

# Alliander – Building a sustainable energy supply system in the Netherlands

alliander



The logo for Alliander, featuring the word "allliander" in white lowercase letters on a green rectangular background with rounded corners. Below the green background is a horizontal bar with a gradient from orange to red.

## Alliander in numbers:

- Alliander N.V. is the largest regional grid company in the Netherlands, comprising a group of companies that employ more than 9,000 people.
- The company distributes electricity, gas and heat to over three million Dutch households and companies through 96,000 kilometres of cables and 42,000 kilometres of pipes, in an area covering roughly one-third of the Netherlands.
- In 2023, its annual net revenue was €2.7 billion, of which more than 90% was regulated. The company invested €1.4 billion in grids and its total assets amounted to €11.6 billion.
- Alliander N.V.'s shares are held by 74 Dutch provincial authorities and municipalities, with the largest four together holding 76% of total shares.
- Alliander has a green bond portfolio of €2.7 billion.



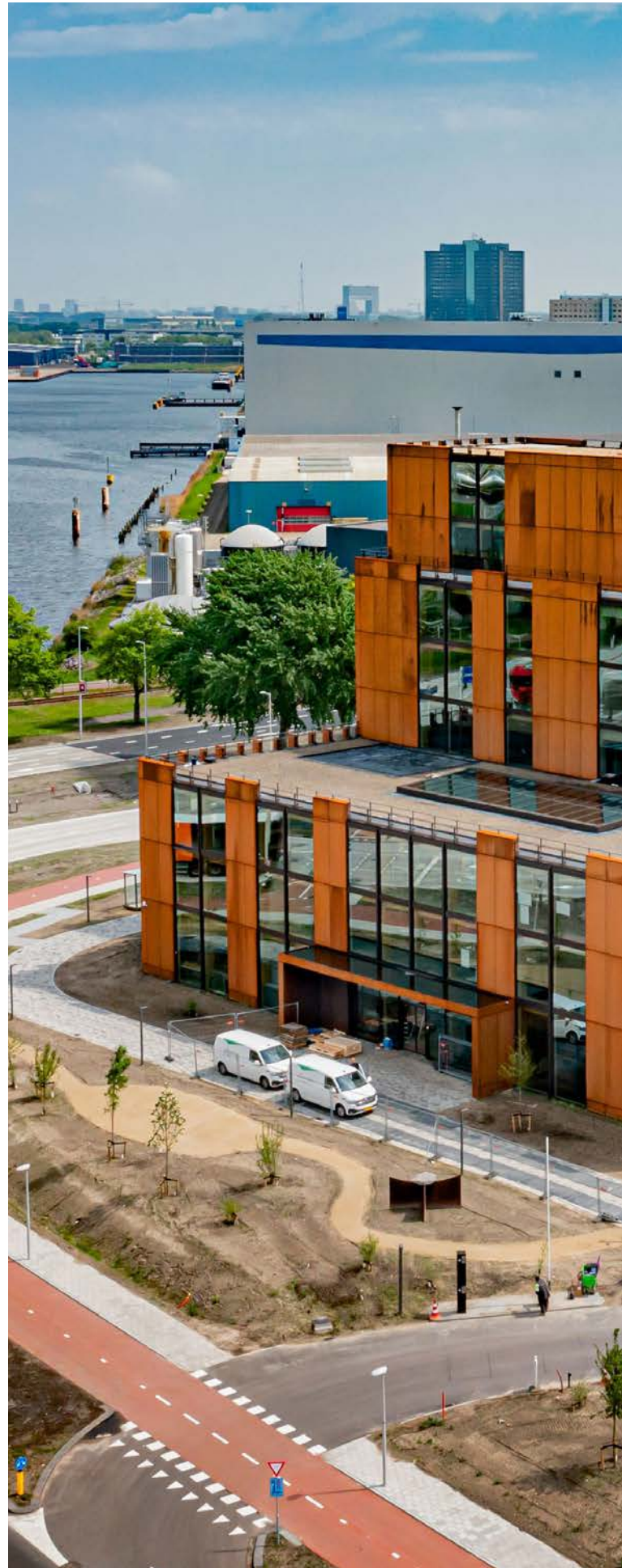


## How are the main themes of Alliander's ESG policy linked to the company's strategic objectives?

At Alliander we are working hard every day to develop and build a reliable, affordable and sustainable energy system – the energy system of the future. This energy system must support the Netherlands' ambitions in the areas of economic growth, housebuilding, sustainability and mobility. To help realise these ambitions and fulfil our duty to society, we are investing substantially in expanding and upgrading our electricity grids to ensure they are fit for the future. We are also developing smart solutions to help us meet demand as effectively as possible.

Our strategy comprises seven pillars, each of which strengthens and complements the others. These pillars ensure that, over the coming period, we will maintain a strong focus on further scaling up the necessary upgrading and expansion of our grids, on increasing the flexibility of the electricity grid and on stepping up and improving communication with users and partners within the energy system. The end result of all these efforts will be a more sustainable energy supply and a further decline in carbon emissions.

Our CSR and ESG policy focus on reducing the organisation's environmental footprint, increasing our positive social impact and improving safety and security. How we approach our work is one of the aspects underpinning our strategy. We have targets for reducing climate-related emissions and transitioning to circular operations. We increasingly communicate with local residents and stakeholders about the integration of necessary infrastructure, only cut off access to energy in exceptional situations and following mediation, and always involve our colleagues in the choices we make about sustainable solutions and safety and security.





## What does the 'well-being' approach mean for Alliander and how is it linked to its main objectives and the energy transition?

