, as laid down in the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). These declarations form the frameworks for our policy, although they are not explicitly incorporated into it. In our policy, we emphasise freedom of association, the right to collective bargaining and the prevention of discrimination, and we embrace diversity.

Within Alliander, the HR (Human Resource) department is responsible for personnel policy. At the end of December 2024, it had 440 employees with an annual budget of €58 million. The SEQ (Safety, Environment and Quality) department is responsible for safety policy. At the end of December 2024, it had 150 employees with an annual budget of over €20 million.

OGSM-based working

Based on the strategic topics and the underlying impacts, risks and opportunities, we formulate specific targets in relation to personnel and safety. These are enshrined in the business plans and translated into concrete strategies and measures. Alliander use the OGSM model (Objectives, Goals, Strategies, Measures) in this regard. The HR and SEQ departments each have their own OGSMs. In addition, personnel and safety form part of the OGSM of every Alliander business unit. Progress towards the targets is monitored on a monthly basis in discussion with the Management Board. Additional measures are formulated where required.

Employment conditions

For Alliander, good employment conditions are an indispensable part of attracting and retaining highly qualified and motivated staff. Employment conditions are subdivided between general employment conditions and health & safety. General employment conditions cover the sub-subtopics of job security and collective bargaining, including the percentage of staff covered by collective labour agreements and work-life balance.

General employment conditions

Impacts, risks and opportunities

As a network operator, we invest heavily in expanding and upgrading energy networks that are needed for the energy transition. To make this possible, we are growing substantially as an organisation, both by attracting more permanent employees and by hiring temporary staff. In order to scale up and increase the amount of work we can do, work is increasingly being outsourced to contractors with whom we have long-term working relationships. At Alliander, we are conscious of the impact, risks and opportunities that our strategy and business model have on our personnel. We are expecting labour market scarcity to continue to grow over the next few years. Due to the ageing population and growing demand for skilled workers, there are persistent staff shortages in the engineering, construction and energy sectors, especially for technical and IT positions. This poses a risk to our mission to create an energy supply that gives everyone access to reliable, affordable and sustainable energy. For Alliander, good employment conditions are an indispensable part of attracting and retaining well-qualified and motivated staff. They also have a positive impact on employee well-being. Alliander remains committed to attracting and retaining well-qualified and motivated staff by offering attractive employment conditions and development opportunities. We take a variety of actions to encourage more people to take an interest in technology. We keep a close eye on employee satisfaction in order to respond to the needs of our different groups of staff and offer appropriate support and training.

- Positive impact – Good employment conditions make a positive contribution to employee well-being.
- Positive impact – Alliander's growth leads to more employment opportunities.
- Risk – A shortage in the availability of technical or other personnel on the market could lead to higher costs.

Policy and approach

Collective labour agreements

Network companies make the energy of tomorrow possible. For this to be achieved, network operation must be and remain an attractive industry for workers, even in the current tight labour market. Based on this vision, employers and unions have agreed a collective labour agreement for network companies that runs until 1 July 2025. Among its terms are agreements on structural wage increases and making additional parental leave more attractive for partners. Agreements were also reached on how to spend the sustainable employability budget available to employees, which can now also be used for specific sustainability and greening purposes. Agreements regarding diversity and inclusion, such as a pilot scheme on swapping public holidays, are also part of the package. Finally, the Vitality Scheme and the Sectoral Social Plan have been extended and agreements have been reached on work stress and the industry frameworks for taking leave under the Early Retirement Scheme. In 2024, we reached an agreement with the unions on the new Alliander collective labour agreement. This contains agreements on a job classification system with a logically linked salary scale, delinking pay from performance assessments, and a new remuneration policy. In so doing we have taken important steps towards being a learning and well-performing organisation with an attractive salary package. Employees with contracts under the collective labour agreement make up 99.6% of the workforce. Employees of our German businesses are covered by an equivalent German agreement. The remainder are the members of the Management Board and TReNT employees.

All employees under the collective labour agreement have a right to family leave.

Percentage of entitled employees that took family-related leave	
Male	15.9%
Female	18.3%
Other	0.0%
Total	16.4%

Sectoral Social Plan

The Sectoral Social Plan, which runs from 1 January 2024 to 1 July 2025, applies to employees who are potentially affected by organisational changes. The point of departure for the unions and the employers in the Energy Network Companies sector of the WENB (the employers' association for firms in the energy, telecoms, recycling and environment sectors) is to prevent redundancy and unemployment due to organisational change as far as possible. The Sectoral Social Plan is focused on finding alternative work and offers employees various possible ways to do this.

Employee participation

Employee participation at Alliander represents over 99% of permanent staff members. Alliander has a single Works Council at the level of Alliander N.V. The Works Council is directly elected by the employees and is involved in developments, progress towards targets, and measures affecting the company and its employees. The Works Council receives input from organisational unit committees (OCs), permanent committees (VCs) and preparatory committees (VBCs). Organisational units are represented in an organisational unit committee, each of which has a representative on the Works Council. The OCs discuss all relevant matters concerning the organisational unit and its employees with the unit's director. OCs can make use of focus groups to coordinate with the staff they represent, as set out in the Works Council regulations. For formal Works Council projects, i.e. requests for advice or requests for consent, the Alliander Works Council can appoint a preparatory committee (in consultation with the business unit committee) to handle the request and submit a draft letter of advice or consent to the Works Council. There are also permanent committees, each of which covers a focus area such as finance, HR, Safety, Well-being and the Environment. Elections took place in late 2024 and the new members have taken their seats on the Works Council.

The Works Council has monthly consultation meetings with the CEO, which are also attended by the CHRO (Chief Human Resource Officer). Members of the Supervisory Board attend consultation meetings twice a year. In 2024, the Executive Committee and Works Council organised 'Get to the Point' sessions in order to talk directly to staff at all sites about current issues or concerns.

Labour market

Labour market scarcity is expected to increase further in the next few years. Alliander is preparing for this with initiatives that make it easier for groups from outside the field to find work at Alliander or in the industry. Examples include:

- Conversion programmes for technicians trained in other fields.
- Industry-wide training programmes for refugees in conjunction with TenneT, Enexis and Refugee Talent Hub.
- Objective hiring so that everyone has an equal chance of a job.
- Exploring the transformation to a skills-centred organisation, in which the threshold for working in a particular job is lowered.

Employee satisfaction survey

The Central Employee Barometer is an important way to measure how things are going with the employees, how we are doing as an employer and what things we can improve. We measure this, among other things, by way of an employee satisfaction score called the employee Net Promotor Score (eNPS). This year's response was similar to last year's: 74%, above the sector benchmark of 64%. Employees feel inspired and proud (84%; target 81%). The combination of a high eNPS score (36) and its high score as a good employer (76%) earned Alliander 'World-class Workplace' status for the second year running. The survey compares Alliander with the Dutch average scores of 15.0 for the eNPS and 72% for the good employer score. Concerns remain about Alliander's agility and effectiveness. 54% believe that Alliander is taking the right steps towards being an agile and responsive organisation, 3% points more than in 2023. Many colleagues (23%) state that work processes

at Alliander are not well-organised, although it may be noted that this is also the case for the industry benchmark. In concrete terms, this is reflected in the slow rate at which improvements are converted into working solutions. Belief in the achievability of Alliander's mission has increased (from 62% to 66%). Experience of work-related stress has decreased and is below the benchmark. Nevertheless, some of our teams still perceive their workload as high or very high. The barometer shows that more colleagues are now looking around for a job outside Alliander. The various organisational units and teams have been informed of the most important points for improvement from the employee barometer and can use the results as a starting point for discussions and improvement initiatives.

Objectives and results in 2024

Alliander takes active steps to attract talent. We focus not only on jobseekers, but on a broader target group whom we try to interest in engineering. Examples of the activities that Alliander performs include:

- Using 'engineering promoters' to interest young people in technical careers.
- Rolling out a 'job match' platform to help people transferring from other fields find a job in our industry that suits their skills.
- Setting up various target group campaigns.
- Attending different events to reach out to a diverse target audience.
- Talent pooling and talent matching.
- Recruitment strategies for specific target groups such as refugees.
- Setting up framework agreements with diversity targets for headhunters and recruitment firms.

Last year, Alliander welcomed 246 IT staff and 515 new technicians. This year, there was also a development plan for refugees to train for a qualification in electricity grid installation and maintenance.

Employee departures

In 2024, 863 employees left Alliander, 390 of whom (306 men and 84 women) left due to the sale of Kenter. This is a turnover of 11.7%. This percentage is calculated by dividing the outflow (excluding agency staff) by the average number of permanent employees during the reporting year.

Outflow		
Male	675	11.7%
Female	188	11.7%
Total	863	11.7%

Employees who leave Alliander receive a questionnaire and attend in-depth interviews on their reasons for leaving. Based on the results of these inquiries, we take measures to increase employee satisfaction and reduce staff outflows.

Our plans

In 2025, we concluded a new and appropriate collective labour agreement for the sector and Alliander, which will increase our attractiveness through modernisation and better employment conditions.

Due to the expected labour market scarcity, we are continuing work in 2025 on expanding the target pool for technical personnel through measures such as:

- Increasing inflows of untapped potential through an industry-wide technical advancement programme.
- Setting up a technical operations school to provide optimal training to technical staff while minimising the burden on the organisation.
- Readying the organisation for international employees.

Health and safety

Safety is not a given, because our work involves safety risks. The impact of incidents can be severe. The number one priority is the personal suffering of those immediately affected and their families, colleagues and others around them. An accident often has a direct impact on business continuity (work comes to a halt) as well as on Alliander's reputation as a business and employer in a tight labour market. Safe, incident-free working is vital for everyone. The safety of networks for everyone involved is therefore our top priority. The possibility that incidents could occur in the energy network makes it even more essential to adopt a targeted approach. To achieve this, we ensure that we understand the risks and take action to mitigate them. The measures we take include procuring safer materials and better work equipment, improving working methods and training our employees and contractors. The safety policy is geared towards specific, higher-risk jobs, such as the technicians who work directly on the gas or electricity network.

Scope of the issue

Work-related accidents and sickness impair the well-being and happiness of those concerned. As an employer and project manager, Alliander always aims to make a positive contribution to the well-being of internal and external employees. Our impact extends to our contractors and supply chain partners. Safe and responsible working conditions are a fundamental human right, enshrined in national and international legislation, and agreements such as OECD, ILO and UN treaties. Safety incidents can also involve other stakeholders such as the general public, visitors or passers-by at locations where we are working.

Alliander is currently facing a variety of challenges that lead to increased health and safety risks. These include the increasing speed of the energy transition, staff shortages, increasing material shortages, the outsourcing of work to contractors and the ageing of our assets.

On balance, we are having to handle a much higher workload, under high pressure, with less experienced employees. We have a duty to ensure that everyone gets home safely and to strive for a successful energy transition with zero avoidable accidents. Given the challenges, this is an exceptionally hard task. Safety is integral to all of our work, from design and materials purchasing to creating grid connections. To ensure that we live up to this responsibility, we dedicated even more thought in 2024 to the safety transition. There are three key aspects to this: safety controls, broad safety expertise and safe behaviour. We work on these aspects for and together with our staff, local communities, suppliers and contractors.

Impacts, risks and opportunities

The challenges of the energy transition are putting considerable pressure on safety. Safety is the foundation that underpins our strategy and an essential precondition for our work. Health and safety risks are increasing due to the growing quantity of work, high work pressure, the growth of the organisation and the increased outsourcing of work to contractors. The biggest risk of incidents is faced by the employees who work directly on our energy networks. Our commitment to safety goes beyond our own organisation. It encompasses not only our employees, but also our supply chain partners, contractors, suppliers, customers and local residents. We have a safety management system for identifying and managing the safety risks associated with our operations. Alliander also promotes a proactive safety culture. This results in a learning and performing organisation where 'continuous safety improvement' plays a central role.

- Negative impact – Health & safety incidents lead to the injury and death of employees.
- Risk – Safety incidents involving our staff lead to sickness absence, reputational damage, compensation and fines.

Safety

Policy and approach

The 'Safety Vision' policy document has been drawn up for safe working on our networks and approved by the Management Board. It covers the following topics:

Safety controls

Alliander, together with its partners, has firmly embedded safety objectives and risks for working on assets in safety systems and structures. Measures to mitigate these risks are included in the production process. Incidents and nonconformities are always reported centrally and analysed, so that we can learn from them. This leads to better risk estimation and to improvements in the associated mitigation measures. Our primary focus is on full transparency. Safety data and information about our assets, projects, processes and risks are collated in conjunction with our partners and are made available to them. This results in a learning and performing organisation where 'continuous safety improvement' plays a central role. That enables us to follow new techniques and processes in a safe way.

Broad safety expertise

All staff at Alliander and our partners have the knowledge and skills required to work and act safely. We make sure of this in the selection, training and assessment of employees. Together, we are committed to both technical and personal skills. We embed this in selection, assessment, training and education by explicitly defining the skills required for each role. We look at the hard and soft skills of all colleagues, we maintain those skills, and we no longer select technicians based on technical skills alone. New joiners, including those from other industries and speakers of other languages, can be deployed more easily, as the safety risks for numerous tasks have been reduced and the training requirements have been adjusted downwards accordingly.

Safe behaviour

Reducing avoidable accidents to zero demands not only broad safety expertise and controls in systems and structures, but above all a permanent change in behaviour. We know that we cannot guarantee safety by making rules alone. Many of our jobs take place in the countryside, in conditions and surroundings that are often different to what we expected. Employees regularly work alone as well. At Alliander, it is therefore crucial that safety is part of who we are and part of the intrinsic motivation of staff.

Objectives and results in 2024

Our goal is: 'Everyone safely home! With zero avoidable accidents.' No target is set for Lost Time Injury Frequency (LTIF) because the number of accidents leading to time off work should ideally be zero. In addition, Alliander promotes a proactive culture where safety comes first. We want a permanent change in behaviour that we can demonstrate by remaining consistently at level 4 on the Safety Culture Ladder. This score is monitored continuously via an internal safety management system comprising internal self-assessments, behavioural audits and topic-based analyses.

ISO 45001

All employees, both permanent and temporary, are covered by the Alliander safety management system. Alliander has had the operational business units with the highest safety risk certified under ISO 45001. ISO 45001 is the standard for health and safety management systems. 49% of Alliander employees and 31% of temporary staff work for a business unit with an ISO 45001 certificate. These are the O&S, GVRN, KV and Qirion operational business units. In additional to an internal safety management system, the safety processes are documented, tested under ISO 45001 and recorded in a central IT application so that they can be consulted by all employees.

Mandatory training

Last year we improved safety levels by making sure that all employees followed the mandatory training on time, including instructions for first-time visitors, VCA and life-saving actions. In addition, tool testing and calibrations have been centralised to ensure that technicians have access to the right tools in a timely manner and without having to interrupt their work.

Life Saving Rules

Alliander goes by the 'Life-Saving Rules'. A safe working environment and a culture of safety help us raise safety awareness and ensure safer behaviour.

Accidents

In 2024, there were 41 lost-time accidents and 71 accidents that did not result in sickness absence. This was partly why the LTIF was 2.9. These figures include accidents involving contractors (12 with lost time and 12 without) Falls and trips constituted most of the lost-time incidents in 2024, followed by traffic-related injuries. Three lost-time accidents were the result of electric arcing in 2024, including one that resulted in very serious injuries.

Coverage of the health and safety management system (%)	100%
Number of accidents with no lost time	71
Number of lost-time accidents	41
Number of accidents resulting in fatalities	0
Number of cases of absence due to work-related ill health	90
Days lost to work-related accidents	501
Days lost to work-related ill health	52,048

	Own	Agency/Contract	Total
Accidents with no lost time	68	3	71
Lost-time accidents	39	2	41
Accidents (%) (LTIF)	3.4	0.7	2.9

The number of days' absence is adjusted based on the number of hours for which employees are contractually employed.

LTIF indicates the number of work-related accidents during the financial year in which Alliander employees were involved and which led to time off work after the accident, expressed per million of man-hours worked. The LTIF figure is calculated using the average number of FTEs in 2024 and a standard number of 1,600 hours worked per employee.

Our plans

Our aim remains to achieve the energy transition with zero accidents. This responsibility, combined with the growth in the number of new employees, means that the priority in 2025 is to get the basics right. Understanding and managing the risks is key. This means ensuring that employees know and can locate up-to-date information, instructions and agreements, with a focus on demonstrable expertise. We will increase safety consciousness by embedding the desired safety behaviour into all interventions. We will continue to comply with all laws, regulations and certification requirements in relation to safety.

Health

Policy and approach

Alliander supports its employees in taking responsibility for their own welfare, by means of the Sustainable Employability Budget and by making it possible for staff to work remotely, set their own hours and so find the right work/life balance. Investing in sustainable employability has a positive effect on staff retention. In addition, Alliander increasingly positions itself as an attractive employer for potential staff members. An employer that invests in employees has an advantage on the labour market. Alliander's vision and approach to sustainable employability have been specified in a communication document. This is not an official policy document.

Staff members unable to work: recuperation

If an employee is not available for full-time work, the reintegration process is led by their manager. The manager receives assistance and support from an in-house prevention and leave specialist (case manager) and a certified occupational health and safety service (the Arbodienst). They help managers by answering questions and providing advice on counselling employees who are off work or reintegrating. To maximise the employability of employees, interventions are performed by the collective health insurer Zilveren Kruis.

Managers can also rely on the back-to-work protocol. This offers an approach for managing leave, promoting employee welfare and ensuring a permanent return to work. Alliander has two protocols:

1. The time-off-work protocol (a brief summary of the time-off-work process).
2. The sick leave timelines for managers and staff, which contain detailed process descriptions.

Around 10% of Alliander employees take sick leave three times or more each year. We call this 'frequent absence' and it is an important indicator for a decline in sustainable employability. Alliander believes it is important to pay close attention to frequent absentees, firstly to ascertain the underlying cause of their absence, but mostly in order to resolve it. Managers can also rely on the frequent absence protocol.

Optimising sustainable employability: prevention

In 2024, Alliander rebranded its 'Duurzaam Fit' (Sustainably Fit) offering and vision. The introduction of the new Sustainably Fit brand name is enabling Alliander to translate sustainable employability into clear words and ideas, with the goal of improving the recognisability and overall cohesion of the different parts of the offering.

At the end of September 2024, Alliander introduced the Sustainably Fit Coach scheme. This gives employees easy access to optional coaching, without having to go through their manager. Coaching sessions of up to three hours are given by an occupational psychologist, either by phone or on Teams, and start within four working hours of signing up.

Alliander supports employees in managing their own welfare through the sustainable employment budget. Among other things, this enables them to purchase facilities for their workplace, cover budget coach fees or recover expenses for sports facilities and equipment. In 2024, a large number of employees made use of this budget. 40% of the budget is spent on sports.

Every three to five years, every Alliander employee is invited to undergo a Periodic Medical Check, which provides insight into their health and employability. Employees in the On-Call and Breakdown Service aged 55 or above are invited once every two years. Periodic Medical Checks are always voluntary. They consist of an online questionnaire, a medical check-up and a talk with a vitality coach. In 2024, 1,426 invitations were sent and 662 checks were performed.

Objectives and results in 2024

In 2024, the sickness absence rate was 4.1% (2023: 4.4%). This was lower than the 2024 target of 4.3%. The sickness absence rate gradually dropped during the year. The absence rate reports sickness absence (short, medium and long term) for permanent staff over a rolling 12-month period, excluding absence due to pregnancy.

Our plans

The target for the next few years will be to keep the average sickness absence rate below 4.3%. In 2025, we are doing this through policy and sustainable employability programmes based on mental relaxation, physical fitness and social engagement. Alliander thus ensures that employees feel good both mentally and physically, which contributes towards a vital and productive workforce. We are maintaining our existing approach and will monitor the different types of absences.

Equal treatment and equal opportunities for all

Alliander aspires to be an organisation where everyone feels at home. We also strive to reflect the diversity of society in the composition of our Management Board, management and workforce. We pay attention to the needs of employees. Alliander values a good gender balance and cultural diversity. A diverse organisation makes us more innovative and more effective, which safeguards our future. In equal treatment and equal opportunities, we distinguish between inclusion and equality, training and development, and actions against violence and intimidation in the workplace.

Impacts, risks and opportunities

Our task of doing more work demands new ways of thinking, so it is important that colleagues feel at liberty to show their best and unique selves at work. That's why we are increasing our positive impact by focusing on inclusivity and diversity. We pay particular attention to women in managerial positions, the cultural background of our employees, people from the LGBTIQ+ community, people with poor employment prospects and the age structure of our workforce. This applies both to our permanent and temporary employees, and to all our partners in the energy supply chain. We believe that a safe workplace where everybody feels at home contributes to the welfare of our employees and benefits productivity. However, there are challenges. Inappropriate behaviour has a negative impact on the shop floor and can diminish employee well-being. Moreover, a lack of diversity and inclusion leads to a loss of talent and higher staff costs. To manage and mitigate such impacts and risks, we invest in special employee networks to promote inclusion and social cohesion, pay active attention to the code of conduct and pay a great deal of attention to the 'Spreek je uit' (Speak Up) policy so that we can identify and correct abuses.

- Positive impact – Equal treatment and equal opportunities for all contribute positively to the welfare and development of employees.
- Negative impact – Inappropriate behaviour on the shop floor can diminish employee well-being.
- Risk – Insufficient diversity and inclusion lead to a loss of talent and higher staff costs.

Inclusion and equality

Policy and approach

The Management Board approved the diversity, inclusion and equality policy in 2023. The policy was incorporated in a multi-year plan containing spearheads in the field of inflow, women in managerial positions, management and data, advancement and retention of colleagues from minority groups. Our inclusion policy focuses on five areas:

- Gender: we aim to create equal opportunities for everyone, regardless of their gender. We aim to balance diversity in all layers and parts of our organisation. Our policy specifically targets representation of women in managerial positions and in technical positions.
- Cultural background: we aim to create equal opportunities for everyone, regardless of their ethnic background (colour, religion, culture). We aim to improve cultural diversity in all layers and parts of our organisation.
- LGBTQ+: we aim to create a culture where everyone can be themselves and feels safe to express their sexual orientation, gender identity, relationships or family situation.
- Poor employment prospects: we aim to include people with poor employment prospects, focusing on the target group that falls under the government's job promise scheme ('banenafspraak'). We offer long-terms jobs and work experience placements.
- Age: we aim to create a culture where both young and old feel at home and realise their potential. Here we also target diversity: different generations bring different perspectives that will make the future energy transition possible.

Objectives and results in 2024

Alliander is taking initiatives that respond to the needs of women. To start conversations on this topic, we carried out various webinars and organised the Hi Vrouw ('Hi Woman') event. We have also extended the range of safety workwear and specifically tailored it to meet women's needs. Alliander also pays attention to festivals that are important for certain groups of colleagues, such as Ramadan, Keti Koti, Coming Out Day and Diversity Day. Six employee networks play a role in promoting inclusion and social cohesion, namely: 'Wij zijn Nexus' (a multicultural network), Lianne (a women's network), Pride (an LHBTIQ+ network), Young Alliander (a youth network), Mission Possible (for people with occupational disabilities) and Globals (for international colleagues). In 2024, Mission Possible drew attention to the issue of neurodiversity by organising a webinar for more than 500 colleagues. Lianne adopted a fresh vision and new logo. The network regularly holds open-to-all events where women can meet female colleagues. The Globals network has contributed to the inclusion of non-Dutch speaking colleagues by holding information sessions in English on topics such as the collective labour agreement and the intranet.

Women in senior management

The proportion of women in senior management (positions immediately below the top level, i.e. directors and managers reporting directly to the Management Board) is 38%, which means we met our target of 33% for 2024.

	Number of	%
Women in managerial positions N-2	11	38%
Men in leadership positions N-2	18	62%
Total	**29**	**100%**

Equal pay

The gender pay gap, defined as the difference between the average pay of male employees and female employees, is -1.3%. In other words, women are paid slightly more on average than men. The pay gap is calculated based on the number of staff employed at the year-end and gross monthly pay in December of the year in question.

The ratio of the total annual pay for the best-paid person to the median annual pay for all employees is 4.2. The KPI is based on gross annual salary.

Number of participation jobs

Alliander also strives to include people with poor employment prospects. We offer long-term work to people with poor job prospects who meet the criteria of the Dutch Labour Participation Act. In 2024, we met our target of 145.0 FTEs, which shows that we are on the right track. This number is lower than the statutory target for 'participation jobs' of 207.8 FTEs. Alliander has opted for a realistic growth model based on sound analyses and realistic expectations, which enables us to offer permanent job opportunities to people whose job prospects would otherwise be poor. In our experience, the labour market shortages also apply to the target group of people with poor employment prospects. Finding suitable candidates for Alliander requires additional effort. We are looking for new partners who have candidates with the right level of education. Alliander's demand for candidates currently exceeds the supply.

Jobs for persons with poor employment prospects[1]	Own	Agency/Contract
Male	1.4%	1.2%
Female	1.9%	0.9%
Other	0.0%	0.0%
Total	**1.2%**	**1.1%**

Definition: Number of employees with a target group registration at UWV as at 31 December. Employees who have a registration and employees participating in the practical route* are counted. *Practical route: The municipality conducts what is known as a 'wage value measurement' to determine whether an employee is capable of earning the Dutch minimum wage and forwards the result to UWV, which then includes the employee in the target group register. These employees are counted until the application is completed.

Age structure

	Number of employees*	%
Employees aged < 30 years	1,093	14.1%
Employees aged 30-50 years	4,411	57.0%
Employees aged > 50 years	2,232	28.9%
Total	**7,736**	**100.0%**

Based on the number of permanent employees on the last day of the reporting year.

Our plans

We will continue to build an inclusive and diverse organisation. In 2025 we therefore shaped our policy, regulations, financial resources and assistance opportunities so as to make it as easy as possible to create, source, fill and make a success of participation jobs and the people who work in them. We aim to comply with the statutory target by 2029. In 2024, we investigated the best way to measure cultural diversity, so that we could implement and monitor the required interventions with effect from 2025.

Training and development

To find solutions for the energy issues of today and tomorrow, we invest in our people. We do this, on the one hand, by offering good pay and benefits, and, on the other hand, by helping our employees get the best out of themselves through training opportunities. That is good for them and good for the company. Employees are encouraged to develop their professional skills with a range of training and development opportunities. Special attention is devoted to safety training for specialist roles or roles involving specific risks.

Impacts, risks and opportunities

Impact (positive) – Developing and educating employees makes a positive contribution to their skills and competencies, and expands the pool of trained technical personnel.

Policy and approach

In 2024, we began implementing the new operating model for Learning and Development that was approved by the Management Board in 2023. The underlying policy document is in the course of being drawn up and will be completed and approved in 2025. The first Academies for specific organisational units are now in the works. The Academies will serve to structure and classify training courses and other interventions to support each unit's strategy.

We have also launched five Topic Academies on five topics that are strategically important to Alliander: engineering, safety, leadership, personal development and digital. In the Academies, the first training courses and interventions are being identified and made available to everyone at Alliander.

In 2024, we began the implementation of a managed service provider for training. This is an external partner that performs supplier management on our behalf and meets Alliander's external training needs. The Academies that have been set up can be discovered on the associated digital platform. Moreover, by engaging this service provider, Alliander has also moved to offering unlimited learning to all permanent employees (as from 2025). This means we are making training courses equally available to all employees, subject to a set of ground rules, and so are offering equal opportunities for development.

My Energy Plan is the new approach we are using at Alliander to set agreements and targets for permanent staff. It enables us to pay attention to the performance, conduct and development of employees. In My Energy Plan, pay is no longer linked to performance assessments. My Energy Plan forms the basis for meetings between employees and their managers.

Objectives and results in 2024

In 2024, Alliander invested 3.6% of its wage bill in employee training (2023: 3.0%). We offer various training programmes and opportunities for development to make teams better able to perform and learn. In addition, the right professional knowledge and skills are available when needed and we apply a broad approach to talent development, both professional and personal. These learning and development opportunities are offered by way of team coaches and training and development programmes, and are also part of our talent management and trainee programmes.

In 2024, the Alliander-wide onboarding programme was also extended, so that we can welcome our many new employees efficiently and inspirationally. The e-learning courses have been updated and have been made available to employees in an attractive and user-friendly way. We have begun improving and refining employee onboarding in the various organisational units, with the aim of optimising the onboarding experience for new members of staff.

Career centre

The career centre supports all Alliander employees who are reviewing their career and employment options because their job has changed, or may be about to change or be terminated. A total of 4 colleagues became redundant in 2024 (2023: 21), and 415 (2023: 367) people made use of careers advice and coaching. In 2024, 65 employees managed to find a new job or an appropriate alternative (2023: 78). Career counsellors help employees to discover their talents and find the most suitable role for them, either inside or outside Alliander. We believe that everyone is worth investing in, and we do this by offering internships, secondments, and training. We talk to employees about their future development in their current role or elsewhere. By making timely investments in our employees, we try to avoid redundancies wherever possible.

Our plans

Employees improve their performance, conduct and development in meetings with managers through My Energy Plan. In 2025, we made unrestricted learning available to all employees with an Alliander contract. Career and development pathways are also available for critical target groups in the production chains.

Actions against violence and intimidation in the workplace

Policy and approach

Code of conduct

The code of conduct sets out how we deal with each other, business and personal interests, business assets, health and safety, and the environment. In this way, we protect Alliander's customers, relationships and reputation, and jointly safeguard a pleasant and safe working environment. If the code of conduct is violated, this will be dealt with fairly, and may lead to disciplinary measures, varying from an (official) warning to dismissal, depending on severity.

In order to identify and address possible misconduct on a timely basis, we have a 'Spreek je uit' (Speak up) policy in place for employees, which sets out where and how employees can report inappropriate behaviour. Various options exist, such as the scheme for reporting suspected misconduct, the complaints procedure for inappropriate behaviour and the general regulation on complaints. The Management Board monitors the effectiveness of, and compliance with, the Alliander Code of Conduct. Every six months, the Management Board informs the Supervisory Board of its findings and observations via the Audit Committee. These reports are based on investigations into suspected violations of Alliander's code of conduct.

The Internal Audit department acts as a fraud disclosure desk and investigates reported incidents in accordance with the investigation protocol. One officer of the fraud disclosure desk is a member of the Association of Certified Fraud Examiners with a continuing professional education obligation.
Every new employee, including Management Board members and agency workers, is given the code of conduct when they start work. In addition, employees must take a regular e-learning course dealing with subjects relating to the code of conduct. With this, we aim to state clearly how employees should behave towards one another, what standards and values we cherish in our organisation and how and where they can report inappropriate conduct. In this way, we can all safeguard a pleasant and safe working environment.

Acting with integrity

The e-learning course helps employees to become more conscious of integrity requirements and challenges. Integrity issues and ways of dealing with dilemmas in this field are also discussed in team meetings. Aspects covered include a safe working environment, anti-corruption measures, prevention of conflicts of interest, dealing with gifts, and handling confidential information. Articles and blogs by managers and directors focusing on integrity risks are also regularly published on the intranet.

Channels for raising concerns

Alliander's aim is to be a (socially) safe organisation with a (socially) safe working environment. An organisation where all employees act in the interests of the organisation and society, and where they can feel at ease and be themselves. This means doing the right things (in line with our strategy) in the right way (according to our values), with our code of conduct as the basis.

Handling complaints

The complaints procedure for inappropriate behaviour, the regulation on reporting suspected misconduct, and a whistleblower policy are in place so that employees can report suspected misconduct safely and in a structured way. In addition, the regulation on complaints related to employment conditions – previously applicable only to reorganisations – is available as a procedure for objecting to all decisions affecting employment conditions. Employees can also raise concerns in confidence with nominated officers within Alliander. In 2024, eight people, including one outside the company, served as confidential advisers for reporting inappropriate conduct such as discrimination, sexual harassment, bullying, aggression and violence.

Whistleblower policy

The whistleblower policy encourages employees to report every complaint or inappropriate situation within the organisation. More information about the whistleblower policy can be found under Business conduct (G1). Every six months, the nominated officer for the whistleblower policy provides the Management Board and the Audit Committee of the Supervisory Board with a list of whistleblowing reports received and the actions taken in response.

Aggression help desk

We are also seeing an increase in aggression towards our employees by customers and members of the community. Alliander has set up an aggression help desk to support employees experiencing aggression in the workspace. The help desk offers instruments such as training courses and toolboxes to prepare employees for possible situations and limit the impact of aggression as much as possible. Protocols for aggression and intimidation have been developed, in which we set out what we can do together to prevent aggression as much as possible and what to do if an incident has occurred. The help desk offers a safe space where such incidents can be reported and immediately looked into. The safety management system includes a separate form for reporting aggression. This gives us a clearer picture of what is happening in terms of aggression, so that we can put the right provisions and measures in place to minimise its negative impact.

Objectives and results in 2024

Personal safety

Last year, several actions were carried out to increase personal safety. The code of conduct was updated and the ‘How we do things at Alliander’ e-learning course was completely revamped. The e-learning course consists of a number of interactive modules which help you judge for yourself whether or not a particular action shows integrity or looks questionable. It includes a number of dilemmas and film clips on personal safety that help you take the right decision. A number of personal safety toolkits have also been implemented, which the whole organisation can use. The ‘Spreek je uit’ (Speak up) processes have also been expanded and the content and visuals have been updated, so that it is clearer to both employees and managers what routes they can take when they make or receive a report. Lastly, several personal safety workshops were held, both to increase knowledge of the subject and to enable people to take action.

The 2024 Central Employee Barometer shows that 87% (2023: 86%) of employees view Alliander as a socially safe workplace. However 6.7% (2023: 6.4%) of our colleagues indicate that they experienced inappropriate behaviour last year like abuse of power, bullying or discrimination. These cases often remain unreported, unlike cases of aggression or violence. Since 2023, our employee satisfaction survey has also included questions about experiences with inappropriate behaviour by customers or passers-by. People experienced inappropriate behaviour and aggression in some parts of the organisation. This appears to be a social trend, which is having a major impact on our colleagues. The new ‘Through Different Eyes’ intervention can help people learn to recognise such situations and teach members of the public what they can do about them.

Reporting to confidential advisers

The number of reports submitted to confidential advisers increased from 83 in 2023 to 116 in 2024. Ten of these were discrimination cases. The number of serious human rights incidents remained at zero. We found no cases of non-compliance with the UN Guiding Principles on Business and Human Rights (UNGPs). These reports did not give rise to fines or compensation for discrimination or for human rights breaches. The rise in the number of reports is partly due to the increase in employee numbers at Alliander. In 2024, the number of confidential advisers increased from five to eight.

Reporting fraud and incidents

The fraud disclosure desk completed 31 investigations into fraud and incident reports in the year under review. This prompted the management involved to impose measures or sanctions in 23 cases, including terminating the employment contract by means of a settlement agreement. Apart from reports of fraud and incidents, there were 80 cases in which managers decided to impose sanctions varying from an official warning to a settlement agreement. These cases ranged from attitude issues and behaviour (including transgressive behaviour) to issues around an employee's performance.

Our plans

In 2025, we will continue devoting attention to social safety. In January, the industry's Integrity Week took place, during which we organised a total of nine events. These included a 'Social safety on the shop floor' webinar for managers within and outside Alliander. The Integrity working group will also carry out several social safety actions, such continuing the development of toolboxes and running workshops for a variety of Alliander teams.

We believe there is further scope to increase the effects of our policy, processes and measures on social safety impacts and risks by further formalising surveys and performing more focused research among our staff, for instance, by carrying out specific research on vulnerable groups and victims of inappropriate conduct.

Workers in the value chain (S2)

Employment conditions, equal treatment and equal opportunities for all, and other work-related rights

Together with all our partners in the value chain, we work every day to develop and construct a reliable, affordable and sustainable energy system. The expansion and maintenance of our networks and the assets for supporting those activities result in a substantial demand for materials.

The increased workload due to the energy transition has led to more purchases of goods and services from our direct and indirect supply chain partners. That has a big impact on them. On the one hand, this impact is positive, because increased demand creates work and economic capital, and because agreements on employment conditions, such as working hours and safety, can be reached in our direct relationships with suppliers and contracts.

On the other, the impact is also negative, especially further up the chain. Higher demand means more mining of raw materials and increased production of specific materials and components. This can negatively impact the environment and working conditions. Lengthy product chains are associated with risks in terms of human rights compliance. Through them, we indirectly contribute to the impact on circumstances elsewhere.

Outsourcing, investments and production sometimes lead to an increased risk regarding the recognition and observance of norms in such areas as fundamental human rights, safety and the environment. Findings from external research also show that there are risks to workers' rights in our supply chains. We will investigate these risks further in 2025.

Impacts, risks and opportunities

- Negative impact – Poor working conditions in the value chain lead to a decline in the welfare of workers in the value chain.
- Risk – Insufficient compliance with employment conditions in the value chain may lead to reputational harm and higher costs.
- Risk – Breaches of labour rights and human rights in the value chain could lead to Alliander being held liable or fined.

Policy and approach

Wherever they are in the world, workers deserve to work in humane, decent and safe conditions. At Alliander, ethical and honest business practices are paramount. By setting criteria for circularity, carbon emissions, working conditions and the social performance of suppliers, both suppliers and Alliander will contribute to sustainability and increase the social impact of their spending. These criteria are laid down in Alliander's Supplier Code of Conduct. This code is based on OECD guidelines and also respects the international treaties on employment conditions and working environments drawn up by the International Labour Organization (ILO).

This code of conduct sets requirements for suppliers on matters such as the ban on child labour, human trafficking, forced labour, discrimination, safety, the environment and employment conditions. Alliander expects suppliers and contractors to comply with this code of conduct in their own business operations and in their dealings with their own suppliers upstream. Alliander is not aware of any cases of non-compliance. We also endorse the Safe Energy Networks Governance Code.

Compliance with the code of conduct in the chain

In interviews with some large suppliers it was noted that, like us, they try to ask questions of their suppliers about compliance with the code of conduct. We have audits performed to monitor compliance with agreements on labour rights. These are snapshots which are planned in advance. Alliander aims to promote reporting and the visibility of abuses. This requires us to form a reliable and equal partnership with our direct suppliers.

Objectives and results in 2024

Alliander has not yet set specific objectives regarding workers in the value chain and current actions are being defined more precisely in connection with the ESRS. Each year, we review whether our direct suppliers of components we regard as critical recognise and comply with correct working and environmental conditions, in accordance with the Supplier Code of Conduct.

- In 2024, we began expanding the code of conduct to state what we expect from suppliers more explicitly. Specifying procurement criteria and vetting suppliers in the product chain is instrumental in taking our corporate social responsibility.
- In 2024, based on an externally led review and advice, we began an improvement approach to some of our high-risk core activities, affecting the supply chains for contract work, cables and transformers.
- Safety incidents are evaluated and discussed on the contractors platform. The purpose is to learn so that we can improve our work processes and continuously increase safety at work.

Our plans

- Improving audit processes and increasing transparency in the whole of the value chain (where our raw materials ultimately come from) is one of the most important supply chain responsibility activities that Alliander will undertake in the next few years. Our objective is to work over the long term towards a fully transparent supply chain in which all environmental and social impacts are visible. This is the only way we can meet the OECD guidelines and eliminate misconduct from our supply chain as much as possible.

- Alliander will draw up an inventory in the coming years of the types of workers in the whole of the value chain, including downstream workers and employees in partnerships such as joint ventures. This will also be charted geographically and we will examine on a product-by-product basis whether there is a structurally increased risk of human rights abuses, such as child labour or forced labour. Structural consultation with workers throughout the value chain is important, including on the information channels to be maintained and regular reporting.
- By extension, we will work on policies and processes to contribute to rectification where we have caused or contributed to a material negative impact on workers in the value chain. Regular evaluations will be performed, including of the effectiveness of the measures taken.
- In the coming years, Alliander aims to contribute to transparent procedures, instruments, culture and awareness in order to increase the likelihood that misconduct will be resolved. We also want to put safeguarding measures in place to enable workers to report abuses anonymously or obtain legal assistance and to eliminate potential abuses.
- Based on best practices from the sector and input from internal and external stakeholders, Alliander aims to develop KPIs with percentage targets for strategic suppliers and external contractors that have safety certification and a transparent and safe reporting procedure for abuses.
- From 2025 onwards, Alliander intends to improve audit processes at suppliers in the chain and bring them into line with the stricter code of conduct. This will allow a clear picture to be formed of reports of abuse and enable us to take action if required. It is important that suppliers and employees in the chain have confidence in the system, to minimise the barriers for making abuses transparent and addressing them.

Working safely is not limited to our own organisation; it also affects our supply chain partners, contractors, suppliers, customers and local residents. We are responsible for implementing measures to prevent accidents involving employees, including those of our direct and indirect supply chain partners, and members of the public. Alliander's incident reporting system provides the technical means for incidents and near-misses involving supply chain partners and members of the public to be systematically logged. In this regard, Alliander wants work to be performed in line with specific safety protocols and standards for working with gas and electricity infrastructure, such as VIAG and BEI. Contractor and subcontractor employees must comply with these protocols and standards as well.

Consumers and end-users (S4)

At Alliander, we believe energy is a basic need. We stand for an energy supply that is affordable, reliable and accessible to everyone on equal terms. It follows that Alliander's customers are among our most important stakeholders. Within that group, we distinguish between business customers and consumers, specifically in terms of our network management activities in our area of operation. The following subtopics and sub-subtopics are material for our customers:

- Privacy
- Personal safety of consumers and/or end users
- Access to products and services

Customers are regarded as stakeholders in stakeholder management. In 2024, there were no reports of human rights abuses concerning consumers and end users. At present, we do not have a (fully developed) human rights policy. Work is being done in the organisation involving human rights in relation to consumers and end users. We expect our business partners to view their own customers as important stakeholders and serve customers accordingly, for instance by establishing a complaints process.

Privacy

Alliander has a firm grip on the swift and controlled achievement of its social mission. Meeting our objectives inevitably involves processing personal data. At the same time, Alliander greatly values the trust of its customers, employees and society, even as it looks towards the current rapid growth of the organisation. The Management Board therefore seeks to maintain adequate personal data protection and respect the privacy of all customers, employees and other data subjects.

Impacts, risks and opportunities

- Negative impact – A data confidentiality breach in relation to the management of our electricity and gas networks could lead to the misuse of customers' personal data.

Policy and approach

Privacy policy

We have a privacy policy in order to address potential negative effects. Alliander's Privacy Policy sets out the processes for the organisation, implementation, operation, management, monitoring and continuous improvement of privacy within Alliander and its subsidiaries. Alliander's Privacy Policy is approved by the Management Board, evaluated annually to make sure it is up to date, fair and complete, and modified where required. The policy concerns all Alliander customers and employees. Stakeholders expect us to use their data and personal details safely and carefully. Data exchange has become a permanent social and economic phenomenon. Exchanging and storing privacy-sensitive data requires maximum security at all times.

