

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Enexis Holding N.V.
27 April 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Finance Instruments
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)Green Loan Principles as administered by the LMA (as of February 2023)Proposed European Green Bond Standard (as of July 2021)EU Taxonomy Climate Delegated Act (as of June 2021)
Scope of verification	<ul style="list-style-type: none">Enexis Green Finance Framework (as of April 14, 2023)Enexis Eligible Green Asset Pool (as of April 14, 2023)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

CONTENTS

Scope of work	3
ENEXIS BUSINESS OVERVIEW	3
ASSESSMENT SUMMARY	4
SPO ASSESSMENT.....	5
PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES, GREEN LOAN PRINCIPLES AND PROPOSED EUROPEAN GREEN BOND STANDARDS.....	5
PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE	10
A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs	10
PART III: ALIGNMENT OF THE ELIGIBLE GREEN ASSETS WITH THE EU TAXONOMY CLIMATE DELEGATED ACTS	13
PART IV: LINKING THE TRANSACTION TO ENEXIS' ESG PROFILE.....	19
A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH ENEXIS' SUSTAINABILITY STRATEGY	19
B. ENEXIS' BUSINESS EXPOSURE TO ESG RISKS.....	21
ANNEX 1: Methodology	24
ANNEX 2: ISS ESG Corporate Rating Methodology.....	25
ANNEX 3: Quality management processes	26
About this SPO	27

Scope of work

Enexis Holding N.V. (“the Issuer”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing four core elements to determine the sustainability quality of the instruments:

1. Enexis’ Green Finance Framework (as of April 14, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Loan Market Association’s (LMA) Green Loan Principles (GLP) and Proposed European Green Bond Standard (EU GBS) on a “best effort” basis¹.
2. The Eligible green asset pool – whether the nominated project categories contribute positively to the UN SDGs.
3. The alignment with the EU Taxonomy on a best-efforts basis² – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021)³.
4. Linking the transaction to Enexis’ overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

ENEXIS BUSINESS OVERVIEW

Enexis Holding NV is a Gas and Electricity Network Operators company. It is classified in the Gas and Electricity Network Operators, as per ISS ESG’s sector classification.

Enexis Holding NV operates as a holding company, which stimulates, coordinates, facilitates, and provides funding for initiatives and forms of collaborations. Through the distribution system operator, it supplies electricity and natural gas to customers in the Dutch provinces of Groningen, Drenthe, Overijssel, North Brabant, and Limburg. Enexis is responsible for constructing, servicing, developing, and operating the electricity and gas grids there. Enexis Holding was split-off from Essent NV in 2009. The company was founded on December 19, 2008, and is headquartered in 's-Hertogenbosch, the Netherlands.

¹ “Best effort” basis is due to the fact that the European GBS is currently a legislative proposal.

² Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy have been evaluated on a “best efforts basis”.

³ European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part 1: Alignment with GBP, and GLP	The Issuer has defined a formal concept for its Green finance instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is aligned with the GBP and GLP.	Aligned
Alignment with the proposal of the EU GBS, on best effort basis	The Green Finance Instrument is aligned with the proposal of the EU GBS, on best effort basis.	Aligned with the proposal of the EU GBS, on a best effort basis
Part 2: Sustainability quality of the Eligible green assets	<p>The Green finance instruments will (re-)finance eligible asset pool categories which include Renewable Energy, Energy Efficiency and Green Buildings.</p> <p>Renewable energy and Green Buildings use of proceeds has a contribution to SDGs 7 ‘Affordable and Clean energy’ and SDG 13 ‘Climate action’.</p> <p>The remaining use of proceed categories improve the company’s operational impacts and mitigate potential negative externalities of the Issuer’s sector on SDG 13 ‘Climate action’.</p>	Positive
Part 3: Alignment with EU Taxonomy	<p>The alignment of Enexis’ project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis⁵.The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation criteria 4.9 and 7.7 ▪ Aligned with the Do No Significant Harm Criteria 4.9 and 7.7 ▪ Aligned with the Minimum Safeguards requirements 	
Part 4: Linking the transaction to Enexis’ overall ESG profile	<p>The key sustainability objectives and the rationale for issuing Green financing instruments are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.</p>	Consistent with Issuer’s sustainability strategy

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES, GREEN LOAN PRINCIPLES AND PROPOSED EUROPEAN GREEN BOND STANDARDS

A. ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES

This section evaluates the alignment of the Enexis' Green finance framework (as of April 14, 2023) with the ICMA GBP and LMA GLP.