Alliander wants to create value for stakeholders and for the society of today and tomorrow. We do this through our everyday work, our innovations and our investments. The resources at our disposal are used as efficiently as possible, with a focus on making the greatest possible contribution to society. Our aim is to contribute to the well-being of society by reducing negative and increasing positive impacts. In this way, we are contributing to global climate targets, as agreed at the Conference of the Parties (COP), to the United Nations Sustainable Development Goals for 2030 (SDGs) and to the development of well-being, as measured in the Netherlands by the CBS Well-Being Monitor. Improving sustainability and implementing the energy transition are huge tasks, which means that

we have a significant social impact as an organisation. The challenge is to realise the energy transition in the most carefully considered way possible, from both an environmental and social perspective. After all, expanding infrastructure places demands on raw materials and energy, and the new infrastructure also must fit in with existing buildings and structures. Shifts in consumption and consumption patterns can lead to changes to cost structures, as well as access to and the affordability of connection to the energy infrastructure. As part of our 'well-being' approach, we take the impact on stakeholders into account when making choices and decisions.





## Alliander has been a catalyst in helping develop new sustainable initiatives in the sector. What are recent examples of this?

Alliander is one of the co-founders of the Verbond van Brede Welvaart (Well-Being Alliance) and is actively working with other network operators on approaches for measuring and targeting well-being. We are collaborating with other Dutch infrastructure managers to develop a sector model for measuring social impact. As part of this, we are preparing a handbook containing additional information about measuring and reporting on the environmental harm resulting from the purchase of materials and the impact of work-related absenteeism and accidents. Through our collaboration we are bringing impact calculations into line at sector level and establishing a link to current developments, such as the entry into force of the EU's Corporate Sustainability Reporting Directive (CSRD).



With our efforts in well-being, we are part of a broader movement of companies and public authorities that are understanding 'value' in a new sense, influenced by social developments and new European regulations. The focus is shifting from merely financial to social value creation. This requires a change of mindset and a change to the instruments used within boardrooms, with social value being integrated into strategies, earnings models and KPIs. The progress we have made at Alliander in well-being saw our Chief Financial Officer crowned 'Chief Value Officer (CVO) of the Year' in 2023. This award from the Impact Economy Foundation highlights the importance of social value and recognises CFOs who are committed to it. Examples mentioned in relation to Alliander include: the publication of the integrated income statement, the adoption of an internal carbon price in investment decisions, the launch of a successful recycling programme, the achievement of a top position in the Erasmus Corporate Impact Index and the various prizes won for our integrated annual report.

## What is your experience as a green finance issuer? What changes have you seen since your first green issuance in 2016?

In 2016 Alliander became one of the first corporate issuers to issue a green bond. Almost all of the bonds we have issued are now green and green finance has become the standard. Alongside green bonds, today we also issue green ECP and have access to a sustainability-linked corporate revolver. Looking back, from a corporate perspective there have been a number of changes in the area of green finance over the intervening period. Whereas the categories and definitions we initially employed were aligned with the Climate Bonds Standard, we now use the more generally accepted EU Taxonomy as a starting point. In our reports we have also switched over from a bond-by-bond and investment-based approach to a portfolio approach based on net asset values. These developments have enabled us to raise all the finance for our electricity grids through green finance instruments. The current eligible asset pool is large enough for us to allocate all the funds obtained via green finance to it. Most of our investments today are related to our electricity grids, and we are also able to meet our new funding needs through green finance. This is also what investors expect from us now.

While the market for green bonds is very much mature, that for green ECP (short-term debt instruments) is still in its infancy. It is a kind of a 'chicken-and-egg' situation, with parties on the demand and supply side waiting for each other. As there is little supply, demand is not developing. And as there appears to be no demand, there is little incentive to increase supply. The fact that there does not seem to be a green premium for issuers also does not help. To break this deadlock, Alliander has decided that, from now on, all ECP will be issued with a green label, subject to the availability of adequate green assets.





## How can Alliander contribute to the greening of the Dutch energy landscape from a value chain perspective?

The transition to a sustainable energy system and the steps being taken to achieve climate targets are giving rise to major changes in all sectors of our economy. All households and businesses are affected, and a major modification of the energy system is required. As a network operator, Alliander is a crucial link when it comes to making the energy system more sustainable. We therefore frequently consult with parties in the chain and public authorities and are calling for direction and area-based approaches. The Dutch government's key focus areas are set out in the National Energy System Plan: a maximum focus on energy saving, renewable energy generation in the Netherlands and direct electrification. To make this possible, additional infrastructure is very much needed. Alliander can see that the rapid growth of electrification will require greater direction and a systematic approach: we call this 'energy planning'.

From Alliander's perspective, the pressure to achieve rapid electrification can be reduced through the accelerated and systematic construction of district heating networks. This will have the following benefits: use of sustainable heat sources in the local area, increase in the flexibility of the energy system and a reduction in the load on the low-voltage network.

Alliander is investing in the development of regional hydrogen distribution networks. We are working together with the Amsterdam port authority on a regional hydrogen network, for example. We are also preparing for the expected rise in the number of green-gas feed-in stations and the quantity of green gas in our networks.

High energy prices and the increasing supply of sustainably generated energy are leading to significant price differences for electrical energy over the course of a 24-hour period.

Such major price differences are driving flexible grid use and giving rise to a need for new contract forms. We have seen that the energy price is sometimes zero or negative. This development is leading to a rise in the number of projects focusing on energy storage and flexible energy generation and consumption.

The number of contracts with hourly prices is also on the increase in the number of contracts with dynamic pricing possibly marks the start of a future trend that could have a substantial impact on the load on our grid. This could have both positive and negative effects on local and regional grid loads.

The increasing flexibility is reflected in the new contractual agreements we are making with large, energy-intensive companies, for example.



# Shaping capital markets for future generations



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