The Alliander Privacy Office uses a risk register which prescribes appropriate measures. The register contains relevant measures from the privacy-by-design instruments and ISO 27701, which are linked to privacy maturity levels. The maturity levels enable Alliander to set a target level per topic and data domain/organisational unit and to assess the status of personal data protection within the organisation.

Besides the existing GDPR privacy controls in the various organisational units, a Privacy Control Framework (PCF) will become available in the first quarter of 2025 in the form of a reporting tool including dashboards. The PCF contains instruments that translate the GDPR into a data protection quality cycle for Alliander processes as indicated in the 1Alliander Process Model. The framework thus offers specific tools to guarantee the secure handling of personal data within the organisation.

The privacy statement is available online on Alliander's website. It includes detailed information on data processing and the procedure for making complaints. Alliander also has a whistleblower policy.

To prevent misuse of personal data, data protection impact assessments are performed by the Privacy Officers. When misuse does occur, it is usually due to a data leak. Measures are then taken to seal the leak, inform the affected persons and where necessary notify the Dutch Personal Data Protection Authority.

Objectives and results in 2024

Alliander respects the privacy of its employees and customers. This means that we exercise due care in using their personal data and treat it confidentially. We meet the requirements set out in the law implementing the General Data Protection Regulation (GDPR). Customers and employees can be confident that Alliander handles personal data with care and acts immediately if the integrity of that data is threatened.

We measure our privacy and data protection performance (privacy maturity) by the number of identified leaks reported to the Data Protection Authority and affected customers. In 2024, there were no data breaches involving customers that required reporting to the Dutch Data Protection Authority and the customers concerned. At present, no significant objectives and actions have been formulated in connection with ESRS; however, other measures are discussed in this chapter.

Personal safety of consumers and/or end users

For Alliander, the 'personal safety of consumers and/or end users' subtopic translates into safe infrastructure. Work on gas and electricity infrastructure involves risks. Safe working practices without incidents are vital for all stakeholders and are our highest priority. The possibility that incidents could occur in the energy network demands a targeted approach. To achieve this, we ensure that we understand the risks and take action to mitigate them.

Safe infrastructure is vital for all those involved. Employees expect a working environment where they can concentrate and work safely. Customers expect us to guarantee their safety during the performance of our work. Safety incidents can also involve members of the public, visitors or passers-by at locations where we are working. Occasionally, discharges of gas or electricity may occur that endanger or cause damage to the surrounding area. Accidents affecting individual lives caused by our networks always have a very severe impact. However, such accidents are rare.

Impacts, risks and opportunities

- Potential negative impact – Unsafe conditions in the infrastructure (our electricity and gas networks) could cause death or injury to customers or members of the public.
- Risk – Safety incidents involving the management of our electricity and gas networks lead to reputational damage, compensation and fines.

Policy and approach

Electricity Network Code

The Electricity Network Code (Netcode Elektriciteit) contains requirements for network operators and users in three areas:

- operation of the networks
- connecting customers to the networks
- transmitting electricity through the networks

The equivalent requirements for gas are set out in the Dutch Gas Act. We want to maintain the optimal reliability and safety of the network by performing maintenance in a targeted way. We call this value-focused maintenance. Maintenance is focused on ensuring the ongoing safety and reliability of the networks.

For a description of the policy, please refer to the Own Workforce topic (S1), sub-subtopic Health and Safety, under the paragraphs on safety controls, broad safety expertise and safe behaviour.

Incident Review Group

Alliander has an active Incident Review Group, at which incidents, accidents and near-misses are discussed with the aim of learning from them and improving the safety and quality of our facilities. We work constantly on improving a safe infrastructure, both for our own people and for our partners and customers.

In major outages and emergencies, an internal crisis organisation is mobilised. Within this organisation, staff members of various departments work on-call shifts. Depending on the nature and scale of the incident, we set up a case and/or investigation team when the crisis is over to assist with and finalise any internal and/or external investigations. All major incidents are evaluated to identify and implement possible improvements.

Objectives and results in 2024

At Alliander, our safety objective is ‘Everyone safely home! With zero avoidable accidents.’ There were no accidents involving members of the public in 2024.

In addition, Alliander promotes a proactive culture where safety comes first. The goal is a permanent behavioural change that we can consistently demonstrate through a level 4 score on the Safety Culture Ladder. An in-house system has been set up to monitor this score continuously, comprising internal self-assessments, behavioural audits and topic analyses.

Mandatory training

Last year we improved safety levels by making sure that all employees followed the mandatory training on time, including instructions for first-time visitors, VCA and life-saving actions. In addition, tool testing and calibrations have been centralised to ensure that technicians have access to the right tools in a timely manner and without having to interrupt their work.

49% of Alliander employees and 31% of temporary staff work for a business unit with an ISO 45001 certificate. These are the O&S, GVRN, KV and Qirion operational business units.

Access to products and services

The vast majority of Alliander's products and services concern access to energy. Energy is a basic need for our everyday lives. Being able to offer connection to the energy network and acting with social empathy to prevent disconnection are therefore high priorities. Amidst the ongoing transformation of the energy system, it is vital to ensure that everyone retains access to affordable energy on equal terms. Our products also have a digital component. Customers count on excellent service, communication and handling of interruptions, questions and complaints. When they contact Liander, they want to feel they are being listened to and helped, know where they stand, and feel at ease.

We have defined Access to Energy and Cybersecurity as the key issues under this subtopic.

Impacts, risks and opportunities

Access to energy

- Positive impact – Customers get access to electricity and gas, which increases their well-being.
- Risk – Disruptions to electricity and gas supplies lead to compensation payments.
- Risk – Increasing pressure on limited network capacity, resulting in increased maintenance times, may lead to compensation claims.
- Opportunity – Innovative solutions create better access to electricity and gas, and improve network management, leading to higher revenue.

Cybersecurity

- Risk – Cyber attacks threaten electricity operations, leading to compensation payments and costs in relation to the hack.

We are successively drawing up a policy and approach, measures and objectives for both issues.

Access to energy

Policy and approach

Energy laws and codes

The way in which managers and users of electricity and gas should behave is largely laid down in the Dutch Gas Act and the Dutch Electricity Act. Regulations are laid down in the energy codes, which are issued by the ACM and contain agreements between the users and managers of the gas and electricity network. They are available on ACM's website. Important changes to the regulations are made public through the Netherlands Government Gazette and other channels. These regulations can be found in the Gas Act and Electricity Act under 'Tariff structures and conditions'. The acts also include rules for the payment of compensation for outages. The ACM checks compliance with the codes.

The Electricity Network Code and the Gas Task Code contain provisions on the operation of the networks, connecting customers and the transmission of electricity. Alliander as network operator has a duty of connection and a duty of non-discrimination. All consumers and business customers are connected and given equal treatment. This means that we do not further subdivide customers into different types.

Security of supply

Security of supply is covered in Article 11 of the Electricity Network Code, and Article 2 of the Gas Task Code. Security of supply means that the supply of electricity and gas to small consumers must be continuous. Specific obligations are imposed on energy suppliers, the parties responsible for network balancing and for metering, and regional network operators. These responsibilities are laid down by MFFBAS (the Market Facilitation Forum and Manager Agreement System for the Energy Market) in a standardised process model called the Detailed Process Model for Security of Electricity and Gas Supply. MFFBAS shares these agreements with participants and other stakeholders on its website. In addition to MFFBAS, Energy Data Services Nederland plays an important role in facilitating these processes. Among their tasks is managing the Central Connections Register, which makes it possible for customers to switch between energy suppliers. Regional network operators ensure that switches between energy suppliers run as smoothly as possible and that small consumers always have access to gas and electricity.

Disconnection policy

The disconnection policy is set out in the Ministerial disconnection policy for small consumers of electricity and gas regulation (Disconnection Policy Regulation). The regulation specifies that network operators must terminate the supply of electricity or gas in cases where:

- the customer requests it;
- there is a case of fraud or the conditions are unsafe;
- there is no known supplier (active energy contract) for the connection.

The Disconnection Policy Regulation and the Electricity and Gas Information Code set out the responsibilities in the event that a contract is terminated by a supplier (termination of supply). Disconnections are carried out by the network operator on the basis of a supply termination notice, by physically disconnecting the meter at the customer's premises. This is done in accordance with the standardised Termination of Supply market process prescribed under Retail Processes in the MFFBAS Market and Subprocesses.

The operation of the Disconnection Policy Regulation is discussed in the Flanking Policy working group at Netbeheer Nederland, whose participants also include the Ministries of Climate and Green Growth, Social Affairs and Employment Opportunities, and the industry association Energie Nederland. These parties are also consulted when the Disconnection Policy Regulation needs to be amended. The network operators prepare their input for these consultations jointly within the Disconnection Policy working group.

The number of supply terminations and disconnections is provided monthly by the various parties to Netbeheer Nederland, which then shares the aggregated data with the Ministries of Climate and Green Growth, and Social Affairs and Employment Opportunities.

Energy poverty

The government's introduction of the Disconnection Policy Regulation in April 2023 is intended to give consumers who struggle to pay their energy bills better protection against being cut off. A joint pilot project with the City of Amsterdam has shown that 52% of disconnections can be prevented by entering into a new contract and accepting help with paying for energy where required. Customers eligible for solutions to payment difficulties, which are often the cause of disconnection, are often unable to obtain them in good time. Customers for whom Liander receives a supply termination notice are referred again to debt counselling. The network operators are striving to ensure that they stop receiving supply termination notices for households that include vulnerable consumers and/or are in energy poverty.

Responsibilities

Within Alliander, ultimate responsibility for the access-to-energy policy lies with the director of the Market Services department. The department also ensures that this policy is agreed with government and authorities, such as the Ministry of Climate and Green Growth, the Netherlands Authority for Consumers & Markets, and with partners in the industry such as the NVVK (the industry association for debt relief and financial services), MFFBAS, energy suppliers and other regional network operators.

Congestion management

Network congestion prevents or delays customer connections, which delays the energy transition and can negatively impact their well-being. To tackle network congestion, Alliander focuses on customers with a connection, including customers on the waiting list. Alliander adopts a targeted approach to understanding how much flexibility connected customers have, and we can work in a targeted way to reach agreements with customers, which can alleviate network congestion. The consequence of network congestion may be that we are, temporarily, unable to fulfil our mission, or unable to do so in a timely manner.

Measures

- If an outage occurs, customers want to be informed as soon as possible about its nature, extent and probable duration. We provide this information to customers by text message.
- Our service provision is evaluated by independent supervisory bodies such as the ACM.

- In April 2024, clear guidelines on energy poverty were issued by the EU. These require certain changes to be made to our policy and market model. Liander carried out joint pilot projects with the local authorities in Amsterdam (2023) and Arnhem (2024) on supply terminations caused by payment difficulties. Following on from these projects, Netbeheer Nederland worked on an overall vision for this issue and alternative models for supply termination were explored. The next steps for 2024 and 2025 are optimisation of the Disconnection Policy Regulation (Ministry of Climate and Green Growth) and the development of an early warning system for energy poverty (Ministry of Social Affairs and Employment Opportunities).
- Following the optimisation of the Disconnection Policy Regulation and the early warning system, we will map out and optimise the process along the whole chain. Once the optimisation is complete, vulnerable consumers should no longer have to face disconnection. This is expected to take a number of years, given that two chains of different ministries are involved.
- During extreme winter weather, we take appropriate action to ensure that everyone has access to electricity and heat (security of supply). In this context, we go further than the law requires.
- Liander looks for flexibility at connected customers that can be used to manage congestion. Proposals are also being made for the introduction of alternative transmission rights to complement the existing 'firm' transmission rights and enable customers themselves to optimise electricity consumption and generation locally, downstream from their connection to Liander. The National Network Congestion Action Programme has been set up to work with network operators, ministries, the supervisory body and industry associations on the changes needed to the electricity system. In 2024, this was expanded to include a similar action programme for low voltage.

A congestion management control framework is in development and is now active, although the most important control instruments in the framework have not yet been implemented in the Alliander Management System.

Customer convenience

The key determining factor of customer satisfaction is their perception of convenience in their contacts with parties such as our technicians and our Customer Contact Centre. Immediately after completion of a job, we ask customers for feedback on our services. To express the amount of convenience experienced by customers, we calculate a score – the Net Effort Score, or NES. This information gives us insight into the good results we achieve and the areas where improvements still need to be made. The measures we have taken are as follows:

- Customers count on excellent service, communication and handling of interruptions, questions and complaints. Business customers expect a clear point of contact and expect us to deliver on our commitments. Focusing on customer satisfaction is a priority. Stakeholders can report complaints or misconduct relating to our company and work carried out on our behalf through Liander.nl and our telephone customer service.
- The new Liander website went live at the end of January 2024. Initial results show that information has become easier to find, the website is more accessible and the performance of the website has improved.
- Over the next few years, we will make a central customer profile available for employees, implement a customer awareness programme and ensure that customers receive information about the status of their requests, outages and (work being done on) the energy network, including information about what they themselves can do.

Objectives and results in 2024

Alliander's long-term objective in terms of access to energy is to ensure that the switch to sustainable energy is achieved in a manageable way, so that the future energy system remains affordable, reliable and available to everyone on equal terms. Nobody should be excluded from participating in society by energy poverty. To make this measurable, we work with various KPIs.

Uninterrupted delivery

- The KPI used to measure the average duration of electricity outages is outage consumption minutes, which records the average number of minutes of outage per connection. The target for 2024 was 23 minutes. The average electricity outage duration in 2024 was 24.6 minutes.

- To monitor security of gas supply, the KPI we use is the average outage per gas network connection (in seconds). The average outage duration per gas network connection in 2024 was 104 seconds.

Congestion management

Congestion management targets are measured using two specific KPIs:

- The number of transmission restrictions imposed by Liander (2024 target: 8,122). This represents the number of current transmission restrictions where the customer (within the technical limits) is unable to transmit the desired amount of power via their existing connection (type 4). In 2024, 6,862 transmission restrictions were imposed.
- The number of CBCs concluded. A CBC (from the Dutch for 'capacity-limiting contract') is an agreement whereby the customer consents to reduce their electricity consumption. There are several different types of CBCs. A CBC-T is a capacity-limiting contract in which fixed time windows are agreed with the counterparty for the full duration of the contract. The time windows may vary by customer and station, and by time of day, week/weekend or month. Under the CBC-A agreement with a business customer, Liander is entitled to 'call' a capacity limitation one day in advance. The customer receives compensation from Liander in exchange. In a mandatory bid contract, a congestion service provider (CSP) undertakes to make flexible capacity available when congestion occurs in an area where the provider is active.

In 2024, 104 capacity-limiting contracts were concluded (2024 target: 1,300). This is the number of capacity-limiting contracts that took effect during 2024. During the course of the year, the definition of the KPI was narrowed to encompass capacity-limiting contracts only, rather than all of the contracts originally envisaged. As a result, achievement of the KPI falls short of the original target.

Customer convenience

We measure our progress based on perceived customer convenience. Customer convenience among ordinary consumers and business market consumers is measured using the Net Effort Score (NES) based on the Consumer Effort Score (CES) question: %convenience - %effort. This score is given by deducting the percentage of customers experiencing difficulty with the service from the percentage of customers finding it easy. The KPI is a calculation of the NES score, as an annual average, in relation to the various value chains for the ordinary consumer market on the one hand, and the business market on the other.

The aim is for customer convenience to increase in the coming years and to remain higher than the national benchmark of Dutch network operators. For customer convenience as measured by the NES score, that means a score of at least 48% for consumers and 42% for business customers. During 2024, the NES was 54.3% for consumers and 32.3% for business customers.

Cybersecurity

Policy and approach

The Strategic Alliander Security Policy sets out how security is organised and managed. This policy was drawn up by the Management Board, based on ISO 27000. The Security Rules of Conduct form part of the policy. These set out how the Alliander N.V. organisation and its subsidiaries should contribute to Alliander's security.

The Chief Information Security Officer (CISO) defines Alliander's standards (controls) for each security domain under ISO 27002 (organisation, personnel, physical and technical). This Alliander-specific content is updated annually. The standards then form the basis for the specific measures. Organisational units must in principle abide by the standards, but may deviate from the set of measures in accordance with the 'comply or explain' principle. Deviations from the set of measures must be evaluated and approved by the CISO.

The processes for ensuring data security are drawn up under the auspices of the CISO. The overall system for ensuring data security is based on ISO 27000. Validations are currently ongoing within Alliander for the partial ISMSs under ISO 27001. This will apply in the future to the Alliander-wide Information Security Management System.

Measures

To make employees cybersecurity-aware, we have taken the following measures:

- There is a CISO office intranet page on which security incidents can be directly reported.
- The CISO office has established liaison officers who act as primary and secondary contacts for the Alliander organisational units.
- The CISO office offers various security services, such as penetration tests, security monitoring and training.

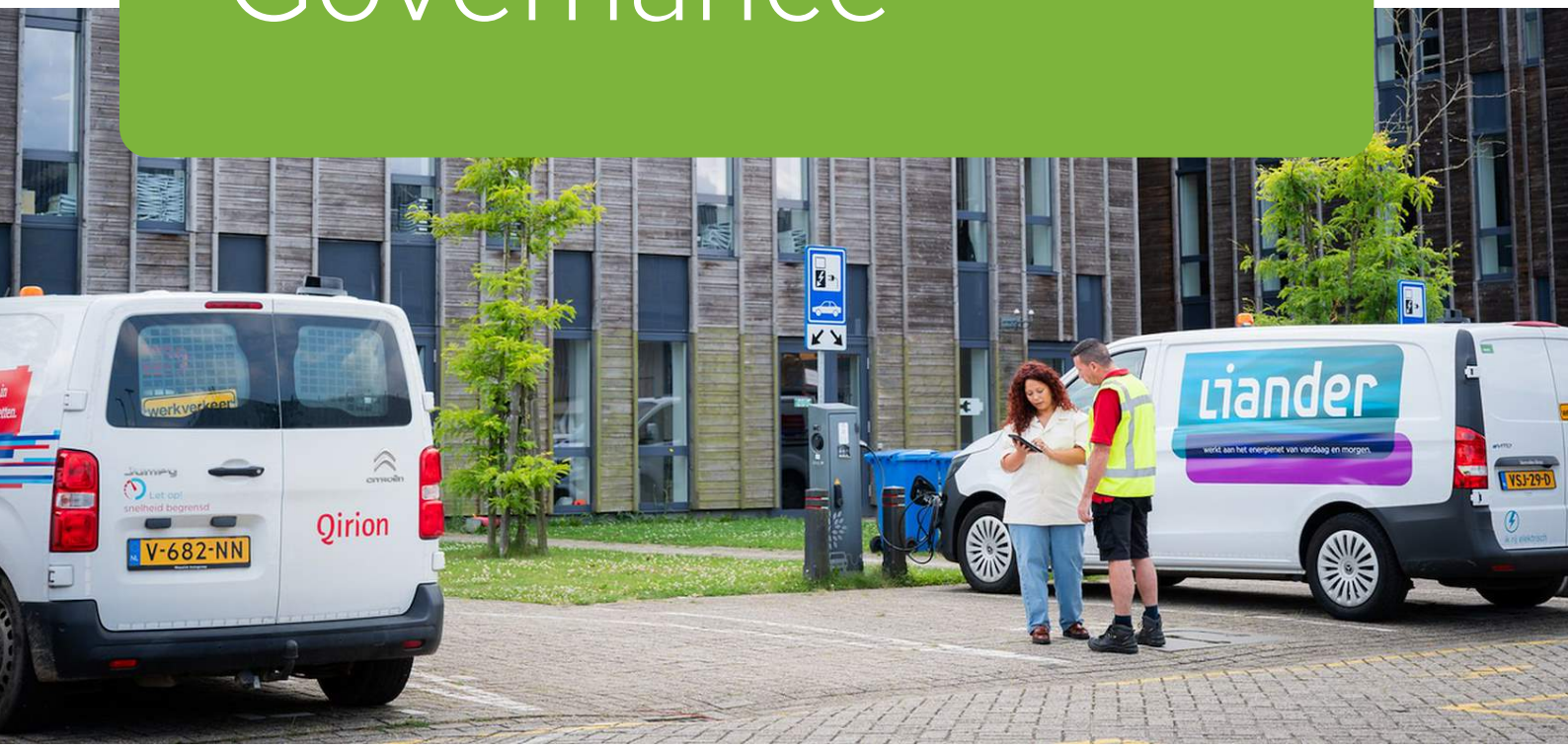
We also engage in coalitions with network operators, the scientific community, industry and knowledge institutions so that we can create the required digital products and services faster and more efficiently.

We have real-time insight into the status of the landscape and we are doing everything possible to automate service management and service assurance.

Objectives and results in 2024

For the objectives and results, please refer to the ‘Objectives and results in 2024’ subsection in the Privacy subtopic.

Governance



As we strive to meet our social objectives, we aim to be a responsible partner in society. We act with integrity towards our employees, customers, value chain partners and shareholders, as well as the broader community in which we operate. We discuss this in the section on:

- G1 - Business conduct (subtopics: corporate culture, protecting whistleblowers, bribery and corruption)

Business conduct (G1)

Alliander is committed to good governance and proper business conduct. We make our choices in the interests of all our stakeholders. We are guided in this endeavour by our mission, core values and internal code of conduct, and comply with relevant and mandatory codes of conduct.

Impacts, risks and opportunities

- Positive impact – A good corporate culture promotes the well-being and motivation of employees.
- Positive impact – A well-publicised and active whistleblower policy promotes transparent operations, which leads to the prevention of abuses.
- Potential negative impact – Bribery and corruption incidents could have a negative impact on transparency and honesty in the industry.
- Risk – A poor corporate culture can give rise to potential abuses, leading to reputational damage and higher costs.

Policy and approach

As a business and as individuals, we at Alliander are confronted by financial, technical, commercial and ethical challenges every day. With our policy for good business conduct, as laid down in Alliander's Code of Conduct, we strive for a healthy corporate culture with a high level of integrity. We help our employees to conduct themselves in the way we expect, both within Alliander and in interactions with stakeholders. A good corporate culture has a positive impact on employee well-being and motivation, and reduces the risk of misconduct, which can harm Alliander's reputation and give rise to higher costs.

Governance of business conduct

Responsibilities in relation to business conduct are organised in accordance with Alliander's governance system. The Management Board is responsible for defining what constitutes desirable business conduct and for making it happen within the company, with supervision falling to the Supervisory Board. The Internal Audit department is responsible for investigating reports and incidents of breaches or non-permitted conduct. The department operates independently and objectively. Under Alliander's Code of Conduct, the Chief HR Officer (CHRO) is responsible for how we deal with business partners, business and personal interests, business assets, corporate information, safety and personal conduct within Alliander. An assessment of corporate culture takes place at least once a year.
In a few cases in 2024, Alliander re-assessed contracts that had been entered into previously. The original contracts had been concluded after a European tendering procedure. Alliander found itself obliged to amend the contracts for social impact reasons. The associated risks have been mitigated.

Alliander's Code of Conduct forms the basis for a socially safe organisation and environment for our employees. The code is supported by additional policies, such as the screening policy. Based on the risk level of certain jobs, we have set screening levels and taken measures to vet the trustworthiness of potential employees. In 2024, we also introduced re-screening for highest-risk jobs, so that existing employees in certain jobs are also screened on a regular basis. Other examples of supporting policies are the onboarding and 'Spreek je uit' (Speak up) policies.
We have defined procedures and measures to monitor compliance with the code of conduct and additional policies, as well as to investigate breaches and impose sanctions where required. These procedures and measures can be found in the Confidential Advisers Regulation and the Investigation Protocol. We have made these and other relevant documents accessible online and regularly draw attention to them via mandatory e-learning courses and internal blogs, thereby ensuring that our employees are aware of our policy and abide by it in their daily work.

Protecting whistleblowers

Alliander has a whistleblower policy for reporting misconduct. This enables us to promote transparency in operations and prevent abuses. The whistleblower policy is based on the applicable laws and regulations and is open to our own staff and external parties. The procedure enables people to report cases or suspicions of fraud, deception or other irregularities to Alliander's Fraud Disclosure Desk or to an independent third party outside the company. Persons making reports under the whistleblower policy are protected. Reports are investigated in accordance with the Investigation Protocol. This enables us firstly to ensure that they are handled independently and confidentially, and secondly to prevent the risk of improper use that could potentially lead to reputational damage.

Corruption and bribery

We expect suppliers and employees not to succumb to bribery or kickbacks and to exercise restraint in giving and receiving business gifts. The policy laid down in the codes of conduct for employees and suppliers is designed to prevent corruption and bribery, and forearm employees against it. All jobs at Alliander are assigned a risk class from 1 to 3 and screening measures are set for each class. Screening takes place on recruitment and on transfers to another position. It covers both internal employees and agency workers.
All employees are invited once a year to take part in the Integrity e-learning course, which tests their knowledge of the code of conduct. They are presented with dilemmas in the form of practical examples to

enhance their awareness of integrity. Management is informed about the percentage of employees who take part. Alliander has no specific training programme on preventing corruption and bribery. There are no separate courses for employees in high-risk jobs. Corruption and bribery incidents make a negative contribution to transparency and honesty in business. Such incidents lead to reputational damage and compensation claims.

Alliander works with an independent fraud disclosure desk. This enables employees to report suspected corruption or bribery incidents to an independent place, separate from management. Persons making reports under the whistleblower policy are protected. Reports are investigated, resolved and reported in accordance with the Investigation Protocol. The Investigation Protocol is based on European and Dutch laws and regulations. Based on the investigation, disciplinary measures may be taken under the collective labour agreement for network companies or the Dutch Civil Code. Alliander already reports serious incidents and any resulting convictions and terminated business relationships to the Supervisory Board.

Objectives and results in 2024

KPI	Result
Number of convictions for violation of anti-corruption laws[1]	0
Number of fines for violation of anti-corruption laws[2]	0

1 The number of convictions for breaches of anti-corruption legislation represents the number of convictions recorded by the legal affairs department.
2 The number of fines for breaches of anti-corruption legislation represents the number recorded by the legal affairs department.

The table below shows the level of participation in the Integrity e-learning course. This e-learning course also covers matters related to corruption and bribery to a limited extent.

Integrity e-learning	Taken by functions-at-risk[1]	Taken by N-1[2]	Taken by Management Board members[3]	Taken by other own employees[4]
Offered	2,619	29	4	8,266
Completed	2,051	25	4	6,253
Participation rate	78%	86%	100%	76%
Frequency	Annual	Annual	Annual	Annual
Topics covered				
Policy	x	x	x	x
Situations	x	x	x	x

1 The number of high-risk jobs is based on the classification of high-risk jobs for screening policy purposes.
2 This concerns jobs (directors and managers) at the level immediately below the Management Board.
3 The e-learning course is not offered to members of the Supervisory Board.
4 The e-learning course is not offered to employees of TReNT (approx. 20 employees) and Alliander AG (approx. 70 employees).

CSRD reference table

The table below shows the ESRS 2 disclosure requirements that are relevant to Alliander's material topics. Incorporation by reference is indicated by an asterisk (*).

#	Description	Reference(s)	Notes
ESRS 2: General disclosures			
BP-1	General basis for preparation of sustainability statements	Basic principles for the sustainability statement	The option under BP-1 5(d) was not used.
BP-2	Disclosures in relation to specific circumstances		There are no specific circumstances
GOV-1*	Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies	Organisation of management and supervision *	'Corporate governance' section: Governance roles, Management Board and Executive Committee. 'Personal details' section: Management Board 'Corporate governance' section: Governance roles, Supervisory Board.
GOV-2	Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Information on sustainability topics	
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability-related performance in incentive schemes	
GOV-4	Statement on due diligence	Statement on due diligence	
GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls for sustainability reporting	
SBM-1	Strategy, business model and value chain	Business model and value chain	
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Material impacts, risks and opportunities and their interaction with the strategy and the business model	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Double materiality assessment	
MDR-P	Policies adopted to manage material sustainability matters		All material topics are disclosed in compliance with the MDR.
MDR-A	Actions and resources in relation to material sustainability matters		All material topics are disclosed in compliance with the MDR.
MDR-M	Metrics in relation to material sustainability matters		All material topics are disclosed in compliance with the MDR.
MDR-T	Tracking effectiveness of policies and actions through targets		All material topics are disclosed in compliance with the MDR.
ESRS E1: Climate change			
ESRS-2	Disclosure Requirement for ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	Sustainability-related performance in incentive schemes	
E1-1	Transition plan for climate change mitigation	Climate change, Policy and approach Climate change, About the transition plan	
E1-2	Policies related to climate change mitigation and adaptation	Climate change, Policy and approach Climate change, About the transition planx000A_ Climate change mitigation, Policy and approach	
E1-3	Actions and resources in relation to climate change policies	Climate change, Policy and approach Climate change, About the transition planx000A_ Climate change mitigation, Policy and approach	
E1-4	Targets related to climate change mitigation and adaptation	Climate change mitigation, Objectives	
E1-5	Energy consumption and mix	Energy consumption and mix	
E1-6	Gross scope 1, 2, 3 and total GHG emissions	Climate-related emissions in 2024	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Decarbonisation levers and reduction pathway	
E1-8	Internal carbon pricing	Internal carbon price	
E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities		Phase-in option applied as per ESRS 1 Appendix C.
ESRS E5: Circular economy			

ESRS 2	Disclosure requirement ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities for resource use and circular economy	Double materiality assessment Materiality assessment for circularity	
E5-1	Policies related to resource use and circular economy	Policy and approach	
E5-2	Actions and resources related to resource use and circular economy	Policy and approach	
E5-3	Targets related to resource use and circular economy	Objectives and results in 2024	
E5-4	Resource inflows	Objectives and results in 2024	
E5-5			Not material
E5-6			Phase-in option applied as per ESRS 1 Appendix C.

ESRS S1: Own workforce

ESRS 2	Disclosure requirement ESRS 2 SBM-2 – Interests and views of stakeholders Disclosure requirement ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Interests and views of stakeholders Material impacts, risks and opportunities and their interaction with the strategy and the business model	
S1-1	Policies related to own workforce	Own workforce, Policy and organisation Terms of employment, Policy and approach	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Interests and views of stakeholders	
S1-3	Disclosure requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	Health and safety, Safety, Policy and approach Health and safety, Health, Policy and approach Equal treatment and equal opportunities for all, Policy and approach Channels to raise concerns	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Own workforce, Policy and organisation Terms of employment, Policy and approach Health and safety, Safety, Policy and approach Health and safety, Health, Policy and approach Equal treatment and equal opportunities for all, Inclusion and equality, Policy and approach Equal treatment and equal opportunities for all, Training and development, Policy and approach Equal treatment and equal opportunities for all, Actions against violence and intimidation in the workplace, Policy and approach	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Terms of employment, Objectives and results in 2024 Health and safety, Safety, Objectives and results in 2024 Health and safety, Health, Objectives and results in 2024 Equal treatment and equal opportunities for all, Training and development, Objectives and results in 2024 Equal treatment and equal opportunities for all, Actions against violence and intimidation in the workplace, Objectives and results in 2024	
S1-6	Characteristics of the undertaking's employees	Own workforce	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Own workforce	
S1-8	Collective bargaining coverage and social dialogue	Terms of employment, Policy and approach	

S1-9	Diversity metrics	Own workforce Equal treatment and equal opportunities for all, Objectives and results in 2024	
S1-10	Adequate wages		Not material
S1-11	Social protection		Not material
S1-12	Persons with disabilities	Equal treatment and equal opportunities for all, Number of jobs for persons with poor employment prospects	
S1-13	Training and skills development metrics		Phase-in option applied as per ESRS 1 Appendix C.
S1-14	Health and safety metrics	Health and safety, Safety, Objectives and results in 2024 Health and safety, Health, Objectives and results in 2024	
S1-15	Work-life balance metrics	Terms of employment, Policy and approach	
S1-16	Compensation metrics (pay gap and total compensation)	Equal treatment and equal opportunities for all, Equal pay	
S1-17	Incidents, complaints and severe human rights impacts	Actions against violence and intimidation in the workplace, Objectives and results, Personal safety	

ESRS S2: Workers in the value chain

ESRS 2	Interests and views of stakeholders Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Interests and views of stakeholders Material impacts, risks and opportunities and their interaction with the strategy and the business model	
S2-1	Policies related to value chain workers	Policy and approach	
S2-2	Processes for engaging with value chain workers about impacts	Interests and views of stakeholders	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Policy and approach	
S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Policy and approach	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Objectives and results in 2024 x000A_ Outlook	

ESRS S4: Consumers and end-users

ESRS 2	Disclosure requirement ESRS 2 SBM-2 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Interests and views of stakeholders Material impacts, risks and opportunities and their interaction with the strategy and the business model	
S4-1	Policies related to consumers and end-users	Privacy, Policy and approach Personal safety of consumers and/or end users, Policy and approach Access to products and services, Access to energy, Policy and approach Access to products and services, Cybersecurity, Policy and approach	
S4-2	Processes for engaging with consumers and end-users about impacts	Consumers and end users Interests and views of stakeholders	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Privacy, Policy and approach Personal safety of consumers and/or end users, Policy and approach x000A_ Actions	
S4-4	Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Privacy, Policy and approach Personal safety of consumers and/or end users, Policy and approach x000A_ Actions	

S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Privacy, Objectives and results in 2024 Personal safety of consumers and/or end users, Objectives and results in 2024 Access to products and services, Access to energy, Objectives and results in 2024 Access to products and services, Cybersecurity, Objectives and results in 2024	

ESRS G1: Business conduct

ESRS 2	Disclosure requirement ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies Disclosure requirement ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Policy and approach Material impacts, risks and opportunities and their interaction with the strategy and the business model	
G1-1	Corporate culture and business conduct policies	Policy and approach	
G1-2			Not material
G1-3	Prevention and detection of corruption or bribery	Policy and approach	
G1-4	Confirmed incidents of corruption or bribery	Objectives and results in 2024	
G1-5			Not material
G1-6			Not material

List of data points under other EU legislation

List of data points in cross-cutting and topic-based standards that derive from other EU legislation:

ESRS standard	Disclosure requirement and related data point	Data point	Reference to sustainability statement
General disclosures			
General disclosures (ESRS 2)	GOV-1 Board's gender diversity	21 (d)	Governance and culture, Organisation of management and supervision, Gender and other forms of diversity
	GOV-2 Percentage of board members who are independent	21 (e)	Governance and culture, Organisation of management and supervision, Independent directors
	GOV-4 Statement on due diligence	30	Governance and culture, Statement on due diligence
	SBM-1 Involvement in activities related to fossil fuel activities	40 (d) i	EU taxonomy, Business activities that are eligible under the EU taxonomy
Environmental disclosures			
Climate change (E1)	E1-1 Transition plan to reach climate neutrality by 2050	14	Climate change, Policy and approach Climate change, About the transition plan
	E1-4 GHG emission reduction targets	34	Climate change mitigation, Objectives
	E1-5 Total energy consumption from renewable sources	38	Energy consumption and mix
	E1-5 Energy consumption and mix	37	Energy consumption and mix
	E1-5 Energy intensity	40 - 43	Energy consumption and mix
	E1-6 Gross scope 1, 2, 3 and total GHG emissions	44	Climate-related emissions in 2024
	E1-6 Gross GHG emissions intensity	53 - 55	Climate-related emissions in 2024
Social disclosures			
Own workforce (S1)	S1-1 Human rights policy commitments	20	Own workforce, Policy and organisation
	S1-1 Workplace accident prevention policy or management system	23	Health and safety, Policy and approach
	S1-3 Grievance/complaints handling mechanisms	32 (c)	Actions against violence and intimidation in the workplace, Policy and approach, Complaints procedures
	S1-14 Number of fatalities and number and rate of work-related accidents	88 (b) and (c)	Health and safety, Safety, Objectives and results in 2024, Accidents
	S1-14 Number of days lost to injuries, accidents, fatalities or illness	88 (e)	Health and safety, Safety, Objectives and results in 2024, Accidents Health and safety, Health, Objectives and results in 2024

	S1-17 Incidents of discrimination	103 (a)	Actions against violence and intimidation in the workplace, Objectives and Performance in 2024, Reports to confidential advisers
Workers in the value chain (S2)	S2-1 Human rights policy commitments	17	Policy and approach
	S2-1 Policies related to value chain workers	18	Policy and approach
Consumers and end-users (S4)	S4-1 Policies related to consumers and end-users	16	Privacy, Policy and approach Personal safety of consumers and/or end users, Policy and approach Access to products and services, Access to energy, Policy and approach Access to products and services, Cybersecurity, Policy and approach

Governance disclosures

Business conduct (G1)	G1-1 United Nations Convention against Corruption	10 (b)	Corruption and bribery
	G1-1 Protection of whistleblowers	10 (d)	Policy and approach
	G1-4 Fines for violation of anti-corruption and anti-bribery laws		Objectives and results in 2024

Other data points that are reported in ESRS 2 Appendix B but not shown in the table above are considered to be immaterial or not relevant.

Corporate governance

As a large public company with a vital role within society, we endorse the importance of effective and responsible management and supervision, and transparent governance.

Corporate governance

As a large public company with a vital and social role, we understand the importance of effective and responsible management and supervision, and transparent governance. We therefore voluntarily apply the Dutch Corporate Governance Code. The Management Board and the Supervisory Board are jointly responsible for ensuring appropriate corporate governance at Alliander and compliance therewith.

Introduction

In this section, we will describe the governance structure and governance roles within Alliander. In accordance with the Dutch Corporate Governance Code, other sections of the management report will specifically go into our long-term value creation strategies, the corporate culture and Code of Conduct, diversity, remuneration, conflicts of interest, as well as the main features of our internal risk management and control systems.

General

The Alliander group is made up of various companies, including Liander N.V., Qirion B.V., Alliander Telecom N.V., TReNT Infrastructuur B.V. and Firan B.V. Alliander N.V. (Alliander) stands at the head of the group structure. Alliander is a statutory two-tier company and applies the full two-tier regime. Alliander has a two-tier management structure, with a Management Board and a Supervisory Board, whereby the latter fulfils both a supervisory and an advisory role to the former. Both boards render account to the Annual General Meeting of shareholders (AGM). The Executive Committee supports the Management Board in the performance of its duties and responsibilities. All of Alliander's shares are held by Dutch provincial and municipal authorities.

Governance framework

Alliander's governance structure is based on Book 2 of the Dutch Civil Code and the Dutch Corporate Governance Code. The Dutch Gas Act and the Dutch Electricity Act 1998 also contain provisions that influence the governance of Alliander. The structure is detailed in Alliander's Articles of Association and various internal by-laws. The internal by-laws include the rules of procedure for the Management Board and the rules of procedure for the Supervisory Board, and the permanent committees of the Supervisory Board. These by-laws and other corporate governance documentation have been posted on our corporate website.

The 2022 Dutch Corporate Governance Code (the 'Code') concerns the governance of Dutch companies with listed shares and provides guidance for effective collaboration and governance. Since Alliander's shares are not listed, we are not under the statutory obligation to apply the Code. We do, however, voluntarily apply the Code's principles and best practices. The Code is applied at the level of Alliander N.V. as a holding company. See our corporate website for details of our compliance with the Code in the 2024 financial year based on the principle of 'apply or explain'.

Alliander accepts and also applies the principles of the Tax Governance Code of Dutch employers' association VNO-NCW. The Tax Governance Code requires companies to publish a transparency report to render account on the tax policy pursued in accordance with the taxonomy in the Tax Governance Code. More information about our tax policy and Tax Transparency Report for 2023 is available on our corporate website.

Governance roles

Management Board and Executive Committee

The members of the Management Board are jointly responsible for managing Alliander. The Management Board defines the strategy, identifies the enabling conditions for implementation of the strategy, sets operational and financial targets, and selects ESG aspects that are relevant to Alliander. The Management Board is also responsible for compliance with all relevant laws and regulations, the corporate culture, risk management and financing of the company.
The members of the Management Board have agreed on an allocation of duties between them, which has been approved by the Supervisory Board.
The Management Board targets long-term value creation in the area of sustainability and takes into account the impact of Alliander's actions and those of Alliander group companies on people and the environment, balancing the interests of stakeholders that are important in this regard.

With a view to bolstering strategy execution, Alliander set up the Executive Committee (ExCo) in April 2024. The ExCo supports the Management Board in the performance of its duties and responsibilities, while also directing strategy execution. Having an ExCo means that all strategic challenges are addressed at the highest governance level and all major strategic dependencies are managed with the appropriate governance focus. The ExCo has six members: The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Transition Officer (CTO) are members under the articles of association. Additionally, the ExCo has two further members whose positions are not laid down in the articles of association: the Chief Human Resources Officer (CHRO), who is responsible for HR and organisational transformation, and the Chief Digital Officer (CDO), who is responsible for the digital transformation.
The CEO is the ExCo chair and the first point of contact between the ExCo and the Supervisory Board and its chair. The Management Board keeps the Supervisory Board informed on the ExCo's actions. The Supervisory Board's supervision does not extend to the ExCo members who are not members under the articles of association. The ExCo members who are not members under the articles of association only attend Supervisory Board meetings if there are items on the agenda that pertain to their specific portfolio.
The two ExCo members who are not members under the articles of association each report to the Management Board as per the allocation of portfolios by the Management Board. Given the Management Board's responsibility under the articles of association, every ExCo decision must be made by at least a majority vote of the Management Board members. The Management Board will always retain ultimate responsibility for all actions and decisions of the ExCo, as well as for the overall management of Alliander.

Given that Alliander is a two-tier company, the Supervisory Board appoints the Management Board members. Members of the Management Board are appointed for an indefinite period of time. The Supervisory Board decides how many members the Management Board will have and how the portfolios are distributed. The Supervisory Board is authorised to suspend or dismiss Management Board members. The ExCo members who are not members under the articles of association are appointed, suspended and dismissed by the Management Board.

Supervisory Board

The Supervisory Board's duties include supervising the Management Board's policy and the general course of business at Alliander, while also supporting the Management Board in an advisory capacity. In addition, the Supervisory Board is the employer of the Management Board. The Supervisory Board's supervision looks at achievement of objectives, execution of strategy, the risks associated with business activities, the design and operation of the internal risk management and control systems, financial and sustainability reporting, and compliance with all relevant laws and regulations. In the performance of its duties, the Supervisory Board is guided by the interests of Alliander, while also taking into account the interests of all stakeholders. Alliander's Supervisory Board has also been designated as the supervisory body for Liander N.V., the network operator within the Alliander group. The Supervisory Board is fully responsible for the performance of its duties.
The members of the Supervisory Board are appointed by the AGM after nomination by the Supervisory Board, subject to the member and diversity profiles. The AGM, or in this case the Committee of Shareholders, and the Works Council have a right of recommendation for the nomination of Supervisory Board members.
A Supervisory Board member is appointed for a period of four years, after which they can be reappointed,

once only, for a further four-year period. At the end of that term, the Supervisory Board member may be reappointed again for a term of office of two years, renewable thereafter for a maximum of two years. Reappointment after a period of eight years must be reported and explained in the report by the Supervisory Board. The Supervisory Board may suspend its members. The Enterprise Section of the Amsterdam Court of Appeal can dismiss a Supervisory Board member. The General Meeting of Shareholders can withdraw its confidence in the Supervisory Board; a resolution to this effect will result in the immediate dismissal of the Supervisory Board.
As at 31 December 2024, the Supervisory Board had five members. The members of the Supervisory Board step down in accordance with the retirement schedule established by the Supervisory Board. The retirement schedule for Supervisory Board members is specified in the Supervisory Board report and has also been published in the 'Corporate governance' section on the corporate website.