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Enexis' Green finance framework is aligned with the GBP and GLP.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP and GLP, Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by asset category is provided in the investor presentation(s) and the environmental benefits are described and quantified. The Issuer defines exclusion criteria for harmful projects categories.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Enexis' Green finance framework is aligned with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The issuer involves various stakeholders in this process, in line with best marked practice. The issuer identifies alignment of their Green Finance Framework and their green projects with EU taxonomy, in line with best market practice.</p>

⁴ The evaluation is based on the Enexis' Green Finance Framework (April 14, 2023), on the analysed Eligible green assets as received on April 14, 2023, and on the ISS ESG Corporate Rating updated on the August 3, 2022 applicable at the SPO delivery date.

⁵ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds proposed by Enexis' Green finance framework is aligned with the GBP and GLP.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Enexis' Green finance framework is aligned with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Enexis explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The issuer is transparent on the level of impact reporting, on the information reported, the reporting frequency, the scope and duration of the impact reporting, in line with best market practice.</p> <p>The issuer discloses the location and link⁶ of the report(s) and commits to get the allocation report audited by an external party, in line with best market practices.</p>

⁶ Enexis' Framework, SPO, Impact and Allocation reports will be published on their website. More information is available at <https://www.enexisgroep.com/investor-relations/funding/>

B. ALIGNMENT OF PROJECT CATEGORIES WITH THE PROPOSAL OF THE EU GBS⁷

The table below evaluates the alignment of project categories with the proposal of European Green Bond Standards (EU GBS) on “best effort” basis.

PROPOSAL OF EU GBS	ALIGNMENT	OPINION
0. Strategy and rationale	✓	<p>The strategy and rationale description provided by Enexis’ Green Finance Framework, under which project categories are included, is aligned with the EU GBS on best effort basis.</p> <p>The rationale for issuance is clearly stated and linked to the financial institution’s overall strategy, which prioritizes energy transition as part of Enexis’ CSR Strategy (more details on this found in Part IV).</p>
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided for project categories is aligned with EU GBS on best effort basis.</p> <p>The Issuer specifies that the Renewable energy, Energy Efficiency and Green Buildings project categories will be EU Taxonomy-aligned, and the projects will be located in Netherlands, as per EU GBS requirements. The Issuer provides a statement showing that it voluntarily adheres to the requirements of the regulation proposal for “Renewable Energy”, “Energy Efficiency” and “Green Buildings” project categories.</p> <p>The information provided by the Issuer is at the project category level rather than the project level. The Issuer provided an explanation on why project-level information is not given.</p> <p>The Issuer specifies the type of activity, sector and the respective NACE code per project/project category</p> <p>The proceeds will be allocated to bonds in line with the EU GBS requirements.</p>

⁷ On “best effort” basis

<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Enexis' Green Finance Framework for project categories is aligned with EU GBS on best effort basis.</p> <p>The project selection process is defined. Governance processes and mechanisms for the identification and management of ESG risks associated with the project categories are set in place. The Issuer commits to having a governance process to determine that the project categories are indeed aligned with the EU Taxonomy and provides a description of these processes, as required by the EU GBS proposal.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Enexis' Green Finance Framework for project categories is aligned with EU GBS on best effort basis.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. The proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p> <p>Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and commits to disclosing the portfolio balance of unallocated proceeds in its allocation report.</p> <p>The Issuer has defined a full allocation to take place within a timeframe of 24 months after the issuance of a given Green Finance Instrument.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting description provided by Enexis' Green Finance Framework for project categories is aligned with EU GBS on best effort basis.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report annually until the proceeds are fully allocated, in line with the EU GBS proposal requirements. The reporting will be publicly available on the Issuer's website.</p> <p>The Issuer commits to including in the allocation reports the composition of the portfolio, the breakdown of portfolio based on nature of what is being financed, and breakdown of new financing and refinancing. In addition,</p>

		<p>the Issuer commits to reporting on the amount of unallocated proceeds.</p> <p>The information that the Issuer commits to provide on the external review pre-issuance and post-issuance is in line with the requirements of the EU GBS proposal.</p>
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PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs⁸

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services



The assessment of UoP categories for (re)financing in products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards, and sustainability criteria).

