

**FRAMEWORK AGREEMENT CAPITAL REQUIREMENT
FOR REGIONAL NETWORK COMPANIES**

between

The Dutch State

as the State

and

Alliander, Enexis, and Stedin

as the Network Companies

with arrangements for making requests to the State
to become shareholder of the Network Companies

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FRAMEWORK AGREEMENT CAPITAL REQUIREMENT FOR NETWORK COMPANIES

This capital requirement framework agreement for the Network Companies (the **Agreement**) has been accepted on [*] between:

1. The Dutch State, whose registered office is in The Hague, herewith represented by the Minister of Finance (the **State**);
2. Alliander N.V., a limited liability company incorporated under Dutch law, with its registered office in Arnhem registered with the Chamber of Commerce under number 34108286 (**Alliander**);
3. Enexis Holding N.V., a limited liability company incorporated under Dutch law, with its registered office in 's-Hertogenbosch registered with the Chamber of Commerce under number 17238877 (**Enexis**); and
4. Stedin Holding N.V., a limited liability company incorporated under Dutch law, with its registered office in Rotterdam registered with the Chamber of Commerce under number 24306393 (**Stedin**),

Alliander, Enexis and Stedin each separately also a **Network Company** and jointly the **Network Companies**.

RECITALS

- A. The Network Companies are an essential part of the Dutch energy infrastructure. For many years, the Network Companies, supported by their shareholders (provinces and municipalities), have taken care of (the realization of) the public interests in a safe, reliable, accessible and affordable (regional) energy network. For this reason, the law stipulates that the shares in Network Companies are held directly or indirectly by the public. In addition to public shareholding, the mentioned public interests are safeguarded by laws and regulations and an independent regulator.
- B. The Network Companies, at least at present only the network managers within the groups of the Network Companies, are obligated, by virtue of laws and regulations, or by binding decisions of a supervisory authority, to manage and invest in energy networks (the **Energy Networks**). Through Network Investments the Network Companies contribute to achieve climate goals and facilitate economic growth. In the long term, the Network Companies earn back efficient Network Investments plus a reasonable return through network tariffs, but in the short term they must pre-finance these Network Investments for which reason a capital need might arise. The financing need must be met with a combination of debt and equity, whereby a solid credit rating is important to maintain access to debt at socially acceptable costs. This financing need has continued to increase, as a result of the energy transition, among other things.
- C. In recent years, the shareholders of the Network companies have actively contributed to

meeting the financing need by strengthening the equity position of the respective Network Company with capital injections of EUR 500 million (Enexis), EUR 600 million (Alliander) and EUR 451 million respectively (Stedin, largely by not paying out the EUR 251 million sales result from the sale of Joulz Diensten).

- D. In the short term, a number of Network Companies are in need of equity to maintain the Minimum Credit Rating (the **Capital Requirement**). This will continue at least until 2040 and possibly even until 2050 and beyond. The exact moment this Capital Requirement occurs for each of the Network Companies differs considerably from Network Company to Network Company, but for all Network Companies, they expect a large Capital Requirement in the short or long term, that can put pressure on the ability to safeguard public interests.
- E. The Network Companies, the shareholders of the Network Companies and the State share a joint responsibility for safeguarding the public interests referred to in recital A. Since mid-2021, the State has therefore held discussions with representatives of the Network Companies and their shareholders on the aforementioned Capital Requirements and possible solutions in which the State could play a role. The various solution directions discussed are described in the Letter to the House of Representatives of 13 July 2022 (*Financiering regionale netwerkbedrijven*, Kamerstukken II 2021-2022, 32 813, nr. 1086) (the **Chamber Letter**).
- F. In the Chamber Letter, the State concludes that the Network Companies must endeavour to reduce Capital Requirements as far as possible, for example by optimising their financing mix, where possible. In order to meet the remaining Capital Requirement, the State also feels joint responsibility with the shareholders of the Network Companies and possible new public regional shareholders of the Network Companies within the care areas of the Network Companies. If, after a possible reduction in Capital Requirements and possible fulfilment of Capital Requirements by the expected payment of current and new shareholders of the Network Companies (as projected in the plan of action as described in Annex 4 (*Term Sheet Capital Requirement*), part of the Capital Requirement remains due (the **Capital Contribution Requirement**), a Capital contribution by the State as (partial) fulfilment of this, and therefore shareholding of a Network Company, is considered an part of a solution to the Capital Requirement and Capital Contribution Requirement that is to be further developed.
- G. If a Network Company, in close cooperation with the SC (Shareholders' Committee) or (where appropriate) the MSC, taking into account the provisions of this Agreement, considers that the State becoming a shareholder is necessary in order to fill in the Capital Contribution Requirement, the State will assess whether such is appropriate or whether other solutions might be more appropriate to meet all or part of the Capital Contribution Requirement of the Network Company. This is done in close coordination with the relevant Network Company and the relevant SC or (if applicable) the MSC. That process will require a certain amount of lead time.
- H. The aim is to ensure that the process of meeting the Capital Requirements in general, and the Capital Contribution Requirement in particular, is carefully and efficiently designed, taking into account the complexity, feasibility and transparency of such a process. The