Supervisory Board committees

Due to the volume, diversity and complexity of the topics to be dealt with, the Supervisory Board has set up two permanent committees of Supervisory Board members: an Audit Committee and a combined Selection, Appointment and Remuneration Committee. Additionally, the Supervisory Board may set up temporary committees at its sole discretion.
These committees prepare the decision-making of the Supervisory Board in the relevant fields, while also fulfilling an advisory role to the Supervisory Board. At Supervisory Board meetings, the committees report verbally, and (draft) minutes of committee meetings are distributed. The Supervisory Board remains collectively responsible for the decisions prepared by a committee.

Shareholders

Alliander's shareholders are four Dutch provincial authorities and 70 Dutch municipal authorities. The AGM is the body in which the shareholders exercise their rights to control Alliander. The annual meeting is held within six months of the end of the financial year. This meeting is when the shareholders discuss the annual report, adopt the financial statements and dividend, and grant discharge from liability to the members of the Management Board and Supervisory Board. The AGM also appoints the members of the Supervisory Board. Important company-related topics and key strategic decisions are also discussed and must be submitted to the AGM in accordance with the law and articles of association. Additional meetings can be held if deemed necessary by the Supervisory Board or the Management Board. The Management Board and Supervisory Board set the AGM's agenda. Shareholders can also convene meetings and/or put items on the agenda, The options for this are stated in the law and the articles of association.
The chair of the Supervisory Board also chairs the AGM. All decisions are taken on the basis of the principle of 'one share, one vote'. Decisions are adopted by an absolute majority of votes, unless the law or the company's articles of association prescribe a larger majority.
Certain powers of the AGM have been assigned to the Committee of Shareholders. These include powers regarding recommendation, appointment and dismissal of Supervisory Board members and regarding appointment and dismissal of Management Board members. Furthermore, there are regular informal consultations between the Management Board and representatives of the major shareholders through the Sounding Board Group (official forum) and the Meeting of Major Shareholders (administrative forum).

Internal audit function

Within Alliander, the Internal Audit department performs the internal audit function. Internal Audit has an independent, objective role in supporting Alliander in achieving its corporate objectives. The department provides detailed information, advice and additional assurance on the degree of effectiveness of the risk management, control and governance processes.
Every year, Internal Audit draws up an Internal Annual Audit Plan (work plan) based on risk analyses and the audit findings after consultations with the Management Board, the Audit Committee and the external auditor. This plan describes the proposed audit engagements for the coming year. The Internal Annual Audit Plan is subject to Management Board and Supervisory Board approval. Internal Audit periodically reports to senior management and the Management Board on audit-related topics such as the effectiveness of internal control measures, follow-up on recommendations and implementation of the Internal Annual Audit Plan. Internal Audit also reports on the core of these topics to the Audit Committee and informs the external auditor.

Internal Audit is the responsibility of the CEO. The Internal Audit manager has direct contact with the Audit Committee and the external auditor, and normally attends Audit Committee meetings. Each year, the Management Board assesses the way in which the internal audit function carries out its task, after consultation with the Audit Committee. The performance of the internal audit function is reviewed at least once every five years by an independent third party.

External auditor

The Supervisory Board nominates and the AGM appoints the external auditor. Among other tasks, the external auditor prepares the audit report and management letter, and issues the audit opinion with Alliander's financial statements. The external auditor reports to the Supervisory Board and the Management Board on the investigations that have been carried out.
The Audit Committee oversees the relationship with the external auditor. The Management Board gives the Audit Committee, and by extension the Supervisory Board, an opportunity to examine the most important points of discussion arising between the external auditor and the Management Board based on the draft management letter or the draft auditor's report.
The external auditor attends at least that part of the meeting of the Supervisory Board where the external auditor's report on the audit of the financial statements and review of the sustainability statement are discussed. The external auditor also attends the Supervisory Board meeting where the half-year figures will be discussed. The external auditor normally attends Audit Committee meetings. Additionally, the external auditor attends the meeting of shareholders to answer any questions the shareholders may have regarding their audit activities and opinion on the financial statements.
As of the 2024 financial year, PricewaterhouseCoopers Accountants N.V. is Alliander's external auditor for a period of five years with two renewal options for one three-year period and one two-year period respectively.

Risk Management & Compliance

Risk Management & Compliance (RM&C) supports the Management Board and management in achieving business objectives by providing insight into risks and compliance issues in relation to Alliander's strategy and activities, and advises on (control) measures to be taken.
The RM&C manager reports to the Corporate Control director. RM&C submits a risk report to the Management Board and Audit Committee every six months. The Corporate Control director attends all Audit Committee meetings as standard.

Other regulators

External organisations supervise Liander N.V. in its capacity as a network operator active in a regulated environment. They supervise such aspects as compliance with specific legislation and regulations. See below for a list of regulators Alliander deals with the most regularly.


The **Netherlands Authority for Consumers & Markets** (ACM) oversees compliance with the Electricity Act 1998 and the Gas Act. They also set the maximum transmission and connection tariffs for all network operators.
ACM
State Supervision of Mines (SodM) is the regulatory authority that supervises the safety of the gas transmission network.
SodM
By sharing information and coordinating our efforts, we can prevent damage to telecommunications infrastructure caused by excavation work. Preventing damage caused by excavation work is a shared duty of clients, excavation companies, and network operators.
Radiocommunications Agency Netherlands (AT) oversees compliance with legislation for the exchange of information about aboveground and underground grids and networks (WIBON Act). Under the Network and Information Security Act (Wet Beveiliging Netwerk en Informatiebeveiliging [WNBI]), Liander is designated as an AED (provider of essential services), meaning that Liander is under an obligation to report IT incidents and has a duty of care with respect to network and information security. Radiocommunications Agency Netherlands is one of the supervisory bodies for the purposes of this legislation.
AT
alliander
The Dutch **Data Protection Authority** (DPA) supervises compliance with the statutory rules for the protection of personal data and advises on new regulations.
DPA
The **Netherlands Authority for the Financial Markets** supervises compliance with regulations governing securities-issuing institutions within the framework of the Financial Supervision Act (WFT) and the Financial Reporting Supervision Act (WTFV).
AFM
The **Human Environment and Transport Inspectorate** (ILT) supervises the safety of our gas networks with a pressure of over 16 Bar.
ILT
The **Social Affairs and Employment Inspectorate** (Inspectie SZW) oversees compliance with legislation and regulations of the Dutch Ministry of Social Affairs and Employment regarding occupational health and safety, the labour market, and the social security system.
SZW

Risks

Alliander works hard to keep energy reliable, affordable and accessible for everyone. Risk management helps bring focus to Alliander's management so that we achieve our objectives. Our work involves risks, including safety and financial risks. These risks cannot be entirely eliminated. However, risk management does provide insight into these risks, so that we can take informed decisions about (measures to control) these risks. We use a single risk management method within Alliander. This ensures that the risk management process takes place in accordance with the same steps everywhere in the organisation.

Risk levels

Risks can be subdivided into five categories, ranging from very low to very high. The risk category depends on two factors: the probability of occurrence and the impact on the achievement of our strategic objectives. The potential impact on our objectives is assessed based on various aspects. Based on their probability and impact, each risk is assigned a place in the risk matrix. We assign a weighting to the risks based on dialogue at various levels in the organisation. As a result, our choice of approach for dealing with our uncertainties is both well-considered and deliberate.

Our main current risks

A Inadequate completion of work package ➔

B Inadequate capacity to deliver and change ➔

C Accidents caused by unsafe situations ➔

D Restrictions and uncertainty around laws, regulation and policy ➔

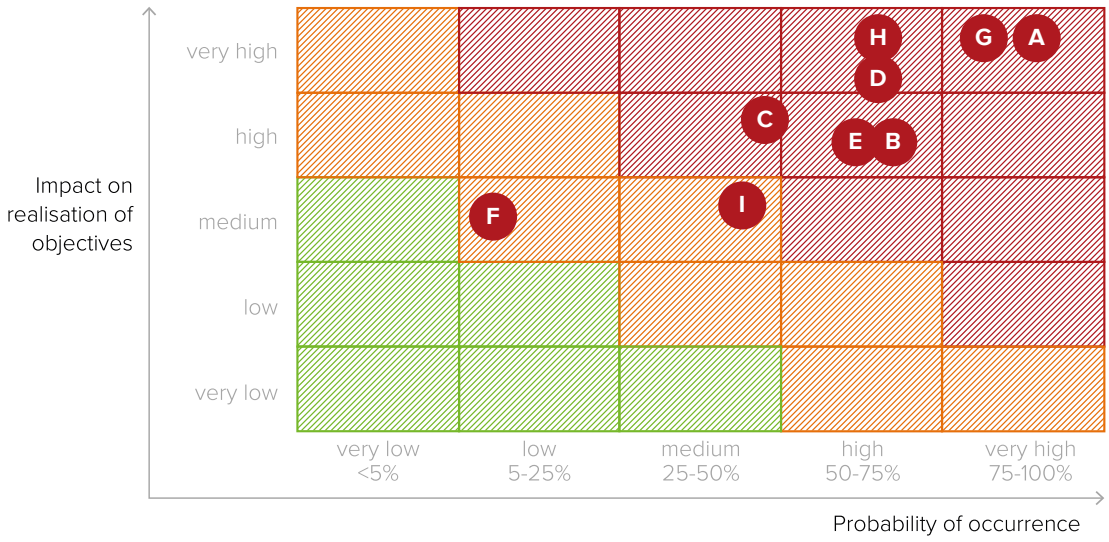
E (Cyber) security resilience ➔

F Pressure on our financial position ➔

G Not meeting customer's expectations ➔

H Uncertainty over the future energy system ➔

I Ineffective growth of the organisation ➔



Risk awareness

The management of risks forms part of our governance and decision-making. The Management Board and Supervisory Board of Alliander regularly discuss the principal risks. They assess what effects the risks can have on the strategic objectives, the operations and our reputation.

Alliander is committed to complying with the guidelines in the (revised) Corporate Governance Code. In the 'Corporate governance', 'Statement by the Management Board' and 'Other information' sections, we provide more information on how risk management has explicitly been embedded in the organisation's governance and decision-making procedures.

Risk appetite

To achieve the corporate objectives, we sometimes need to accept risks to a certain extent. The extent to which we are prepared to run risk in attaining our goals (i.e. our 'risk appetite') ranges from risk to risk.

- When it comes to the safety of our employees, our customers and our networks, we take no risk whatsoever. All risks are excluded, where possible and realistic.
- Our risk appetite is low when it comes to compliance. We are expected to comply with laws and regulations and are committed to acting in accordance with internal procedures and the Alliander Code of Conduct.
- Where strategic risks are concerned, we seek the right balance between the risks and our longer-term ambitions.
- We have a low appetite for financial risks. This ensures that we have a healthy financial basis and meet our key financial ratios.
- Further details of our financial reporting risks are provided in note 35 to the financial statements. This concerns assumptions, suppositions and estimates.

Explanation of risks

The following provides details of each risk and how Alliander manages each of the risks listed, while also showing the development of the risk over the past year in the light of measures taken.

The risk designations A to I in the matrix above are interactive. Clicking them produces an explanation of the relevant risk and details of how Alliander manages the risk. while also showing the development in each area over the past year in light of measures taken.

Decreasing: ↓
Neutral: →
Increasing: ↑

Financial risks, including our credit risk, are explained in note 34 to the financial statements.

Inadequate completion of work package ➔

Probability
Very high.

Impact
Very high.

What is the risk?
The volume of work, especially in the work package for electricity, continues to increase due to the energy transition and economic growth. The shortage of technical staff in the labour market, lengthy training and volatility in the forecasts concerning the type and volume of work make timely scaling up of capacity challenging. In addition, we are seeing a scarcity of certain materials on the market and, as a result, we are not able to complete all of our work package and some work is being postponed.

How is the risk managed?
Alliander is addressing the challenge surrounding the completion of its work package by seeing that more work gets done and by using the grid more efficiently. To be able to offer our customers the needed solutions by 2030 we have massively scaled up implementation of the work. Fundamental strengthening of the current manufacturing processes is increasing productivity. The approach to the manufacturing process has been modernised by outsourcing elements of the work through new production methods. The main barriers in terms of materials, people and space/licences are being resolved. Ways in which we are doing this include our market approach, contracting strategy and the sector-wide neighbourhood approach, carried out in collaboration with municipalities. The grid is also being used more effectively thanks to smart solutions and customer flexibility. We offered flexible contracts to yet more customers last year, freeing up space on the grid and this way allowing us to connect more new customers and supply existing customers with more power. All the same, the risk of not being able to complete the work package remains as high as ever, despite the control measures taken.

What is the risk trend?
Neutral. The 2025–2034 Multi-Year Plan shows that the work package is expected to increase further and thus remain at a challenging, high level. Besides challenges in terms of the shortage of technical personnel, there are numerous dependencies and (external) factors impacting plan reliability and the ability to meet production targets.

Not meeting customer's expectations ➔

Probability
Very high.

Impact
Very high.

What is the risk?
Due to the enormous demand, it is becoming increasingly difficult to meet customers' expectations. The shortage of transmission capacity is worsening and waiting periods for connections are getting longer. Interaction with customers is increasing too. All this has an impact on our customers and requires good, timely personal communication. At the same time, our customers have ever higher expectations concerning transparency and service provision. National and regional media are focusing more attention on network operators. Additionally, the growing network capacity issues are impacting our customer rating.

How is the risk managed?
The focus is on improving customer service through information provision so that the customer knows exactly what they can expect from us and when. The improvements we are making to our processes and practices will allow us to better serve our customers. The migration to a new system has unified our customer view and enables us to offer customers a consistent experience. Our communication strategy is proactive, timely and transparent and shows what action the customer can take. Using various channels, we apply a region-specific and customer-specific approach. We also offer customers self-service options, empowering them to access their account and manage their affairs digitally on one single portal.

What is the risk trend?
Neutral. The improvements we are making to our processes and practices will allow us to better serve our customers and better manage customer expectations. Despite these measures, we have seen that more target groups are inconvenienced and asking for a response from us and direction as to what they can do. The (financial) impact of grid congestion has also attracted more media attention.

Restrictions and uncertainties around laws, regulations and policy ➔

Probability
High.

Impact
Very high.

What is the risk?
Policy and regulations within the energy domain have an impact on our activities and profitability. Policy and regulations are not always in step with the current context of the energy transition and the changing energy system, which can affect the ability to achieve the targets and objectives. Since a great number of laws and regulations are currently subject to change, we have to act to ensure that these changes are and will continue to be in line with Alliander's ambitions so that we can (continue to) fulfil the role we want to fulfil in the energy transition.

How is the risk managed?
This risk is addressed in general by managing the long-term constructive relationships with the legislator and the regulator. We discuss the developments that are important in the new context of the energy transition. We work to ensure a reasonable return and maintain sufficient financial scope to be able to perform our statutory duties. In addition, we actively make proposals for required adjustments to national and European laws and regulations. We are increasingly doing this jointly with all other grid managers in the Association of Energy Network Operators in the Netherlands (Netbeheer Nederland). The Dutch Energy Act was recently passed in the Senate, including an amendment to give us more scope in the area of production and storage. Another piece of legislation that was passed, the Heating Transition Act, offers municipal authorities the option to switch whole neighbourhoods to a different heating supply.

Network operator Liander participates in the National Network Congestion Action Programme. Drawn up jointly by network operators, the ACM, municipal and provincial authorities, the national government and market parties, this programme takes a broad look at national and regional solutions to grid congestion. All parties involved are committed to the actions in the programme. With this action plan the parties intend to take a range of actions simultaneously with the aim of limiting and preventing, as much as possible, grid congestion and the associated problems.

What is the risk trend?
Neutral. In respect of this risk, current laws and regulations stand in the way of achieving the climate objectives and Alliander's target. While recent developments in the most important legislative initiatives (the Electricity Act, Heating Act and new regulatory method) have unfolded as expected, the outcome and impact on Alliander are as yet unknown.

Uncertainty over the future energy system ➔

Probability
High.

Impact
Very high.

What is the risk?
We are building energy infrastructure for a new energy system. And we do that based on a long-term perspective: we are building infrastructure that will last for around 40 years. At the same time, we are dealing with an environment in which choices are being made which encourage developments that, from a societal viewpoint, do not always align with an optimal energy vision. There are major uncertainties concerning technological developments, the pace of technological developments and the availability and costs of new energy carriers. In addition, we have to deal with political choices and administrative decision-making and aspects related to social issues surrounding other sustainability topics, affordability, public support, and the impact on general prosperity. In summary, there is a risk that the future energy system will develop in a different direction than what we currently think, which could create a mismatch with our investments. We may turn out to have invested too much, in the wrong sites, or in the wrong energy carriers, or to have created too much overlapping infrastructure (electricity, heat, hydrogen), or simply not enough infrastructure. This can lead to higher costs for society and damage to our reputation.

How is the risk managed?
We have a clear idea of what the future energy system is to look like and are operating accordingly under our Alliander Energy Vision, the National Energy System Plan and the Future Scenarios for Investment Plans. We reduce uncertainty in customer demand with improved customer forecasts/predictions through better collaboration on future scenarios with other network operators and stakeholders. We are also working increasingly closely together with provincial and municipal authorities on energy planning for neighbourhoods and larger areas, as well as on structuring choices. In that context, a Long-term Energy and Climate Infrastructure Programme has been drawn up for each province. We also continue to emphasise to our customers and stakeholders that efforts to develop heat infrastructure and infrastructure for sustainable gases are of complementary interest. When it comes to sustainable gases, we are working hard on a green gas investment framework and preparing to scale up district heating networks.

What is the risk trend?
Neutral. The National Energy System Plan has made widespread electrification and efficiency the guiding principles. The implementation agenda also increases the focus on choices in terms of adding structure. At the same time, both the Dutch and European political landscape has become more uncertain, which has significantly undermined sentiment and traction around district heating networks. Combined with uncertainties and the sluggish rise of new energy carriers, this continues to be a current risk. Despite the control measures put in place, this risk shows a neutral trend. In line with our duty as a network operator, we connect customers to the power grid in the best way possible.

Inadequate capacity to deliver and change ➔

Probability
High.

Impact
High.

What is the risk?
If we are to continue to fulfil our crucial role in society, changes are needed to enable us to be more reliable and predictable in achieving our goals and thus meet the expectations of our customers and society. At the same time, we see that high demands are being placed on the employees in the organisation. Meeting the high expectations we face is conditional on us increasing our organisation's capacity to deliver and change.

How is the risk managed?
To increase the capacity to deliver and change, we work as a single team pursuing a shared goal, which is to become an agile, effective and cost-efficient organisation. Applying a clear and focused strategy we progress along a well-defined course, working with clear frameworks and choices. Based on the defined course and frameworks, we develop objectives, critical success factors and performance indicators at all levels – for each company, organisational unit, team and value chain. We monitor these aspects and evaluate performance accordingly. Our aim in this respect is to increase our organisational effectiveness through targeted interventions at supply and value chain stream level to generate output and boost productivity. We are committed to working towards becoming a learning and performance organisation with a result-oriented culture and the right leadership. This will enable us to keep in step with the expectations society and customers have of Alliander.

What is the risk trend?
Neutral. The strategy is used as a basis to make clear choices and as a guiding compass for daily operations. Organisational effectiveness is enhanced by having clearly defined roles, responsibilities and processes. There is a constant focus on the development of a culture and leadership that supports the strategic goals and promotes a learning and agile organisation. To achieve a concentrated organisation-wide focus on transformation, a Transformation Office has been developed, which will be operationalised in 2025.

(Cyber)security resilience ➔

Probability
High.

Impact
High.

What is the risk?
Our energy network and above-ground installations are increasingly being digitalised. Cyberattacks with a political or terrorist motive are increasingly targeting vital infrastructure. Geopolitical developments are leading to a heightened threat level. Threats we have identified include espionage, sabotage, infiltration and disinformation. Ransomware – maliciously encrypting files and systems before demanding a ransom to make them accessible again – has developed to such a degree that it poses a risk to the Netherlands' national security. Disruptions to or outages of the digital infrastructure can lead to disruptions in daily life or even to a breakdown of society. The supply of electricity is inextricably bound up with this. Artificial intelligence is on the rise, but we still lack a clear idea of how to effectively protect ourselves against potential AI threats. Security knowledge is scarce and attracting qualified personnel is a challenge. The Alliander organisation is on a sharp growth trajectory, which is impacting the social cohesion within the organisation and, consequently, our last line of defence, i.e. our employees. This adds to the risk of unauthorised access and abuse of authorised access. New legislation in response to these challenges has already been passed, placing high demands on the security of Alliander's organisation and processes.

How is the risk managed?
We manage this risk by taking action to increase our digital resilience and by operating the Alliander-wide Information Security Management System. We seek to identify threats and vulnerabilities by making use of Alliander Security Governance, the Security Policy, risk identification and external sources. We protect Alliander from cyber risks by managing risks and by having a culture in which security is a given. We detect risks by actively monitoring identified threats and we respond effectively by resolving and further investigating security incidents. Security is a standard pursuit in all our digitalisation initiatives. We use business continuity management to minimise the impact of a crisis on business processes and raise our crisis preparedness level. We promote security maturity and take appropriate measures.

What is the risk trend?
Neutral. The risk trend therefore remains the same. We are seeing an increase in the threat level due to external developments (for example, geopolitical tensions and the increased number of cyberattacks on the organisation) and the expected growth of the organisation, but have put additional controls in place so the risk remains neutral.

Accidents caused by unsafe situations ➔

Probability
High.

Impact
High.

What is the risk?
Our activities involve health and safety risks for our employees, contractors, customers and local communities. There are two types of safety risk: the one is the risk of employees being injured on the job and the other is the potential for explosions, fire, suffocation, short circuit or other accidents that can occur as a result of an asset failure. Despite all the measures taken the risk of an accident always remains. The potential impact is huge.

How is the risk managed?
We lay the foundation for safety by taking action to ensure the safety of our energy grid and our assets, working safely on the grid and reinforcing our safety culture. We guarantee the safety of our grid by always making safety an integral part of the design and selection criteria when choosing new asset standards and in our calls for tenders. We evaluate incidents so that we can learn from them. We approach working safely on the grid by obtaining an understanding of the safety risks and translating the necessary measures into work instructions. We ensure that only qualified employees carry out the work. Managers supervise compliance with work instructions and use of PPE by carrying out workplace inspections and safety observation rounds. Lastly, we continue to build our learning and performance safety culture, a culture in which we recognise and discuss risks and take action where necessary. We raise safety awareness through campaigns and training.

What is the risk trend?
Rising. Safety remains a constant focus of our attention. However, safety incidents are inherent to working with live cables and continue to occur. While the risk assessment remains at the same level (High), we do see a rising risk trend due to the increased number of lost-time work-related accidents and the increase in our LTIF. At the same time, however, we are moving up the safety ladder and seeing greater regard for safety across the organisation, which contributes to further control.

Ineffective growth of the organisation ➔

Probability
Medium.

Impact
Medium.

What is the risk?
The major scale-up in the number of employees and contractors poses the risk that the organisation will not be able to keep up with this rapid growth due to constraints on absorptive capacity. There is a risk of the organisation growing in an unbalanced fashion, resulting in an inability to meet the task, failure to deploy new employees effectively enough, and inadequate cohesion and commitment.

How is the risk managed?
We are committed to controlled growth through a focus on recruitment processes, analysis of the rate of growth and reliable information on the productivity growth required. Significant attention continues to be given to onboarding new employees. We do this through effective new hire onboarding and by supporting and supervising new employees at team level. Additionally, we pay extra attention to the quality of processes, information and data.

What is the risk trend?
Neutral. The company's growth continued as expected in 2024. This risk is becoming increasingly visible in the organisation. Over the past year, work has gone into planning for a balanced scale-up, improving the quality and reports on that, and further developing the new hire onboarding process.

Pressure on our financial position ➔

Probability
Low.

Impact
Medium.

What is the risk?
The energy transition brings with it huge investments for Alliander, and these will continue to increase drastically over the next few years. Current regulatory methods provide for compensation during the service life of the asset in which an investment has been made, but not at the time of making the investment. We are largely financing investments ourselves that we will only be able to recoup in years to come. The increase in investments brings with it a significant increase in our financing needs and this will in time put pressure on our financial ratios and our credit rating.

How is the risk managed?
Alliander is committed to maintaining a healthy financial standing by strengthening its shareholders' equity. However, additional capital is needed to fulfil our future investment tasks. We raise this capital by continuing to use hybrid financing instruments, though there is a limit to this. In addition, we are also using the proceeds from the sale of Kenter to meet our future investment task. Furthermore, the State and the network companies Alliander, Enexis and Stedin came to a negotiation agreement last year about the conditions under which the State will be able to contribute capital in the future, and thus become a shareholder in the network companies. This is an important step in fulfilling Alliander's financing task. This agreement framework describes the conditions imposed on the lead times for a 'shareholder accession request' and agreements regarding business operations and supervision. It also serves as a basis for a possible participation contract that will be drawn up as and when the State's accession as a shareholder is actually on the cards. That moment will come as soon as the rating looks like it will drop below A-. Furthermore, the financial stakeholders were notified of a dividend policy update that was implemented in 2024. We will continue to work on having a conscious and efficient organisation in view of our investment task.

What is the risk trend?
Neutral. The risk score remained flat in 2024. Despite the control measures initiated, financing risk continues to be a focus point due to the further scale-up of investments in the energy grid. Over the coming years, our investments will exceed our income.

Report of the Supervisory Board

From left to right: Gerard Penning, Annemarie Jorritsma-Lebbink, Marinka Nooteboom, Thessa Menssen and Frits Eulderink

The Supervisory Board is primarily tasked with supervising the policy pursued by the Management Board and the general course of business within Alliander. It also fulfils the role of adviser to and employer of the Management Board. In this report, the Supervisory Board comments on how it fulfilled its role as supervisor, adviser and employer in respect of the Management Board in 2024.

As the Supervisory Board, we closely supervise completion of Alliander's huge and complex task, and also the management of the organisation's intended growth. Guided by the strategy, where the focus in 2024 was on implementation, flexibility and communication, further steps were taken in achieving the objectives. At the same time, the Supervisory Board also sees what this growth demands of the organisation and the impact this has on customers. In 2024, the Supervisory Board had numerous strategic discussions with the Management Board and fulfilled its supervisory role in this complex and changing environment, with a keen eye on safety.

Safety

Safety has the highest priority at Alliander and is a subject to which the Supervisory Board devotes considerable attention during its meetings. In order to raise safety awareness and strengthen the safety culture, Alliander uses the Safety Culture Ladder, formerly known as the Safety Ladder. The Supervisory Board is pleased that Alliander has achieved rung 4 on the Safety Culture Ladder for the second year in a row. Despite Alliander maintaining its excellent position on rung 4, the Supervisory Board considers the number of lost-time incidents to be too high. The Supervisory Board reached out to the Management Board to discuss what caused this increase and what improvement measures are being taken. One incident was serious in nature. For more information on this incident, see the 'Safe working practices' section of the management report. The Supervisory Board was immediately notified of the details of this workplace accident and was closely involved in the follow-up by the Management Board. This incident illustrates once again that safety and safe working practices require our constant attention.

Strategy

Progress on the execution of Alliander's strategy is a key item on the agenda for every meeting. On the one hand, strategy execution progress is monitored on the basis of quarterly reports on Alliander's operational and overall performance, and on the other hand, specific strategic topics are discussed in greater detail at every meeting. For example, the strategy pursued when it comes to completing more work (operational performance), the heavier load on and more efficient use of the power grid, customer service, reducing demand for transmission capacity and the customer and digitalisation strategy were discussed at length. A key building block in 2024 was to further bolster the management focus on achieving targets. In line with this, Alliander's 2030 target was further substantiated in quantitative terms based on current and planned change initiatives and production planning in the various value chains.

The Supervisory Board and Management Board's annual strategy day is a time for reflection and delving into issues. The focus for the 2024 edition of this day was on boosting Alliander's operational performance through digitalisation and automation. One of the topics discussed was the use of integrated control in operations and various demos were used to show the value of digitalisation for better utilisation of the power grid. The Supervisory Board found the chosen examples very tangible with a clear contribution to operational performance and strategy execution.

Financing the energy transition

Increasing investment to fund the energy transition is, on the one hand, driving up tariffs and, on the other, generating a negative impact on Alliander's financial position. The Supervisory Board sees that Alliander has responded to this by taking several initiatives to strengthen its financial position. The Supervisory Board considers it necessary to update the dividend policy from both a financial and a social perspective. At the Annual General Meeting of Shareholders (AGM) on 17 April 2024, Alliander and the shareholders agreed that they would jointly review whether the dividend policy is still appropriate to Alliander's task. In May 2024, the Management Board initiated discussions on this in the Meeting of Major Shareholders. whereby the major shareholders engaged counsel from KPMG (financial adviser). The Supervisory Board received frequent updates on the progress of these discussions and advised the Management Board. After an intensive process and with respect for each other's positions, agreement on a dividend policy update was reached in early 2025. The specifics of this dividend policy update will be explained at the AGM of 16 April 2025.

In the fall of 2024, the Netherlands Authority for Consumers and Markets (ACM) announced that it is working on a new regulatory method it will be using to set tariffs for network operators from the year 2027. The ACM's chosen regulatory method is one where the costs incurred by network operators to expand, upgrade and adapt power and gas grids will be assessed in advance. The ACM currently only does this afterwards. The Supervisory Board agrees with the ACM's view that the method to be adopted must not prevent network operators from making the investments needed for the energy transition in a timely manner and will continue to closely monitor this issue.

Financial reporting

In 2024, the Management Board submitted details of actual financial performance to the Supervisory Board every quarter, comparing the actual figures to the budget for 2024, the forecast for 2024 and results achieved in 2023. Topics covered included the increasing investments, the rising negative cash flow and the growing need for financing. The quarterly reports also provided information to enable the Supervisory Board to monitor progress on achieving the business objectives. In addition, the 2023 annual report was discussed, including the accompanying audit report, and approved. The external auditor was also present during the discussions of the annual and interim reports. The Supervisory Board also discussed and approved the 2025–2029 business plan, including the 2025 budget. The Supervisory Board's Audit Committee carried out intensive preparatory work on all these matters.

Internal risk management and control systems

The Supervisory Board (and the Audit Committee in particular) discussed the Internal Audit department's findings and recommendations from the internal audits as well as the status of actions taken in response to findings from previous audits. Furthermore, the management letter from external auditor PwC was discussed with the Audit Committee and the Supervisory Board respectively, in the presence of PwC. Based on the activities performed, PwC concluded that Alliander's internal controls are in principle sufficiently effective. No (new) significant shortcomings were identified in the internal control system. PwC's main findings relate to the progress and challenges regarding CSRD compliance and the Business Control Framework, and then the recording of some controls in particular. The Management Board acknowledges the auditor's findings and will initiate action to address them. In addition, the Supervisory Board discussed the company's main risks (including control measures), as well as the comprehensive IT, Privacy and Security risk report. The Supervisory Board concludes that Alliander has a robust control framework, which operates effectively and is continuously improved.

Sustainability

Social, economic and financial sustainability, the SDGs and impact measurement are an integral part of Alliander's strategy and day-to-day operations. Stakeholders increasingly value the sustainable character of Alliander. More information on sustainability plans and initiatives can be found in the report of the Management Board. The Supervisory Board supports these initiatives that, in its opinion, contribute to long-term value creation in the area of sustainability.

Being a public interest company, Alliander is under an obligation to comply with the CSRD from the 2024 annual report onwards. The Management Board briefed the Supervisory Board on preparations for compliance with CSRD legislation and the impact on reporting and accountability. A key element of this was the double materiality assessment that was performed to identify material topics. The Supervisory Board assisted the Management Board with advice on the double materiality assessment.

In addition, the Supervisory Board approved the issue of a subordinated perpetual bond loan of €500 million and a green bond loan of €750 million in 2024. The funds from these loans went towards financing our sustainable (head) offices, the purchase of smart meters and further investments in the power grid. Raising green financing is in keeping with Alliander's strategy for sustainable operations.

The Supervisory Board's role as an employer

In 2024, the Supervisory Board's Selection, Appointment and Remuneration Committee was once again charged with annually assessing the performance of the individual members of the Management Board and reporting back to the Supervisory Board. This performance review included a discussion of progress made relative to collective and individual goals, and personal development. The Supervisory Board's role as an employer also includes succession planning for the Management Board members. Ensuring that board member successions go smoothly according to the succession plan is a key task for the Supervisory Board in the context of ensuring Alliander's continuity. The succession plan for the Management Board and the top management level below the Management Board is reviewed on an annual basis. This practice gives the Supervisory Board a good understanding of the potential and capabilities of top management within Alliander.

Other topics

In addition to the topics highlighted above, the Supervisory Board addressed the following issues:

- New laws and regulations relevant to Alliander. In late 2024, for example, the Senate of the Netherlands passed the Energy Act and the Heating Transition (Municipal Instruments) Act, while also approving abolition of the statutory feed-in rate. Additionally, the ACM adopted a broad set of measures intended to help network operators and companies ease grid congestion.
- Creation of the Executive Committee.
- The results of the 2024 Central Employee Barometer.
- The statutorily mandated sale of the Randmeren HV subgrid to TenneT. The transfer of this subgrid is expected to be completed in early 2025.
- Approval of a change to Alliander's financial policy.
- Approval of the renewal of the Management Board's authority to issue ordinary shares and to limit or exclude the statutory pre-emptive right of existing shareholders in the issue of shares in connection with a possible conversion of the €600 million reverse convertible hybrid bond loan arranged in 2021.
- Approval of the 2025 Internal Annual Audit Plan.

About the Supervisory Board

Composition of the Supervisory Board and retirement schedule

There were no changes in the composition of the Supervisory Board in 2024. At the AGM of 17 April 2024, the shareholders reappointed Annemarie Jorritsma, after two four-year terms, to a third and final term of a maximum of two years, in line with the Dutch Corporate Governance Code. The Supervisory Board is of the opinion that, given her knowledge, experience and expertise, she has proven to be well capable of fulfilling the role of chair of the Supervisory Board over the past eight years. Alliander's energy transition challenges are extensive and complex. In particular, the need to scale up in terms of both investments and the number of employees poses a major challenge for Alliander. Preparations for the intended scale-up, which include making choices that give direction to this process, are underway and will show results now and over the next two years. This requires strong leadership, both from the Management Board and from the Supervisory Board, especially from the chair.

In the second half of the year, a Supervisory Board selection committee started the recruitment and selection process for Annemarie Jorritsma's successor. The Supervisory Board has engaged an executive search firm for this recruitment. Both the Committee of Shareholders and the Works Council were informed of the progress of the recruitment and selection process in the interim. The recruitment and selection process is expected to be completed in early 2025.

The following retirement schedule applies to the Supervisory Board.

Name	(Year of) first appointment	Term	End of current term of office
Annemarie Jorritsma (chair)	2016	3rd term	2026
Frits Eulderink	2019	2nd term	2027
Thessa Menssen	2019	2nd term	2027
Marinka Nooteboom	2023	1st term	2027
Gerard Penning	2021	1st term	2025

The personal details, principal and additional positions of the members of the Supervisory Board are included in the 'Supervisory Board' paragraph in the 'Corporate Governance' section.

Procedure and member attendance

The Supervisory Board met on eight occasions in 2024. Besides the five ordinary meetings, there were three additional meetings. During the first half hour of each regular Supervisory Board meeting, the Supervisory Board meets on its own. The other participants in the Supervisory Board meetings are Management Board members and, by invitation, the external auditor and members of management. Outside the meetings, the Management Board briefed us on relevant topics and there was also regular contact in the interim, both between the Supervisory Board members themselves and between Supervisory Board and Management Board members. The secretary prepared the Supervisory Board meeting agendas, liaising with the chairpersons of the Management Board and the Supervisory Board.

The Audit Committee met six times in 2024, and the Selection, Appointment and Remuneration Committee held four meetings. Please see below a list showing the attendance of individual members at the various meetings.

Name	Supervisory Board (8)	Audit Committee (6)	Selection, Appointment and Remuneration Committee (4)
Annemarie Jorritsma	100% (8/8)	N/A	100% (4/4)
Frits Eulderink	88% (7/8)	83% (5/6)	N/A
Thessa Menssen	100% (8/8)	100% (6/6)	N/A
Marinka Nooteboom	88% (7/8)	83% (5/6)	N/A
Gerard Penning	100% (8/8)	N/A	100% (4/4)

Independence, conflicts of interest and other positions

The Supervisory Board's articles of association and by-laws contain provisions about the independence of Supervisory Board members. The composition of the Supervisory Board is such that the members are able to operate independently and critically vis-à-vis one another, the Management Board and any particular interests involved. All Supervisory Board members operate independently within the meaning of the best practice provisions from the 2022 Dutch Corporate Governance Code.

Supervisory Board members give the Supervisory Board advance notice of other positions. None of the Supervisory Board members holds more than the maximum number of supervisory positions with large Dutch companies or major foundations. In accordance with the Dutch Corporate Governance Code, every (potential) conflict of interest of a Supervisory Board member must be reported to the chair of the Supervisory Board immediately. In 2024, one conflict of interest was reported by a Supervisory Board member. Under the definition of 'independence' from the Electricity Act and Gas Act, Frits Eulderink is not independent, because he also sits on the Supervisory Board of Energie Beheer Nederland. All other members of the Supervisory Board are independent under the definition in the Electricity Act and Gas Act. The Supervisory Board concluded that Frits Eulderink has a (potential) conflict of interest with respect to Alliander's future heating company due to his position as chair of the Supervisory Board of Energie Beheer Nederland. Therefore, he did not attend deliberations on this topic and did not receive any information about it. The Supervisory Board confirms that best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code have been followed.

Diversity

Both the Management Board and Supervisory Board recognise the added value of diversity in a broad sense and gender diversity in particular. The current diversity policy applicable to the Management Board, ExCo and Supervisory Board was written with this in mind. Alliander is subject to the provisions on the balanced allocation between men and women of seats on the Management Board and Supervisory Board pursuant to the Dutch Act on the appointment quota and target ratios ('Diversity Act'). The diversity policy for the composition of the Management Board, ExCo and the Supervisory Board gives consideration to the following aspects of diversity:

- a balanced gender ratio with a target percentage of at least 33% women and at least 33% men;
- a complementary composition in terms of experience and professional background (the areas of knowledge and experience for the Supervisory Board are included in the Supervisory Board's Profile);
- a balanced age structure.

As at year-end 2024, the Management Board was made up of three male members and one female member, putting the gender ratio at 75% male to 25% female, which falls short of the target for a balanced gender ratio. At year-end 2024, the Executive Committee was made up of four men (67%) and two women (33%), which complies with the target gender ratio. At year-end 2024, the Supervisory Board was made up of four men (40%) and three women (60%), which also complies with the target gender ratio. When future vacancies on the Management Board, the Executive Committee and the Supervisory Board are filled, the basic principle is that the diversity policy should be implemented further where possible. For each vacancy, we discuss what is desired in the context of diversity.

Annual evaluation

The Supervisory Board conducts an evaluation every year, looking at the performance of the Supervisory Board itself, as well as that of individual members and the various committees, while also evaluating collaboration with the Management Board. This evaluation is performed once every three years on average, with help from an external party. This was the case for the self-evaluation in 2024. Prior to the evaluation, all Supervisory Board and Management Board members, the Corporate Secretary and the secretary were interviewed. Each of them also completed a comprehensive questionnaire. The outcomes of the questionnaires and individual interviews were presented to the Supervisory Board and discussed, and the main outcomes were shared with the members of the Management Board. The general picture painted by the evaluation for 2024 is a positive one. The Supervisory Board members have good working relationships between them. Commitment is high, as is mutual respect and trust. The Supervisory Board is generally satisfied with its own performance and the performance of the various committees. Mutual understanding and dialogue with the Management Board is open, professional and good, which both the Supervisory Board and the Management Board greatly appreciate.

The self-evaluation further revealed that the Supervisory Board is positive about the further increased focus on intended result and the quantification in the notes to the results achieved and to be achieved. A number of focus points were also discussed. The size of the task facing Alliander has led to an increase in the number and depth of issues to be addressed. Sharing dilemmas in this regard enables focused dialogue on these issues. This is an important focus point, not only given the increased dynamics in and connections between topics, but also given the increased time commitment of Supervisory Board members.

Audit Committee

The Audit Committee met on six occasions in 2024. In accordance with the governance agreements, the CFO, the external auditor PwC, the Corporate Control director and the Internal Audit manager took part in all meetings. Depending on the agenda, internal specialists also attended some meetings and reported on relevant topics in their capacity as experts. In addition, the chair of the Audit Committee talked regularly with the CFO, the external auditor and the Internal Audit manager outside the meetings.

Topics discussed by the AC in 2024 included the 2023 financial statements, the 2024 half-year report, the regular quarterly reports, risk management, the 2025-2029 business plan (including the 2025 budget), the Internal Annual Audit Plan and reports submitted by the Internal Audit department and the audit plan for 2024 (the audit plan for the auditing of Alliander's financial statements for the 2024 financial year) and reports submitted by the external auditor. In 2024, PwC took over from Deloitte as Alliander's external auditor.
In addition, the Audit Committee focused on matters such as taxation, the proposal to pay an interim dividend for the 2024 financial year following the sale of Kenter, amendments to the financial policy, the financial forecasts for the 2025-2034 period, the financing plan for 2024 and the first quarter of 2025, progress made on CSRD compliance, integrity and fraud, risks in the areas of IT, security and privacy, the transfer of a high-voltage grid to TenneT and the future regulatory method from 2027. Relevant topics requiring the approval of the entire Supervisory Board were submitted to the complete Supervisory Board along with a recommendation drawn up by the Audit Committee.

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee (SAR Committee) met on four occasions in 2024. In addition to the SAR Committee members, the CEO and Corporate Secretary also attended these meetings.

In 2024, the SAR Committee centred on matters such as the outcomes of the 2023 talent management review, the creation of an ExCo, remuneration of Supervisory Board members, the Supervisory Board's self-evaluation and succession planning. The HR dashboard was also discussed. This dashboard presents topics such as FTE development, sickness absence, age and the gender ratio. The committee additionally carried out preparatory tasks for the Remuneration Report. The SAR Committee chair is also part of the selection committee tasked with finding a successor to Annemarie Jorritsma. The chair of the AC also sits on that committee. They were closely involved in the search process and took part in selection interviews. Moreover, acting for the Supervisory Board, the SAR Committee conducted the annual individual performance reviews with members of the Management Board.