The assessment of UoP categories for (re)financing in specific products and services is displayed on 3-point scale (see Annex 1 for methodology):



⁸ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

Each of the Green finance instruments Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Distribution infrastructure and equipment⁹ in an electricity system that complies with at least one of the following criteria¹⁰:</p> <ul style="list-style-type: none"> a) <i>the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;</i> b) <i>more than 67 % of newly enabled generation capacity in the system is below the generation threshold value of 100gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.</i> c) <i>the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 g CO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;</i> 	<p>Contribution</p>	
<p>Energy Efficiency</p> <p><i>Smart metering systems¹¹ contributing to a more efficient use of energy as well as supply and demand management</i></p>	<p>Contribution</p>	

⁹ Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 g CO₂e/kWh measured on a life cycle basis is not compliant and excluded from the portfolio of Eligible Green Assets

¹⁰ This regards the distribution infrastructure and equipment of the Enexis electricity grid, which is subject to continuous expansions and improvements to execute the energy transition, including but not limited to: 1) Direct connections to renewable electricity generation facilities (with emissions below the generation threshold value of 100gCO₂e/kWh). 2)Connections to electric vehicle (EV) charging stations and supporting electric infrastructure. 3)Installation of equipment to increase the controllability and observability of the electricity system to enable the integration of renewable electricity, including sensors, measurement, communication and control tools (e.g. district automation & district automation light). 4)Installation of infrastructure and equipment with the objective to increase renewable electricity in the grid

¹¹ Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.

Green Buildings

- Buildings built before December 31, 2020 with an EPC label \geq "A++"
- Buildings built after January 1, 2021, with a primary energy demand 10% below locally applicable nearly-zero energy building (NZEB) requirements

Contribution



PART III: ALIGNMENT OF THE ELIGIBLE GREEN ASSETS WITH THE EU TAXONOMY CLIMATE DELEGATED ACTS

The alignment of Enexis' project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed with the relevant Climate Change Mitigation, Do No Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act¹² (June 2021), based on information provided by Enexis. Where Enexis' project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

Enexis' project selection criteria overlap with the following economic activities in the EU Taxonomy which Enexis has already identified:

- 4.9 Transmission and Distribution of Electricity
- 7.7 Acquisition and ownership of buildings




All projects financed under the Green finance framework are and will be located in Netherlands.

Note: In order to avoid repetition, the evaluation of the alignment of Enexis' assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section B.2. Similarly, the evaluation of the alignment to the DNSH to Protection and Restoration of Biodiversity and Ecosystems is given in Section B.3. They are applicable to all of the above activities.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

¹²https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

a) 4.9 - Transmission and distribution of electricity and Smart Metering systems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹³	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>Enxsis confirms that under this Framework, the Renewable energy distribution infrastructure and equipment in an electricity system complies with at least one of the following criteria:</p> <ul style="list-style-type: none"> ▪ The system is the interconnected European system ▪ More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100g CO₂e/kWh measured on a life cycle basis over a rolling five-year period ▪ The average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 g CO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period ▪ Smart metering system 	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See c)	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
<p>Enxsis requires all Enxsis projects to comply with the EU Taxonomy Technical Screening Criteria for 4.9 - Transmission and distribution of electricity and Smart Metering systems, which includes the DNSH criteria on "transition to circular economy".</p> <p>Enxsis confirms all its projects have a waste management plan in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.</p> <p>During 2022, Enxsis produced about 28,242 tonnes of waste and residual flow during its operations. The issuer has identified a total of 85 such operational wastes and have been able to separate 95% of the residual flow which mainly constitutes materials such as iron, aluminum and copper.</p>	

¹³ This column is based on input provided by the Issuer.

5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

Enexis requires all Enexis projects to comply with the EU Taxonomy Technical Screening Criteria for 4.9 - Transmission and distribution of electricity and Smart Metering systems, which includes the DNSH criteria on ‘Pollution prevention and control’ requiring that:

- Activities do not use PCBs polychlorinated biphenyls.

As the equipment and infrastructure targeted by this criteria is not part of the Enexis Electricity Grid (i.e. no (overground) high voltage transmission systems), the following criteria do not apply:

- for construction site activities, activities follow the principles of the IFC General environmental, Health, and Safety Guidelines.
- activities respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz)¹⁸² and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP).