starting point is that the existing shareholders, new regional shareholders and the State will be given sufficient time to carry out their respective decision-making processes in an appropriate and careful manner. The Network Companies, the shareholders of the Network Companies and the State, with respect for each other's roles and responsibilities, are to cooperate as much as possible. Hence it is necessary to ensure that the shareholders of the Network Companies and the State have the same information, to the extent reasonably possible and workable, so that they can make well-founded decisions with regards to the details of the Capital Requirement and Participation Request.

- I. The Parties wish to outline in this Agreement how the State will assess a Participation Request, the minimum requirements which the State will demand within a Participation Request and the actual participation as a new shareholder, as well as the relevant procedural arrangements. This includes coming to an agreement on valuation and pricing and the governance that will apply if the State participates. With regard to governance, the Parties share the following basic assumptions:
 - a. The State in becoming a shareholder pursues the same public interests as the shareholders of the Network Companies. From that perspective, shareholders and the State as new shareholder act, wherever possible, from an equal position. The State has an independent position on the subjects relating to the Capital Contribution Requirement.
 - b. The Government Participation Policy 2022 (i.e. *Nota Deelnemingenbeleid Rijksoverheid 2022*) has been the guiding principle for the State in the formation of this Agreement. This Policy describes the State's position in relation to its shareholding in participating interests. In this respect, safeguarding public interests is of key importance. Whereby the State's role as shareholder is also inextricably linked to managing the financial value of the company and contributing to good corporate governance.
 - c. When the State shall participate in one of the Network Companies, the State will participate in an existing company, alongside existing shareholders. Where possible the State's participation will align with the current structure and the proposed (specific) control rights for the State shall, as much as possible, be embedded within the current control exercised by the SC, or (where appropriate) the MSC, or the GM).
 - d. Proper interplay between the BoD, SB and GM in line with the Corporate Governance Code and the law lays the foundation for effective safeguarding of public interests.
- J. The Network Companies, their shareholders and the State will work side by side and from a position of mutual trust to realize the energy transition. Based on the joint responsibility the Parties feel for safeguarding public interests, the Parties are also in conversation to see how they can make other contributions to efficiently manage and invest in Energy Networks. This can be done by means of public instruments, such as the applicable laws and regulations and the use of spatial planning instruments. In addition, this can also be done by means accessible under private law. In this respect Parties also share the view

that a GRE-uplift of the Network Companies by S&P's, as a result of this Agreement, could also contribute to the effectively safeguard public interests.

- K. The Agreement was concluded in close consultation with the SC's, or (if applicable) the MSC, of the Network Companies and with the involvement of their respective SB's. Each Network Company has obtained prior approval from the GM to enter into this Agreement.
- L. This Agreement does not include a binding (conditional) obligation on the State to participate as a shareholder in one or more of the Network Companies and does not affect whether Capital Requirements of the Network Companies are met in whole or in part in a different way. Without detrimental effect to the intention of existing shareholders of the Network Companies to contribute to the realization of the Capital Requirements of the Network Companies, nothing in this Agreement shall be understood as an obligation on one or more shareholders of the Network Companies to make a contribution or otherwise provide for the Capital Requirement of the Network Companies. Finally, the Parties are aware that this is a long-term Agreement and has been entered into on the basis of current circumstances and insights.
- M. Although no Party to this Agreement, this Agreement may also serve as a basis for agreeing any Participation Agreements with Cogas Groep, Juva N.V. and Rendo Groep.