Relationship with the Works Council

The Supervisory Board feels it important to maintain strong contacts with the Works Council; this contact gives us a feeling for what is really going on in the organisation. On two occasions in 2024, a delegation from the Supervisory Board met with the Works Council and the Management Board for a so-called Article 24 'Works Councils Act' meeting. The members of the Supervisory Board who were appointed on the basis of the Works Council's enhanced right of recommendation have regular contact with the Executive Team of the Works Council. The Works Council was also given the opportunity to make recommendations regarding the (re)appointment of Supervisory Board members.
In June, the Supervisory Board once again held its annual meeting with the Works Council. We discussed Alliander's growth and ever-increasing digitalisation, focusing specifically on workload, the onboarding of new employees, internationalisation of our workforce and the role of artificial intelligence (AI). The Supervisory Board considers its consultations with the Works Council to be open, constructive and valuable. Elections for Alliander's employee participation body were held in late 2024. We would like to take this opportunity to thank the departing Works Council members for their hard work and we look forward to meeting the new Works Council members.

Relationship with shareholders

The Annual General Meeting of Shareholders (AGM) is one of the opportunities for contact with the shareholders, and is when the Supervisory Board renders account on its performance of its supervisory duties. All the members of the Supervisory Board attended the AGM on 17 April 2024. In addition to rendering account regarding the supervisory activities, this is also an excellent opportunity for an informal exchange of thoughts and ideas. At the AGM, the 2023 annual report was discussed, the financial statements and dividend for 2023 were adopted, the Management Board and Supervisory Board members were granted discharge from liability for their respective duties in 2023 and Annemarie Jorritsma was reappointed as a Supervisory Board member. Furthermore, shareholders were advised of the payment of a special dividend (in the form of an interim dividend) for the 2024 financial year on account of the sale of Kenter.
As per usual, the Management Board also had regular informal meetings with the major shareholders in 2024, outside the formal meeting of shareholders. An important topic of discussion was the dividend policy update.

Other topics of discussion were grid congestion, the development of the new Heating Act and its impact on Alliander, the transfer of a high-voltage grid to TenneT and developments in laws and regulations. The Supervisory Board was consistently kept informed in respect of these topics.
In addition, the SAR Committee consulted with the Committee of Shareholders regarding the implementation of the Management Board remuneration policy. The Committee of Shareholders was also given the opportunity to make recommendations regarding the (re)appointment of Supervisory Board members.
The Supervisory Board feels positive about the good relationship and constructive dialogue with the shareholders during the past year.

Advice to shareholders regarding the financial statements

The 2024 financial statements were prepared by the Management Board and signed by the Management Board and Supervisory Board. PricewaterhouseCoopers Accountants N.V audited the financial statements, attended the Supervisory Board meeting during which the audit of the financial statements was discussed, and issued an unqualified audit opinion. The independent auditor's report is included in this annual report under 'Other Information'.

The Supervisory Board will present the 2024 financial statements and the dividend proposal for the 2024 financial year to the AGM on 16 April 2025 and request their adoption. A proposal will furthermore be made by the Supervisory Board to the AGM to discharge the members of the Management Board from liability for the management policy pursued, and to discharge the members of the Supervisory Board from liability for their supervision.

Word of appreciation

Alliander can look back on another intense year. A year during which great strides were made in the energy transition under challenging conditions. The Supervisory Board is proud of the results achieved and expresses its thanks to all employees, management, the Works Council and the Management Board for their dedication, professionalism and effort. Additionally, the Supervisory Board would also like to thank the shareholders for their support and trust in Alliander.

Supervisory Board, 3 March 2025

Annemarie Jorritsma-Lebbink (chair)
Frits Eulderink
Marinka Nooteboom
Thessa Menssen
Gerard Penning

Personal details

Raad van Bestuur

M. J. (Maarten) Otto MMC (1983, Dutch nationality)

Voorzitter en CEO

Maarten Otto has been chair of the Management Board and Chief Executive Officer (CEO) since May 2020. He is also responsible for the business and operations management of network operator Liander. He joined Alliander in 2017 and has held various positions in the company. Prior to that, he worked for the organisational consultancies TEN HAVE Change Management and Twynstra Gudde.

Maarten Otto studied Management, Economics and Law at The Hague University of Applied Sciences and Public Administration at Erasmus University Rotterdam. He has also completed postgraduate courses at VU Amsterdam and the London Business School.

Supervisory Board memberships/relevant other positions

- Chair of the Netbeheer Nederland Members Council
- Chair of the Management Board of WENb Werkgeversvereniging voor de Energie-, Kabel & Telecom- en Afval & Milieubedrijven (Employers' Association for the Energy, Cable & Telecom and Waste & Environment Sectors)
- Member of the Executive Management Board of VNO-CW

W. T. (Walter) Bien RC (1972, Dutch nationality)

Member of the Board and CFO

Walter Bien joined the Management Board on 7 October 2019, on which date he was also appointed to the position of Chief Financial Officer (CFO). He is also responsible for the business and operations management of network operator Liander. Before joining Alliander, he was CFO at Boskalis Dredging & Inland Infra and prior to that he held various board and management positions at Boskalis. Prior to his time at Boskalis, Walter Bien worked for Ballast Nedam.

Walter Bien earned a degree in Business Economics at the University Amsterdam. He also completed the Senior Executive Programme at the London Business School and a postgraduate controllers programme at the University of Amsterdam.

Supervisory Board memberships/relevant other positions

- Member of the Board of Trustees of Stichting AAP (wild animal rescue foundation), chair of the Audit Committee
- Member of the Finance & Audit Board and treasurer of Vereniging Natuurmonumenten (Dutch nature conservation association)

M. I. (Marlies) Visser (1968, Dutch nationality)

Member of the Board and COO

Marlies Visser was appointed member of the Management Board and Chief Operating Officer (COO) with effect from 1 May 2020. She is also responsible for the business and operations management of network operator Liander. Prior to joining the Board, she held the position of Director of Operations at Liander (from 2014). Before that, she worked at the Netherlands' primary railway operator, Nederlandse Spoorwegen, for nearly ten years, including as the company's Service & Operations Manager.

Marlies Visser studied Communication Science at the University of Amsterdam and, among other things, completed the Advanced Management Programme (AMP) at INSEAD Business School in Fontainebleau (France).

Supervisory Board memberships/relevant other positions

- Member of the Supervisory Board of Attero

F. D. (Daan) Schut (1974, Dutch nationality)

Lid en CTO

Daan Schut joined the Management Board on 1 April 2019, on which date he was also appointed to the position of Chief Transition Officer (CTO). He is also responsible for the business and operations management of network operator Liander. Prior to joining the Board, he held the position of Director of Asset Management (from 2014) as well as various management positions between 2009 and 2014. Before Alliander, Daan Schut worked as an advisor at KPMG.

Daan Schut studied IT Auditing at Erasmus University Rotterdam, and Business Economics at HAN University of Applied Sciences. He also attended the Advanced Management Programme (AMP) at INSEAD Business School in Fontainebleau (France).

Supervisory Board memberships/relevant other positions

- Member of the Management Board of Next Generation Infrastructures
- Member of the Board of Trustees of Stichting ElaadNL (knowledge and innovation centre on EV infrastructure and smart charging)
- Member of the Supervisory Board of GOPACS

Supervisory Board

A. (Annemarie) Jorritsma-Lebbink (1950, Dutch nationality), Chair

- First appointed: 1 July 2016
- End of current term: 2024
- Alliander committee: member of the Selection, Appointment and Remuneration Committee

Background information

Ms Jorritsma was a member of the Senate of the Netherlands for the Party for Freedom and Democracy (VVD) from 9 June 2015 to 13 June 2023, chairing the parliamentary party in the Senate from 24 November 2015 until the end of her tenure. After starting her national political career as a member of the Dutch House of Representatives in 1982, she served in two successive governments (Kok I and Kok II) as Minister of Transport, Public Works and Water Management, and Minister of Economic Affairs and Deputy Prime Minister respectively. Ms Jorritsma was Mayor of Almere from 2003 to 2015. She also chaired the Association of Dutch Municipalities (VNG) for seven years.

Relevant other positions

- Chair of the Supervisory Board of Accell Group[1], member of the Supervisory Board of Sandy HoldCo (Roompot[1]), member of the Supervisory Board of Wilgenhaege Capital Markets, member of the Advisory Board of Advies Econowind, chair of the Nederlandse Vereniging van Participatiemaatschappijen (NVP, Dutch association of holding companies), member of the Supervisory Board of Platform Talent voor Techniek (Talent for technology platform), chair of the board of the Holland International Distribution Council.

F. (Frits) Eulderink (1961, Dutch nationality)

- First appointed: 26 September 2019
- End of current term: 2027
- Alliander committee: member of the Audit Committee

Background information

Mr Eulderink is an advisor to Royal Vopak. Until 24 April 2024, he was Chief Operating Officer (COO) and a member of Royal Vopak's Executive Board. He previously held various technical and management positions at Shell, including Vice President of Unconventional Oil in Houston (US).

Relevant other positions

Chair of the Supervisory Board of Energie Beheer Nederland[1], member of the Supervisory Board of Dura Vermeer[1], member of the Advisory Council of Leiden Observatory research institute, member of the International Review Board of the Netherlands Research School for Astronomy.

T. (Thessa) Menssen (1967, Dutch nationality)

- First appointed: 26 September 2019
- End of current term: 2027
- Alliander committee: chair of the Audit Committee

Background information

- Ms Menssen was CFO and a member of the Management Board of BAM Group and before that she was CFO and COO of the Port of Rotterdam Authority.

Relevant other positions

Member of the Supervisory Board of Aalberts[1], member of the Supervisory Board of Ecorys, member of the Board of Trustees of the Scheepvaartmuseum (National Maritime Museum), member of the Board of Trustees of the Kröller Müller Museum.

M. (Marinka) Nooteboom (1971, Dutch nationality)

- First appointed: 19 April 2023
- End of current term: 2027
- Alliander committee: member of the Audit Committee

Background information

Ms Nooteboom is CEO of Koninklijke Nooteboom Group. Nooteboom started out her career in the financial sector successively at F. van Lanschot Bankiers and ING, before moving to the Nooteboom Group in 2010.

Relevant other positions

Member of Ace Centre of Expertise Advisory Council

G. R. (Gerard) Penning (1963, Dutch nationality)

- First appointed: 1 February 2021
- End of current term: 2025
- Alliander committee: chair of the Selection, Appointment and Remuneration Committee

Background information

Mr Penning was Chief Human Resources Officer (CHRO) and a member of the ABN AMRO's Executive Committee until 1 December 2022. He previously held various management and executive positions at Shell, including that of Executive Vice President of HR Downstream.

Relevant other positions

Member of the Administrative Board of the international organisation Sustainable Energy for All (SEforALL).

1 Supervisory position at a large legal entity within the meaning of Section 142a, Book 2 of the Dutch Civil Code

Remuneration report

This remuneration report sets out the remuneration policy pursued for Alliander's Management Board and Supervisory Board in 2024.

Remuneration policy for the Management Board

General

The current policy for remuneration of members of the Management Board was adopted by the General Meeting of Alliander shareholders in April and June 2023. The aim of the remuneration policy is to create conditions that allow the company to attract, motivate and retain capable directors in order to achieve its task in the context of the energy transition. Each year, the remuneration policy is updated by the Supervisory Board in the implementation policy. The implementation policy is reviewed in the process and, if necessary, adapted to fit amended regulations, social trends and labour market developments.

The Supervisory Board is responsible for the implementation of the adopted remuneration policy for the Management Board. The Selection, Appointment and Remuneration Committee discusses the implementation of the remuneration policy with the Committee of Shareholders every year. The Public and Semi-Public Sector Executives Pay (Standards) Act (WNT), which sets limits for the remuneration of senior executives within the public and semi-public sector, is not applicable to Alliander. However, the Supervisory Board is acutely aware of the evolving perceptions within society regarding remuneration in the public and semi-public sector. Against this background, the Supervisory Board finds the amount of the remuneration policy acceptable. This level of remuneration is expected to be sufficient to maintain the quality of the company's management, which is of vital importance in the light of the complex task facing Alliander and the dynamic context in which Alliander has to fulfil that task.

The WNT is applicable to network operator Liander N.V. The members of Alliander's Management Board are also responsible for the business and operational management of Liander. In this latter capacity, the members of the Management Board qualify as senior executives of Liander under the WNT. In view of this, the remuneration package for Liander is subject to a statutory pay cap.

Procedure

The Supervisory Board draws up the remuneration policy for the members of the Management Board, based on advice from the Selection, Appointment and Remuneration Committee. The General Meeting of Shareholders of Alliander adopts the remuneration policy. Within the set remuneration policy, the Supervisory Board, again acting on the advice of the Selection, Appointment and Remuneration Committee, sets the actual remuneration package for each individual Management Board member.

Remuneration components

The total remuneration package for the Management Board members for 2024 consists of the following components:

- Annual gross base salary
- Pension benefits
- Social security contributions and other benefits

Re 1. Annual gross base salary

Management Board members receive an annual gross base salary, including holiday allowance. The fixed gross annual salary of the members of the Management Board does not exceed 130% of the WNT limit. The fixed gross annual salary is adjusted annually to the current WNT remuneration limit.

Re 2. Pension benefits

Management Board members participate in the pension scheme of Stichting Pensioenfonds ABP as referred to in the collective labour agreement for network companies and applicable to all employees of Alliander. Since 1 January 2004, this has consisted entirely of an average-pay scheme. Management Board members pay an individual contribution to participate in the pension scheme. Effective from 1 January 2015, the maximum pensionable salary has been equal to the permitted maximum under tax rules (€137,800 for 2024). This implies that no further pension is accrued over the part of the salary that exceeds €137,800.

Re 3. Social security contributions and other benefits

In addition to the social security contributions that are normally paid by the company, Management Board members are entitled to an employer's contribution towards the premium for the group health insurance plan, contributions to the 'personal budget' scheme and the use of a car provided by the company. In addition, the company has arranged accident and liability insurance for the benefit of the Management Board members. The company does not provide loans, advances or guarantees to members of the Management Board.

A restrictive policy is in place for positions outside the company: the Supervisory Board must approve any supervisory board membership or other paid position, including positions of an advisory or supervisory nature, while other positions outside the company must be reported in advance to the Supervisory Board. A Management Board member cannot hold more than two supervisory positions in large Dutch companies or large foundations. In addition, a Management Board member cannot be the chair of a supervisory body of a large Dutch company or large foundation. Any remuneration received for other positions held pursuant to membership of Alliander's Management Board accrues wholly to the company. Remuneration for other positions not held pursuant to membership of Alliander's Management Board accrues to the Management Board member concerned, who is also liable for any tax consequences.

Other principles

Term of service

All members of the Management Board are employed by Alliander N.V. on the basis of an indefinite contract of employment.

Notice period and severance policy

Notice periods of three months for the Management Board members and six months for the company have been agreed with the Management Board members. If the company terminates a Management Board member's employment contract, other than for a compelling reason, it is company policy to award a severance payment of no more than one gross annual salary.

Implementation of the Management Board remuneration policy in 2024

General

When the composition of the Management Board was changed in 2019, a decision was made to set the remuneration of the various members of the Management Board at the same level to emphasise the non-hierarchical nature of the management model. Although the total remuneration package of the members of the Management Board is set at a maximum of 130% of the WNT standard[1], there may be differences in salary levels. These differences arise through individual options with regard to fringe benefits, such as the use of a car provided by the company.[2]

The WNT standard for 2024 is €223,000.

The remuneration data under Re 1., Re 2. and Re 3. were prepared on the basis of the IFRS accounting principles for the financial statements and not according to the definition of the WNT. As a result, although the maximum remuneration of 130% of the WTN standard is met, the total remuneration per individual based on the IFRS principles may deviate from this.

Re 1. Annual gross base salary

In the 2024 calendar year, Mr Otto's base salary amounted to €272,000, including 8% holiday allowance. Mr Bien's base salary amounted to €273,000, including 8% holiday allowance. The base salary paid to Ms Visser amounted to €265,000, including 8% holiday allowance, while Mr Schut's base salary amounted to €259,000, also including 8% holiday allowance.

Re 2. Pension benefits

Pension costs relate to standard pension contributions, which are based on the annual gross base pensionable salary, up to the permitted maximum of €137,800 under tax rules. In the year under review, €24,000 was paid in pension contributions per member of the Management Board.

Re 3. Social security contributions and other benefits

In 2024, the total amount of social security contributions, the employer's contribution towards the premium for the health insurance plan, and contributions to the personal employee benefits budget amounted to €18,000 for Mr Otto and Ms Visser, and €17,000 for Mr Bien and Mr Schut.

Remuneration ratios

The median of the remuneration of all employees of Alliander set against the remuneration of the chair of the Management Board results in the following remuneration ratios:

	2024	2023	2022	2021	2020
Ratio	4.2	3.7	3.7	3.7	3.6

Principles:

- The calculation for both the chair of the Management Board and the employees was based on the following elements: base remuneration, employer's contribution towards pension, social security contributions and other applicable remuneration elements.
- Both full-time and part-time employees were included in the calculation.

Remuneration policy for the Supervisory Board

The remuneration of the Supervisory Board members is fixed and not dependent on the company's results. The remuneration was adopted by the General Meeting of Shareholders in 2011 and consists of a fixed annual gross amount for the chair and a fixed annual gross amount for the other members. The remunerations are adjusted yearly in line with the wage developments under the collective labour agreement for network companies.

The members of the Supervisory Board are also entitled to an expense allowance. Alliander does not provide any personal loans, guarantees and so forth to the members of its Supervisory Board. Directors' liability insurance has been taken out for the members of the Supervisory Board. Pursuant to the WNT, the members of Alliander's Supervisory Board also qualify as senior executives of Liander. The remuneration of the Supervisory Board for its supervisory activities in respect of Alliander is equal to the maximum remuneration for supervisory work for Liander, although this is not required by law. Under the WNT, the maximum remuneration of the Supervisory Board chair and the Supervisory Board members is 15% and 10% respectively of the maximum WNT limit applicable to Liander. The Supervisory Board continues to explore options for

appropriate remuneration for the supervisory activities in line with the growing size of investments, risks and social relevance of the company, and the corresponding requirements in respect of quality and time investment by the Supervisory Board members in exercising adequate, good and focused supervision. For an overview of the total remuneration awarded to the members of the Supervisory Board for 2024, see the notes to the consolidated financial statements.

WNT

Alliander is not governed by the Public and Semi-Public Sector Executives Pay (Standards) Act (WNT), but network operator Liander is. The WNT requires companies to report on the remuneration of current and former senior executives. The annual report of the network operator, which is to be published in the second quarter of 2025, will contain disclosures on the WNT requirements.

Statement by the Management Board

In Control Statement

As the Management Board, we are responsible for the adequate design and effectiveness of our risk management and control system. In 2024, we evaluated the design and effectiveness of this framework, based in part on the business control framework information, quarterly in-control updates, the Internal Audit reports and the management letter from the external auditor. The outcomes of this evaluation were periodically discussed with the Supervisory Board.

The risk management and control system does not provide absolute assurance that corporate objectives will be achieved, nor can it give any absolute guarantee that material errors, losses, fraud or violations of legislation and regulations will not occur in the processes or in the financial reporting.

With due regard to the above, the Management Board is of the opinion that the report provides sufficient insights into the effectiveness and any failings of Alliander's internal risk management and control system. The aforementioned system provides reasonable assurance that the financial reporting does not contain any material misstatements. Moreover, the Management Board is of the opinion that it is appropriate to prepare the financial reports on a going concern basis based on the current state of affairs, and that the report states those material risks and uncertainties that are relevant to the expected continuity of the company for a period of twelve months after preparation of the report.

Management Board statement of responsibilities

We state that:

- the financial statements provide a true and fair view of the assets, liabilities, financial position and profit of Alliander N.V. and its consolidated companies;
- the additional information provided by the Management Board, as included in this annual report, provides a true and fair view of the position as at 31 December 2024 and of the business during the 2024 financial year of Alliander N.V. and its group companies, the results of which are included in the financial statements; and
- the key risks to which Alliander N.V. is exposed are described in the annual report.

Arnhem, the Netherlands, 3 March 2025

Maarten Otto
Walter Bien
Marlies Visser
Daan Schut

Financial statements

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Consolidated financial statements

Consolidated balance sheet

€ million	Note	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	3	11,195	9,972
Right-of-use assets	3	157	130
Intangible assets	4	317	316
Investments in associates and joint ventures	5	12	11
Other financial assets	7	38	38
Deferred tax assets	17	-	42
Total non-current assets		**11,719**	**10,509**
Current assets			
Inventories	9	197	193
Trade and other receivables	10	536	473
Other financial assets	7	-	47
Cash and cash equivalents	11	496	244
Total current assets		**1,229**	**957**
Assets held for sale	33	8	180
Total assets		**12,956**	**11,646**
Equity and liabilities			
Equity	12		
Share capital		684	684
Share premium		671	671
Subordinated perpetual bond loans		990	495
Hedge reserve		4	5
Other reserves		2,713	2,627
Result for the year		976	267
Total equity		**6,038**	**4,749**
Liabilities			
Long-term liabilities			
Interest-bearing debt	13	3,872	3,137
Lease liabilities	19	115	107
Deferred income	14	2,050	2,021
Provisions for employee benefits	15	19	20
Deferred tax liabilities	17	6	-
Other provisions	16	30	11
Total long-term liabilities		**6,092**	**5,296**
Short-term liabilities			
Trade and other payables	18	256	171
Tax liabilities	18	108	117
Interest-bearing debt	13	1	901
Lease liabilities	19	25	23
Provisions for employee benefits	15	51	46
Accruals	8, 18	375	323
Total short-term liabilities		**816**	**1,581**
Total liabilities		**6,908**	**6,877**
Liabilities held for sale	33	10	20
Total equity and liabilities		**12,956**	**11,646**

Consolidated income statement

€ million	Note	2024	2023
Income			
Revenue	21	3,043	2,725
Other Income	22	838	54
Total income		**3,881**	**2,779**
Operating expenses			
Purchase costs and costs of subcontracted work	23	-1,286	-1,027
Employee benefit expenses	24	-997	-857
Other operating expenses	25	-304	-249
Total purchase costs, costs of subcontracted work and operating expenses		**-2,587**	**-2,133**
Depreciation and impairments of non-current assets	26	-565	-532
Less: Own work capitalised		380	318
Total operating expenses		**-2,772**	**-2,347**
Operating profit		**1,109**	**432**
Finance income	27	14	9
Finance expense	28	-79	-78
Result from associates and joint ventures	5	4	-3
Profit before tax		**1,048**	**360**
Tax	29	-72	-93
Profit after tax from continuing operations		**976**	**267**
Profit attributable to non-controlling interests		-	-
Profit after tax		**976**	**267**

The profit after tax is almost entirely attributable to the shareholders of Alliander N.V.

Consolidated statement of comprehensive income

The comprehensive income was as follows:

€ million	2024	2023
Profit after tax	**976**	**267**
Other elements of comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Movement in hedge reserve	-1	-
Comprehensive income after tax	**975**	**267**

The profit after tax is almost entirely attributable to the shareholders of Alliander N.V.

Consolidated cash flow statement

€ million	Note	2024	2023
Cash flow from operating activities	30		
Profit after tax		976	267
Adjustments for:			
- Finance income and expense	27, 28	66	69
- Tax	29	72	93
- Result after tax from associates, joint ventures and third-party non-controlling interests	5	-4	3
- Depreciation, amortisation and impairment	14, 26	476	449
-Book profit on sale of subsidiaries/real estate	22	-757	-5
Changes in working capital:			
- Inventories		-3	-63
- Trade and other receivables		-31	-134
- Trade and other payables, accruals and deferred income		129	93
Total changes in working capital		**95**	**-104**
Changes in deferred tax, provisions, derivatives and other		28	18
Cash flow from operations		**952**	**790**
Interest paid		-75	-67
Interest received		-	-
Dividend received		3	3
Corporate income tax paid (received)		-51	-2
Cash flow from operating activities		**829**	**724**
Cash flow from investing activities	30		
Investments in intangible assets	4	-1	-
Investments in property, plant and equipment	3	-1,772	-1,411
Construction contributions received from third parties	14	128	140
Cash flow from the sale of subsidiaries/real estate	22	919	13
GE notes redeemed	6	-1	-5
Repayments of short-term debt	13	1	33
Paid deposits	7	47	51
Cash flow from investing activities		**-679**	**-1,179**
Cash flow from financing activities	30		
Issue of green bonds	13	741	497
Redemption EMTN	13	-400	-
Issue of subordinated perpetual bond loan	12	496	-
ECP financing issued	13	-500	200
Long-term debt issued	13	-	41
Long-term debt redeemed	13	-9	-126
Redemption lease liabilities	19	-45	-28
Reimbursement on subordinated perpetual bond loan	12	-8	-8
Dividend paid	12	-173	-82
Cash flow from financing activities		**102**	**494**
Net cash flow		**252**	**39**
Cash and cash equivalents as at 1 January		244	205
Net cash flow		252	39
Cash and cash equivalents as at 31 December		**496**	**244**

Consolidated statement of changes in equity

		Equity attributable to shareholders and other providers of equity						
€ million	Note	Share capital	Share premium	Subordinated perpetual bond loan	Hedge reserve	Other reserves	Profit for the year	Total
As at 1 January 2023		**684**	**671**	**495**	**5**	**2,517**	**198**	**4,570**
Profit after tax for 2023		-	-	-	-	-	267	267
Result interest rate swap		-	-	-	-	-	-	-
Comprehensive income for 2023		**-**	**-**	**-**	**-**	**-**	**267**	**267**
Reimbursement subordinated perpetual bond loan after tax		-	-	-	-	-6	-	-6
Dividend for 2022		-	-	-	-	-	-82	-82
Profit appropriation for 2022		-	-	-	-	116	-116	-
Total movements		**-**	**-**	**-**	**-**	**110**	**69**	**179**
As at 31 December 2023		**684**	**671**	**495**	**5**	**2,627**	**267**	**4,749**
Profit after tax for 2024		-	-	-	-	-	976	976
Result interest rate swap		-	-	-	-1	-	-	-1
Comprehensive income for 2024		**-**	**-**	**-**	**-1**	**-**	**976**	**975**
Reimbursement subordinated perpetual bond loan after tax	12	-	-	-	-	-6	-	-6
Dividend for 2023		-	-	-	-	-53	-120	-173
Profit appropriation for 2023		-	-	-	-	147	-147	-
Issue subordinated perpetual bond loan		-	-	495	-	-1	-	494
Other movements		-	-	-	-	-1	-	-1
Total movements		**-**	**-**	**495**	**-1**	**86**	**709**	**1,289**
As at 31 December 2024		**684**	**671**	**990**	**4**	**2,713**	**976**	**6,038**

Dividend

Dividend as part of the profit appropriation for the 2023 financial year (€120 million) was paid in April 2024 (€0.88 per share). The one-off dividend (in the form of an interim dividend) relating to the sale of Kenter (€53 million) was paid out in April 2024 (€0.39 per share).

Subordinated perpetual bond loans

The subordinated perpetual bond loans are treated as equity under IFRS, since Alliander does not have any contractual obligation to repay the loan. Any periodic payments on the loans are also conditional and depend on payments to shareholders. As and when resolutions are passed making distributions to shareholders, Alliander will also pay any arrears of the perpetual contractual coupon to the holders of the subordinated perpetual bond loans out of the other reserves.

Notes to the consolidated financial statements

Accounting policies

Alliander N.V. is a public limited liability company, with registered offices in Arnhem (Utrechtseweg 68, 6812 AH Arnhem) in the Netherlands.

The 2024 financial statements were signed by the members of the Management Board and the members of the Supervisory Board on 3 March 2025. The Supervisory Board will submit the financial statements for adoption by the General Meeting of Shareholders on 16 April 2025. The accounting policies are based on the assumption of a going concern.

The Alliander group

Alliander N.V. is a public limited liability company, with registered offices in Arnhem, the Netherlands. The principal activities of Alliander and its wholly-owned subsidiaries (also referred to here as 'Alliander', 'the Alliander group', 'the group' or similar expressions) are the operation of electricity and gas networks covering roughly one-third of the Netherlands, and the provision of related services.

The subsidiary Liander owns and manages the regional gas and electricity networks in the provinces of Gelderland, Friesland, Noord-Holland and parts of Zuid-Holland, Flevoland and Noordoostpolder. Under the Electricity Act 1998 and the Gas Act the management of the networks and regional distribution of electricity and gas are the exclusive responsibility of the network operator. Qirion provides services relating to the construction and maintenance of complex energy infrastructures. Among other things, Alliander AG performs activities relating to network management. The activities of Alliander Telecom N.V., TReNT B.V., TReNT Infra B.V. and the joint operation Utility Connect B.V. centre around data communications for the group and for third parties. Through its subsidiaries set up in previous years, including Firan and ENTRNCE, Alliander has taken the initiative in and is facilitating developments and activities aimed at creating a sustainable energy supply for the Netherlands.

Non-controlling interests

There are third-party non-controlling interests in Alliander's activities. As at year-end 2024, this concerned a 5% interest on the part of the Municipality of Nijmegen in Indigo B.V., a 5% interest on the part of the Municipality of Hengelo in Warmtenetwerk Hengelo B.V., a 5% interest on the part of the Municipality of Didam in Warmtenetwerk Didam B.V. and a 25% interest in Warmte-Infrastructuur Limburg Geothermie B.V., all of which are subsidiaries of Firan. See note 12.

IFRS

Alliander's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as at 31 December 2024, as adopted by the European Union (EU), and the provisions of Part 9, Book 2 of the Dutch Civil Code. IFRS consists of the IFRS accounting standards as adopted by the EU and the International Accounting Standards issued by the International Accounting Standards Board (IASB), as well as the interpretations of IFRS and IAS standards issued by the IFRS Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The significant accounting policies used in the preparation of the consolidated financial statements are set out below. The historical cost convention applies. However, certain assets and liabilities, including derivatives, are measured at fair value. Unless stated otherwise, these accounting policies have been applied consistently to the years covered in these financial statements.

The preparation of financial statements requires the use of estimates and assumptions based on experience and considered appropriate by management given the specific circumstances. These estimates and assumptions have an impact on the carrying amounts and presentation of the reported assets and liabilities, the off-balance sheet rights and obligations and the reported income and expenditure during the year. The actual outcomes may differ from the estimates and assumptions used. Note 35 to the financial statements gives further information on the areas and items in the financial statements where estimates and assumptions are used. Unless stated otherwise, all amounts reported in these financial statements are in millions of euros.

Unrealised profits on transactions between the Alliander group and its associates or joint ventures are eliminated pro rata according to the group's interest in the entity concerned. Unrealised losses are also eliminated, unless the transaction gives rise to the recognition of impairment losses. If appropriate, the accounting policies of associates and joint ventures are adjusted to ensure the consistent application of accounting policies throughout the Alliander group.

New and/or amended IFRS standards applicable in 2024

The IASB has issued new and amended accounting standards that are applicable to Alliander with effect from the 2024 financial year. The new accounting standards and amendments to accounting standards listed below have been endorsed by the European Union:

- Amendment to IAS 1 Presentation of Financial Statements 'Classification of Liabilities as Current or Non-current';
- Amendment to IAS 1 Presentation of Financial Statements 'Long Term Debt with Covenants';
- Amendment to IFRS 16 Leases: 'Lease Liability in a Sale and Leaseback'
- Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: 'Disclosures: Supplier Finance Arrangements'.

These financial statements have been prepared in compliance with these EU-approved amendments. However, these changes have no material impact on Alliander and they are therefore not discussed further in the financial statements.

Amendment to IAS 12 Income taxes: 'International Tax Reform – Pillar Two Model Rules'

On 31 December 2023, the 2024 Minimum Tax Rate Act came into force, pursuant to Directive (EU) 2022/2523 and based on the OECD/G20 Pillar 2 rules. Under the legislation, multinational groups which have a revenue of €750 million or more according to the consolidated financial statements of the ultimate parent must be subjected to a minimum effective tax rate of 15% per jurisdiction. If this tax rate is lower, 'top-up tax' may be charged.

The 2024 Minimum Tax Rate Act is applicable to Alliander N.V. since the revenue according to the consolidated financial statements of the group's ultimate parent, Alliander N.V., is €750 million or more in at least two of the four reporting years prior to the 2024 financial year.

Analysis shows that, based on the available financial data, the temporary safe harbour rules (rules to ease compliance obligations) can be used in the 2024 reporting year for all group companies held by Alliander N.V. in Germany, Belgium and Sweden, which results in zero top-up tax. The Dutch group companies cannot make use of the safe harbour rules. An analysis of the position of the Dutch group companies indicates that the top-up tax in relation to them would also be nil.

Under an amendment to IAS 12, a temporary, mandatory exemption applies to the recognition and disclosure of deferred taxes resulting from the introduction of the global minimum tax rate. This is intended to prevent different interpretations of how Pillar 2 should be applied and the effect this would have on deferred taxes in the financial statements. How long this exemption will remain in force is not yet known. Alliander will continue to assess the impact of the Pillar 2 legislation under the 2024 Minimum Tax Rate Act on its future financial performance.

This new standard and these amendments to standards do not have any material impact on Alliander and/or their relevance is either zero or very limited so they will not be discussed further in these financial statements.

Expected changes in accounting policies

In addition to the aforementioned new and amended accounting standards, the IASB and the IFRIC have issued new and/or amended standards and/or interpretations that will be applicable to Alliander in subsequent financial years. These accounting standards and interpretations can only be applied if adopted by the European Union. The proposed new or amended accounting standards are:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- IFRS 18 Presentation and Disclosure in Financial Statements;
- Amendments to IFRS 9 and IFRS 7: 'Classification and Measurement of Financial Instruments'.

IFRS 18 will replace parts of IAS 1 and will apply to financial periods beginning on or after 1 January 2027, although early voluntary adoption is permitted. This new standard aims to improve the reporting of companies' financial performance and to achieve better comparability between companies. It deals with the presentation and comparability of the income statement, with rules for the categorisation and breakdown of items in the financial statements and a mandatory explanation of 'management defined performance measures'. Alliander will determine the impact on the consolidated financial statements more precisely.

The other future amendments to accounting standards and interpretations are not relevant to Alliander and/or do not have any material impact on Alliander, so they will not be discussed further in the financial statements.

Basis of the consolidation

Subsidiaries

The consolidated financial statements comprise the financial data of Alliander and its subsidiaries. Subsidiaries are companies for which Alliander, either directly or indirectly, has control over the financial and operating policies so as to obtain benefits from their activities. In determining whether Alliander has control, actual and potential voting rights that are currently exercisable or convertible are taken into account, along with the existence of other agreements enabling Alliander to control financial and operating policies.

The assets, liabilities and results of subsidiaries are fully consolidated. The results of consolidated subsidiaries that have been acquired during the year are consolidated from the date Alliander obtains control over those subsidiaries. Consolidation of subsidiaries ceases from the date Alliander no longer controls the subsidiary.

The acquisition method is used to account for acquisitions of subsidiaries by Alliander. The purchase price of an acquisition is determined by measuring the fair value of the acquired assets, the issued equity instruments and the assumed or acquired liabilities. The consideration paid includes the fair value of all assets or liabilities arising out of contingent consideration arrangements. The identifiable assets and liabilities and contingent liabilities that are acquired are initially measured at fair value at the date of acquisition, irrespective of the amount that is attributable to non-controlling interests (see also the accounting policies for goodwill). For each business combination, it is determined whether any non-controlling interest in the acquiree is measured at fair value or at the proportionate share of the non-controlling interest in the acquiree's identifiable net assets. The interests of third parties in group equity and the group's profit after tax are presented separately as non-controlling interests and profit after tax attributable to non-controlling interests.

Intercompany transactions, intercompany receivables and payables and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated, unless the transaction gives rise to the recognition of impairment losses. If appropriate, the accounting policies of subsidiaries are adjusted to ensure the consistent application of accounting policies throughout the Alliander group.

Associates and joint arrangements

Associates are entities where Alliander, directly or indirectly, exercises significant influence, but not control, over the financial and operational policies. Significant influence is assumed when Alliander can exercise between 20% and 50% of the voting rights.

Joint ventures are joint arrangements where the parties having joint control over the arrangement have rights to the net assets of the arrangement. These parties are referred to as investors in joint ventures.

A joint operation is a joint arrangement where the parties having joint control over the arrangement (including Alliander) have rights to the assets and obligations for the liabilities relating to the arrangement. These parties are referred to as participants in joint operations. In a joint operation, Alliander recognises its assets and liabilities and its revenue and expenses arising from the joint operation. A list of the subsidiaries and other associates is included in the Subsidiaries and other associates section.

Investments in associates and interests in joint ventures are measured using the equity method. Initial measurement is at historical cost. The carrying amount of the associate or the joint venture includes the goodwill paid at the date of acquisition of the associate or entering into the joint venture and Alliander's share in the changes in the equity of the associate or joint venture after the date of the transaction. The share in the achieved results of the entities concerned since the date on which they were acquired is recognised in the income statement and the share in the change in unachieved results of the entities concerned since the acquisition date is included in other comprehensive income. If the accumulated losses exceed the carrying amount, they are not recognised unless Alliander has an obligation or has made payments to defray them, in which case, a provision is recognised and charged to income.

Unrealised profits on transactions between the Alliander group and its associates or joint ventures are eliminated pro rata according to the group's interest in the entity concerned. Unrealised losses are also eliminated, unless the transaction gives rise to the recognition of impairment losses. If appropriate, the accounting policies of associates and joint ventures are adjusted to ensure the consistent application of accounting policies throughout the Alliander group.

Scope of the consolidation

2024

On 31 January 2024, Alliander sold its shares in its subsidiary Kenter B.V. As of that date, control ceased and these entities were no longer consolidated. Warmtenetwerk Nijmegen Dukenburg B.V., a 100%-owned group company, was established in 2024 and thus became a subsidiary and therefore fully consolidated.

2023

Except for the establishment of 100% group company Kenter Employment B.V., no group companies were set up, purchased or sold in 2023.

Segment reporting

The reporting of segment information reflects the basis on which management information is reported to the Chief Operating Decision-Maker (CODM). The Management Board is identified as the most senior officer (CODM) responsible for the allocation of resources and for evaluating segment performance. Internal reporting is based on the same accounting policies as are used for the consolidated financial statements. The internally reported results are on a comparable basis, i.e. excluding incidental items and fair value movements. The reconciliation with the reported figures is given in note 2.

Alliander distinguishes the following segments:

- Network operator Liander
- Other

Foreign currency translation

Functional and presentation currency

The items in the financial statements of the entities forming part of the Alliander group are recorded in the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are prepared in euros, Alliander's functional and presentation currency.

Translation of transactions and balance sheet items in foreign currencies

Amounts of transactions in foreign currencies are converted into the functional currency at the applicable exchange rate at the time. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates at the balance sheet date. Currency translation differences resulting from the settlement of transactions denominated in foreign currency or the translation at the balance sheet date are recognised in the result, unless these exchange gains or losses are recognised directly in comprehensive income as cash flow hedges or net investment hedges in a foreign entity.

Currency translation differences on monetary investments in bonds are recognised in income when they relate to the translation of the amortised cost in foreign currency.

Impairments

To measure impairments, assets are allocated to the lowest possible level at which they generate separately identifiable cash flows (cash-generating units). Goodwill is allocated to a level that is consistent with the manner in which goodwill is internally reviewed by management. Impairment of cash-generating units is initially allocated to the goodwill of the cash-generating unit (or group of cash-generating units) and is subsequently allocated proportionately to the carrying amount of the other assets of the cash-generating unit.

Under IFRS, goodwill is tested annually for impairment by comparing the recoverable amount and the carrying amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated. Impairment losses – the difference between carrying amount and recoverable amount – are recognised in the income statement.

A similar calculation is only performed in the case of all other non-current assets if warranted by events or changes in circumstances (triggering event analysis). The results of this calculation determine whether the value of property, plant and equipment, intangible assets or financial assets has been impaired. Each year and when interim results are published, a test is carried out to establish whether such events or changes have occurred.

In 2024, Kenter B.V. and its subsidiaries ceased to be a CGU after its disposal on 31 January. Warmtenetwerk Nijmegen Dukenburg B.V. was added as a new CGU following its establishment in 2024. There were no changes to the CGUs in 2023.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In measuring the value in use, the estimated future cash flows are discounted at a pre-tax discount rate. The discount rate reflects the time value of money and the specific risks that are associated with the assets involved. If certain assets do not generate cash flows independently, the value in use is measured for the cash-generating unit to which the asset involved belongs.

If a previously recognised impairment loss ceases to apply, it is reversed to the original carrying amount less regular depreciation and amortisation up to the date of reversal. Impairments of goodwill are not reversed.

Assets held for sale and discontinued operations

Fixed assets held for sale and assets held for sale relating to key operations, as well as the liabilities that can be attributed to these assets, are recognised separately on the balance sheet. Assets are designated as being held for sale if Alliander has committed itself to the sale of the asset involved, if the sales process has started and if the sale is expected to occur within one year of the asset being classified as held for sale. These assets are no longer depreciated, but are recognised at fair value less costs to sell if this amount is lower than the carrying amount. If the sale has not taken place within one year, the asset and associated liabilities are no longer presented separately in the balance sheet unless the failure to meet the one-year time limit is due to events or circumstances beyond Alliander's control and Alliander still intends to sell the asset in question.

Assets held for sale and the associated liabilities are presented as such in the balance sheet from the time that they are designated as held for sale. The comparative figures in the balance sheet are not restated. A discontinued operation is an activity of material significance which has been either discontinued or classified as held for sale. The results from discontinued operations comprise the results for the entire financial year up to the close of the year. The comparative figures are restated in this case.

Property, plant and equipment

The property, plant and equipment item is subdivided into the following categories:

- Land and buildings;
- Networks;
- Other plant and equipment;
- Assets under construction.

The property, plant and equipment is measured at historical cost, less accumulated depreciation and impairment. At the time of the transition to IFRS on 1 January 2004, Alliander decided to use the option in IFRS 1 First-Time Adoption of International Financial Reporting Standards to recognise networks at their deemed cost on that date.

Historical cost includes all expenditure directly attributable to the purchase of an item of property, plant and equipment or the production of an item of property, plant and equipment for own use. The cost of production for the company's own use includes the direct costs of materials used, labour and other direct production costs attributable to the production of the item of property, plant and equipment and the costs required to bring it into its operational condition.