6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

See d




b) 7.7- Acquisition and ownership of buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁴	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>Enxsis confirms that under this Framework, the construction of new buildings will meet these requirements:</p> <ul style="list-style-type: none"> ▪ For buildings built before December 31, 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before December 31, 2020 and at least distinguishes between residential and non-residential buildings. ▪ For buildings built after December 31, 2020, the building meets the criteria specified in Section 7.1 of this Annex that are relevant at the time of the acquisition. ▪ Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment. 	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See c)	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	

¹⁴ This column is based on input provided by the Issuer.

c) Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁵	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>Enexis requires all of its projects to comply with the EU Taxonomy Technical Screening Criteria, including the DNSH criteria on ‘Climate Change Adaptation’.</p> <p>Enexis commits to conducting a specific analysis pertaining to climate change risks as a part of their periodic monitoring (Risk & Opportunity Based Asset Management). Sea level rise, Flood, Saline intrusion, and Soil subsidence are the physical climate risks identified from the list in Section II (of the Delegated Act) and are screened for each project. The issuer has measures in place to act in case such a climate risk does occur, by focusing on the operation and reliability of their network (i.e. reducing potential down-time).</p> <p>If the risk level assessment rises relevant adaptation solutions will be implemented. Enexis applies long-term scenario analysis, which is takes into consideration 10- to 30-year climate projections scenarios as laid out in the DNSH criteria. Enexis also confirms that the assessment is done by taking into account the latest IPCC scenarios.</p> <p>Enexis’ risk assessment has not identified that any imminent adaptation solutions are required in the short-term.</p>	

d) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems


PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁶	ALIGNMENT WITH EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>Enexis requires all of its projects to comply with the EU Taxonomy Technical Screening Criteria, including the DNSH criteria on ‘Protection and Restoration of Biodiversity and Ecosystems’.</p> <p>Enexis confirms that appropriate assessments are conducted in accordance with Directives 2009/147/EC and 92/43/EEC, regarding projects near biodiversity sensitive and protected areas.</p> <p>Enexis confirm that they do not engage in construction of projects that require an EIAs as per the national implementation of EU Directive 2011/92/EU under the Dutch Environmental Management Act. The Dutch Environmental Management Act states that an EIA is a prerequisite before major infrastructure projects.</p>	

¹⁵ Ibid.

¹⁶ Ibid.

Minimum Social Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation¹⁷ have been assessed. The results of this assessment are applicable for every Project Category except Green Buildings- Refurbished office buildings Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁸	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>Enexis commits to the United Nations Universal Declaration of Human Rights and the fundamental principles and rights to work of the International Labour Organisation. Enexis has adopted and embedded a commitment to HRDD into company policies & procedures which have been laid out in their collective labour agreement, in company regulations, the Enexis Code of Conduct for employees, the Suppliers Code of Conduct and General Procurement Conditions.</p> <p>Through stakeholder engagement and materiality process, Enexis identifies and assesses adverse impacts of projects. Enexis distinguishes in total eight groups¹⁹ of stakeholders, viz. customers, employees, shareholders, energy market parties, investors, chain partners, policy makers, and local energy transition partners.</p> <p>Enexis has laid all of this down a collective labour agreement, in company regulations, the Enexis Code of Conduct for employees, the Suppliers Code of Conduct and General Procurement Conditions to combat corruption, bribery, conflicts of interest and the violation of human rights. It has a compliance protocol in place to ensure that employees comply with laws and internal and external regulations. Broad impact measurement and management is conducted through assessing impacts on financial capital, natural capital, manufactured capital and human capital following methodologies from the Impact Institute. Enexis commits to track the implementation of these actions and its results.</p> <p>Enexis commits to communicate publicly on the approach to HRDD, and actions taken to avoid and address adverse impacts in its Annual Report and through other policies such as its Social Responsibility Procurement Policy²⁰.</p> <p>Enexis has a mechanism to address generic complaints through their website and a specific complaints form related to tenders issued by Enexis.</p>	

¹⁷ European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

¹⁸ This column is based on input provided by the Issuer.

¹⁹ Enexis stakeholder engagement can be viewed at [Annual report 2022 Enexis Holding N.V. \(enexisgroep.com\)](https://www.enexisgroep.com/media/3060/annual-report-2022-enexis-holding-n.v.-enexisgroep.com)

²⁰ More Information on Enexis' Social Responsibility Procurement Policy is available at https://www.enexisgroep.com/media/3060/social_responsibility_procurement-enexis-groep.pdf

PART IV: LINKING THE TRANSACTION TO ENEXIS' ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH ENEXIS' SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issue

Enexis strategic goal is to execute the energy transition through facilitating renewable energy for consumers and businesses through the energy system and investing in reliable energy infrastructure. Enexis is committed to contributing to international climate agreements, i.e., the UN Climate Change Conference (COP26) in Glasgow in 2021, the Paris Climate Agreement (COP21) in 2015, the European Green Deal in 2020, and the Dutch Climate Agreement in 2019.