HAVE AGREED TO THE FOLLOWING

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions and interpretation

Capitalized words and expressions shall have the meaning ascribed to them in Schedule 1 (*Definitions and interpretation*) and shall apply to this entire Agreement.

1.2 Schedules

All Schedules referred to in this Agreement form an integral and inseparable part of this Agreement and act as if they were incorporated into the body of this Agreement. A reference to this Agreement shall also be a reference to all Schedules.

2 MAIN FEATURES OF THE FRAMEWORK AGREEMENT

2.1 Introduction

- 2.1.1 As explained above, the Network Companies foresee the need in the future to strengthen their equity. In the Chamber Letter the State indicated that it considers a Capital Contribution, and therefore participation by the State as a shareholder, in the Network Companies, as an important part of the solution to be further developed, to which the following shall apply.

2.2 Monitoring, existence of a Capital Requirement and reduction of a Capital Requirement

2.2.1 The Parties agree that each calendar year after the signing of this Agreement, a Network Company shall take the initiative on or around the date on which it submits its financial statements, to inform the State and the other members of the SC, or (where appropriate) the MSC, of its current financial situation (as evidenced by the most recently filed financial statements) and whether it foresees that a Capital Requirement will arise in the following calendar years.

2.2.2 Where a Capital Requirement arises in a Network Company, the relevant Network Company shall, in close collaboration with the members of the SC or (where appropriate) MSC, develop and then submit to the State an action plan that will take into account the steps to be taken to reduce the Capital Requirement if possible, as described in paragraph 4 of the Term Sheet Capital Requirement.

2.3 Participation Request

2.3.1 A request by a Network Company to the State to become a shareholder of that Network Company and to therefore meet a Capital Contribution Requirement (an **Participation Request**) as defined in that application will have to meet certain process and minimum conditions to be taken into account in the decision-making process of the State, as set forth in this Agreement. These minimum conditions shall also apply, where relevant, to possible subsequent contributions after the State has joined as a shareholder of a Network Company, as further agreed in the Participation Agreement.

2.3.2 The assessment of any Participation Request is subject to political approval, mandate and coverage within the State Budget (*Rijksbegroting*), which is a discretionary power of the State.

2.3.3 The State shall review each Participation Request of an individual Network Company (the **Requesting Network Company**) in accordance with the criteria set out in Clause 4. The State and the Requesting Network Company will make reasonable efforts to provide each other with the information necessary for this assessment within the process agreements and timelines set out in Clause 3.

2.3.4 The State shall not approve a Participation Request by becoming a shareholder of the Requesting Network Company (by way of a Capital Contribution) before the cumulative conditions outlined in Clause 5.1.2 have been met, if at the time of entering into this Agreement, the State intends to become a direct shareholder of the Requesting Network Company.

2.4 Participation Agreement

2.4.1 If the State reasonably expects to approve a Participation Request, the State and the Requesting Network Company, in close collaboration with the SC or (where appropriate)

the MSC, shall endeavour to negotiate a Participation Agreement as defined in Clause 5.1.2f.

2.5 Stedin

2.5.1 The Parties recognize that Stedin has already submitted a request for a capital contribution as of 2023 in the amount of EUR 500,000,000 (five hundred million Euros) that the State has started to process. This request will only be granted if the cumulative conditions in Clause 5.1.2 have been met.

3 PROCEDURAL AGREEMENTS

3.1.1 The Parties will endeavour to adhere, as much as possible, to the timetable set out below in relation to a Participation Request, with the exception of the dates mentioned under a. and c., which cannot be deviated from. The dates indicated below are shown on the year preceding the desired year of contribution as included in a Participation Request, if not otherwise stated:

- a. the Network Company informs the State of the existence of a potential Capital Requirement and submits an action plan to the State that is jointly adopted by the Network Company and the SC or (if applicable) the MSC for filling in and, if possible, reducing the Capital Requirements as described in Schedule 4 (*Term Sheet Capital Requirement*): before 1 October, two years prior to the desired year of contribution.
- b. the Network Company shall inform the State of the submission of a possible Participation Request: before 1 February.
- c. without prejudice to the pre-emptive rights and other rights of the current shareholders pursuant to existing governance, if, taking into account the (intended) effects of the various mitigating measures as defined in the action plan as described in Schedule 4 (*Term Sheet Capital Requirement*) a Capital Contribution Requirement exists, the Network Company may submit the Participation Request to the State in close cooperation with the SC or (if applicable) the MSC (without formal approval by the GM being required). Participation Request by Network Company to the State: no later than 1 March.
- d. setting up of a virtual data room and provision of financial, tax and legal vendor due diligence reports by the Network Company: before April 1.
- e. due diligence investigation by the State into the Network Company (and the size of the Capital Requirement and Capital Contribution Requirements): 1 April – end of May.
- f. announcement of the intention to provide for (part of) the Capital Contribution Requirement in the form of a planned capital contribution to the Network