The costs of loans associated with the purchase of an item of property, plant and equipment or assets under construction are capitalised in so far as they can be directly attributed to the acquisition, production or construction of a qualifying asset. This is in line with IAS 23, under which interest on the financing for such assets must be capitalised during the period in which the assets are made ready for their intended use or sale.

Costs incurred after the date on which an item of property, plant and equipment has been taken into use are only capitalised if it can be assumed that these costs will generate future economic benefits and if they can be measured reliably. Depending on the circumstances, these costs form part of the carrying amount of the asset involved or are capitalised separately. The carrying amount of the original asset is derecognised on replacement. Maintenance expenditure is charged directly to the income statement in the year these costs are incurred.

Historical cost also includes the net present value of the estimated dismantling and removal costs and, if applicable, the costs of restoring the site to its original condition insofar as there is a legal or constructive obligation to do so. These costs are capitalised at the time of acquisition or at a later date when the obligation arises. In both cases, the capitalised costs are depreciated over the expected remaining useful life of the asset concerned.

With the exception of gas assets, property, plant and equipment are depreciated using the straight-line method over the expected useful life of the various components comprising the asset in question, taking into account the expected residual value. Since 1 January 2022, the variable declining balance method has been used for depreciation of the gas assets. Under this method, a factor of 1.2 is applied, which means that in the first year 120% of the equivalent linear depreciation is charged. In subsequent years, the same percentage of the remaining carrying amount is charged, until such time as the depreciation based on the declining balance method is lower than the amount that would be charged under the linear method. At this point, the linear method is applied instead.

The useful lives of the asset categories are as follows:

- Land: not depreciated;

- Buildings: 20-50 years;
- Networks: 5-55 years;
- Other plant and equipment: 3-60 years;
- Assets under construction: not depreciated.

Assets with a short useful life (5 years) forming part of the networks mainly concern electronic equipment. The networks themselves (pipes and cables) generally have a useful life of 40 to 55 years. The expected useful lives, residual values, and depreciation methods are reviewed annually and adjusted as necessary. Gains or losses on disposal are determined from the sales proceeds and the carrying amount on the date of disposal. Gains are recognised in other income.

Changes in estimations

2024

As CDMA technology will cease to be supported after the end of 2034, the useful lives of smart meters that use this technology has been capped at that date. This change in estimates is being applied prospectively. Therefore, this will lead to an additional depreciation expense of €3 million per year until 2034.

2023

In 2023, the estimation methods remained unchanged.

Intangible assets

Goodwill

Goodwill is the amount by which the consideration paid on transfer of ownership exceeds the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries or associates acquired. Goodwill recognised on the acquisition of subsidiaries or associates is classified under intangible assets. Goodwill recognised on the acquisition of associates is included in the cost of the investment concerned. If the amount paid on transfer is lower than the fair value of the identifiable assets, liabilities and contingent liabilities (negative goodwill), this difference is recognised directly through the income statement.

The carrying amount of goodwill consists of historical cost less accumulated impairment. Impairment tests are performed annually in order to determine whether the carrying amount of the goodwill has been impaired. On the disposal of entities or cash-generating units, the goodwill attributable to the entity or unit is taken into account in determining the result on disposal.

Other

Purchased lease contracts are recognised in the balance sheet as other intangible assets, measured at the net present value of the future cash flows. Amortisation is calculated over the average period of the purchased contracts.

Financial assets

Classification and recognition

Financial assets – mostly investments in loans and shares – are classified into the categories described hereafter. Financial assets are classified as current if the remaining term to maturity is less than 12 months at the balance sheet date. They are classified as non-current if the remaining term to maturity is longer than 12 months. The category in which a financial asset is placed and measured depends on

- the entity's business model for managing the financial assets
- and the contractual cash flow characteristics of the financial asset.

the entity's business model for managing the financial assets

and the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are satisfied:

- The financial asset is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is recognised at fair value through other comprehensive income if both of the following conditions are satisfied:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset must be recognised at fair value through profit or loss unless, in accordance with the above paragraphs, it is recognised at amortised cost or at fair value through other comprehensive income.

On initial recognition, a financial asset is measured at fair value plus, in the case of a financial asset that is not recognised at fair value through profit or loss, the transaction costs directly attributable to the acquisition or issue of the financial asset.

Alliander does not employ any business models where the aim is achieved both by receiving contractual cash flows and by selling financial assets. Alliander's financial assets are therefore measured after initial recognition either at amortised cost or at fair value through profit or loss.

If the fair value of financial assets measured at amortised cost has been hedged, the amortised cost is adjusted for the gain or loss attributable to the hedged risk. These adjustments are recognised in the income statement.

Impairments

A provision for losses is recognised for expected credit losses on financial assets that are measured at amortised cost or recognised at fair value through other comprehensive income. Calculation of the impairment is based on the expected loss. Credit risk is determined individually, taking account of the probability of default by the counterparty as determined partly on the basis of leading credit rating agencies and the resulting average loss. The general approach is that of the expected credit loss (ECL) model, which involves determining the 12-month expected credit loss. In the event of a significant increase in the credit risk on a financial asset, the lifetime expected credit loss is recognised. The amount of the expected credit loss (or reversals) that is required to adjust the compensation for losses as at the reporting date is recognised as an impairment gain or loss in the income statement.

Derivatives and hedge accounting

Derivatives are measured at fair value. The fair values are either derived from quoted prices in active markets or obtained from recent market transactions of a similar nature, or calculated using valuation methods such as discounted cash flow models and option valuation models when there is no active market for the instruments.

Derivatives are classified as current or non-current assets if the fair value is positive and as current or non-current liabilities if the fair value is negative. Derivative receivables and payables with the same counterparty are netted if there is a right to do so and Alliander has the intention to settle the transaction on a net basis.

Accounting for movements in fair value of derivatives

Derivatives are classified as current or non-current assets if the fair value is positive and as current or non-current liabilities if the fair value is negative. Derivative receivables and payables with the same counterparty are netted if there is a right to do so and Alliander has the intention to settle the transaction on a net basis.

Commodity contracts intended for own use by the company

Alliander may use energy commodity contracts for physical purchases of electricity, gas and green certificates (renewable energy certificates – RECs) for network losses occurring in the distribution of electricity and gas. For these contracts, transactions are recognised on the delivery date at the then applicable prices. Contracts are designated as own-use contracts, as contracts for trading or as hedges on the date on which they are entered into.

Hedge accounting

Alliander uses derivatives to hedge foreign exchange risks on assets and liabilities, interest rate risks on long-term loans and price risks arising from energy commodity contracts. These hedge transactions can be divided into two categories:

- Cash flow hedging: these are instruments hedging the risk of movements in future cash flows that may affect profit or loss. The hedges are attributable to a specific risk that is related to a balance sheet item or a future transaction that is highly probable. The effective part of the changes in the fair value of the hedge reserve is recognised in shareholders' equity under the hedge reserves. The non-effective part is taken to the income statement. The accumulated amounts recognised in equity are transferred to the income statement in the period in which the hedged transaction is recognised in the income statement. However, if a forecast transaction that is hedged leads to the recognition of a non-financial asset or liability, the accumulated gains and losses on the hedges are included in the initial measurement of the asset or liability involved. If a hedge ceases to exist or is sold, or when the criteria for hedge accounting are no longer being met, the accumulated fair value movements are held in equity until the forecast transaction is recognised in the income statement. If a forecast transaction is no longer expected to occur, the accumulated fair value movements that were recognised in equity are recognised through the income statement;
- Fair value hedges: these are instruments hedging the risk of movements in the fair value of assets and/or liabilities, or a part thereof, carried on the face of the balance sheet, or firm commitments, or a part thereof, that may affect profit or loss. A firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates. Fair value movements of derivatives that are designated as fair value hedges are recognised in the income statement, together with the movements in the fair value of the assets or liabilities or groups thereof, that are attributable to the hedged risk.

At the start of a hedging relationship, and subsequently on an ongoing basis, an assessment is made to establish whether the hedging relationship satisfies the hedge effectiveness requirements. If a hedging relationship ceases to satisfy the hedge effectiveness requirements but the risk management objective of the hedging relationship is unchanged, rebalancing takes place by changing the terms of the hedging relationship in such a way that it again satisfies the criteria. This rebalancing is processed administratively as a continuation of the hedging relationship. Upon rebalancing, the hedge ineffectiveness of the hedging relationship is calculated and recognised.

Other derivatives

Fair value gains and losses on other derivatives are recognised in the income statement.

Leases where Alliander acts as lessor

Operating leases

Alliander has entered into operating leases for district heating networks and energy-related installations. Operating leases are leases that are not designated as finance leases. Risks and rewards incidental to ownership of the assets concerned are not, or not substantially, transferred to the lessee.

The assets that are leased to third parties under operating leases are classified as property, plant and equipment. The proceeds from operating leases are recognised through the income statement as operating income over the lease period. To calculate the credit losses to be recognised in respect of outstanding receivables for operating leases, the simplified approach for trade receivables and contract assets is used. See also the policies for trade and other receivables.

Finance leases

Alliander has entered into a finance lease for a heat transport pipeline. Risks and rewards incidental to ownership of the assets concerned are entirely, or almost entirely, transferred to the lessee.

Finance lease receivables are recognised in other financial assets. The finance benefits over the lease period from finance leases are recognised through the income statement as finance income. For the determination of the credit losses to be recognised in respect of outstanding receivables for finance leases, the accounting policy for impairments on financial assets applies.

Inventories

Inventories are measured at the lower of cost and net realisable value. These inventories consist of raw materials and consumables, inventories in process of production and finished goods. The cost of inventories is determined using the FIFO (first-in, first-out) method. Net realisable value is measured using the estimated sales price in normal operating circumstances, less the estimated costs to sell. In addition to sales to third parties and the use of inventories for maintenance work, inventories are used in internal projects and consequently capitalised as property, plant and equipment.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently at amortised cost less impairment for the default risk. The expected credit loss on trade and other receivables is determined on a collective basis using a graduated scale based on empirical figures, taking account of the risk of default on initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise all liquid financial instruments with a maturity date at inception of less than three months. Cash and cash equivalents include cash in hand, bank balances, money market loans and short-term deposits. Overdrafts are only classified as cash and cash equivalents if Alliander has the right to net debit and credit balances, the debit and credit balances are held with the same bank and Alliander has the intention to exercise this right and also actually does so.

Cash and cash equivalents are measured at fair value on initial recognition and subsequently at amortised cost, which in general equals the face value. Cash and cash equivalents also include cash and cash equivalents to which Alliander does not have free access. Amounts owed to credit institutions are recognised as interest-bearing debt.

Interest-bearing debt

Interest-bearing debt consists primarily of loans and is initially measured in the balance sheet at the fair value of the consideration receivable, less transaction costs. With the exception of derivatives, it is subsequently measured at amortised cost. Where the interest-bearing debt is hedged by means of a fair value hedging instrument, the amortised cost of the interest-bearing debt is adjusted for the movement in fair value attributable to the hedged risk. These adjustments are recognised in the income statement.

Leases where Alliander acts as lessee

When entering into a contract, an assessment is made as to whether it is or contains a lease. A contract is or contains a lease if it grants a right to control the use of an identified asset for a period of time in exchange for consideration. In case of a contract that is or contains a lease, each lease component of the contract is recognised as a lease in the records separately from the contract's non-lease components.

On the effective date, the right-of-use asset is measured at cost. Cost is made up of the amount of the first measurement of the lease liability, the initial direct costs incurred, lease payments made on or before the effective date, less all lease incentives received.

On the effective date, the lease liability is measured at the present value of the lease payments not made on that date. The lease payments are discounted based on the lease's imputed rate of interest, provided it can be estimated reliably. If not, the incremental borrowing rate of interest is used. The incremental borrowing rate is determined on the basis of the risk-free market interest rate plus a risk markup specific to Alliander over a similar period and with the same type of security as the terms on which Alliander would be able to obtain finance to acquire a comparable asset.

Rights of use are measured at historical cost, less accumulated depreciation and impairment.

After initial recognition, the lease liabilities are measured by increasing the carrying amount to show the interest on the lease liability and lowering it to show the lease payments made.

Alliander uses the exemptions for short-term and low-value leases offered by IFRS.

Construction contributions, government and investment grants

Construction contributions

Construction contributions from customers in connection with investments in the electricity and gas infrastructure for the provision of connection and distribution services are recognised in the balance sheet as contract liabilities (deferred income). Deferred income is amortised over the expected useful lives of the assets involved. The amortisation is recognised through the income statement as revenue.

Government subsidies and investment grants

Government subsidies and investment grants are recognised if there is reasonable certainty that the criteria for receiving the grant are or will be met, and that the grant will be received. Grants received for investments in property, plant and equipment are recognised as deferred income in the balance sheet and are amortised over the expected useful lives of the assets involved. The amortisation is recognised through the income statement as other income.

Government grants and operating subsidies that do not relate to investments in property, plant and equipment or other non-current assets are taken to income when the associated costs are incurred.

Tax

Deferred tax assets and liabilities that arise from taxable temporary differences between the carrying amount in the financial statements and the carrying amount for tax purposes are determined using the corporate income tax rates that are currently applicable or will be applicable, under current legislation, at the time of settlement of the deferred tax asset or liability. Deferred tax assets, arising, for example, from operating losses, are only recognised if it is probable that sufficient future taxable profits will be available – accounting for them at tax group level. Deferred tax assets and liabilities are only offset if Alliander has a legal right of set-off and the assets and liabilities relate to taxes levied by the same authority. Deferred tax assets and liabilities are measured at face value.

The current tax expense is determined using the applicable rates for corporate income tax and is recognised at face value. Permanent differences between the results for tax purposes and financial reporting purposes, and the ability to utilise tax losses carried forward are taken into account if deferred tax assets have not been recognised for these tax losses.

Provisions for employee benefits

Multi-employer plans

Alliander has a number of defined benefit plans and defined contribution plans for which contributions are generally paid to pension funds or insurance companies. The main pension schemes, which are administered by ABP, take the form of multi-employer plans. Although these pension plans are essentially defined benefit plans, these plans are treated as defined contribution plans as Alliander does not have access to the required information *and* because its participation in the multi-employer plans exposes it to actuarial risks that relate to the present and former employees of other entities. The pension contributions due for the financial year are accounted for as pension costs in the financial statements. Where there is an agreement for a multi-employer

plan that specifies how a surplus is distributed to the participants or a deficit is to be financed and where the plan is accounted for as a defined contribution plan, a receivable or payable arising from the agreement is recognised in the balance sheet. The resulting gains or losses are recognised in the income statement. The pensions of by far the majority of Alliander's workforce are managed by the ABP pension fund and do not have such contractual agreements.

As a result, no receivable or liability has been recognised in the balance sheet. The contributions paid during the year are recognised in the income statement.

In addition to the above multi-employer pension plans in the Netherlands, Alliander has two defined benefit plans relating to subsidiaries in Germany, although these are not of material importance. These plans are accounted for in accordance with the amended IAS 19.

Pensions and other post-employment benefits

Pensions and other post-employment benefits include, among other things, the medical benefit scheme for retired employees. This scheme has not been transferred to an external insurance company or pension fund. The amount of the liability carried on the face of the balance sheet in respect of the medical and other post-employment benefits is made up of the net present value of the gross liability in respect of the defined medical benefit obligation plus or less actuarial gains and losses and less past-service costs not yet recognised as at the balance sheet date. These components are computed actuarially.

The present value of the medical benefit obligation is determined using the projected unit credit method, which takes into account the accrued entitlements at the balance sheet date and changes in the entitlements. The costs for the medical benefit scheme attributable to the year of service and the accretion of interest to the provision are recognised in employee benefits in the income statement.

Other long-term employee benefits

Other long-term employee benefits include plans, other than pension plans, in which payment does not occur within 12 months after the end of the period in which the employees render the related service. These plans consist of long-term sickness benefits, long-service benefits, payments on reaching retirement age and incapacity benefits for former employees, and additional annual leave for older employees. These obligations have not been transferred to pension funds or insurance companies. The obligation for other long-term employee benefits in the balance sheet consists of the net present value of the vested benefits. If appropriate, estimates are made of future salary rises, employee turnover and similar factors. These factors form part of the calculation of the provision. Changes in the provision resulting from changes in actuarial assumptions and benefits are taken directly to the income statement. The service costs attributable to the year of service and the accretion of interest to the provision are recognised in employee benefits in the income statement.

Termination benefits/restructuring

Termination benefits are benefits resulting from a decision by Alliander to terminate the employment contract before the normal retirement date or the voluntary decision of an employee to agree to the termination of the employment contract. The nature and the amount of the termination benefits are laid down in the Social Plan. The Social Plan is renegotiated periodically. A provision is only recognised if Alliander has drawn up a detailed restructuring plan which has been approved and communicated and it is not probable that the plan will be withdrawn at a later date. The amount of the provision is measured at the best estimate of the amount needed to settle the obligation. If the payment is expected to occur more than 12 months after the balance sheet date, the provision is stated at net present value.

Other provisions

Provisions are recognised when:

- There is a legal and/or constructive liability at the balance sheet date arising from events that occurred before the balance sheet date;

- It can be reasonably assumed that an outflow of economic resources will be required to settle the liability and a reliable estimate of the liability can be made.

Provisions are measured at the face value of the amounts deemed necessary to settle the obligation, unless the time value of money is significant. In that case, the provision is stated at net present value. The interest accrual is recognised as finance expense in the income statement.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost. Due to the usually short term of these liabilities, the fair value and amortised cost are generally equal to the face value.

Income recognition

A distinction is made between revenue and other income. All income from contracts with customers is recognised as revenue and all remaining income as other income. Income is measured on the basis of the performance obligations in the contract with the customer. This excludes amounts received on behalf of third parties. The income is recognised at the moment control of the product or service is transferred.

In assessing the customer contracts, separate portfolio-based approaches are used for matters such as the connection, transport and metering services of the distribution system operating activities. Customer contracts for these services are entered into indefinitely, with the customer paying an investment contribution at the inception of the contract, followed by periodical payments for the service provided. The provision of these services concerns performance obligations satisfied over time. The related revenue is recognised over the period in which the customer receives the service. The transaction price is identified on the basis of the tariffs set by Alliander, which for regulated revenue are based on the permitted income set by the Netherlands Authority for Consumers & Markets (ACM). The upfront investment contribution concerns a payment for a performance obligation to be satisfied over the duration of the contract by providing the connection and distribution service. The contribution received is recognised in the balance sheet as a performance obligation to be satisfied – deferred income – which is amortised over the useful life of the assets concerned.

Net revenue

Net revenue is made up of:

- Regulated revenue. This is revenue from the distribution of electricity and gas to customers and from connecting customers, including, on the one hand, fixed components, referred to as the capacity tariff and, on the other hand, the amortisation of the deferred income from customers. Also included is the revenue from providing electricity and gas metering services for small-scale users. For the provision of these various services in the retail market in the period from the final statement for the year up to the balance sheet date, estimates are made of revenue to be billed;
- Free domain revenue such as from large-user metering services, the service component of leased installations and maintenance of complex energy infrastructures.

Other income

Other operating income consists of the following and items, among others:

- Rental income (the lease component of rented assets classed as operating leases);
- Amortisation of government and investment grants recognised as liabilities; for details, reference is made to the relevant accounting policies;
- Results on the disposal of property, plant and equipment, i.e. the balance of the net proceeds from the sale and the carrying amounts of the assets disposed of. Gains and losses on the disposal of assets are presented net.

Purchase costs and costs of subcontracted work

This includes the costs of network losses, including the expected effects of reconciliation, the costs of distribution capacity and distribution restrictions and the costs of compensation payments. It also includes the costs of raw materials, consumables and supplies used for the supply of goods and services and the cost of subcontracted work such as billing and payment collection and engagement of subcontractors.

Own work capitalised

This item includes the costs of Alliander staff incurred on investment projects.

Finance income

This item consists of the interest income on financial interest-bearing assets, i.e. loans, receivables, money market loans and deposits, measured using the effective interest method, and income from foreign currency results and movements in the fair value of interest rate derivatives.

Finance expense

This item consists of the following:

- Interest expenses: this includes the interest expenses on interest-bearing liabilities, measured using the effective interest method. Interest-bearing liabilities consist of loans, liabilities under the Euro Medium Term Notes programme, subordinated and green loans and commercial paper, with the exception of the subordinated perpetual bond loan. Also included with interest expenses are other finance-related costs, such as commitment fees, etc. and premiums paid in connection with the early redemption of corporate bonds issued by the company;
- Foreign exchange differences arising from the translation of transactions denominated in foreign currencies, financial assets and liabilities and derivatives in foreign currencies, except for the results of cash-flow hedges, which are initially recognised in equity;
- Fair value movements in interest-rate derivatives that are used to hedge future cash flows and the corresponding adjustment of the amortised cost of hedged financial assets and liabilities for the movement in the value of the hedged risk; and
- Results on the termination of CBLs or other financing contracts.

Policies for the consolidated cash flow statement

The cash flow statement is prepared using the indirect method. The movement in cash and cash equivalents is derived from profit after tax according to the income statement. Exchange differences and all other movements not resulting in cash flows are eliminated. The same applies to the finance income and expense and the corporate income tax recognised in the income statement. These items are replaced in the cash flow from operating activities by the interest paid/received and the tax paid/received, respectively. The financial consequences of the acquisition or sale of associates and subsidiaries are shown separately in the cash flow from investing activities. As a result, the cash flows presented do not correspond to the changes in the consolidated balance sheets.

The definition of cash and cash equivalents in the cash flow statement is the same as that used in the balance sheet.

Note 1 Business combinations

There were no investments in business combinations in 2024 and 2023.

Note 2 Segment information

Alliander distinguishes the following reporting segments in 2024:

- Network operator Liander
- Other

This segmentation reflects the internal reporting structure, specifically the internal consolidated and segmented monthly reports, the annual plan and the business plan.

Network operator Liander forms the largest company within the Alliander group and is responsible for providing gas and electricity connections and for distributing gas and electricity in Gelderland and parts of Noord-Holland, Flevoland, Friesland and Zuid-Holland. It is Alliander's largest business unit, accounting for almost 96% of the revenue.

The 'Other' segment covers the entirety of the other operating segments in the Alliander group, such as the activities of Qirion, Alliander AG, new activities, the corporate staff departments and the service units. Qirion provides services relating to the construction and maintenance of complex energy infrastructures, on behalf of Liander as well as third parties. Alliander AG carries on network operation and public lighting activities in Germany. Established as well as new activities include targeted investments in the infrastructure for electric vehicles, sustainable area development and sustainable housing. The corporate staff departments and service units include Shared Services and IT, which perform activities on behalf of Liander among others. All these activities can be combined into a single segment inasmuch as they do not satisfy the quantitative criteria in order to qualify separately as reporting segments.

Except for the corporate staff and service units, the business of the other operating segments exhibits similar characteristics, depending on the nature of the products and services and the nature of the production processes, viz.: supply, construction, management and maintenance of energy-related products and services. Given the scale of these other operating segments, other characteristics in the sense of customers and distribution channels are not relevant segment reporting distinctions. Furthermore, these operating segments have been aggregated in the Other segment since none of them satisfies the quantitative criteria that would qualify them as separate reporting segments.

Reporting

Alliander produces regular management reports for the Management Board, with quarterly reports for the Supervisory Board as well. As regards both balance sheet and income statement, these reports use the same accounting policies and classification as the financial information contained in the financial statements. The Management Board assesses the performance of the business on the basis of these reports. The financial reports focus on the consolidated and segment information concerning operating expenses. The operating result is also included on a comparable basis, i.e. excluding incidental items and fair value movements. The operating result is total income less total expenses.

A statement showing the primary segmentation analysis is presented below, including reconciliation with the reported figures.

Notes

The external revenue of Liander mainly comprises income from energy transport, connection and metering services. In the 'Other' segment, external revenue mainly derives from the services provided by Qirion, Telecom activities and new activities and the income from network management activities in Germany. The eliminations result from the internal services provided by corporate staff departments and service units (such as IT and Shared Services). These internal supplies are made at cost.

Primary segmentation

€ million	Network operator Liander		Other		Eliminations		Total		Reclassification to reported and incidental items		Reported	
Income statement	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Operating income												
External income	2,924	2,519	170	255	-	-	3,094	2,774	787	5	3,881	2,779
Internal income	3	4	508	427	-511	-431	-	-	-	-	-	-
Total income	**2,927**	**2,523**	**678**	**682**	**-511**	**-431**	**3,094**	**2,774**	**787**	**5**	**3,881**	**2,779**
Operating expenses												
Purchase costs and costs of subcontracted work	1,383	1,065	35	79	-132	-117	1,286	1,027	-	-	1,286	1,027
Operating expenses	988	795	692	625	-379	-314	1,301	1,106	-	-	1,301	1,106
Depreciation and impairments	477	444	88	88	-	-	565	532	-	-	565	532
Own work capitalised	-250	-216	-130	-102	-	-	-380	-318	-	-	-380	-318
Total operating expenses	**2,598**	**2,088**	**685**	**690**	**-511**	**-431**	**2,772**	**2,347**	**-**	**-**	**2,772**	**2,347**
Operating profit	**329**	**435**	**-7**	**-8**	**-**	**-**	**322**	**427**	**787**	**5**	**1,109**	**432**
Finance income	-	4	190	102	-176	-97	14	9	-	-	14	9
Finance expense	-176	-97	-79	-78	176	97	-79	-78	-	-	-79	-78
Share in results of associates and joint ventures after tax	6	3	-2	-7	-	-	4	-3	-	-	4	-3
Tax	-39	-88	-25	-2	-	-	-64	-91	-8	-1	-72	-93
Profit after tax from continuing operations	**120**	**257**	**77**	**7**	**-**	**-**	**197**	**264**	**779**	**4**	**976**	**267**
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Profit after tax	**120**	**257**	**77**	**7**	**-**	**-**	**197**	**264**	**779**	**4**	**976**	**267**
Segment assets and liabilities												
Total assets	11,446	10,301	4,534	4,108	-3,024	-2,763	12,956	11,646	-	-	12,956	11,646
Non-consolidated investments in associates	8	4	4	7	-	-	12	11	-	-	12	11
Liabilities (non-current and current)	8,280	7,277	4,377	4,547	-5,749	-4,947	6,908	6,877	-	-	6,909	6,877
Other segment items												
Investments in property, plant and equipment	1,668	1,305	104	83	-	-	1,772	1,388	-	-	1,771	1,388
Number of permanent staff at year-end	4,000	3,465	3,482	3,328	-	-	7,482	6,793	-	-	7,482	6,793

The profit after tax for 2024, like that for 2023, is almost entirely attributable to the shareholders of Alliander N.V.

Reclassification to reported and incidental items

The sale of Kenter B.V. had a positive effect of €757 million on operating income. This bookprofit qualifies for the substantial-holding privilege, based on which this did not give rise to corporate income tax.

Liander also concluded a settlement agreement with the State of the Netherlands on the charges for dismantling gas connections for small consumers in the period from 2 March 2021 to 31 January 2024. The Code Decision was overturned by the Dutch Trade and Industry Appeals Tribunal on 20 June 2023, as a result of which network operators are no longer permitted to include the removal costs in the regular connection fee. As a compensation, Liander received a settlement payment of €30 million. The 'tax' item is a direct consequence of this income.

Segment assets

The amounts in the eliminations column against total assets mainly concern the eliminations of the investments in the subsidiaries of Alliander. The eliminations against the liabilities relate to the current-account positions between the subsidiaries and Alliander. Within the Alliander group, there are group financing arrangements, involving central administration of external accounts. All the subsidiaries maintain a current account with Alliander. There are no assets or equity and liabilities that are not allocated.

Product segmentation

In compliance with IFRS 15, the following table discloses net revenue according to distinct products (product segmentation).

	Segmentation of consolidated revenue by product						
€ million	Total	Transport and connection service electricity	Transport service gas	Connection service gas	Metering service small consumers electricity	Metering service small consumers gas	Other activities
Revenue 2024	**3,043**	2,236	387	137	38	68	177
Revenue 2023	**2,725**	1,839	384	133	56	65	248

Net revenue in 2024 amounted to €3,043 million (2023: €2,725 million), with other income of €838 million (2023: €54 million).

In total, external revenue came in at €3,881 million (2023: €2,779 million).

Seasonal influences

Alliander's results are not materially affected by seasonal influences.

Geographical segmentation

	External income		Property, plant and equipment		Intangible assets		Non-consolidated associates and joint ventures	
€ million	2024	2023	2024	2023	2024	2023	2024	2023
The Netherlands	3,849	2,747	11,133	9,913	317	316	12	10
Rest of the world	32	32	62	59	-	-	-	1
Total	**3,881**	**2,779**	**11,195**	**9,972**	**317**	**316**	**12**	**11**

'Rest of the world' relates entirely to the activities in Germany.

Note 3 Property, plant, equipment and right-of-use assets

Property, plant and equipment

€ million	Land and buildings	Networks	Other plant and equipment	Assets under construction	Total
As at 1 January 2023					
Historical cost	177	13,227	2,080	684	16,168
Accumulated depreciation and impairments	-59	-5,789	-1,229	-	-7,077
Carrying amount as at 1 January 2023	**118**	**7,438**	**851**	**684**	**9,091**
Movements 2023					
Investments	-	939	71	378	1,388
Divestments	-	-17	-17	-	-34
Depreciation	-6	-322	-142	-	-470
Reclassifications and other movements	78	49	69	-198	-3
Total	**72**	**649**	**-19**	**180**	**881**
As at 31 December 2023					
Historical cost	256	14,153	1,946	864	17,219
Accumulated depreciation and impairments	-66	-6,067	-1,114	-	-7,247
Carrying amount as at 31 December 2023	**190**	**8,086**	**832**	**864**	**9,972**
Movements 2024					
Investments	-	985	69	718	1,772
Divestments	-2	-36	-16	6	-48
Depreciation	-7	-337	-146	-	-490
Reclassifications and other movements	14	200	91	-308	-3
Reclassification to assets held for sale	-	-	-8	-	-8
Total	**5**	**812**	**-10**	**416**	**1,223**
As at 31 December 2024					
Historical cost	267	15,251	2,052	1,280	18,850
Accumulated depreciation and impairments	-72	-6,353	-1,230	-	-7,655
Carrying amount as at 31 December 2024	**195**	**8,898**	**822**	**1,280**	**11,195**

Investments

Investments in property, plant and equipment during the financial year totalled €1,772 million (2023: €1,388 million).

Divestments

Divestments in 2023 and 2024 related to the decommissioning of buildings, network assets and other plant and equipment.

New consolidations

No new entities were added to the consolidated companies in 2024 and 2023.

Impairments

There were no impairments in 2024 or in 2023.

Reclassification to assets held for sale

The reclassification to assets held for sale relates to Warmtenetwerk Hengelo B.V. For further disclosures with respect to assets held for sale, please refer to note 33.

CBL transactions

In the period from 1998 to 2000, subsidiaries of Alliander N.V. entered into cross-border lease (CBL) transactions for networks with US investors. The networks have been leased for a long period to US parties (head lease), which have in turn subleased the assets to the various Alliander subsidiaries (sublease). At the end of the sublease, there is the option of purchasing the rights of the US counterparty under the head lease, thus ending the transaction. The fees earned on the CBLs were recognised in the year in which the transaction in question was concluded. Two of the three still current CBLs were terminated prematurely in December 2021. Consequently, there are longer any gas or district heating networks with an American lease. The electricity network in the Randmeren region was the only one still held under a CBL at the end of 2024. We exercised the purchase option, resulting in the lease term ended on 2 January 2025. The total net carrying amount at year-end 2024 was approximately €510 million (year-end 2023: €400 million).

Conditional and unconditional contractual rights and obligations existed in relation to the remaining CBL transaction at the end of 2024. At the end of 2024, a total of $674 million was held on deposit with several financial institutions or invested in securities in connection with the transaction (2023: $664 million).

Since there is no control over the investments and associated liabilities, they were not regarded as assets and liabilities of Alliander at the end of 2024 and the amounts concerned were not recognised in Alliander's consolidated financial statements.

At year-end 2024, the net strip risk (the portion of the termination value – the possible compensation payable to the American counterparty in the event of premature termination of the transaction – that cannot be settled from the deposits and investments held for this purpose) for the current transaction was $17 million (2023: $25 million). The strip risk is affected to a great extent by market developments.

The sub-subleases to Vattenfall Warmte for the district heating networks in Duiven-Westervoort and Almere Stad belonging to Alliander N.V. were also terminated by operation of law in December 2021. It has been agreed with Vattenfall that the district heating networks will continue to be leased (under an operating lease) as far as possible on the basis of the agreements in the terminated sub-subleases to Vattenfall Warmte up to 1 December 2025. The total carrying amount of the subleased district heating networks and associated meters as at year-end 2024 was €91 million (2023: €107 million).

Right-of-use assets

€ million	Land and buildings	Other plant and equipment	Total
As at 1 January 2023			
Historical cost	91	95	186
Accumulated depreciation and impairments	-13	-51	-64
Carrying amount as at 1 January 2023	**78**	**44**	**122**
Movements 2023			
Investments	2	26	28
Divestments	-	-1	-1
Depreciation	-8	-16	-24
Lease adjustments	6	-1	5
Total	**-**	**8**	**8**
As at 31 December 2023			
Historical cost	98	118	216
Accumulated depreciation and impairments	-20	-66	-86
Carrying amount as at 31 December 2023	**78**	**52**	**130**
Movements 2024			
Investments	5	42	47
Divestments	-	-4	-4
Depreciation	-8	-17	-25
Lease adjustments	2	7	9
Total	**-1**	**28**	**27**
As at 31 December 2024			
Historical cost	106	161	267
Accumulated depreciation and impairments	-29	-81	-110
Carrying amount as at 31 December 2024	**77**	**80**	**157**

The greatest part of these assets relates to business premises and lease vehicles. Ground rents and the rental of telecommunication masts and connections are also accounted for in this amount. The lease adjustments relate, for example, to expansions and indexations.

Note 4 Intangible assets

€ million	Goodwill	Other intangible assets	Total
As at 1 January 2023			
Historical cost	495	19	514
Accumulated depreciation and impairments	-191	-6	-197
Carrying amount as at 1 January 2023	**304**	**13**	**317**
Movements 2023			
Depreciation	-	-1	-1
Total	**-**	**-1**	**-1**
As at 31 December 2023			
Historical cost	495	19	514
Accumulated depreciation and impairments	-191	-7	-198
Carrying amount as at 31 December 2023	**304**	**12**	**316**
Movements 2024			
Investments	-	1	1
Depreciation	-	-1	-1
Other movements	-	1	1
Total	**-**	**1**	**1**
As at 31 December 2024			
Historical cost	495	16	511
Accumulated depreciation and impairments	-191	-3	-194
Carrying amount as at 31 December 2024	**304**	**13**	**317**

Goodwill allocation by segment

€ million	2024	2023
Liander	286	286
Other	18	18
Total	**304**	**304**

Of the goodwill allocated to Liander as at year-end 2024, €209 million (2023: €209 million) relates to electricity and gas networks and dates from the contribution of the networks when N.V. Nuon was created in 1999. Of the remainder, amounting to €77 million (2023: €77 million), €61 million relates to the purchase of Endinet in 2010, €7 million to Stam and €9 million to the purchase of AEF B.V. in 2016. The goodwill item in the 'other' line concerns the investment relating to TReNT.

At year-end 2024, impairment tests were performed on the carrying amounts of the networks of Liander and the TReNT telecommunications networks, including the associated goodwill recognised.

The value in use was taken as the basis for these tests and was measured on the basis of the most recent business plans.

In the 2024 financial year, Liander applied a pre-tax real discount rate of 5.9% (2023: 5.7%). The main assumptions on which the business plans are based are the number of connections, the most recent tariff estimates and estimates of operating expenses and other costs. To a large extent, these assumptions are based on past experience, coupled with the latest information on tariff regulation. The business plans cover a period of five years and the terminal value is calculated using the projected cash flows at the end of that period. A zero growth rate has been applied. The terminal value for the regulated activities is based on

achieving the 'reasonable return' that a network operator can expect to achieve on its standardised asset value. Where appropriate, account is also taken of temporary or structural synergistic effects or other departures from the reasonable return. There is such a margin between the value in use and the carrying amount of the Liander networks that the sensitivity to changes in the estimates and assumptions used is limited.

A pre-tax discount rate of 8.8% was applied for the telecom networks (2023: 9.4%). From the impairment test it emerged that the margin between the value in use and the carrying amount, including goodwill, is such that the sensitivity to changes in the estimates and assumptions used is limited.

Note 5 Investments in associates and joint ventures

	Associates		Joint ventures		Total	
€ million	2024	2023	2024	2023	2024	2023
Carrying amount as at 1 January	**2**	**2**	**10**	**14**	**12**	**16**
Movements						
Investments	-	-	2	-	2	-
Share in results	-	-	4	-2	4	-2
Dividend and other movements	-2	-	-4	-2	-6	-2
Total	**-2**	**-**	**2**	**-4**	**-**	**-4**
Carrying amount as at 31 December	**-**	**2**	**12**	**10**	**12**	**12**

The investments in 2024 relate to payments of share premium.

Profit after tax for associates and joint ventures

	Associates		Joint ventures		Total result	
€ million	2024	2023	2024	2023	2024	2023
Share in						
Profit or loss from continuing activities	-	-	4	-3	4	-3
Profit or loss from discontinued activities	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**4**	**-3**	**4**	**-3**

Alliander has concluded arrangements with associates and joint ventures for granting financing and credit facilities totalling €26 million as at year-end 2024 (2023: €26 million). Under these facilities, an amount of €11 million was drawn down as at 31 December 2024 (2023: €27 million). Additionally, as at year-end 2024, there was a receivable under this heading of €16 million in relation to current account facilities (2023: receivable of €14 million).

Note 6 Investments in bonds

There were no investments in bonds in 2024 and 2023.

Note 7 Other financial assets (including current portion)

€ million	Loans, receivables and other
Carrying amount as at 1 January 2023	**167**
Effective interest rate 2023	3%
Movements 2023	
Loans and interest repaid	-35
Paid security deposits	-53
Other movements	1
Loans granted	5
Total	**-82**
Carrying amount as at 31 December 2023	**85**
Effective interest rate 2024	3%
Movements 2024	
Loans and interest repaid	-2
Paid security deposits	-47
Other movements	1
Loans granted	1
Total	**-47**
Carrying amount as at 31 December 2024	**38**
Non-current portion of other financial assets	**38**
Current portion of other financial assets	-

The carrying amount of the other financial assets item as at year-end 2024 includes a receivable from the Municipality of Amsterdam relating to the Spaklerweg site (€7 million), a loan issued by Alliander AG to 450connect (€15 million) and a non-current receivable from EDSN (€12 million).

Note 8 Derivatives

Derivatives are measured at fair value.

As at year-end 2024, the carrying amount of the derivatives was zero (2023: zero).

Note 9 Inventories

€ million	2024	2023
Raw materials and consumables	175	169
Finished goods	22	24
Carrying amount as at 31 December	**197**	**193**

The impairment on inventories in 2024 was nil. In 2023 an impairment of €0.3 million was reversed.

Note 10 Trade and other receivables

€ million	2024	2023
Trade receivables	87	121
Impairment of trade receivables	-12	-11
Trade receivables net	75	110
Corporate income tax	60	29
Other receivables	42	27
Accrued income and prepayments	359	307
Carrying amount as at 31 December	**536**	**473**

At the end of the financial year, impairment of receivables totalled €12 million (2023: €11 million). The impairment of receivables recognised in the income statement in 2024 as an expense amounted to €5 million (2023: €3 million). For further information, see the credit risk section of note 34.

The other receivables include an amount of €19 million (2023: €16 million) due from non-controlling interests. This refers in particular to Reddyn.

Note 11 Cash and cash equivalents

€ million	2024	2023
Cash held at banks	38	87
Deposits	458	157
Carrying amount as at 31 December	**496**	**244**

The effective interest rate on cash and cash equivalents ranged from 2.9% to 4.0% (2023: 0.0% to 4.3%). Cash and cash equivalents are held almost entirely in euros. In 2024, the cash and cash equivalents included amounts that were not at the unrestricted disposal of Alliander. This concerns a blocked bank account with a balance of €0.4 million (2023: €0.4 million).

Note 12 Equity

Authorised capital

The company's authorised capital is divided into 350 million shares of €5 nominal value. As at year-end 2024, 136,794,964 shares were in issue (2023: 136,794,964).

Subordinated perpetual bond loan

On 30 January 2018, Alliander issued a subordinated perpetual bond loan of €500 million at a coupon rate of 1.625% and an issue price of 99.144%. The intention is to repay the current subordinated perpetual bond loan by 30 June 2025 at the latest. Based on IAS 32, the current subordinated perpetual bond loan will remain part of Alliander's equity until the formal decision to redeem will be taken in the spring of 2025. In accordance with Alliander's financial policy, the new bond loan is treated as 50% equity when calculating the ratios. The current subordinated perpetual bond loan is treated fully as borrowed capital.

On 27 June 2024, Alliander issued a new subordinated perpetual bond loan with a total nominal value of €500 million. The bonds were issued at 99.18% of par value and have a coupon rate of 4.50%. Both bond loans are subordinated to all other liabilities of Alliander, with the exception of the subordinated shareholder loans with which they rank equally. Both bond loans are perpetual, which means that they have no maturity date. These subordinated perpetual bond loans are treated as equity. Alliander has no contractual obligation

to repay the loans. Any periodical payments on the loan are conditional and depend on payments to shareholders. As and when resolutions are passed making distributions to shareholders, the Management Board will also pay any arrears in the contractual interest to the holders of the subordinated perpetual bonds from other reserves. The annual coupon payable on the 2018 bond loan amounts to €8 million. The annual coupon payable on the 2024 bond loan amounts to €22.5 million.

Hedge reserve

In line with its risk management policy, Alliander implemented measures in 2019, 2022 and 2023 to mitigate the interest-rate risk associated with the new EMTN financing of €300 million (2019) and €500 million (2022 and 2023). As a result, the interest-rate risk was mitigated to a large degree in the run-up to the bond issue.

In 2019, two forward starting interest-rate swaps were entered into for this purpose in the run-up to the bond issue. When the bond loan was issued, both the interest rate swaps were settled. After deducting deferred tax, the loss on settlement of €3 million has been recognised in the hedge reserve in equity. The resulting hedge reserve will be released in the income statement over the term of the EMTN (up to 24 June 2032). The carrying amount at year-end 2024 after deduction of deferred tax was a negative amount of €2 million (2023: €2 million).

In 2022, five forward starting interest-rate swaps were entered into. The swaps were redeemed when the loan was contracted. After deduction of the deferred tax, a positive result of €7 million was achieved, which is recognised in the hedge reserve in equity. The hedge reserve will be released in the income statement over the term of the loan (up to 8 September 2027). The carrying amount at year-end 2024, net of deferred tax, was a positive amount of €5 million (2023: €6 million).