Enexis focuses on transition through its CSR strategy which has four focus areas:

- CO₂ Emissions - The issuer is a Carbon neutral operator and aims to reduce emissions where possible by opting for green procurement and offsetting the climate effect.
- Circularity - Enexis aims at components that have great impacts, it works as a coherent chain to avoid wasting raw materials.
- Safe working - Enexis aims to achieve 'Veiligheidsladder 4' certification by 2026.
- Sustainable employability of employees - The issuer is committed to developing their employee's education and lifelong learning.

It aims to accommodate renewable energy and contribute to an affordable and feasible energy transition. Enexis aims to execute energy transition in its service areas using the three objectives:

- Promoting optimal energy choices for society: Enexis carries out integral system investigations for energy carriers and required infrastructure. The issuer has projects in place for hydrogen and energy storage to facilitate new technologies.
- Providing access to energy for everyone at all times: Enexis aims to provide affordable and accessible energy to all. The issuer aims to expand its grid capacity by at least 1 gigawatt per year due to which the service areas will achieve approximately 50% of the national goal of the Dutch Climate agreement for sustainable generation by 2030.
- Customers can count on us: The issuer provides a transparent service to customers and market parties. Enexis focuses on energy transition by providing customer connections.

The issuer has defined the following ESG targets:

- Enabling the Energy Transition due to expansion of transmission capacity: Over 2,000 MW by 2023 and Over 1,000 MW of annual growth by 2026.
- Lost Time Injury Frequency Enexis: not exceeding 1 by 2023 and not exceeding to 1 by 2026.
- Lost Time Injury Frequency contractors: not exceeding 2 by 2023 and not exceeding 2 by 2026.
- Employee diversity: 2030: gender balance in Executive Board and Senior Management (50%/50% on gender).

Enxsis is a signatory and supporter of the United Nations' Universal Declaration of Human Rights. To guide the company's sustainability targets, Enxsis has a Green finance committee which consists of the members of the following departments: Treasury, Strategy (including Corporate Social Responsibility), External reporting, and Asset management which look after the framework, and approves the portfolio of Eligible green assets.

Enxsis reports on sustainability using the Global Reporting Initiative (GRI) standards.

Enxsis has issued two Green Finance Instruments under the Euro Medium Term Note Programme (EMTN). The debut €500 million green bond was issued in June 2020 with a 12 year coupon rate of 0.625% and a second 12 year, €500 million green bond was issued in April 2021 with a coupon rate of 0.375%.

Enxsis has a risk mapping mechanism to manage ESG risks, including climate risks such as physical and transition risk.

Rationale for issuance

To ensure that the energy transition remains feasible and affordable, a strong increase in investments is required. In order to fulfill these large funding requirements, Enxsis issues green finance instruments. The rationale behind the issuance of green financing instruments including green bonds, green private placements, green (syndicated) loan facilities, green euro commercial paper and other green debt instruments is to demonstrate the company's commitment to focus on execution of energy transition.

Enxsis intends to use the proceeds of green finance instruments issued under this Framework to finance or refinance, in whole or in part, assets that facilitate the energy transition among the following categories: renewable energy, energy efficiency, and green buildings.

Opinion: *The key sustainability objectives and the rationale for issuing Green financing instruments are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

B. ENEXIS' BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Gas and Electricity Network Operators, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Environmentally safe operations of plants and infrastructure
Promotion of a sustainable energy system
Worker safety and accident prevention
Accessibility and reliability of energy supply
Protection of human rights and community outreach

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part IV.A of the report.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of Enexis' current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the company's production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Gas and Electricity Network Operators industry are as follows: Failure to mitigate climate change impacts, Failure to respect the right to life and Failure to respect the right to safe and healthy working conditions.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green finance framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows if Enexis' project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Enexis (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Enexis' Green finance instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Enexis commissioned ICS to compile a Green finance instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green finance instruments , as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (as of June 2021)
- LMA Green Loan Principles (as of February 2021)
- EU Taxonomy Climate Delegated Act (as of June 2021)

ISSUER'S RESPONSIBILITY

Enexis' responsibility was to provide information and documentation on:

- Framework
- Eligible Green Asset pool
- Documentation of ESG risks management at the asset pool level
- Documentation on the alignment of the project categories with the EU Climate Delegated Act

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis, and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green finance instruments to be issued by Enexis has been conducted based on ISS ESG methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with Enexis took place in February to April of 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond /loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For Information about this Green finance instruments SPO, contact: SPOOperations@iss-esg.com

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