In 2023, three forward starting interest-rate swaps were also entered into. The swaps were redeemed when the loan was contracted. After deduction of the deferred tax, a positive result of €1 million was achieved, which is recognised in the hedge reserve in equity. The hedge reserve will be released in the income statement over the term of the loan (up to 13 June 2028). The carrying amount at year-end 2024, net of deferred tax, was a positive amount of €1 million (2023: €1 million).

The total hedge reserve at the end of 2024 was therefore a positive amount of €4 million (2023: €5 million)

Other

Other reserves include an amount of €0.4 million after tax relating to a defined-benefit pension plan for employees of our activities in Germany. The hedge reserve and the subordinated perpetual bond loan are not freely distributable.

Non-controlling interest

On 10 July 2012, Alliander acquired a 95% interest in Indigo B.V. This company is a partnership between Alliander and the municipality of Nijmegen (which has an interest of 5%) to construct a heat transport pipeline from the regional waste-to-energy plant Afvalverwerking Regio Nijmegen (ARN) to the district heating network of Vattenfall Warmte N.V. As at the end of the reporting period, the shareholders' equity of Indigo B.V. amounted to €3.2 million. In 2016, Alliander acquired a 95% interest in Warmtenet Hengelo B.V., a company which is developing a district heating network, the first phase of which started operating in 2017. The equity of this company as at year-end 2024 amounted to €2.3 million negative. In 2017, Alliander acquired a 75% interest in Warmte-Infrastructuur Limburg Geothermie B.V. As at year-end 2024, the equity of this company was a negative amount of €2.4 million. Warmtenetwerk Didam B.V. was set up in 2021, with Alliander having a 95% share. As at year-end 2024, the equity of this company amounted to €1.0 million positive. In accordance with the basis of Alliander's consolidation, these companies were consolidated in full, with separate disclosure of a non-controlling interest in the consolidated equity. Given the small size of these non-controlling interests (a negative amount of €0.5 million), they are not recognised separately in the balance sheet as at year-end 2024 and 2023.

Note 13 Interest-bearing debt

The movements in new loans, repayments and security deposit repayments during the year gave rise to cash flows.

The carrying amount of the non-current and current interest-bearing debt is as follows:

€ million	2024	2023
Carrying amount as at 1 January	**4,038**	**3,426**
Movements		
New loans	2,391	738
Loans repaid	-2,556	-126
Total	**-165**	**612**
Carrying amount as at 31 December	**3,873**	**4,038**

Short and long-term interest-bearing debt

	Effective interest rate		Short-term portion		Long-term portion	
€ million	2024	2023	2024	2023	2024	2023
Subordinated loans	2.5%	2.5%	-	-	640	640
Private and green loans	1.4%	1.4%	1	-	300	310
Euro Medium Term Notes	2.3%	1.8%	-	400	2,932	2,187
Euro Commercial Paper	0.0%	4.0%	-	500	-	-
Other	0.0%	0.0%	-	1	-	-
Carrying amount as at 31 December			**1**	**901**	**3,872**	**3,137**

Short-term interest-bearing debt, amounting to €1 million as at year-end 2024 (2023: €901 million), is made up of the current portion of a green loan (€1 million).

On 7 October 2024, Alliander issued green bonds with a total nominal value of €750 million and a term of 10 years. The bonds were issued at 99.04% of par value with a coupon rate of 3.00%. The revenue will be used to enable more investments in the power grid for the energy transition. Prior to issuing green bonds, Alliander renewed its Green Finance Framework in May 2024.

As at year-end 2024, a carrying amount of €2,932 million (face value €2,950 million) had been issued under the EMTN programme. The bonds issued under the EMTN programme are listed on Euronext Amsterdam.

As at year-end 2024, no commercial paper was outstanding under the ECP programme (2023: €500 million).

Maturities of interest-bearing debt

€ million	2024	2023
Less than 1 year	1	901
Between 1 and 2 years	300	9
Between 2 and 3 years	498	299
Between 3 and 4 years	528	498
Between 4 and 5 years	9	527
More than 5 years	2,537	1,804
Carrying amount as at 31 December	**3,873**	**4,038**

Note 14 Deferred income

Deferred income relates to construction contributions, investment grants and subsidies received. The amortisation periods of the construction contributions, investment grants and subsidies are equal to the depreciation periods of the underlying assets (ranging from 10 to 50 years).

	2024			2023		
€ million	Contributions	Subsidies	Total	Contributions	Subsidies	Total
Carrying amount as at 1 January	**2,009**	**12**	**2,021**	**1,953**	**12**	**1,965**
Contributions received	128	-	128	140	-	140
Amortisation recognised as income	-90	-1	-91	-84	-	-84
Reclassification to assets held for sale	-2	-6	-8	-	-	-
Carrying amount as at 31 December	**2,045**	**5**	**2,050**	**2,009**	**12**	**2,021**

Reclassification to assets held for sale

The reclassification to liabilities held for sale relates to Warmtenetwerk Hengelo B.V. For further disclosures with respect to assets held for sale, please refer to note 33.

Note 15 Provisions for employee benefits

	Short-term portion		Long-term portion		Total	
€ million	2024	2023	2024	2023	2024	2023
Long-term employee benefits						
Post-employment benefits	-	-	1	1	1	1
Other long-term employee benefits	8	11	17	18	25	29
Termination/reorganisation benefits	-	1	1	1	1	2
Total	**8**	**12**	**19**	**20**	**27**	**32**
Short-term employee benefits						
Short-term employee benefits	43	34	-	-	43	34
Carrying amount as at 31 December	**51**	**46**	**19**	**20**	**70**	**66**

Pensions and other post-employment benefits

Prompted by the deterioration of the funding ratio in 2008, ABP introduced a recovery plan in 2009. At the start of each year ABP evaluates the progress of the recovery on the basis of the actual funding ratio at the end of the preceding year. The policy funding ratio was 113% at the end of 2024; the current funding ratio is 112%, while the contribution rate for the retirement and dependants' pension was 27.0% of pensionable pay in 2024. The contribution rate for the retirement and dependants' pension will continue to be 27.0% in 2025. The premium for the ABP incapacity pension (AOP) will be 0.8% in 2024.

Alliander's relative share in the ABP pension scheme based on numbers of participants is approximately 0.4%. The pension contributions payable for the multi-employer plans in 2024 are expected to total €128 million (of which an expected €89 million will be borne by Alliander).

In addition to the multi-employer pension plans in the Netherlands, Alliander has two defined benefit plans relating to subsidiaries in Germany. These are not material. These plans are accounted for in accordance with the amended IAS 19. This means that, with effect from 2013, actuarial gains and losses and remeasurements are recognised directly. Because of the small amounts involved, however, this is not visible in the consolidated financial statements. The post-employment benefits provision totalled €1 million at the end of 2024 (2023: €1 million), made up as follows:

€ million	Short-term portion 2024	Short-term portion 2023	Long-term portion 2024	Long-term portion 2023	Total 2024	Total 2023
Liability for pensions and post-employment healtcare insurance for retired employees	-	-	1	1	1	1
Actuarial value of obligations as at 31 December	**-**	**-**	**1**	**1**	**1**	**1**

Other long-term employee benefits

€ million	Short-term portion 2024	Short-term portion 2023	Long-term portion 2024	Long-term portion 2023	Total 2024	Total 2023
Long-service benefits	1	1	10	12	11	13
Long-term sickness leave and disability benefits	6	7	7	6	13	13
Unemployment benefits	1	1	-	-	1	1
Other	-	2	-	-	-	2
Carrying amount as at 31 December	**8**	**11**	**17**	**18**	**25**	**29**

Alliander offers a number of other long-term employee benefits. The provision covers the following types of benefit:

- Long-term sickness benefits: this benefit covers the obligation to continue paying all or part of an employee's salary during the first two years of sick leave;
- Incapacity benefits: Alliander bears the risk for benefits payable under the Work and Income (Ability to Work) Act (WIA); the relevant provision covers the obligations towards Alliander employees who become wholly or partially unfit for work;
- Unemployment benefits: Alliander is the risk bearer within the meaning of the Unemployment Act (WW). If an Alliander employee becomes unemployed, their unemployment benefit is borne by Alliander for a period of between three months and 38 months, depending on the employee's employment history; and
- Long-service benefits: the long-service benefits scheme covers long-service benefits payable on attaining 25 and 40 years of service. Employees born before 1 January 1963 retain the entitlement to the benefit after retiring. Also, the 50-year long-service benefit will continue for five years as from 1 January 2020.

Termination/reorganisation benefits

This provision covers payments and/or supplements to benefits paid to employees whose employment contract has been or probably will be terminated. These benefits and supplements are based on the Social Plan operated by Alliander and individual arrangements. The Social Plan is periodically renegotiated and agreed. In 2024, an amount of €2 million was drawn down from the reorganisation provision (2023: €2 million). The provision for employment termination payments and reorganisations totalled €2 million at year-end 2024 (2023: €2 million).

Movements in provisions for long-term employee benefits

The following table shows the movements in the provisions for post-employment benefits, other long-term employee benefits and the termination benefits/restructuring provision.

Movements in provisions for employee benefits

€ million	Post-employment benefits	Other long-term employee benefits	Termination/ reorganisation benefits	Total
Carrying amount as at 1 January 2023	**2**	**22**	**4**	**28**
Movements 2023				
Released	-1	-16	-2	-19
Added	-	28	3	31
Benefits paid	-	-5	-3	-8
Total	**-1**	**7**	**-2**	**4**
Carrying amount as at 31 December 2023	**1**	**29**	**2**	**32**
Movements 2024				
Released	-1	-26	-1	-28
Added	-	29	2	31
Benefits paid	-	-7	-1	-8
Total	**-1**	**-4**	**-**	**-5**
Carrying amount as at 31 December 2024	**-**	**25**	**2**	**27**

Assumptions

The main assumptions used in determining the provisions are given below:

	2024	2023
Mortality tables	AG 2024 Mortality Table / Start year = 2024	AG 2022 Mortality Table / Start year = 2023
Discount rates	3,88%-4,77%	3,31%-4,39%
Expected future salary increases	4.1%	7.0%
Expected increase in incapacity benefits	2.0%	2.0%

Short-term employee benefits

Short-term employee benefits relate to all liabilities in respect of employees - other than the current portion of long-term employee benefits - that are expected to be settled within 12 months after the balance sheet date. Short-term employee benefits include salaries still to be paid, accrued holiday entitlement, bonuses and other employee benefit expenses still to be paid. This item amounted to €43 million at year-end 2024 (2023: €34 million). The increase of €9 million mainly relates to the increase in the provision set aside for accrued holiday entitlement and holiday allowances (€9 million).

Note 16 Other provisions

€ million	Other provisions
Carrying amount as at 1 January 2023	**13**
Movements 2023	
Added	6
Utilised	-7
Released	-1
Reclassification liabilities held for sale	-
Total	**-2**
Carrying amount as at 31 December 2023	**11**
Movements 2024	
Added	21
Utilised	-1
Released	1
Reclassification liabilities held for sale	-2
Total	**19**
Carrying amount as at 31 December 2024	**30**

The other provisions as at year-end 2024 amounted to €30 million (2023: €11 million).

Other provisions at year-end 2024 include a provision of €20 million for gas connection removals. This provision concerns the costs of removing gas connections where, at the end of 2024, the customer had requested a removal without giving a specific date. If the customer states a specific removal date (preferred date) in the request, the costs of removal are borne directly by the customer. This is also in accordance with the safety route that entered into force on 1 February 2024. No provision is made for future removal requests.

The reclassification to liabilities held for sale relates to the provision for a onerous contract at Warmtenetwerk Hengelo.

Note 17 Deferred tax

Deferred tax assets and liabilities comprise the following:

Deferred tax assets and liabilities

€ million	2024	2023
Property, plant and equipment	-	41
Right-of-use-assets	-39	-33
Financial lease liabilities	34	33
Provisions, Treasury, and others	-1	1
Carrying amount as at 31 December	**-6**	**42**

The deferred tax liability of €6 million comprises the temporary differences between the carrying amounts of property, plant and equipment and other balance sheet items, including investments and provisions, and the corresponding valuation for tax purposes.

The deferred tax liability of €4 million in respect of property, plant and equipment is the result of differences between the carrying amounts in the financial statements and the valuation for tax purposes. Alliander became liable to pay corporate income tax on 1 January 1998. The carrying amounts of the property, plant and equipment agreed with the Dutch Tax & Customs Administration as at 1 January 1998 have depreciation periods extending ahead as far as 2030. Realisation of the temporary difference relating to these assets is

therefore spread out over this period. In addition, the deferred tax relating to property, plant and equipment refers to the general overhead surcharge that has been capitalised for tax purposes, the effects of implementing IFRS in 2005, and use of the discretionary depreciation scheme for tax purposes. The remaining €2 million liability consists of the differences in the valuation of provisions and other securities, and investments for commercial purposes and for tax purposes.

As at year-end 2024, there was a total unrecognised deferred tax asset of €19 million (year-end 2023: €19 million), made up of:

- tax loss carryforwards from our activities in Germany: €16 million, which have not been recognised due to the projected results for the German entities in the medium term;
- an amount of €3 million relating to a Dutch subsidiary acquired in 2018.

Gross movement in deferred tax assets and liabilities

€ million	Property, plant and equipment	Right-of-use-assets	Lease liabilities	Provisions, Treasury and others	Offsettable losses	Total
Carrying amount as at 1 January 2023	**140**	**-31**	**31**	**1**	**-**	**141**
Movements 2023						
Changed temporary differences	-102	-2	2	1	-	-101
Reclassification to assets held for sale	3	-	-	-1	-	2
Total	**-99**	**-2**	**2**	**-**	**-**	**-99**
Carrying amount as at 31 December 2023	**41**	**-33**	**33**	**1**	**-**	**42**
Movements 2024						
Changed temporary differences current book year	-8	-6	1	-3	-14	-30
Changed temporary differences previous book year	-33	-	-	1	14	-18
Total	**-41**	**-6**	**1**	**-2**	**-**	**-48**
Carrying amount as at 31 December 2024	**-**	**-39**	**34**	**-1**	**-**	**-6**

The decrease of €49 million in 2024 is due to the reversal of temporary differences and the application of the discretionary depreciation scheme for tax purposes.

Note 18 Trade and other payables

€ million	2024	2023
Trade payables	206	94
Invoiced instalments on work in progress	2	6
Other payables	48	71
Carrying amount as at 31 December	**256**	**171**

Other payables include €12 million owed to a company in which Alliander has a non-controlling interest (2023: €32 million).

Accruals and deferred income

At year-end 2024, accruals and deferred income came to €375 million (2023: €323 million). This item includes anticipated amounts regarding the procurement of grid losses and energy transmission (2024: €76 million; 2023: €114 million) and invoices still to be received for subcontracted work among other things (2024: €299 million; 2023: €209 million).

Tax liabilities

Tax liabilities amounted to €108 million (2023: €117 million) and include payable wage tax and VAT.

Note 19 Leases

Finance lease receivables

Finance lease receivables are as follows:

€ million	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2024				
Future minimum lease receivables	1	-	-	1
Unearned finance income	-	-	-	-
Present value of future minimum lease receivables	**1**	**-**	**-**	**1**
As at 31 December 2023				
Future minimum lease receivables	1	1	1	3
Unearned finance income	-1	-	-	-1
Present value of future minimum lease receivables	**-**	**1**	**1**	**2**

Finance lease receivables as at year-end 2024 concern the rental of transformers.

Off-balance sheet operating lease receivables

The total future minimum lease receivables from non-cancellable operating leases not shown on the face of the balance sheet are as follows:

€ million	2024	2023
Less than 1 year	15	29
Between 1 and 2 years	2	19
Between 2 and 3 years	1	18
Between 3 and 4 years	1	18
Between 4 and 5 years	1	18
Over 5 years	5	141
Total as at 31 December	**25**	**243**

The operating leases at year-end 2024 mainly relate to the rental of buildings and the lease of two district heating networks to Vattenfall Warmte N.V., part of Vattenfall N.V. The decrease in this amount in 2024 compared to 2023, €195 million is due to the Kenter disposal.

Lease liabilities

€ million	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2024				
Future lease payments of the on-balance lease liabilities	26	70	50	146
Future finance expenses on the on-balance lease liabilities	-1	-3	-2	-6
Present value of the on-balance lease liabilities	**25**	**67**	**48**	**140**
As at 31 December 2023				
Future lease payments of the on-balance lease liabilities	25	58	53	136
Future finance expenses on the on-balance lease liabilities	-2	-3	-1	-6
Present value of the on-balance lease liabilities	**23**	**55**	**52**	**130**

Alliander has lease liabilities in respect of buildings, spaces, telecommunication interconnections and vehicles.

Besides the above lease liabilities, there was an undiscounted amount of €8 million in relation to leases which Alliander has entered into but which had not yet started at year-end 2024, relating mainly to vehicles. At year-end 2023 this was €12 million.

Note 20 Contingent assets and liabilities

Rights and obligations arising from leases

Please refer to note 19 for details of rights and obligations arising from leases.

Investments and other purchasing commitments

The outstanding investment commitments and other purchasing commitments at the end of the year were as follows:

€ million	2024	2023
Capital expenditure commitments regarding property, plant and equipment	2,093	1,314
Other purchasing commitments	1,026	810
Total as at 31 December	**3,119**	**2,124**

Contracts with purchase or revenue guarantees have also been recognised in both 2024 and 2023. The purchasing commitments include hiring obligations for personnel, procurement for grid losses and IT facilities including SAP contracts.

Contingent liabilities

On and immediately after the balance sheet date, a number of claims were made against Alliander. Alliander was also involved in a number of lawsuits at the balance sheet date, connected with normal business operations. These claims/lawsuits could have a material impact on Alliander's results, should the outcome not go in Alliander's favour. Provisions have been recognised where necessary.

As at year-end 2024, Alliander had issued parent company guarantees amounting to €17 million (2023: €18 million), including parent company guarantees of €8 million (2023: €8 million) for non-controlling interests. Bank guarantees amounting to €54.8 million had been issued on Alliander's behalf at the end of the year (2023: €54.6 million).

Under the Dutch Gas Act, Alliander is obliged to dismantle a connection if a customer requests it. Where the removal has been requested without specifying a date, a provision is formed (see note 16 Other provisions) and Alliander is allowed to include the removal costs after two years in the periodic connection tariffs. Alliander has not made a provision for future removals that have not yet been requested. Such removals could lead to a significant outflow of resources, depending among other things on the speed of the energy transition and development choices for the new energy system. Under the current regulatory arrangements, these costs would also be covered through the tariffs.

Alliander has taken out liability insurance in the form of a Directors and Officers policy covering the members of the Supervisory Board, the members of the Management Board, the operating company managers and other directors within the Alliander group. In addition to the cover provided by this liability insurance, the members of the Supervisory Board are also legally indemnified. As far as possible, the members of the Supervisory Board are also indemnified by Alliander subject to specific conditions and with strict limitations in respect of costs connected with legal proceedings brought under civil, penal or administrative law in which they may become involved by virtue of their membership of the Supervisory Board.

Alliander, together with its Dutch subsidiaries, forms a tax group for both corporate income tax and value added tax (VAT). Consequently, every legal entity forming part of the tax group bears joint and several liability for the tax liabilities of the legal entities included in the tax group. Alliander has also given a declaration of indemnity to network operator Liander under which its liability in this respect is restricted to the amount for which it itself would be liable if a tax group did not exist.

Convertible subordinated loans were contracted with the shareholders of Alliander in the past and relate to guarantees given on the sale of non-strategic interests. On expiry of these guarantees, the loans were released to income and shares in Alliander were issued in 2006. A number of guarantees are, however, for an indefinite period; in the event that there are any subsequent claims on guarantees in the future, the shareholders concerned have a duty to surrender all or part of their shares.

In 2006, following the declaration of the nullity of a claim, a guarantee provision for the sale of associates was released to income and additional shares in Alliander were issued in 2007. The guarantees which have been given are for an indefinite period. It is therefore still possible for claims to be made on these guarantees in the future. Alliander can again also require the shareholders to surrender some or all of their shares.

Note 21 Revenue

€ million	2024	2023
Electricity transport and connection services	2,236	1,839
Gas transport and connection services	525	517
Metering services	110	154
Other revenue	172	215
Total	**3,043**	**2,725**

At €3,043 million, net revenue in 2024 was up by €318 million compared to 2023. This was mainly attributable to the €397 million rise in regulated electricity revenue. Tariffs were increased as the rise in transmission capacity purchasing costs at TenneT was passed on. There was also an increase in the number of low-volume connections (€10 million increase in revenue) and in the transmission volumes for high-volume connections, leading to a €18 million increase in revenue.

Regulated gas revenue remained steady despite the smaller number of connections. Revenue from metering services and revenue from other products were lower than in 2023 due to the sale of the Kenter activities.

Net revenue for 2024 included €37 million in estimated network fees for high-volume consumers (2023: €30 million), which is 1.4% (2023: 1.3%) of total network fee revenue. Estimates made in relation to low-volume consumers are not material. Differences arising on these unbilled revenues are generally small. The estimated revenue concerns the month of December and is largely based on the revenues earned in November.

Note 22 Other income

€ million	2024	2023
Operating contributions and other income	822	25
Lease income from operational leases	16	29
Total	**838**	**54**

Other income in 2024 amounted to €838 million (2023: €54 million).

On 31 January 2024, Alliander sold the shares of its subsidiary Kenter B.V., a provider of integrated energy solutions, to a consortium consisting of ABP and OMERS Infrastructure. The consortium also obtained full control of Kenter and its subsidiaries with effect from this date. In recent years, Kenter has grown from a traditional metering company with 95 employees to an integrated energy solution provider with a staff of over 400. Kenter was part of the Alliander cash pool and had no cash or cash equivalents of its own. Partly because the market in which Kenter operates is growing strongly, it is expected that in the future Kenter will play an even greater role in the energy transition and in offering its customers total solutions. Alliander received a total of €919 million. The final book profit on the sale of Kenter is €757 million, which has been recognised as other income. Part of the transaction also involves a limited number of free domain activities. These activities are currently still part of a Cross Border Lease (CBL) agreement and are therefore still held by Liander N.V. Alliander expects to transfer these activities to Kenter during the first halfyear of 2025. For this, Alliander has received an advance payment of €65 million, in addition to the €919 million. For more details, please refer to note 36.

Liander, together with the other regional network operators in the Netbeheer Nederland association, has entered into a settlement agreement with the government of the Netherlands regarding the costs of dismantling gas connections requested by small consumers in the period from 2 March 2021 to 31 January 2024. The Code Decision which entered into force on 2 March 2021, stated that these costs could be deducted in full by the regional network operators from the periodic connection fee of consumers who remained connected to the gas grid. The Dutch Trade and Industry Appeals Tribunal (CBb) overturned this Code Decision on 20 June 2023. As a result, regional network operators are not permitted to include the removal costs for requests made between 2 March 2021 and 31 January 2024 via the regular connection fee. As a result of the damage suffered, the regional network operators concluded a settlement agreement with the State of the Netherlands under which the ACM would pay a settlement to the regional network operators. Liander received a settlement amount of €30 million, which has been recognised as other income.

The other income in 2023 includes the one-off revenue of €5 million resulting from the sale of our Spaklerweg site.

Note 23 Purchase costs and costs of subcontracted work

€ million	2024	2023
Grid losses	243	330
Transport capacity and restrictions	836	453
Billing and payment collection	35	39
Contractors, materials and other	172	205
Total	**1,286**	**1,027**

Compared with 2023, the cost of procurement and subcontracted work rose by €259 million to €1,286 million. The costs of transmission capacity rose by €383 million as a result of the higher tariffs charged to us by TenneT. On the other hand, the costs of network losses were €87 million lower due to the lower energy prices relative to 2023.

Note 24 Employee benefit expenses

€ million	2024	2023
Salaries	550	476
Social security premiums	71	60
Pension costs:		
- Contributions paid to multi-employer plans that are accounted for as defined-contribution plans	73	68
Termination benefit expenses	1	-
Other long-term employee benefit expenses	4	12
Other staff costs	34	28
External personnel	264	213
Total	**997**	**857**

The staff costs relating to pensions, reorganisations and other long-term employee benefits were as follows:

Employee benefit expenses for pensions, reorganisation and other long-term employee benefits

€ million	Multi-employer plans	Termination/ reorganisation benefits	Other long-term employee benefits	Total
2024				
Contributions paid to multi-employer plans	73	-	-	73
Added to provision	-	2	30	32
Released from provision	-	-1	-26	-27
Total 2024	**73**	**1**	**4**	**78**
2023				
Contributions paid to multi-employer plans	68	-	-	68
Added to provision	-	-	28	28
Released from provision	-	-	-16	-16
Total 2023	**68**	**-**	**12**	**80**

Clarification of the reorganisation costs is included in note 15 on provisions for employee benefits. For further details of the other long-term employee benefits, please refer to the disclosures in note 15. External staff costs amounted to €264 million (2023: €213 million) and related to contract staff for specific projects and to fill vacancies. The number of staff employed by Alliander, based on a 38-hour working week (FTEs), was 7,482.

Number of permanent staff (FTEs)

	2024	2023
Employed in continuing operations		
-Average during the year	7,138	6,504
-As at 31 December	7,482	6,793
-Number of permanent staff outside the Netherlands	83	81

WNT

On 1 January 2013 the Act on the Standardisation of Remuneration of Senior Executives in the Public and Semi-Public Sector (WNT) came into operation. The act lays down rules governing the maximum remuneration of senior executives in the public and semi-public sector. The amount is set annually by a ministerial ruling.

WNT reporting

Alliander is not governed by the Public and Semi-Public Sector Executives Pay (Standards) Act (WNT), but Liander N.V. is. The WNT requires companies to report on the remuneration of current and former senior executives. The annual report of the network operator, which is to be published in the second quarter of 2025, will contain disclosures on the WNT requirements.

Remuneration of the Management Board and the Supervisory Board

The Remuneration Report covers the remuneration policy, its implementation and the remuneration of the members of the Management Board and the Supervisory Board (key management). The Remuneration Report can be found in the Corporate Governance chapter of our 2024 annual report. The following tables disclose the remuneration of the members of the Management Board. The remuneration of the Management Board amounted to €1.23 million in 2024 (2023: €1.16 million). The remuneration of the Supervisory Board amounted to €0.13 million in 2024 (2023: €0.12 million).

Total gross annual remuneration chargeable to the financial year

	Fixed salary	
€ thousand	2024	2023
M.J. Otto	272	260
W.Th. Bien	273	240
M.I. Visser	265	250
F.D. Schut	259	246
Total	**1,069**	**996**

The fixed salary concerns the actual amount paid each year; it does not include amounts set aside for other forms of remuneration.

Pension contributions

€ thousand	2024	2023
M.J. Otto	24	23
W.Th. Bien	24	23
M.I. Visser	24	23
F.D. Schut	24	23
Total	**96**	**92**

Social security contributions and other benefits

€ thousand	2024	2023
M.J. Otto	18	17
W.Th. Bien	17	16
M.I. Visser	18	17
F.D. Schut	17	17
Total	**70**	**67**

In addition to the social security contributions that are normally paid by the company, Management Board members are entitled to an employer's contribution towards the premium for the group health insurance plan, contributions to the 'personal budget' scheme and the use of a car provided by the company.

Remuneration of the Supervisory Board

€ thousand	2024	2023
A. Jorritsma-Lebbink, Chairman	35.0	33.5
F. Eulderink	23.3	22.3
T. Menssen	23.3	22.3
G.R. Penning	23.3	22.3
M. Nooteboom[1]	23.3	15.7
B. Roetert[2]	-	6.7
Total	**128.2**	**122.8**

1 Appointed as of 19 April 2023.
2 Stepped down as of 19 April 2023.

Note 25 Other operating expenses

€ million	2024	2023
Added to/released from provisions	26	3
Premises and transport	38	23
Rent and leases	29	25
Corporate staff and IT	117	96
Sufferance tax and other tax	8	7
Other	86	95
Total	**304**	**249**

Other operating expenses amounted to €304 million in 2024 and were therefore €55 million more than in 2023 (€249 million). Among other things, the rise was due to the increase in the provision for removing gas connections (see also note 16) and the higher costs for a multi-year project to future-proof our IT systems.

The 'other' category includes fees paid to auditors, notaries and consultants of €44 million (2023: €53 million). In 2023, costs were incurred as part of the sales process and carve-out of Kenter, which took place on 31 January 2024.

The amount recognised for rent and leases in 2024 includes €4 million in short-term leases (2023: €4 million) and €0.2 million in low-value leases (2023: €0.2 million). The remainder of the costs concerns the service costs under the lease contracts.

Auditors' fees

The following fee for the auditor (2024: PwC; 2023: Deloitte) is disclosed in the income statement:

€ million	2024	2023
Fees for audit of financial statements	0.5	0.5
Fees for other control services	0.7	0.6
Total	**1.2**	**1.1**

The above fees relate to the activities carried out by the accountancy firms and external auditors in connection with the parent company and the companies included in the consolidation, as referred to in Section 1, subsection 1, of the Audit Firms Supervision Act (WTA), and the fees charged by the entire network of which the accountancy firm is part.

These fees relate to the audit of the financial statements for 2024, irrespective of whether the work was performed during the financial year itself.

Summary of services provided
Our auditor, PwC Accountants N.V. (2023: Deloitte N.V.), during the period to which our financial statements relate, supplied the following services to Alliander and its subsidiaries in addition to the audit of the financial statements:

€ million	2024	2023
Other control services required by law or regulatory obligations		
Statutory audit of financial statements	0.5	0.5
Audit of grid operator's annual report, WNT accounting and financial statements several subsidiaries (2023)	0.1	0.2
Control of grid operator's regulating data	0.1	0.1
Total	**0.7**	**0.8**
Other control assignments		
Review assignment for sustainability disclosure	0.4	0.2
Review assignment to the semi-annual report	0.1	0.1
Total	**0.5**	**0.3**
Total	**1.2**	**1.1**

Note 26 Depreciation/amortisation and impairment of non-current assets

The divestments include the accelerated depreciation of decommissioned assets.

€ million	Land and buildings	Networks	Right-of-use assets	Other	Total
2024					
Depreciation	7	337	25	146	515
Divestments	2	36	-	12	50
Total 2024	**9**	**373**	**25**	**158**	**565**
2023					
Depreciation	6	322	24	145	497
Divestments	-	17	-	18	35
Total 2023	**6**	**339**	**24**	**163**	**532**

Note 27 Finance income

€ million	2024	2023
Other finance income	14	9
Total	**14**	**9**

The increase in financial income in 2024 is mainly due to the increased market interest rate for investments in liquidity funds.

Note 28 Finance expense

€ million	2024	2023
Loans from third parties	-76	-75
Other finance expense	-3	-3
Total	**-79**	**-78**

The increase in finance expenses in 2024 is mainly due to the interest expense on a long-term bond loan issued in 2024 in order to refinance maturing EMTN and ECP.

Note 29 Tax

€ million	2024	2023
Current tax expense	-23	9
Movement in deferred taxes	-49	-102
Total	**-72**	**-93**

The tax expense in the 2024 financial year amounts to €23 million. The movement in deferred taxation is €49 million.

The corporate income tax charge for the fiscal unit as disclosed in the financial statements is €19 million. This amount comprises the calculated corporate income tax on the profit for 2024 (€54 million), less the corporate income tax on movements in balance sheet items recognised in other comprehensive income (€3 million), less corporate income tax income for prior years (€32 million). The income item in relation to prior years is due to the final calculation of the discretionary depreciation scheme for 2023.

The table below provides a reconciliation between the corporate income tax rate in the Netherlands and the effective tax rate:

Reconciliation of effective corporate income tax rate

%	2024	2023
Enacted corporate income tax rate in the Netherlands	**25.8**	**25.8**
Impact of:		
Substantial holding privilege	-18.7	-0.1
Losses not accounted for	-	0.4
Other permanent differences	-0.2	-0.5
Effective corporate income tax rate	**6.9**	**25.6**

The effective tax rate is the tax burden expressed as a percentage of the profit before tax excluding the profits after tax from associates and joint ventures. The effective tax rate in 2024 amounted to 6.9% (2023: 25.6%). The difference compared with the nominal tax rate of 25.8% is mainly due to the effect of participating interest relief (downward effect of 18.7%) on the Kenter sale in January 2024.

Note 30 Notes to the consolidated cash flow statement

Cash flow from operating activities

The cash flow from operating activities in 2024 amounted to €829 million (2023: €724 million). Among other things, the €105 million increase compared to 2023 is due to the €199 million improvement in working capital due to the prepayment on the Kenter disposal in 2024. Against this, €51 million of corporate income tax was paid in 2024, which is €49 million more than in 2023 due to the application in 2023 of the discretionary depreciation scheme.

Cash flow from investing activities

The cash outflow from investing activities in 2024 was €679 million, compared with an outflow of €1,179 million in 2023. The decrease is mainly attributable to the sale of Kenter (€919 million). This is offset by the €362 million rise in gross investments in 2024, which reflects the increased work package. In 2023, Alliander also received the remaining €28 million of the purchase price for Allego, a group company which was sold in 2018. The above resulted in an investment cash flow in 2024 that was €515 million lower than in 2023.

Cash flow from financing activities

The cash flow from financing activities for 2024 amounted to €102 million (2023: €494 million). Green bonds were issued in both 2024 and 2023 under the EMTN programme, resulting in an incoming cash flow of just under €750 million in 2024 and €500 million in 2023. In 2024, ahead of the repayment in 2025, a subordinated perpetual bond loan was issued for €496 million. This was largely offset by items such as the repayment of current liabilities in the form of ECPs (€500 million) and an EMTN loan (€400 million), the dividend distribution of €173 million and lease payments of €45 million.

In 2023, the issuing of ECP led to a cash inflow of €200 million. Furthermore, €41 million in shareholder loans were reinstated in 2023. This was offset by the repayment of a long-term loan (€126 million), the dividend payment (€82 million) and lease payments (€28 million).

Note 31 Licences

Liander N.V. owns the networks for the transmission of electricity and gas in the Netherlands. In accordance with the Dutch Electricity Act 1998 and the Dutch Gas Act, Liander N.V. has appointed itself network operator for the gas and electricity networks for a ten-year period (expiry date: 10 December 2030). Liander executes the tasks incumbent on it under the Electricity Act and the Gas Act.

Note 32 Related parties

As holder of 45% of the shares in Alliander, the Province of Gelderland has significant influence over the company, qualifying the province as a related party. At year-end 2024, the remaining shares were held by 73 shareholders, none of whom are related parties. For a full list of our shareholders, please refer to our website.

The Alliander group has interests in various associates and joint ventures over which it has significant influence but not control or has joint control of operations and financial policy. Transactions with these parties, some of which are significant, are executed on market terms and at market prices that are not more favourable than those that would be negotiated with independent third parties. These associates and joint ventures are consequently designated as related parties.

The following transactions were entered into with related parties for the purchase and sale of goods and services:

Related party transactions

€ million	2024	2023
Sales of goods and services		
Associates	-	-
Joint ventures	170	141
Total	**170**	**141**
Purchase of goods and services		
Associates	35	38
Joint ventures	308	244
Total	**343**	**282**

The transactions involving the Province of Gelderland are not included in these disclosures, owing to the exemption applicable in the case of related parties that are public authorities (IAS 24, paragraph 25). As part of the issue of the convertible shareholders loan, a transaction took place with the Province of Gelderland. There were no material transactions with individuals who qualify as related parties. For disclosures relating to the remuneration of the members of the Management Board, who do qualify as related parties, please refer to note 24.

The following transactions were entered into with related parties for the purchase and sale of goods and services: sale of goods and services to associates at a value of €0 million (2023: €0 million) and to joint ventures at a value of €170 million (2023: €141 million); purchase of goods and services from associates at a value of €35 million (2023: €38 million) and from joint ventures at a value of €308 million (2023: €244 million). As at year-end 2024, Alliander had a receivable of €26 million (2023: €26 million) for loans granted to related parties, a receivable of €9 million (2023: liability of €16 million) in respect of agreed borrowings on current accounts with related parties and a non-current interest-bearing liability of €270 million (2023: €270 million) in connection with the issue of the convertible shareholder loan in 2021.

Note 33 Assets and liabilities held for sale and discontinued operations

2024

Assets held for sale and liabilities held for sale at year-end 2024 all relate to the assets and liabilities of a district heating network in Hengelo.

2023

Assets held for sale and liabilities held for sale at year-end 2023 all relate to the assets and liabilities of Kenter B.V. Kenter was sold on 31 January 2024.

Note 34 Information on risks and financial instruments

General

The following financial risks can be identified: market risk, credit risk and liquidity risk. Market risk is defined as the risk of loss due to an adverse change in market prices. Alliander's main exposure is to commodity price risk, currency risk and interest rate risk. The credit risk is the risk arising in connection with the default of counterparties to trading and sales transactions. The liquidity risk is the risk of the company being unable to meet its payment obligations as they fall due.

This note provides information on these financial risks to which Alliander is exposed, the objectives and policy for managing risks arising from financial instruments as well as the management of capital. Further quantitative information is provided in the various notes in the consolidated financial statements.

Market risk

Alliander is exposed to the following potential market risks:

- Commodity price risk: the risk that the value of a financial instrument will fluctuate because of changes in commodity prices; this mainly affects the cost associated with purchasing network losses;
- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in exchange rates;
- Interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Alliander hedges market risks through the purchase and sale of derivatives and attempts to minimise income statement volatility as far as possible through the application of hedge accounting. All transactions are carried out within the guidelines approved by the Management Board.

Commodity price risk

As regards the cost of network losses, Alliander is sensitive to the effect of market fluctuations in the price of various energy commodities, including but not limited to electricity, gas and green certificates (renewable energy certificates – RECs).

Currency risk

General

Alliander is exposed to currency risk on purchases, cash and cash equivalents, borrowings and other balance sheet positions denominated in a currency other than the euro. The currency risks concern transaction risks, i.e. risks relating to future cash flows in foreign currencies and balance sheet positions in foreign currencies. At year-end 2024, there were no balance sheet positions in foreign currency which would lead to currency risks.

Subsidiaries report currency positions and risks to Alliander's Treasury department. These positions and risks are principally hedged back-to-back with external counterparties through spot and forward exchange contracts.

Exposure to currency risk and sensitivity analysis

Alliander operates mainly in the Netherlands and to a small extent in Germany and so has no currency risk on its normal operations.

Exchange rates

The following important exchange rates were applicable as at the balance sheet date:

	2024	2023
USD	1.035	1.106

Interest rate risk

General

Alliander had no interest rate swaps outstanding as at year-end 2024 or 2023.

Maturity date or earlier contractual interest repricing date

€ million	Effective interest rate	Variable/ fixed	Bookvalues Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2024						
Assets						
Loans, receivables and other financial assets	0,0%		11	7	20	38
Cash and cash equivalents	2,9% - 4,0%	Variable	496	-	-	496
Total assets			**507**	**7**	**20**	**534**
Loans received						
Subordinated loans	2.5%	Fixed	-	-41	-599	-640
Private and green loans	1.4%	Fixed	-1	-	-300	-301
Euro Medium Term Notes	2.3%	Fixed	-	-1,294	-1,638	-2,932
Euro Commercial Paper	0,0%	Variable/ fixed	-	-	-	-
Other		Variable	-	-	-	-
Lease liabilities	0,0% - 4,7%	Fixed	-25	-67	-48	-140
Total liabilities			**-26**	**-1,402**	**-2,585**	**-4,013**
As at 31 December 2023						
Assets						
Loans, receivables and other financial assets	0,0%		49	19	19	87
Cash and cash equivalents	0,0% - 4,3%	Variable	244	-	-	244
Total assets			**293**	**19**	**19**	**331**
Loans received						
Subordinated loans	2.5%	Fixed	-	-32	-1,108	-1,140
Private and green loans	1.4%	Fixed	-	-9	-300	-309
Euro Medium Term Notes	1.8%	Fixed	-400	-1,293	-895	-2,588
Euro Commercial Paper	4.0%	Fixed	-500	-	-	-500
Other		Variable	-	-	-	-
Lease liabilities	0,0% - 4,4%	Fixed	-23	-55	-52	-130
Total liabilities			**-923**	**-1,389**	**-2,355**	**-4,667**

Sensitivity analysis in relation to fixed-rate assets and liabilities

Alliander does not have any fixed-rate financial assets or liabilities carried at fair value through profit or loss.

Sensitivity analysis in relation to cash flows for variable-rate assets and liabilities

Alliander does not have any variable-rate financial assets or liabilities carried at fair value through profit or loss.

Hedging transactions

Fair value hedging

In previous years, Alliander made use of derivative financial instruments as a complete or partial hedge against the risks of fluctuations in the fair value of financial assets and/or liabilities and in its commitments. However, it did not do so in 2024.

Credit risk

General

Credit risk is the risk of a loss being incurred because a counterparty is unable or unwilling to meet its obligations. Credit analysis and management are applied throughout the organisation, with the degree of review undertaken varying depending on the magnitude of the credit risk in a transaction.

Surpluses of cash and cash equivalents are placed in the money and capital markets on market terms and conditions with institutions satisfying a list of criteria drawn up by the Management Board, making them approved counterparties, up to the maximum limit set for the party in question. In addition, minimum requirements have been set for the credit ratings of such investments set by credit rating agencies. Changes in investments made by Alliander relating to the CBL contracts require the individual approval of the Management Board. These investments were made for long terms, with the intention of generating sufficient returns to meet future lease obligations. The portfolio of investments on which Alliander is exposed to credit risks consists mainly of deposits and securities. Credit risk is managed through an established credit policy, regular monitoring of credit exposures and application of risk mitigation tools.

Credit quality

Treasury

The creditworthiness of financial institutions with respect to which Alliander has receivables is monitored using specific credit analyses, CDS data and credit ratings. The greater part of the cash and cash equivalents is placed or invested with parties with a credit rating of A or higher. Of this, 92% (2023: 64%) is placed with parties with an AA rating or higher.

Sales

Alliander is exposed to credit risk; this is the risk of non-payment by customers for services provided. The company has procedures to limit credit exposure to counterparties and to ensure that outstanding positions are covered by collateral, for example, in the form of bank guarantees.

Maximum credit risk

The maximum credit risk is the carrying amount of each financial asset, including derivative financial instruments. The maximum credit risk that Alliander is exposed to in respect of the CBL transactions is $674 million (2023: $670 million).

Overdue instalments

Receivables which are past due, but for which no provision has been recognised, are without exception trade receivables from normal sales. The provision for bad debts also exclusively concerns trade receivables from normal sales. The ageing analysis of trade receivables was as follows on the balance sheet date (gross amounts):

Ageing analysis of trade receivables

€ million	2024	2023
Not overdue	40	65
0-30 days	26	25
31-90 days	7	10
91-360 days	7	13
> 360 days	7	8
Carrying amount as at 31 December	**87**	**121**

The major part of the provision for bad debts is calculated using a graduated scale based on historical figures. The remainder is based on an assessment of individual accounts. The fair value of collateral obtained relating to overdue accounts and bad debts written off was zero at year-end 2024 and at year-end 2023.

The other receivables and the prepayments and accrued income do not contain any accounts older than one year.

Movements in the provision for bad debt

The movements in the provision for bad debts relating to trade receivables were as follows:

€ million	2024	2023
Carrying amount as at 1 January	11	10
Utilised (trade receivables written off)	-4	-2
Released from/added to allowance account charged to income	5	3
Carrying amount as at 31 December	**12**	**11**

Liquidity risk

Liquidity risk is the risk that Alliander is unable to obtain the financial resources required to meet its financial obligations on time. In this connection, Alliander regularly assesses the expected cash flows over a period of several years. These cash flows include operating cash flows, dividends, interest payments and debt repayments and investments. The aim is to have sufficient funds available at all times to provide the required liquidity. Liquidity and capital requirement planning is performed with a four-year horizon as a minimum. As at year-end 2024, Alliander had a committed credit facility of €900 million (up to 14 December 2028). This facility can be used for general operating purposes, working capital financing or debt refinancing. Alliander also increased the existing bilateral credit lines to €1 billion in 2024 (2023: €400 million). These credit facilities are to be used to cover liquidity requirements.

In addition to this credit facility, which was not drawn on as at year-end 2024, Alliander has a €1.5 billion ECP programme under which there were no amounts outstanding at the end of the financial year (2023: €500 million) and a €5 billion EMTN programme, under which €2.95 billion was outstanding as at 31 December 2024 (2023: €2.6 billion). To provide information on liquidity risk, the following table shows the contractual terms of the financial obligations (translated at the balance sheet rate), including interest payments.

The liquidity risk arising in connection with possible margin calls related to foreign currency and interest rate management transactions and commodity contracts intended for own use is closely monitored and limited by ensuring diversity in the number of counterparties with which transactions are entered into as well as ensuring that appropriate thresholds and other terms and conditions are included in ISDAs (International Swaps and Derivatives Association) and CSAs (Credit Support Annexes).

Margin calls were triggered for Alliander in 2024 and Alliander also made margin calls. As at year-end 2024, Alliander held no security deposits in respect of these margin calls (2023: receivable of €49 million).

Liquidity risk in 2024 and 2023

€ million	Carrying amount	Contractual cash flows			
		Less than 1 year	1 - 5 years	Over 5 years	Total
As at 31 December 2024					
Loans received					
Principal amounts	-3,873	-	-1,341	-2,550	-3,891
Interest	-	-20	-269	-795	-1,084
Lease obligations	-140	-26	-70	-50	-146
Accounts payable	-256	-256	-	-	-256
Other payables	-534	-534	-	-	-534
Off balance sheet commitments					
Lease liabilities	-	-2	-6	-	-8
Total	**-4,803**	**-838**	**-1,686**	**-3,395**	**-5,919**
As at 31 December 2023					
Loans received					
Principal amounts	-4,537	-900	-1,341	-1,809	-4,050
Interest	-	-71	-214	-705	-990
Lease obligations	-130	-25	-58	-53	-136
Accounts payable	-171	-171	-	-	-171
Other payables	-484	-484	-	-	-484
Off balance sheet commitments					
Lease liabilities	-	-3	-8	-1	-12
Total	**-5,322**	**-1,654**	**-1,621**	**-2,568**	**-5,843**

Measurement of fair value

The following table lists the financial instruments measured at fair value in descending order of the fair value hierarchy. According to the fair value hierarchy, the input data levels for measuring fair value are defined as follows:

- Level 1: Quoted prices (unadjusted) on active markets for comparable assets or liabilities;
- Level 2: Inputs, other than level 1 quoted prices, observable for a particular asset or liability, either directly (i.e. in the form of actual prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs not based on observable market data.

Fair value hierarchy

The hierarchical analysis of the instruments is arrived at as far as possible on the basis of the availability of quoted prices on active markets or other observable inputs. Changes are made only as necessary owing to changes in the availability of the relevant inputs. No such changes were made during the year and there were therefore no transfers from one level of the fair value hierarchy to another.

Methods used for level 2 fair value measurement

Alliander had no derivatives outstanding as at year-end 2024 or 2023.

Fair value of other financial instruments

Alliander had no financial instruments recognised at fair value at year-end 2024 or 2023.

Fair value of financial assets and liabilities measured at amortised costs

€ million	Note	31 December 2024		31 December 2023	
		Fair value	Level	Fair value	Level
Non-current assets					
Investments in bonds and other financial assets	6.7	18	2	19	2
Liabilities					
Non-current liabilities					
Interest-bearing debt:					
Euro Medium Term Notes	13	-2,822	1	-2,058	1
Other interest-bearing debt	13	-503	2	-545	2
Total non-current liabilities		**-3,325**		**-2,603**	
Short-term liabilities					
Interest-bearing debt:					
Euro Medium Term Notes	13	-	1	-398	1
Euro Commercial Paper	13	-	2	-500	2
Other interest-bearing debt		-20	2	-21	2
Total short-term liabilities		**-20**		**-919**	
Total liabilities		**-3,345**		**-3,522**	

Measurement of fair value

Investments in bonds and other financial assets: the fair value of loans granted by Alliander is measured on the basis of the incoming cash flows discounted using risk-free interest rates plus credit spreads for these or similar investments. As regards the current portion of these receivables, it is assumed that the fair value is more or less the same as the carrying amount.

Interest-bearing debt: The fair value of the Euro Medium Term Notes is measured on the basis of market prices quoted by Bloomberg. The fair value of the other loans received is measured on the basis of the outgoing cash flows discounted using risk-free interest rates plus credit spreads applicable to Alliander. As regards the current portion of these liabilities, it is assumed that the fair value is more or less the same as the carrying amount.

The fair value of the following financial assets and liabilities is more or less the same as the carrying amount:

- Trade and other receivables;
- Current tax assets;
- Current other financial assets;
- Cash and cash equivalents;
- Trade and other payables;
- Current tax liabilities.

Financial policy

Alliander's financial policy, which is part of its general policy and strategy, is to obtain an adequate return for shareholders and to protect the interests of bondholders and other providers of capital, while maintaining the flexibility to grow and invest in the business. For the purposes of Alliander's financial framework, the subordinated perpetual bond loan issued in 2024 is treated as 50% equity and 50% borrowed capital. This is contrary to IFRS, under which the subordinated perpetual bond loan is considered to be 100% equity. The bond issued in 2024 serves to replace the subordinated perpetual bond loan issued in 2018, which will be redeemed in 2025. In the financial framework, the latter loan is therefore no longer regarded as 50% debt, but as 100% debt. For IFRS purposes, it continues to be treated as 100% equity. In the context of Alliander's financial framework, the convertible shareholder loan issued in December 2021 is treated as 50% equity and 50% borrowed capital. In the context of IFRS, this loan is treated as 100% borrowed capital.

Finance income and expenses

The table below shows the income and expenses in respect of financial instruments recognised in the income statement:

Effect of financial instruments on income statement

€ million	2024	2023
Net result on derivatives held for trading:		
Fair value changes in currency instruments	-	-
Net result on financial liabilities at amortised cost:		
Interest charges on financial liabilities at amortised cost	-76	-75
Interest gains on cash equivalents, loans granted, trade receivables, other receivables and deposits	14	5
Fees paid and received other than for the calculation of the effective interest rate	-4	1
Net finance income and expense	**-66**	**-69**
Impairments of trade receivables	-5	-3
Other operating expenses	**-5**	**-3**

Note 35 Assumptions and estimates used in the financial statements (critical accounting policies)

Alliander prepares its financial statements in accordance with International Financial Reporting Standards that have been endorsed for use in the European Union by the European Commission. The preparation of financial statements and the measurement of items in the financial statements require the use of estimates and assumptions. These are mainly based on past experience and Alliander's management's best estimate of the specific circumstances that are, in the opinion of management, applicable in the given situation.

The assumptions and estimates used in the financial statements often relate to future developments. As a result, the actual outcome may differ significantly from the current measurement of a number of items in the financial statements. Consequently, the estimates and assumptions used may have a significant impact on equity and the results. The judgements, estimates and assumptions used are tested regularly and adjusted if necessary. Alliander is also developing a number of new activities within the framework of its strategy. Due to the start-up nature of these activities, inherent uncertainties are attached to their valuation. This section sets out an analysis of the main areas where the measurement of assets, liabilities and the results is affected by the estimates and assumptions used.

Determination of the provision for employee benefits

The provision for post-employment benefits and other long-term employee benefits is determined on an actuarial basis, using assumptions on future salary levels, disability benefits (WAO/WIA), health insurance premiums, statistical assumptions on mortality rates, employee turnover and probability of disability. These assumptions, together with the discount rate used, influence the carrying amount of the provision for employee benefits and, consequently, the results. An increase in the discount rate of 1 percentage point, for example, has the effect of reducing the necessary carrying amount of the provision by €3 million.

Useful lives, residual values, and impairment of property, plant and equipment

The measurement of the carrying amount of property, plant and equipment uses estimates regarding depreciation periods, derived from the expected technical and economic lives of the assets concerned, depreciation methods and estimates of their residual value. Technological developments, altered market circumstances and changes in the actual usage of the items of property, plant and equipment involved may lead to changes in the expected technical and economic lives and the estimated residual value of the assets. With regard to the gas networks, there is no reason to shorten the current useful life for these on the basis of existing laws and regulations. Regarding meters, the useful lives of meters using CDMA technology were shortened with effect from 2024, as these services will cease of as 2035.

These factors may also trigger recognition of impairment. In measuring the extent of the impairment, estimates are made of the fair value less costs to sell and the value in use. The fair value less costs to sell is derived from assumptions on the possible selling price of a particular item of property, plant and equipment. The actual sales proceeds in the case of a disposal may differ from the estimates used. The value in use is based on the present value of the expected future cash flows, which are derived from the business plans for the coming years relating to the assets concerned. Adverse developments affecting customers that could potentially lead to the recognition of an impairment, such as suspension of payments or bankruptcy/ insolvency, are also taken into account. It is possible that Alliander may be forced to recognise additional impairments in the future as a result of changes in market or other circumstances.

Impairment of goodwill and other assets

Goodwill is not amortised but impairment tests must be performed annually in order to ascertain whether the value of the goodwill has been impaired. Previously recognised impairments of goodwill are not reversed in future years if it is found that the impairment ceases to apply. Other assets are tested if events or changes have occurred that trigger an impairment test. The impairment tests use estimates and assumptions of the fair value less cost to sell and the value in use. The estimate of the fair value less costs to sell is derived from information on quoted prices on regulated markets and other market prices, recent transactions in comparable companies and bids and offers received. Actual proceeds and estimated costs to sell may differ from the estimates. Value in use is estimated using the present value of the expected future cash flows of the subsidiaries and associates involved. Actual cash flows may deviate from the cash flows in the business plans. The discount rates used also affect the ultimate value in use. It is possible that Alliander may be forced to recognise additional impairments in the future as a result of changes in market or other circumstances.

Measurement of trade and other receivables

Alliander regularly assesses the credit risk on its receivables, based on experience as well as developments affecting specific accounts. Impairment losses are recognised on account balances where indicated by this assessment. The actual situation may turn out to be different from the assumptions used in identifying impairment.

Provisions

A characteristic of provisions is that the obligations are spread over several years and management has to make estimates and assumptions at the balance sheet date on the probability that an obligation will arise and the magnitude of the amount that will have to be paid. Future developments, such as changes in market circumstances, changes in legislation and court rulings, may cause the actual obligation to differ from the provision. In addition, Alliander is involved in a number of legal proceedings. Management assesses each individual case and decides whether a provision is necessary, based on the facts. This assessment includes the probability that a claim will be successful and the amount that is likely to be paid.

Network losses: allocation and reconciliation

The allocation process serves to determine estimates of the quantities of electricity and gas supplied and the associated network losses on a daily basis, particularly where standard annual consumption patterns are used for the consumer and SME market. These estimates are reviewed regularly, and quantities allocated to customers are adjusted for actual quantities ascertained through meter readings as part of this process (reconciliation). The legal requirements on reconciliation prescribe settlement within 21 months after the end of the month of supply. This means that the final reconciliation result for the delivery month of December 2024 will not be known until September 2026. The reconciliation result consists of a price and quantity component, the former being determined by the national network operator on the basis of weighted day-ahead prices on a monthly basis (roughly the average spot price of that month). The quantity component derives from the reconciliation runs and is the difference between the initial profile allocations and the actual measurements.

The reconciliation result is included in the financial statements and is based on the result of the reconciliation runs in which the measured data known at the time was processed and of three preliminary reconciliation runs for which the dispute period has not yet expired. This is a preliminary result and may differ from the final result, which does not become known until after 21 months.

Tax

When preparing the financial statements, Alliander devotes considerable attention to assessing all significant tax risks and the current tax position is reflected in the financial statements to the best of its knowledge. Changing insights, for example as a result of final tax assessments for previous years, may lead to additional tax expense or income. New tax risks may also arise. When measuring deferred tax assets, particularly those relating to the differences between the carrying amount in the financial statements and the valuation for tax purposes of property, plant and equipment, assumptions are made about when and to what the extent such tax assets can be realised. This is based in part on business plans. In addition, assumptions on the temporary and permanent differences between measurement for financial reporting purposes and for tax purposes are used in preparing the financial statements. The actual situation may differ from the assumptions used in determining deferred tax positions, due to differences of information, changes in tax rules and so on.

Other

The assumptions with respect to risks and financial instruments are stated in note 34.

Note 36 Events after balance sheet date

Termination of Cross Border Lease

Alliander exercised the contractual option whereby the remaining Cross Border Lease contract was terminated on 2 January 2025. The CBL concerned all electricity assets in the Randmeren area in Flevoland. Two transactions will take place due to the termination of the CBL.

With the entry into force of the Independent Network Operation Act (WON) on 1 January 2008, responsibility for managing the regional network operators' 110 kV and 150 kV high-voltage networks was transferred to TenneT. At the time, however, Liander retained the management of networks under a CBL due to a transitional clause in the WON. The networks will now be transferred following the termination of the CBL on 2 January 2025. Legal operation of the networks transferred to TenneT at the start of January and will be run under an operating lease until their sale, which is expected to occur in the second quarter of 2025. Until the end of 2025, Alliander will have contractual contingent and unconditional rights and obligations of $170 million in relation to the settlement of the contract.

As part of the disposal of Kenter B.V., transformers are to be transferred. This transaction has not yet been carried out as the transformers in question formed part of the CBL, but it can now go ahead following the termination of that arrangement. In 2024, Alliander received an advance payment of €65 million on this transfer. This amount is recognised in the balance sheet at the end of 2024 as an advance payment. The transaction is expected to take place in the first six months of 2025.

Company financial statements

Company balance sheet (as at 31 December, before appropriation of profit)

€ million	Note	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	37	268	248
Right-of-use assets	37	122	111
Intangible assets	38	68	68
Investments in subsidiaries and associates	39	4,149	3,244
Other financial assets	40	4,707	2,592
Total non-current assets		**9,314**	**6,263**
Current assets			
Other receivables	41	114	56
Current financial assets	41	-	-
Receivables from subsidiaries	41	383	2,621
Cash and cash equivalents	42	493	240
Total current assets		**990**	**2,917**
Assets held for sale		-	2
Total assets		**10,304**	**9,182**
Equity and liabilities			
Equity	43		
Share capital		684	684
Share premium		671	671
Subordinated perpetual bond loan[1]		990	495
Hedge reserve[1]		4	5
Other reserves		2,713	2,627
Result for the year		976	267
Total equity		**6,038**	**4,749**
Liabilities			
Long-term liabilities			
Interest-bearing debt	44	3,873	3,137
Lease liabilities	45	103	94
Revenue recieved in advance	46	2	2
Provisions	47	18	20
Total long-term liabilities		**3,996**	**3,253**
Short-term liabilities			
Current and accrued liabilities	48	247	1,157
Lease liabilities	45	22	20
Total short-term liabilities		**269**	**1,177**
Total liabilities		**4,265**	**4,430**
Liabilities held for sale		-	3
Total equity and liabilities		**10,303**	**9,182**

The subordinated perpetual bond loan and the hedge reserve are not freely distributable.

Company income statement

€ million	Note	2024	2023
Income			
Revenue		3	-
Own work capitalised		63	46
Other income		469	390
Total income	50	**535**	**436**
Operating expenses			
Costs of subcontracted work and other external expenses	51	-150	-118
Employee benefit expenses	52	-177	-148
Social security premiums	52	-19	-15
Depreciation and impairments of non-current assets	53	-55	-56
Other operating expenses	54	-143	-127
Total operating expenses		**-544**	**-464**
Operating profit		**-9**	**-28**
Proceeds from receivables included in non-current assets and securities	55	195	108
Interest and similar expenses	56	-85	-78
Profit before tax		**101**	**2**
Tax	57	-25	1
Share of profit/loss from investments in affiliated companies	58	900	264
Profit after tax		**976**	**267**

Notes to the company financial statements

Accounting policies

The company financial statements of Alliander N.V. (Chamber of Commerce company reg. no. 34108286) have been prepared according to the provisions of Part 9, Book 2 of the Dutch Civil Code. The accounting policies used are the same as those used for the consolidated financial statements, in accordance with the provisions of Section 362, Subsection 8 of Part 9, Book 2 of the Dutch Civil Code, with investments in group companies accounted for on the basis of net asset value.

The company financial statements of Alliander N.V. comprise the company balance sheet, the company income statement, and the company statement of comprehensive income. The notes to the company financial statements constitute an integral part of the company financial statements of Alliander N.V.

The measurement of the entities included in the consolidation is performed at net asset value, whereby the company's economic interest is measured at fair value on initial recognition, with the carrying amount subsequently increased or reduced by the company's share in the results. Dividends received are deducted from the carrying amount.

The functional currency of Alliander N.V. is the euro. Unless otherwise stated, all amounts are in millions of euros. For the detailed policies, reference is made to the accounting policies for the consolidated financial statements.

Note 37 Property, plant, equipment and right-of-use assets

Property, plant and equipment

€ million	Land and buildings	Other plant and equipment	Assets under construction	Total
As at 1 January 2023				
Historical cost	166	524	69	759
Accumulated depreciation and impairments	-55	-469	-	-524
Carrying amount as at 1 January 2023	**111**	**55**	**69**	**235**
Movements 2023				
Investments	-	7	42	49
Depreciation	-6	-29	-	-35
Reclassifications and other movements	78	17	-96	-1
Total	**72**	**-5**	**-54**	**13**
As at 31 December 2023				
Historical cost	244	316	15	575
Accumulated depreciation and impairments	-61	-266	-	-327
Carrying amount as at 31 December 2023	**183**	**50**	**15**	**248**
Movements 2024				
Investments	-	8	45	53
Depreciation	-7	-23	-	-30
Reclassifications and other movements	12	24	-36	-
Divestments	-2	-1	-	-3
Total	**3**	**8**	**9**	**20**
As at 31 December 2024				
Historical cost	254	331	24	609
Accumulated depreciation and impairments	-68	-273	-	-341
Carrying amount as at 31 December 2024	**186**	**58**	**24**	**268**

Investments

Investments in property, plant and equipment during the financial year totalled €53 million (2023: €49 million). They related to investments in hardware, software and accommodation.

Right-of-use assets

€ million	Land and buildings	Other plant and equipment	Total
As at 1 January 2023			
Historical cost	85	71	156
Accumulated depreciation and impairments	-10	-42	-52
Carrying amount as at 1 January 2023	**75**	**29**	**104**
Movements 2023			
Investments	2	23	25
Depreciation	-7	-14	-21
Reclassifications and other movements	5	-2	3
Total	**-**	**7**	**7**
As at 31 December 2023			
Historical cost	92	90	182
Accumulated depreciation and impairments	-17	-54	-71
Carrying amount as at 31 December 2023	**75**	**36**	**111**
Movements 2024			
Investments	5	28	33
Divestments	-	-3	-3
Depreciation	-8	-14	-22
Reclassifications and other movements	3	-	3
Total	**-**	**11**	**11**
As at 31 December 2024			
Historical cost	101	114	215
Accumulated depreciation and impairments	-26	-67	-93
Carrying amount as at 31 December 2024	**75**	**47**	**122**

These assets relate to business premises and lease vehicles. The lease adjustments relate, for example, to expansions and indexations.

Note 38 Intangible assets

Intangible assets as at year-end 2024, and also as at year-end 2023, are made up of goodwill relating to the acquisition of Endinet (€61 million), which is allocated to Liander, and goodwill relating to Stam (€7 million), see also note 4.

Note 39 Investments in subsidiaries and associates

€ million	Investments in subsidiaries	Investments in associates	Total
Carrying amount as at 1 January 2023	**2,787**	**1**	**2,788**
Movements 2023			
Dividends received	-19	-	-19
Result for the year	264	-	264
Issue of share capital	211	-	211
Other changes	-	-	-
Total	**456**	**-**	**456**
Carrying amount as at 31 December 2023	**3,243**	**1**	**3,244**
Movements 2024			
Dividends received	-1	-	-1
Result for the year	900	-	900
Issue of share capital	6	-	6
Other changes	-	-	-
Total	**905**	**-**	**905**
Carrying amount as at 31 December 2024	**4,148**	**1**	**4,149**

In 2024, Alliander received €1 million (2023: €19 million) in dividend from a subsidiary. The addition to share capital of €6 million in 2024 relates to payments of capital invested in the subsidiaries of Alliander N.V. (2023: €211 million)

The dividends received from subsidiaries and capital contributions invested in them resulted from the capital restructuring of these companies in line with Alliander's policy.

The various share capital investments are listed separately under the heading 'Subsidiaries, associates and joint arrangements' in the 'Other information' part of the report.

Note 40 Other financial assets

€ million	Deferred tax assets	Loans granted to subsidiaries	Other receivables	Total
Carrying amount as at 1 January 2023	**14**	**2,575**	**18**	**2,607**
Movements 2023				
Loans paid	-	-	-5	-5
Changed temporary differences	-10	-	-	-10
Total	**-10**	**-**	**-5**	**-15**
Carrying amount as at 31 December 2023	**4**	**2,575**	**13**	**2,592**
Movements 2024				
Loans paid	-	-	-1	-1
Changed temporary differences	-2	-	-	-2
New loans	-	2,118	-	2,118
Total	**-2**	**2,118**	**-1**	**2,115**
Carrying amount as at 31 December 2024	**2**	**4,693**	**12**	**4,707**

For further disclosures on deferred tax assets, reference is made to note 17.

In June 2015, Alliander granted a long-term loan of €2,566 million to Liander, along with other lending. This amount was deducted from the current account in 2015. This means that there are two separate financing arrangements between Alliander and Liander, namely a long-term loan agreement, essentially for the purpose of financing network replacement and expansion investments, as well as the existing, separate current account agreement to finance working capital. This provides a closer match between the time horizons of the financing arrangements and the useful lives of the corresponding assets. The long-term loan agreement with Liander runs for 10 years and was increased by €2.1 billion in June 2024.

The long-term loan agreement with Liander runs for 10 years with automatic annual renewal thereafter for a period of one year on each occasion. The interest rate in 2024 was 2.75% (2023: 1.9%). The interest rate is based on the average cost of borrowing on Alliander's lending portfolio, with a risk markup. The interest rate will be reviewed annually. The principal will be repayable at the latest on the conclusion of the arrangement. At year-end 2024, the fair value was €4,633 million (2023: €2,518 million).

Note 41 Other receivables and receivables from subsidiaries

There is group-wide financing for receivables from group companies within the Alliander group, meaning that the activities of the subsidiaries are part-financed through a current account facility with the holding company. External financing is arranged by the holding company itself. Each year, there is a capital restructuring of these companies in line with Alliander's policy, resulting in the distribution of dividends to the parent company or payments of share premium.

The current account facility is mainly for financing the working capital of Alliander's associates. All income and expenditure is accounted for through the current accounts with the associates. Differentiated interest rates were applied, namely 2.75% (2023: 1.9%) for associates operating in the regulated market, 3.25% (2023: 2.4%) for associates in the free domain with a low risk category, 3.75% (2023: 2.9%) for a medium risk category and 4.75% (3,95%) for high-risk associates. The interest rates are based on the average cost of borrowing on Alliander N.V.'s lending portfolio as at year-end 2024, with a risk mark-up where relevant. Current-account lending is treated as a demand deposit and counts as cash-equivalent.

Note 42 Cash and cash equivalents

In 2024, the cash and cash equivalents included amounts that were not at the unrestricted disposal of Alliander. This concerns a blocked bank account with a balance of €0.4 million (2023: €0.4 million).

Note 43 Equity

The statement of changes in equity is included in the consolidated financial statements.

Note 44 Non-current liabilities

Interest-bearing debt

€ million	2024	2023
Carrying amount as at 1 January	**4,038**	**3,425**
Movements		
New loans	2,391	739
Loans repaid	-2,556	-126
Received deposits	-	-
Total	**-165**	**613**
Carrying amount as at 31 December	**3,873**	**4,038**

Long-term loans including the current portion

	Effective interest rate		Short-term portion		Long-term portion	
€ million	2024	2023	2024	2023	2024	2023
Subordinated loans	2.5%	2.5%	-	-	640	640
Private and green loans	1.4%	1.4%	1	1	300	310
Euro Medium Term Notes	2.3%	1.8%	-	400	2,932	2,187
Euro Commercial Paper	0,0%	0,0%	-	500	-	-
Carrying amount as at 31 December			**1**	**901**	**3,872**	**3,137**

Subordinated loans

These loans have been made available by shareholders. They are subordinated to all other liabilities.

Maturities of interest-bearing debt

€ million	2024	2023
Less than 1 year	1	901
Between 1 and 2 years	300	9
Between 2 and 3 years	498	299
Between 3 and 4 years	528	498
Between 4 and 5 years	9	528
Over 5 years	2,537	1,803
Carrying amount as at 31 December	**3,873**	**4,038**

Note 45 Finance lease payables

Lease liabilities as at year-end 2024 were as follows:

€ million	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2024				
Future lease payments of the on-balance lease liabilities	23	63	43	129
Future finance expenses of the on-balance lease liabilities	-1	-2	-1	-4
Present value of the on-balance lease liabilities	**22**	**61**	**42**	**125**
As at 31 December 2023				
Future lease payments of the on-balance lease liabilities	21	51	47	119
Future finance expenses of the on-balance lease liabilities	-1	-3	-1	-5
Present value of the on-balance lease liabilities	**20**	**48**	**46**	**114**

This relates to payables on account of leases for business premises and lease vehicles.

Besides the above lease liabilities, there was an undiscounted amount of €8 million in relation to leases which Alliander has entered into but which had not yet incepted at year-end 2024, which concerned lease vehicles. At year-end 2023 this was €9 million.

Note 46 Deferred income

Deferred income relates to investment grants. The associated amortisation periods are the same as the depreciation periods of the assets in question.

Note 47 Provisions

€ million	Long-service benefits	Termination benefits	Other provisions	Total
Carrying amount as at 1 January 2023	**10**	**1**	**12**	**23**
Movements 2023				
Released	1	-1	-18	-18
Added	3	1	25	29
Utilised	-1	-2	-10	-13
Reclassification to short-term liabilities	-	3	-2	1
Reclassification liabilities held for sale	-1	-	-	-1
Major curtailments and settlements	-	-1	-	-1
Total	**2**	**-**	**-5**	**-3**
Carrying amount as at 31 December 2023	**12**	**1**	**7**	**20**
Movements 2024				
Released	-5	-1	-20	-26
Added	4	1	24	29
Utilised	-1	-	-4	-5
Reclassification to short-term liabilities	1	-	-1	-
Reclassification liabilities held for sale	-	-	-	-
Major curtailments and settlements	-1	-	1	-
Total	**-2**	**-**	**-**	**-2**
Carrying amount as at 31 December 2024	**10**	**1**	**7**	**18**

The long-service benefits scheme covers long-service benefits payable on attaining 25 and 40 years of service. Employees born before 1 January 1963 retain the entitlement to the benefit after retiring. Also, the 50-year long-service benefit will continue for five years as from 1 January 2020. The provision totalled €10 million at year-end 2024 (2023: €12 million).

The provision for severance payments/reorganisations covers payments and/or supplements to benefits paid to employees whose employment contract has been or probably will be terminated. These benefits and supplements are based on the Social Plan operated by Alliander and individual arrangements. The Social Plan is periodically renegotiated and agreed. In 2024, an amount of €1 million was drawn down from the reorganisation provision (2023: €2 million). The provision for severance payments/reorganisations totalled €1 million at year-end 2024 (2023: €1 million).

The other provisions include provisions for long-term sickness absence.

The reclassification to liabilities held for sale in 2023 related to provisions made for employees working at Kenter B.V.

Note 48 Current and accrued liabilities

€ million	2024	2023
Amounts owed to suppliers and trade credits	22	25
Tax and social security contributions	108	117
Liabilities in respect of pensions	7	6
Interest-bearing debt	1	901
Other liabilities and accruals	109	108
Total short-term liabilities	**247**	**1,157**

The short-term liabilities and accruals relate to trade payables, taxes payable and the other short-term liabilities. Amounts owed to suppliers and trade credits include amounts payable of zero to non-controlling interests (2023: €14 million). As at year-end 2023, interest-bearing debts chiefly concerned the short-term loan of €500 million under the ECP programme and a repayment obligation of €400 million, both of which were settled in 2024.

Note 49 Contingent assets and liabilities

Lease liabilities

Please refer to note 45 in the notes to the company financial statements for details of lease liabilities.

Contingent liabilities

Pursuant to Section 403, Book 2 of the Dutch Civil Code, Alliander has assumed liability for the obligations arising from the legal acts of several of the subsidiaries listed in the other information. Alliander, together with its Dutch subsidiaries, forms a tax group for both corporate income tax and value added tax (VAT). Consequently, every legal entity forming part of the tax group bears joint and several liability for the tax liabilities of the legal entities included in the tax group. Alliander has also given a declaration of indemnity to network operator Liander under which its liability in this respect is restricted to the amount for which Liander itself would be liable if a tax group did not exist.

As at year-end 2024, Alliander had issued parent company guarantees amounting to €17 million (2023: €18 million), including parent company guarantees of €3 million (2023: €8 million) for non-controlling interests. Bank guarantees amounting to €54.8 million had been issued on Alliander's behalf at the end of the year (2023: €54.6 million).

Investments and other purchasing commitments

The following table presents the existing investment commitments and other purchase commitments as at year-end.

€ million	2024	2023
Capital expenditure commitments	1	5
Other purchasing commitments	473	198
Total	**474**	**203**

Note 50 Operating income

€ million	2024	2023
Own work capitalised	63	46
Other income	469	390
Total	**532**	**436**

The other income chiefly relates to group-wide activities at holding company level.

Note 51 Costs of subcontracted work and other external expense

€ million	2024	2023
Contractors, materials, external personnel and other	150	118
Total	**150**	**118**

Note 52 Employee benefit expense

€ million	2024	2023
Salaries	160	123
Social security premiums	19	15
Pension costs:		
- contributions paid to multi-employer plans that are accounted for as defined-contribution plans	22	19
Termination benefit expenses	-	-
Long-term employee benefit expenses	-7	3
Other staff costs	15	14
Subtotal	**209**	**174**
Charged to other organisational units	-13	-11
Total	**196**	**163**

The employee benefit expense item mainly concerns the costs of group-wide activities at holding company level.

Nearly all the personnel are on the Alliander N.V. payroll. Employee benefit expenses are charged to the organisational units where these employees work. Employee benefit expenses in the income statement totalled €196 million in 2024 (2023: €163 million), and relate to employees working in the Alliander N.V. corporate staff departments and service units.

The number of employees, based on a 38-hour week (FTEs), was 1,924 at year-end 2024 (2023: 1,563). The proportion of costs attributable to the direct deployment of Alliander staff on projects at other organisational units has been deducted from Alliander's employee benefit expenses.

Remuneration of the Management Board and the Supervisory Board

Please see note 24 for further information.

Note 53 Depreciation/amortisation and impairment of non-current assets

€ million	Land and buildings	Other	Total
2024			
Depreciation	7	48	55
Total 2024	**7**	**48**	**55**
2023			
Depreciation	6	50	56
Divestments	-	-	-
Total 2023	**6**	**50**	**56**

Depreciation of IT assets and right-of-use assets are recognised in the Other column.

Note 54 Other operating expenses

€ million	2024	2023
Items charged by subsidiaries	1	1
Premises and transport	9	5
Rent and leases	7	7
Corporate staff and ICT	89	68
Accountancy, notary and consulting expenses	22	38
Other tax	1	1
Other	14	7
Total	**143**	**127**

Costs passed on by group companies mainly concerns internal development projects at holding company level.

Note 55 Finance income

€ million	2024	2023
Interest income on money market loans and deposits	13	5
Finance income on loans from group companies	182	103
Total	**195**	**108**

The finance income from loans to group companies was up by €79 million compared with 2023 due to the higher interest rates charged. Interest income was also €8 million higher than in 2023 as more temporary surplus liquidity was placed on deposit.

Note 56 Finance expense

€ million	2024	2023
Loans from third parties	76	77
Other finance expense	9	1
Total	**85**	**78**

The total finance expense was €7 million higher than in 2023.

Note 57 Tax

€ million	2024	2023
Current tax expense	-22	10
Movement in deferred tax	-3	-9
Total	**-25**	**1**

The effective tax rate was 24.8%. The difference with respect to the nominal rate (25.8%) is explained by permanent differences between the results for tax purposes and the commercial results reported by the entire group to the holding company.

Note 58 Share in profit/loss from investments in affiliated companies

€ million	2024	2023
Result from interests in subsidiaries and associates after tax	900	264
Share of profit/loss from investments in affiliated companies	**900**	**264**

Coming in at €900 million after tax, the share in the profits of affiliated companies was up by €636 million compared to 2023. This is due to the profit of Alliander Corporate Ventures, in which the gain of €757 million on the Kenter disposal was recognised.

Proposed profit appropriation for 2024

The Management Board has decided, with the approval of the Supervisory Board, to add €876.0 million of the profit to the 'Other reserves'. The remaining profit of €100.0 million is at the disposal of the General Meeting of Shareholders. This equates to a maximum of 45% of the profit after tax, specifically excluding exceptional items and costs associated with projects for shareholders, such that a maximum dividend of €100 million has been agreed for the 2024 reporting year.

Events after the balance sheet date

For details of the events after the balance sheet date, see note 36.

Subsidiaries and other associates

As at 31 December 2024	Based in	%
Consolidated subsidiaries		
Liander N.V.* **	Arnhem	100%
Qirion B.V.* **	Duiven	100%
Alliander Digital Solutions B.V.* **	Arnhem	100%
Nuon Elektriciteitsnetwerken I B.V.	Amsterdam	100%
Nuon Elektriciteitsnetwerken II B.V.	Amsterdam	100%
Alliander Corporate Ventures B.V.* **	Arnhem	100%
Alliander Telecom N.V.*	Amsterdam	100%
Bellevue Participaties B.V. *	Arnhem	100%
QTERRA B.V.*	Arnhem	100%
Grid to great B.V.*	Enschede	100%
TReNT Infrastructuur B.V.*	Enschede	100%
Twinning Research Netwerk Twente (TReNT) B.V.*	Enschede	100%
Entrnce International Holding B.V.*	Arnhem	100%
Entrnce Nederland B.V.	Arnhem	100%
Entrnce Deutschland GmbH	Heinsberg	100%
Firan B.V.*	Arnhem	100%
Warmtenetwerk Nijmegen Dukenburg B.V.*	Nijmegen	100%
Indigo B.V.	Nijmegen	95%
Warmtenetwerk Hengelo B.V.	Arnhem	95%
Warmtenetwerk Didam B.V.	Didam	95%
Warmte-Infrastructuur Limburg Geothermie B.V.	Venlo	75%
Warmtenetwerk Duiven/Westervoort B.V. **	Arnhem	100%
Warmtenetwerk Almere B.V. **	Arnhem	100%
Alliander AG **	Heinsberg	100%
Alliander Stadtlicht GmbH	Heinsberg	100%
Alliander zweite Vorratsgesellschaft mbH	Heinsberg	100%
Alliander Netz Heinsberg GmbH	Heinsberg	100%
Alliander Stadtlicht Rhein-Ruhr	Heinsberg	100%
Joint operations		
Utility Connect B.V.	Arnhem	59%
Other associates and joint ventures		
Reddyn B.V.	Arnhem	50%
EDSN B.V.	Baarn	26%
Etriplus B.V.	Venlo	25%
Gelders Warmte Infra Bedrijf B.V.	Arnhem	50%
Duurzame Energie Netwerken Gelderland B.V.	Arnhem	50%
Biogas Gelderland 1 B.V.	Arnhem	50%
Warmtenetwerk Lingewaard B.V.	Bemmel	25%
Warmtenetwerk Harderwijk B.V.	Harderwijk	25%
Duurzame Energie Netwerken Noord-Holland B.V.	Zaanstad	50%
Warmtenetwerk Zaanstad B.V.	Haarlem	31%
450connect GmbH	Köln	25%
BAS B.V.	Amersfoort	17%

* Alliander N.V. has issued a Section 403 statement of liability for these subsidiaries.

** Direct subsidiaries of Alliander N.V

Other information

Profit appropriation

The profit appropriation is governed by Article 40 of the Articles of Association. The text of this article is as follows:

- Subject to approval of the Supervisory Board, the Management Board determines every year which part of the profit available for distribution - the positive balance of the income statement - is added to the reserves.
- The profit remaining after the addition to the reserves under the previous paragraph is at the disposal of the General Meeting of Shareholders.
- Profit distributions are capped at the distributable part of the shareholders' equity.
- Profit distributions are made after adoption of the financial statements that authorise these distributions.
- The Management Board may decide to distribute an interim dividend, subject to approval of the Supervisory Board and with due observance of clause 3 above and any other provision laid down by law.
- The General Meeting of Shareholders may, following a proposal from the Management Board that has been approved by the Supervisory Board, decide to make distributions to shareholders chargeable to the distributable part of the shareholders' equity.

Independent auditor's report

This auditor's report is an unofficial translation of the original auditor's report accompanying the original annual report 2024, both stated in Dutch. In case of any conflict between this translation and the original auditor's report, the latter will prevail. The original auditor's report can be found on the website of Alliander N.V.

To: the general meeting and the supervisory board of Alliander N.V.

Report on the audit of the financial statements 2024

Our opinion

In our opinion financial statements of Alliander N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the Company together with its subsidiaries) as at 31 December 2024 and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of Alliander N.V., Arnhem. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the following statements for 2024: the consolidated income statement, the consolidated statement of comprehensive income, changes in equity and cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2024;
- the company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Alliander N.V. in accordance with the European Union 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 assuranceopdrachten' (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).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Alliander N.V. heads a group of entities and is a grid company that manages and develops an energy network. The shares of Alliander N.V. are held by provinces and municipalities authorities. Within the group, Liander N.V. is the only subsidiary that is significant for the audit. Liander N.V. has the statutory responsibility to ensure the energy supply in its service area are reliable, affordable and accessible. In total, Liander N.V. has more than 3.3 million gas and electricity connections in the Netherlands. The other companies in the group all have their field of work in energy supply. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In paragraph 35 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of the valuation of property, plant and equipment and the useful lives of these assets, we considered these matters as key audit matter as set out in the section 'Key audit matters' of this report.

Alliander N.V. assessed the possible effects of climate on its financial position. In paragraph [opnemen] of the management's board report the entity has disclosed the risks due to climate change. We discussed Alliander N.V.'s assessment and governance thereof with the management board and evaluated the potential impact on the financial position including underlying assumptions and estimates, for instance for the valuation of the property, plant and equipment. The expected effects of climate change are not considered to impact the key audit matter.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a grid company. We therefore included experts and specialists in the areas of amongst others IT, valuations and tax in our team, as well as forensic specialists.

The outline of our audit approach was as follows:

Materiality

Overall materiality: €97.000.000.

Audit scope

The audit focused primarily on the group entities Alliander N.V., Liander N.V., Qirion N.V. and Alliander Corporate Ventures B.V. These activities were performed by the audit team itself. Coverage of audit activities: 97% of consolidated revenue and 97% of consolidated total assets.

Key audit matters

Valuation property, plant and equipment and useful lives of these assets.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We examined where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. We attended the audit committee meeting related to the 2023 audit. Based on these procedures, amongst others, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan for the year 2024, which we discussed with the management board and the audit committee.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€97,000,000.
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.75% of total assets
Rationale for benchmark applied	We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that assets is the most relevant metric for the financial performance of the Company. The use of total assets as benchmark is common in the industry.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €82.450.000 and €88.740.000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €1.000.000 for the income statement and €5.000.000 for the balance sheet as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Alliander N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Alliander N.V.

We determined the scope of our audit in such a way that we perform sufficient audit procedures to be able to express an opinion on the annual accounts as a whole. In doing so, we took into account, among other things, the management structure of the group, the nature of the activities of the group entities, the business processes and internal control measures and the industry in which the company operates. Based on this, we determined the nature and extent of the work at the level of the group entities that were necessary to be performed by the group team and by the auditors of the group entities.

The group audit focused primarily on the entities Alliander N.V., Liander N.V., Qirion N.V. and Alliander Corporate Ventures B.V.

Audits of the complete financial information were performed at Alliander N.V. and Liander N.V. because these group entities individually have a significant financial size. We audited specific annual accounts items for Qirion N.V. and Alliander Corporate Ventures B.V.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	97%
Total assets	97%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

We have performed the audit procedures for all group components.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach 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 Alliander N.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and whistleblower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board, management (including the internal audit department and legal affairs), and the audit committee and supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement

As part of our process of identifying fraud risks, we evaluated, in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

Management override of controls

Management is in a unique position to commit fraud because of its ability to manipulate accounting data and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Therefore, in all our audits we consider the risk of management override of internal controls. For Alliander N.V., this risk is influenced by:

- journal entries and other adjustments made during the preparation of the financial statements;
- estimates;
- significant transactions outside the normal course of business.

Risk of fraud in revenue recognition

Based on the assumption that there are risks of fraud in revenue recognition, we have evaluated which types of revenue transactions give rise to the assumed risk of fraud in revenue recognition.

We see this risk specifically for high-volume consumer revenue that is invoiced at incorrect rates.

Our audit work and observations

We evaluated the design and implementation of internal control measures and tested the operating effectiveness of these measures in the processes for generating and processing journal entries, revenue recognition and estimates.

We have performed our audit mainly substantively.

We have performed data analysis on manual journal entries based on risk criteria and have performed specific audit procedures on them. These procedures include inspection of information from source documents.

We have also paid particular attention to consolidation and elimination entries, focusing primarily on testing entries that affect revenue and result in the financial year in question.

We have not identified any significant transactions outside the normal course of business.

In addition, we have performed specific audit procedures on important estimates made by management, including the valuation of property, plant and equipment. We refer to the key audit matter for this. We have paid particular attention to the inherent risk of possible bias by management in making estimates.

We have considered the results of other audit procedures and evaluated whether any deviations identified are indicative of fraud. If such an indication existed, we re-evaluated the fraud risk analysis and determined the impact on our planned audit procedures.

Our procedures did not lead to specific indications of fraud or suspicions of fraud with regard to management override of controls.

We have evaluated the design and implementation of the internal control measures and tested the effective operation of these measures in the processes with regard to revenue recognition.

We have performed detailed work on the high-volume consumer revenue:

- the accounted quantity of network connections and the meter readings connected with (external) source registration, such as CAR;
- the invoiced rates connected with the method decisions and rate decisions established by the Netherlands Authority for Consumers and Markets ('ACM');
- determined that the underlying connection, relevant to the rate, has been determined correctly.
- checked the existence of receivables via subsequent receipt testing and existence verification.

Our work has not led to specific indications of fraud or suspicions of fraud with regard to management override of controls.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Accounting policies' on page 242 of the financial statements the management board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements.

Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit:
  - The liquidity and financing elements in the 'Alliander Business Plan 2025-2029' and the underlying developments and assumptions for both the short and long term; and
  - Treasury reports 2024; and
  - Most recent credit ratings from Moody's and S&P

- Through and inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment.
- evaluating the management board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry such as investment agend, funding needs and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.

Based on our procedures performed, we concluded that the management board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on this matter.

Key audit matters

Valuation property, plant and equipment and useful lives of these assets

Refer to Note 3 Property, plant, equipment and right-of-use assets

The tangible fixed assets of approximately €10 billion mainly consist of regulated networks (approximately 81%). In addition, it consists of tangible fixed assets under construction (9%), other fixed assets (8%) and company buildings and land (approximately 2%). The valuation and determination of the useful life of the tangible fixed assets concerns a significant estimate in the annual accounts. Given the complexity of the estimate and the time spent on this estimate, we have identified this as a key point.

The management board carries out an annual analysis to determine whether there are indications that point to an exceptional impairment. If the management board concludes that there are indications, the management board is obliged to determine the realisable value and compare it with the book value and, if necessary, to account for an exceptional impairment in the tangible fixed assets.

In these analyses, the management board pays particular attention to the developments in the regulatory framework for the regulated networks, the risks from climate change, the energy transition and other market developments.

The management board also annually evaluates the useful life and (partly degressive) depreciation periods of the tangible fixed assets.

Based on the analysis, the management board has concluded that there are no indications of a permanent decrease in value and that the useful life of the tangible fixed assets is appropriate.

Our audit procedures and observations

In our audit, we focused on the analyses of Alliander N.V. to identify whether there are indicators that the book value of a property, plant and equipment exceeds the recoverable amount. We performed substantive audit procedures to verify the information used by management in the analyses to identify triggering events (indicators) for an impairment.

We discussed and tested the reasonableness of the estimates and assumptions of management and tested the analyses, among other things, for relevant developments in the regulations. We received sufficient and appropriate audit information to substantiate these assumptions and estimates.

We agree with the conclusions of the management board that there are no indicators for an impairment.

In addition, we checked the annual impairment calculation for the capitalised goodwill of Liander N.V., which shows that the book value of property, plant and equipment of Liander N.V. can be recovered. We used our valuation experts for this.

In 2019, the Climate Act was adopted and governments, companies and social organisations presented the Climate Agreement, which is part of the implementation of the law. The Climate Agreement states that the Netherlands wants to reduce the use of natural gas to zero by 2050. This is one of the frameworks against which we have tested the useful lives and (partly degressive) depreciation periods of the assets.

Based on internal analyses with regard to the useful lives of the property, plant and equipment, we consider the useful lives of the property, plant and equipment to be acceptable and have not found any material deviations with regard to the valuation of the property, plant and equipment.

Finally, we have assessed the acceptability of the valuation principles and the explanations and the uncertainties mentioned therein.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Alliander N.V. on 1 December 2023 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 19 April 2023. This is our first year as auditor of the Company.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 25 Other operating expenses to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists.

Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 3 March 2025
PricewaterhouseCoopers Accountants N.V.

The original, prevailing Dutch auditor's report has been signed by drs K. Hofstede RA

Appendix to our auditor's report on the financial statements 2024 of Alliander N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- 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 intentional 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.

- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. 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, and 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 remain solely responsible for our audit opinion.

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 deficiencies in internal control that we identify during our audit. In this respect, we also issue 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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Limited assurance report of the independent auditor on the sustainability statement

This limited assurance report is an unofficial translation of the original limited assurance report accompanying the original sustainability statement as included in the annual report 2024, both stated in Dutch. In case of any conflict between this translation and the original assurance report, the latter will prevail. The original assurance report can be found on the website of Alliander N.V.

To: the general meeting and the supervisory board of Alliander N.V.

Our limited assurance conclusion

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement (the sustainability statement) of Alliander N.V. (the Company) for 2024 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 process, carried out by the Company, to identify the information to be reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation).

The subject matter of our limited assurance procedures

We have conducted a limited assurance engagement on the sustainability statement of Alliander N.V., Arnhem for 2024, included in section Sustainability statement of the management board report including the information incorporated in the sustainability statement by reference (hereafter: the sustainability statement).

In the sustainability statement, references are made to external sources or websites. The information on these external sources or websites is not subject to our limited assurance procedures for the sustainability statement. We therefore do not provide assurance on this information.

The basis for our conclusion

We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information'.

Our responsibilities under this standard are further described in the section 'Our responsibilities for the limited assurance engagement on the sustainability statement' of our report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our independence and quality management

We are independent of Alliander N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

PwC applies the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintains 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.

Emphasis of matters

Emphasis on the double materiality assessment process

We draw attention to section double materiality assessment of the sustainability statement. The disclosure in this section explains possible future changes in the ongoing due diligence and double materiality assessment process, including engagement with affected stakeholders. 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 selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment.

Emphasis on significant measurement uncertainties

We draw attention to section estimates and assumptions in the section Basic principles of the sustainability statement which draws attention to the assumptions, estimates and presumptions in determining the indicators in E1 Climate change and E5 Circular economy.

Our conclusion has not been modified as a result of these matters.

Corresponding information not subject to assurance procedures

The corresponding information in the sustainability statement and thereto related disclosures with respect to previous years have not been subjected to reasonable or limited assurance procedures.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with the ESRS, the management board of the Company is required to prepare the forward-looking information based on 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.

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.

Calculations to determine information as included in the sustainability statement could be based on assumptions and sources from third parties that include information about, among others, value chain and information collected from actors in the value chain, when appropriate. We have not performed procedures on the content of these assumptions and these external sources, other than evaluating the suitability and plausibility of these assumptions and sources from third parties used.

Responsibilities for the sustainability statement and for the limited assurance procedures thereon

Responsibilities for the sustainability statement and for the limited assurance procedures thereon

The management board of Alliander N.V. is responsible for the preparation of the sustainability statement in accordance with ESRS, including the process carried out by the Company to determine the information reported under the ESRS and the reporting on material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the management board is responsible for complying with the reporting requirements under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The management board 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 management board is responsible for such internal control as the management board 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 Company's sustainability reporting process including the double materiality 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 to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability statement is free from material misstatements, and to issue a limited assurance conclusion in our report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

Our other responsibilities in respect of the limited assurance engagement on the sustainability statement include:

- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the sustainability statement. 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.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst others, the following:

- 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 to assess the process to identify the information to be reported 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 ESRS.
- Obtaining through inquiries a general understanding of the internal control environment, the Company's processes for gathering and reporting entity-related and value chain information, the information systems and the Company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the Company's activities, determining eligible and aligned activities and prepare the disclosures provided for in the Taxonomy Regulation, without testing the operating effectiveness of controls.
- Assessing the double materiality process carried out by the Company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in the Taxonomy Regulation where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to We designed and performed further assurance procedures aimed at determining that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the process to identify the information to be reported in the sustainability statement made by the management board 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 For this, the nature, extent and/or risk profile of these components are decisive. We have performed our procedures centrally.
- Performing substantive analytics on quantitative information in the sustainability statement, including considering data and trends in the information that has been provided for consolidation at a group level.
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information. Assessing whether the Company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. 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 Company's estimates.
- Analysing, on a limited sample basis, relevant internal and external documentation at the level of the Company (including other entities or value chain from which the information may stem) 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 the Taxonomy Regulation for each of the environmental objectives, reconcile with the underlying records of the Company and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical criteria are met, and whether the accompanying key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in the Taxonomy Regulation, including the format in which the activities are presented.
- Reconciling the relevant financial information to the financial statements.
- Considering the overall presentation, structure and the balanced content of the sustainability statement, including the reporting requirements provided for in the Taxonomy Regulation.
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the sustainability statement as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with ESRS.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the limited assurance engagement and significant findings that we identify during our limited assurance engagement.

Utrecht, 3 March 2025
PricewaterhouseCoopers Accountants N.V.

The original, prevailing Dutch limited assurance report has been signed by drs. K. Hofstede RA

Opinion of the Alliander stakeholder panel

Dear reader,

After ten years, we can safely say that the Alliander stakeholder panel has become a real tradition in preparing Alliander's annual report. As members of this panel and representatives of the outside world, we provide feedback on the draft annual report. We are delighted that Alliander considers it important to have stakeholders preview the report content at an early stage, thereby giving them the opportunity to make valuable contributions to the report based on their expertise and backgrounds. We are confident that the organisation will succeed in gearing the report more to stakeholders' needs and wishes.

Review of Alliander's role in the energy transition and related disclosures in the annual report

Like in previous years, we were given a comprehensive update on the complex challenges associated with making the energy supply in Netherlands more sustainable. Alliander operates in a harsh and tempestuous world. Congestion is a limiting and delaying factor that is now affecting higher, medium and lower voltage networks alike, which comes with environmental and climate costs. Access to the energy we need is not always a given anymore, while the solution is far from straightforward due to inflation, lack of space and skilled workers, and a new, uncertain political landscape. It is clear to us that, amid this spectre of challenges, Alliander is staying on course when it comes to getting work done, flexibilising and communicating. However, we believe that there is also an element of 'acceptance' to it. By that we mean whether we can accept that Alliander's remit is broadened, that Alliander takes on more responsibility and is given the required mandate and resources for that, whether we can accept that this may lead to new risks, such as greater cost to society or reduced reliability.

Courage

On an overall level, the panel emphasises that changing the energy system has ceased to be a transition and has become a transformation, and that what is required from the organisations involved is a large dose of courage to join the transformation. Courage to go off the beaten track now and again and to dare to jump in at the deep end. And that actually also goes for drafting the annual report. The annual report exudes a great deal of ambition, even though it is all a bit high-level or overly nuanced at times, and we have also seen some discrepancies creep in. This is why we recommend explaining ambitions in more concrete terms. Be clearer on who you are and what you stand for. For example, while we appreciate the information about climate change mitigation, we also see that adaptation is becoming very important. The war in Ukraine is mentioned, but the potential impact of geopolitical threats on our energy system is left aside. Alliander's profile could be described in more concrete terms.

Future-proof for future generations

The report also presents several vistas for the coming 40 years and future generations. Everyone at Alliander is working on the future and represents the future in their activities. We would like to read more about the 'generational effect' of certain choices, as well as about clean and zero-emission building practices with partners from across the value chain. Safety, scope 3 emissions or biodiversity. It should be noted here that despite all the challenges, the company is not losing sight of where its added value lies in the long term and that Alliander's policy is guided by the SDGs and, since 2024, general prosperity. The panel deems this kind of 'future-proofing' to be commendable, especially in light of the growing social debate about people's social and job security, or rather – according to panel – 'social and job INsecurity'. Energy affects everything. Not

only do the costs of energy need to be shared more evenly, but also the yields. The first thing Alliander says is: “We stand for an energy supply system where everyone has access to reliable, affordable and sustainable energy on equal terms,” but the panel feels that ‘equal terms’ is an outdated concept. What more can an organisation with a social purpose like Alliander do to contribute to this? We would like to see more about this in the annual report.

The annual report as a communication tool

Alliander’s annual report has been a document with a clear profile for many years now. It provides a lot of information, ticks all the boxes, and is easy to read. While this is all very nice, it does get overly narrative-heavy sometimes. Great for the creators, but not so much for the reader. We recommend that you add even more visuals and avoid stating the obvious. What we believe would be interesting is to give more specific thought to how to publish the content.

CSRD and CSDDD

The 2024 annual report is Alliander’s first CSRD-compliant report. The panel appreciates that a lot of time and effort have been put into elevating the associated sustainability statement in the report to the required level. Though sometimes formulated in a way that is not easy to understand, the information presented is comprehensive and in-depth. The statement adheres to the European Sustainability Reporting Standards in a way that is logical and works well. The panel does want to point out, however, that the structure and visualisation of the double materiality assessment raise questions. The decision to not yet adhere to the CSDDD, which is set to enter into force in 2026, is understandable, but it would still be good to pre-empt this due diligence requirement. Value chain aspects and uncertainties could already have been identified more clearly in this report.

Alliander’s dilemmas

During the panel discussions, we briefly addressed the dilemmas that Alliander has formulated. We recognise and accept these dilemmas. When it comes to the dilemma of affordability and costs, there is still a lot left to be said. Even with investments running into the billions, it is great to see that Alliander still has the affordability issue top of mind. Additionally, we are well aware that energy reliability and energy availability are at odds with each other. Is it acceptable to compromise on reliability to reduce congestion? Even a power outage of only a few minutes triggers an outpouring of outrage on neighbourhood WhatsApp groups these days, while frequent power outages are an accepted phenomenon in many other countries. It is a tricky matter to navigate, even if there are simply no suitable solutions yet and it is not up to Alliander to solve this dilemma all by itself. Having said that, Alliander could be more explicit on the extent of its responsibility on these dilemmas, and convey this more clearly in the titles of the paragraphs on the dilemmas. In short, Alliander should be better at marking its own territory: Alliander cannot and is not expected to do it all by itself. Taking up a position is allowed and would even be helpful.

A final word

Alliander’s reporting is again of a high quality. We hope that our contribution will help to retain this high level of transparency. We would like to thank Alliander for its positive attitude towards its stakeholders, for giving us the opportunity to give meaningful feedback on the draft version of the annual report and for the substantive dialogue with the Management Board.

On behalf of the stakeholder panel,

- Samira Ibrahim – researcher into climate risks and climate change adaptation | PBL Netherlands Environmental Assessment Agency and freelancer for Platform Energiebewustzijn
- Robert Koolen – Sustainable Development Director at Heijmans
- Dick Ligthart – Green, Social & Sustainability Bonds Director | ABN AMRO bank
- Marije Ruysch-Koster – Director, Energiebank, Arnhem region
- Marhijn Visser – Deputy Director of International Affairs and ESG lead at VNO-NCW/MKB Nederland
- Dick de Waard – ESG Governance, Reporting and Assurance Adviser, Professor Emeritus of Auditing at the University of Groningen

- Mare de Wit – Trailblazer at Toekomst aan Tafel, Climate-Proof Water Management Advisor at Rijkswaterstaat

The stakeholder panel

The stakeholder panel that assists us with the annual report forms part of our ongoing stakeholder dialogue. We shared a draft version of the 2024 annual report with the panel members in December. It was discussed during an online meeting held on 19 December 2024, attended by our CFO Walter Bien. The feedback was used to improve this report, and will also serve to further enhance the quality of our reporting. The stakeholder panel is independent. Perhaps you, too, would like to talk to us about the annual report or the issues confronting Alliander. We are open to dialogue and also regularly organise roundtable sessions with our stakeholders. Please contact us on communicatie@alliander.com.

Response from the Management Board

The Management Board would like to thank the stakeholder panel for their analysis and all their reflections on our challenges. We have looked very seriously at the panel members' opinions on the draft annual report. Following that assessment, we included as much of the advice as possible in the final version of our annual report.

For instance, you call for greater 'acceptance' of the fact that current grid congestion problems are leading to problems within society, and that this may require the network operator to take on more responsibilities. It is precisely with that in mind that our annual report (1) extensively covers the importance of communicating about the consequences, especially in the Flevopolder region and the provinces of Gelderland and Utrecht, and (2) includes a description of the now amended legislation that allows network operators to offer new types of contracts. We must also point out, however, that it takes time to use these contract types in the right way and place.

When it comes to socioeconomic security and affordability, we share the panel's view on the importance of this issue, as evidenced by the dilemma we are presenting in this report. We will take your advice to be clearer on the scope of our responsibility on board in preparing our future reports. We will better detail the link between our position in the value chain, the rules and the dilemmas we face. In terms of what we are doing in this respect, please refer to the section of the annual report that provides a detailed account of an impact case study on our disconnection policy in situations involving vulnerable households. This is a precursor to new industry policy, which we will be able to report more on next year.

You rightly state that climate change adaptation should feature more prominently. Our sustainability statement details our risk mitigation measures, but we are as yet unable to answer the question of whether we are doing enough with these measures compared to the potential financial impact. We take this advice to heart and are working on the next step for this topic. We will go into this in the next annual report.

Finally, you give some clear advice regarding EU directives. As far as the CSDDD is concerned, we expect it to be further integrated with the CSRD and we will be ramping up our sustainability reporting next year. As to your advice regarding the visualisation of the double materiality assessment, we had to conclude this time that changing it would raise questions from the auditor and would also require further notes. This means that we would have had to add nuances after all. We will reconsider this for our 2025 report.

Five-year summary

€ million	2024	2023	2022	2021	2020
Result					
Revenue	3,043	2,725	2,150	2,120	2,009
Total income	3,881	2,779	2,213	2,181	2,055
Total operating expenses	-2,772	-2,347	-1,903	-1,827	-1,736
Operating profit	1,109	432	310	354	319
Profit after tax	976	267	198	242	224
Balance sheet					
Net working capital	-57	9	-90	-132	-117
Property, plant and equipment	11,195	9,972	9,091	8,501	7,958
Total assets	12,956	11,646	10,692	10,209	9,422
Equity	6,038	4,749	4,570	4,470	4,328
Total interest-bearing debt	3,873	4,038	3,426	3,111	2,487
Total financing	9,911	8,787	7,996	7,581	6,815
Capital expenditure on non-current assets	1,773	1,411	1,228	1,014	890
Cash flows					
Cash flow from operating activities	829	724	572	664	634
Cash flow from investing activities	-679	-1,179	-1,175	-639	-775
Cash flow from financing activities	102	494	184	301	286
Free cash flow	150	-455	-603	25	-141
Ratios					
Net debt/(net debt + equity)	43.3%	46.9%	43.8%	36.7%	38.7%
FFO/Net debt	17.9%	21.1%	19.2%	25.8%	24.1%
Interest cover	11.2	12.2	12.1	17.2	14.2
Solvency	48.1%	46.1%	49.0%	53.8%	53.1%
Shares (as at 31 December)					
Number of shares issued (thousand)	136,795	136,795	136,795	136,795	136,795
Dividend to be paid	149	120	82	101	94
Other					
- Electricity					
Active connections as at 31 December (x 1,000)	3,414	3,379	3,343	3,276	3,236
New connections (x 1,000)	45	45	45	43	39
- Gas					
Active connections as at 31 December (x 1,000)	2,521	2,535	2,549	2,539	2,542
New connections (x 1,000)	2	2	4	4	9
- Volumes transported					
Electricity (GWh)	46,542	39,838	25,651	27,262	28,946
Gas (million m3)	5,064	4,343	4,672	6,056	5,632
Percentage grid losses[1]	4.23%	4.45%	4.53%	4.21%	4.40%
- Other					
Number of disconnections (consumer and business market)	3,004	5,895	5,791	3,210	3,756
Facilitated supplier switches (x 1,000)	872	745	526	918	1,128
Annual electricity outage Liander (minutes)	24.6	23.2	21.3	20.9	23.2
Average number of permanent staff (fte)	7,137	6,504	6,102	5,936	5,786

An estimate has been made for the last two years.

Other non-financial information

Additional information

Description	31/12/2024	31/12/2023
Annual report publication date	05/03/2025	4/3/2024
Customer		
Frequency of power outages (SAIFI)	0.317	0.327
Power outage duration SAIDI (minutes)	24.6	23.2
CAIDI (minutes)	78.1	70.9
Efficiency of transmission and distribution: total network losses as % of total feed-in	4.23%	4.85%
Total length of leased fibre optic infrastructure (km)	2,376	2,563
Total length of Alliander's own fibre optic infrastructure (km)	4,909	4,653
Newly built fibre optic infrastructure (km)	295	287
Number of buildings disconnected	3,004	5,895
Employee		
Own employees and hired employees (number)	9,887	8,825
Male own employees (number)	6,015	5,525
Female own employees (number)	1,718	1,493
Own employees (FTEs)	7,482	6,793
Hired employees (FTEs)	1,939	1,644
Own employees aged < 25 years (number)	219	176
Own employees aged 25-35 years (number)	2,072	1,676
Own employees aged 35-45 years (number)	2,236	2,038
Own employees aged 45-55 years (number)	1,624	1,554
Own employees aged >= 55 years (number)	1,585	1,581
Inflow of male employees (number)	1,135	846
Inflow of female employees (number)	400	313
Outflow of male employees, including Kenter (number)	645	404
Outflow of female employees including Kenter (number)	175	96
Own employees on a permanent employment contract (number)	6,456	6,051
Percentage of men among own employees on a permanent employment contract	78%	80%
Percentage of women among own employees on a permanent employment contract	22%	20%
Employees on a fixed-term employment contract (number)	1,280	970
Percentage of men among own employees on a fixed-term employment contract	75%	74%
Percentage of women among own employees on a fixed-term employment contract	25%	26%
Employees on a full-time employment contract or agency/contract staff contract (number)	7,243	6,553
Employees on a part-time employment contract or agency/contract staff contract (number)	2,644	2,266
Percentage of men on a full-time employment contract or agency/contract staff contract	80%	81%
Percentage of men on a part-time contract or agency/contract staff contract	20%	19%
Percentage of women on a full-time employment contract or agency/contract staff contract	49%	49%
Percentage of women on a part-time contract or agency/contract staff contract	51%	51%
Employees on an agency/contract staff contract (number)	2,151	1,808
Percentage of men among employees on an agency/contract staff contract	76%	80%
Percentage of women among employees on an agency/contract staff contract	20%	19%
Percentage of unidentified gender among employees on an agency/contract staff contract	4%	1%
Percentage of own employees eligible for pension plan in up to 5 years' time	21%	23%
Percentage of own employees eligible for pension plan in up to 10 years' time	31%	33%
Absenteeism among own employees	4.1%	4.4%
Absenteeism of men among own employees	3.7%	4.2%
Absenteeism of women among own employees	5.5%	5.5%
People with poor employment prospects (number)	180	125
People with poor employment prospects (FTE)	145.3	100.4
Employees in leadership positions (number)	548	515
Percentage of female employees in leadership positions	33.5%	30.5%
Salary of female employees as a percentage of salary of male employees	101.3%	102.1%

Percentage of own employees covered by and subject to collective provisions in employment contracts	99.62%	99.94%
Accidents resulting in fatalities (including contractors and third parties)	0	0
Number of cases of complaints regarding occupational health and safety lodged through the formal complaints mechanism	115	42
Percentage of workforce represented on formal occupational health and safety committees of employer and employee	99.6%	99.9%
Number of reported cases of undesirable behaviour (and discrimination) by employees	116	83
Number of employees who have completed safety training (and passed the associated exam) this year	2,038	1,941
Number of contract employees who have completed safety training (and passed the associated exam) this year	322	275
Environment		
Total value of financial sanctions imposed on account of non-compliance or inadequate compliance with environmental legislation and regulations	€ 0	€ 0
Number of environmental incidents reported to the relevant authorities	27	11
Number of non-financial sanctions imposed on account of non-compliance or inadequate compliance with environmental legislation and regulations	8	18
Water consumption (m^3)	13,805	14,984
Office waste: paper (tonnes)	48	63
Office waste: secure shredding service paper (tonnes)	14	25
Office waste: miscellaneous (tonnes)	172	177
Office waste: paper (tonnes)	0.10	0.02
Industrial waste: metal (tonnes)	7,681	8,089
Industrial waste: wood (tonnes)	230	231
Industrial waste: plastic (tonnes)	814	752
Industrial waste: soil (tonnes)	2,700	2,035
Industrial waste: miscellaneous (tonnes)	4,277	4,971
Hazardous waste (tonnes)	816	784
Waste: total weight for the year (tonnes)	16,753	17,127
Governance and Society		
Significant financial support from governments (lower tax rate, subsidies, credit, investment premiums)	€ 1,850,837	€ 1,435,779
Accidents and health impacts on citizens in relation to company assets/legal proceedings relating to health and safety of customers and/or third parties	0	0
Monetary value of significant sanctions imposed on account of non-compliance with legislation and regulations regarding the delivery and use of products and services	€ 2,309	€ 0
Current legal proceedings against the company brought by third parties where the charge includes corruption/fraud (number)	0	0
Companies with which ties have been severed on account of corruption/fraud (number)	0	0
Employees confronted with measures in relation to corruption/fraud (number)	23	15
Certificates		
ISO 9001 Certificate	ISO 9001	ISO 9001
ISO 14001 Certificate	ISO 14001	ISO 14001
Requirements for a safety, quality and capacity-management system for electricity and gas network management	NTA 8120	NTA 8120
HSE Checklist	HSE Checklist	HSE Checklist
CO_2 performance ladder	CO_2 performance ladder	CO_2 performance ladder
ISO 55001 Asset Management	ISO 55001 Asset Management	ISO 55001 Asset Management

Staff turnover

		2024		2023[1]		2022[1]	
	Year	Male	Female	Male	Female	Male	Female
Number of Alliander employees by age category as at 31/12	< 25	192	27	147	19	119	9
	25 - 35	1,553	516	1,251	399	1,054	329
	35 - 45	1,679	557	1,512	501	1,407	443
	45 - 55	1,266	358	1,212	306	1,111	258
	>= 55	1,325	260	1,311	238	1,299	210
		6,015	**1,718**	**5,433**	**1,463**	**4,990**	**1,249**
Staff turnover - Alliander employees by age category	< 25	36	1	17	-	5	1
	25 - 35	127	52	82	26	80	26
	35 - 45	172	58	90	37	108	44
	45 - 55	136	44	51	16	64	27
	>= 55	204	33	161	16	165	18
		675[2]	**188[3]**	**401**	**95**	**422**	**116**
Staff turnover % - Alliander employees by age category	< 25	21%	4%	13%	0%	5%	9%
	25 - 35	9%	11%	7%	7%	8%	9%
	35 - 45	11%	11%	6%	8%	8%	10%
	45 - 55	11%	13%	4%	6%	6%	11%
	>= 55	15%	13%	12%	7%	13%	9%
		12%[2]	**12%[3]**	**8%**	**7%**	**9%**	**10%**
Number of Alliander employees by period-of-service category as at 31/12	< 10	4,005	1,246	3,296	982	2,816	767
	10 - 20	1,166	310	1,210	306	1,148	313
	> 20	844	162	927	175	1,026	169
		6,015	**1,718**	**5,433**	**1,463**	**4,990**	**1,249**
Staff turnover - Alliander employees by period-of-service category	< 10	444	142	239	68	226	78
	10 - 20	89	24	40	20	65	29
	> 20	142	22	122	7	131	9
		675[2]	**188[3]**	**401**	**95**	**422**	**116**
Staff turnover % - Alliander employees by period-of-service category	< 10	12%	13%	8%	8%	8%	11%
	10 - 20	7%	8%	3%	6%	6%	9%
	> 20	16%	13%	12%	4%	12%	5%
		12%[2]	**12%[3]**	**8%**	**7%**	**9%**	**10%**

1 The figures for 2023 and 2022 do not include those of three relatively small subsidiaries.

2 Of the 675 male employees who left the company in 2024, 306 worked at Kenter and ceased to be part of Alliander's workforce after the sale of Kenter. Without this sale, the staff turnover rate would have been 6% instead of 12%.

3 Of the 188 female employees who left the company in 2024, 84 worked at Kenter and ceased to be part of Alliander's workforce after the sale of Kenter. Without this sale, the staff turnover rate would have been 7% instead of 12%.

Terms, abbreviations and definitions

ACM

ACM is the Dutch initialism for the Netherlands Authority for Consumers & Markets, the regulator charged with the supervision of competition, industry-specific market surveillance, and consumer protection. As part of its remit, ACM oversees compliance with the Electricity Act and the Gas Act.

Attribution

Attribution of the impact relative to other entities contributing to the impact (part of the value and impact model).

General prosperity

General prosperity concerns the quality of life in the present and the extent to which today's quality of life impacts negatively on the general prosperity of future generations and/or people elsewhere in the world.

Gross carbon emissions, own business operations

The gross carbon emissions from company operations are measured in accordance with the sector and consist of the direct and indirect emissions from activities under our control. This includes all processes and operations within the direct control of the company, whether performed internally or externally.

Cable pooling

The use of shared cables for wind and solar energy feed in.

CBL (cross border lease)

A cross-border lease is a structured finance transaction by virtue of which a business sells the user rights of certain non-current assets to a foreign company, only to lease these assets back.

CO_2

Carbon dioxide. This is mainly released during the burning of fossil fuels such as natural gas and coal and contributes to the greenhouse effect.

CO_2 equivalent

The effect of greenhouse gases other than CO_2 converted into CO_2 values.

Committee of Shareholders

The Committee of Shareholders as referred to in Section 158(10), Book 2 of the Dutch Civil Code, if this has been appointed by the General Meeting of Shareholders.

Congestion management

Congestion management is the system used at times when the electricity grid has insufficient capacity for customers who consume or feed in electricity. This system ensures that the available transmission capacity is spread as fairly and efficiently as possible. In an area where a shortage of capacity is imminent, parties participating in the system are asked to consume less power or to return more power to the grid for a fee. These measures can prevent the impending shortfall from occurring.

Corporate Governance

The Dutch Corporate Governance Code contains principles and best-practice provisions governing the relationship between the Management Board, the Supervisory Board and the General Meeting of Shareholders/shareholders themselves. The principles and provisions are aimed at detailing responsibilities for long-term value creation, risk management, effective management and supervision, remuneration and relationships with the shareholders/General Meeting and with other stakeholders.

CTO

Chief Transition Officer (CTO) is a management position at Alliander that is focused primarily on exploring and adopting the energy transition and digitalisation, with a view to future-proofing the network company.

Curtailment

During peak periods in electricity feed-in, the network operator reduces or restricts energy delivery from generators of green electricity to the grid, creating more space on the grid so that more generators of green electricity can be connected. This way the grid is used more efficiently.

Eco-costs

Eco-costing is a method of expressing the environmental burden of a product. It is based on the costs that will be incurred in preventing that burden.

ECP

Eurocommercial Paper: short-term debt instruments issued on the international money market.

EMTN

Euro Medium Term Note: long-term debt instruments issued on the international capital market.

Energy transition

The transition away from generating energy from fossil fuels to sourcing power from renewables, like the sun, wind or water, for example.

FFO/net debt ratio

The funds from operations (FFO)/net debt ratio is the 12-month profit after tax adjusted for deferred tax movements, the equity component in the payment relating to hybrid loans, incidental items and fair value movements plus depreciation of property, plant and equipment and amortisation of intangible assets and deferred income, expressed as a percentage of net debt.

Flex-market

In a flexible electricity market, supply and demand are better matched. Flexibility is created by energy users switching demand to off-peak periods. Intelligent systems also make it possible for power from renewables, for example, to be stored and for generation demand to be shifted in time without users having to alter the pattern of consumption.

FTE (full-time equivalent)

Equivalent of the number of employees with a full working week.

Guarantee of Origin

A Guarantee of Origin (GO) is a certificate proving that electricity was generated from renewable energy sources, such as wind power, hydropower, solar power or biomass plants.

Regulated domain

The activities of the network operator which arise from the tasks that are the exclusive preserve of the network operator and for which maximum tariffs are set by the ACM. This includes:

- Construction, maintenance, renewal and management of connections to the electricity network with a load value up to 10 MVA, and to the gas network.
- Construction, maintenance, renewal and operation of electricity and gas.
- Transmission of gas and electricity.
- Metering services for small consumers.
- Effective assurance of the safety and reliability of the networks.
- Promotion of the safe use of equipment and installations that consume electricity and gas.
- Facilitation of the free market, among other things, by enabling customers to switch to another energy supplier.

Degree-day

A degree-day is a unit for quantifying energy demand. The measure is obtained by multiplying the number of degrees temperature difference between indoor temperature and average outdoor temperature over a given 24-hour period. If the outdoor temperature is 1°C below the temperature below which heating is required – taken as 18°C – that counts as 1 degree-day, and so on. If the average outdoor temperature is 18°C or above, the number of degree-days (for heating purposes) is zero.

Green bond

A debt instrument used exclusively to finance new and existing environmentally sound projects.

High-voltage network (HV)

Network intended for the transmission of electricity at a voltage greater than 35 kV and operated as such.

Interoperability

The ability of various autonomous, heterogeneous systems to communicate and interact with each other.

Investment plan

As of 2020, network operators will publish an investment plan every two years. This plan describes all necessary expansion and replacement investments over a 10-year period and explains the reasons for these investments. The basis for the investment plan is Article 21 of the Electricity Act and Article 7a of the Gas Act.

Feed-in

The supply of electricity fed into the electricity grid from power generating sources.

Value chain responsibility

A situation in which a company assumes responsibility for the entire value chain involved in its activities and for the impact these activities have in social, ecological and economic terms, and renders account accordingly, including engaging in a dialogue with stakeholders. The whole process is result-driven.

Customer convenience

The degree to which customers experience convenience. Customer convenience among ordinary consumers and business market consumers is measured using the Net Effort Score (NES) based on the Consumer Effort Score (CES) question: %convenience - %effort. This score is given by deducting the percentage of customers experiencing difficulty with the service from the percentage of customers finding it easy. The KPI is a calculation of the NES score, as an annual average, in relation to the various value chains for the ordinary consumer market on the one hand, and the business market on the other.

Climate Agreement

The Climate Agreement (i.e. the Dutch Climate Agreement) aims to cut greenhouse gas emissions in the Netherlands by 49% compared with 1990 levels by 2030. These targets stem from the climate agreements made by the international community in 2015 in the Paris Agreement and are set out officially in the Climate Act in the Netherlands. The climate agreement is therefore not a law itself, but gives substance to the objectives of the Dutch Climate Act.

Credit rating

An assessment by independent rating agencies, such as Moody's and S&P, of Alliander's creditworthiness.

Low-voltage network (LV)

Network intended for the transmission of electricity at a voltage less than or equal to 1 kV in the case of an AC voltage network, and less than or equal to 1.5 kV in the case of a DC voltage network, and operated as such.

Security of supply

The ability of customers to rely on the uninterrupted supply of electricity, gas and heat, as well as uninterrupted feed-in to the grid.

LTIF (Lost Time Injury Frequency)

The number of work-related accidents during the financial year in which internal employees (Alliander and agency/contract worker) were involved and which led to sickness absence after the accident, expressed per million of man-hours worked. For an accident to be considered a lost-time accident, it must have led to at least 24 hours of sickness absence. This is an unweighted average of Alliander's LTIF. The LTIF target and actual figure are calculated using the average number of FTEs (based on the actual figures as at 31/12 of the financial year and as at 31/12 of the prior year) and a standard annual number of 1,600 hours worked per employee.

M^3 of natural gas

A cubic metre (1,000 litres) of natural gas. The average natural gas consumption per household is about 1,800m^3 per year.

People with poor employment prospects

The number of employees who qualify for the target group register under the Dutch Labour Participation Quota Act for workers with a disability and work experience positions (for employees with poor employment prospects who do not qualify for the target group register).

Employee survey

An employee survey conducted according to the Effectory methodology in which employee engagement and enthusiasm are measured. Alliander wants to know how its employees feel in relation to work. We measure this by investigating employee engagement and enthusiasm. Enthusiastic and/or engaged employees are a key success factor within an organisation. Engaged employees feel connected to the organisation they work for. Enthusiastic employees are committed to getting the best out of themselves and their work.

Methane

A gas, chief component of natural gas.

Medium-voltage network (MV)

Network intended for the transmission of electricity at a voltage level greater between than 1 kV, but less than or equal to 35 kV, and operated as such.

Net carbon emissions from business operations

The net carbon emissions from company operations consist of the gross carbon emissions from company operations minus the instruments used to green the emissions.

Net investments

Gross investments less contributions to these investments received from third parties.

Net debt

The sum of long and short-term interest-bearing liabilities less cash and cash equivalents and investments.

Net debt/(net debt + equity)

Net debt position divided by equity including the result for the period and the net debt position.

Grid losses/network losses

There are two components to grid losses or network losses: technical losses and administrative losses. Technical grid losses refers to the electrical energy that is dissipated in overcoming the inherent resistance of cables, transformers and other components in the network. Administrative grid losses refers to losses due to fraud and theft of electricity and loss of potential income due to empty properties.

NTA 8120

The NTA (Netherlands Technical Agreement) 8120 comprises standards for the assurance of the safety of employees and the public, the protection of industrial and built-up areas and nature, the security of transport and distribution, and the efficient and optimal management of grids.

Output

The effects of an activity – within the context of the value and impact model – over which Alliander has some control.

Sufferance tax

A levy charged by municipal authorities for the assets of utilities running either overhead or below ground across municipal land or water as well as surface assets.

Regional Energy Strategy (RES)

The RES focuses on the energy task facing a region, including the potential for electricity generation from renewables, potential savings and the actual plans for balancing supply and demand. The first RES was delivered in 2021. This is not a finished product: every two years, the RES regions will update their plans based on new information.

Remuneration report

The Remuneration Report of the Supervisory Board concerning the remuneration policy of Alliander, as drawn up by the Selection, Appointment and Remuneration Committee of the Supervisory Board.

Interest cover

The interest cover ratio concerns the 12-month profit after tax, adjusted for movements in deferred tax assets and liabilities, the equity component in the payment for hybrid loans, exceptional items and fair value movements, plus the net depreciation and amortisation of property, plant and equipment and intangible assets and deferred income and the net amount of finance income and expense adjusted for the equity component in the payment for hybrid loans, exceptional items and fair value movements divided by the net finance income and expense adjusted for the equity component in the payment for hybrid loans, exceptional items and fair value movements.

Sustainable Development Goals (SDGs)

The latest United Nations goals for sustainable development of the world in the period 2015–2030.

SF_6

An inert gas that is six times heavier than air and has a CO_2 equivalent of 24,300. SF_6 has good electrical insulating properties and is therefore frequently applied in electrical engineering, such as in medium-voltage and high-voltage units. In the case of combustion (e.g. due to an arc), toxic waste products such as S_2F_{10} occur. Also, in the case of major gas escapes, there is the risk of SF_6 displacing oxygen which can lead to suffocation.

Smart meter

The smart meter enables remote reading of electricity and gas meters to obtain information on consumption and status. In addition, a smart meter can execute remote instructions. The communication with the meter takes place via the cable network (Power Line Communication) or via GPRS.

Solvency ratio

The solvency ratio is obtained by dividing equity including the profit for the period less the expected dividend distribution for the current financial year by total assets less deferred income.

Stakeholders

Stakeholders are individuals and groups who have any form of interest in Alliander such as employees, shareholders, customers, financiers, suppliers and public authorities.

System analysis

A system analysis provides an integrated picture of future energy development and the impact on the required energy infrastructure for all energy modalities (for electricity or gas for example) and the cross connections.

Regulation of tariffs

With respect to public utilities, the process whereby the government sets the maximum rates that network operators are permitted to charge for their services.

Transparency

The extent to which things can be clearly seen through something – specifically the provision of a clear view of a company's activities.

Transmission restrictions

Due to the rapidly growing demand for electricity and the increase in feed-in, in more and more places the electricity grid has reached its full capacity. In these areas, when generators of green electricity and large companies that consume large volumes of electricity request more capacity on the power grid, they are subject to transmission restrictions. This means they are placed on a waiting list and can only access the extra capacity once there is again sufficient capacity on the grid. This additional capacity is created when the network operator expands the grid or can deploy a smart solution.

Phasing-out of gas

The gradual discontinuation of a mains gas supply.

Electricity outage duration

The average number of usage minutes during which a connected party was without power due to an unplanned service interruption, measured as the number of minutes per connection per year.

- The concept of usage minutes can be defined in greater detail as the product of the number of connected parties affected and the duration of an (unplanned) service interruption in minutes.
- The total number of usage minutes can be defined as the sum of all usage minutes of all (unplanned) service interruptions in the financial year.
- The total number of connected parties can be defined as all connections with an accommodation function, excluding connections at properties that are vacant.

VCA (Veiligheid Checklist Aannemers)

A certifiable checklist for contractors by which they can demonstrate that they are complying with health and safety standards.

Substation

A power system installation on the high voltage network either connecting two or more high-voltage networks or forming a connection to the high-voltage network.

Decarbonisation of emissions, own business operations

Decarbonisation or offsetting of gross carbon emissions from company operations is intended to reduce carbon emissions. This can be done through different products. All of Alliander's electricity consumption (mainly consisting of network losses) is greened with Dutch Guarantees of Origin (GOs) linked to offshore and onshore wind. Long-term contracts have been signed with various wind farms and suppliers for this purpose. Alliander currently uses Gold Standard VERs (Verified Emission Reduction, also known as 'carbon credits') to offset all carbon emissions that cannot be greened using Guarantees of Origin. This mainly applies to gas network losses. These VERs are usually linked to projects such as Turkish wind energy, which do not participate in the European Guarantee of Origin system.

Employee absenteeism

The moving average sickness absence over a 12-month period (short, medium and long duration) for Alliander staff, not including absence on account of pregnancy.

Free domain

The activities that are carried out in competition and/or arise from the statutory tasks and are offered at the customer's request. This includes the construction, maintenance, renewal, and management of connections to the electricity network with a load of 10 MVA and above for specific customer groups, including public transport and public lighting.

Free cash flow

Cash flow from operating activities less net investments in non-current assets.

Women in managerial positions

Refers to the number of women holding a leadership position (all employees who manage other employees), expressed as a percentage of the total number of employees with an employment or agency contract.

Working capital

Inventories plus trade receivables and other receivables, less short-term non-interest-bearing debt and other liabilities.

Cover photo

The photo shows a technician working on the construction of a district heating network. Heat and sustainable gases are also part of the energy system of the future. Now that energy is no longer always available everywhere and energy tariffs are increasing, we need to make choices together and come up with new solutions. Because not everything can be done and not everything can be done at the same time. We need to think differently and act differently.

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This report is a translation of the Dutch annual report 2024 of Alliander N.V. Although this translation has been prepared with the utmost care, misinterpretations or deviations as a result of the translation process from the Dutch annual report may nevertheless occur, such that the information in this report may be misinterpreted or different conclusions may be drawn. In such cases, the Dutch annual report 2024 will prevail.

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