Company by the State, which has, for the sake of completeness, discretionary power for this purpose (the **Capital Contribution**): on Prince's Day (*Prinsjesdag*).

As soon as the Participation Request forms a sufficient basis for further consultation with the State and the State intends to provide for a (part of) Capital Contribution Requirement, the State will continue to initiate the process as mentioned below, starting at sub (g).

- g. State aid procedure: prior to decision-making by the State, the State will keep the Network Company informed of the State aid procedure and the Network Company will be informed of the steps to be taken in accordance with Clause 5.1.2c.
- h. decision making by the State in respect of any mandate and budget after parliamentary approval: in (or around) December.
- i. first draft of Participation Agreement by the State: in September, after Prince's Day.
- j. Participation Agreement negotiations: 1 October (or, if earlier, after receipt of the first draft of Participation Agreement) – 1 December.
- k. to comply with the conditions set out in the Participation Agreement in order to be able to execute the deed for the issue of shares and make the Capital Contribution: after signing a Participation Agreement, depending on the progress of the relevant democratic processes with the State and shareholders (lead time is expected to be at least 3 months).

3.1.2 The above indicative timelines do not include the deadlines of (and specifications about) the required integral political-administrative decision making and/or approval as described in Clause 5.1.2d.

4 REQUIREMENTS FOR SUBMITTING A PARTICIPATION REQUEST

4.1 A Participation Request must meet the following cumulative conditions to be taken into account in the decision-making process of the State, in accordance with the provisions of this Agreement:

- a. the application for becoming a shareholder has been timely submitted in accordance with the arrangements set out in Clauses 3.1.1a to 3.1.1c;
- b. the Participation Request contains the required information as defined in the Financial Term Sheets; and

- c. the Capital Requirements and the Capital Contribution Requirement defined in the Participation Request meet the requirements of the Term Sheet Capital Requirement.

5 CONDITIONS FOR BECOMING A SHAREHOLDER

5.1 State becoming a shareholder

5.1.1 As defined in Clause 2.3.2 and hereby emphasized, the assessment of any Participation Request is subject to political approval, mandate and coverage within the State Budget, which is a discretionary power of the State.

5.1.2 The State shall process a Participation Request in accordance with the usual budgetary and parliamentary processes. The State shall not approve a Participation Request to become a shareholder of the Requesting Network Company (by way of a capital contribution), unless all the cumulative conditions laid down in this Clause 5.1.2 have been met:

- a. budgetary coverage has been obtained for the Capital Contribution within the regular procedures for adopting the State Budget;
- b. a mandate has been given by the Council of Ministers (*Ministerraad*) to negotiate a Participation Agreement with the Requesting Network Company;
- c. from a state-aid perspective (i) the Capital Contribution does not qualify as state aid and (ii) it has been submitted (informally) by the State to the European Commission, whereby the State will keep the Network Company informed of the state-aid procedure and be informed of the steps to be taken so that the Network Company will be able to inform the SC's or (if applicable) the MSC;
- d. integral political-administrative decision making prior to the State becoming a shareholder of the Requesting Network Company has taken place in accordance with applicable laws and regulations, possibly including but not limited to internal decision making/approval by the relevant ministers of Finance (*Financiën*) and Economic Affairs and Climate (*Economische Zaken en Klimaat*), decision making and/or approval in the Council of Ministers and States General (*Staten-Generaal*), consultation with the Netherlands Court of Audit (*Algemene Rekenkamer*) and the completion of the preliminary procedure provided for in the Government Accounts Act (*Comptabiliteitswet*);
- e. the State has conducted a due diligence investigation and is satisfied with the results of that investigation; and
- f. the State and the Requesting Network Company, in close collaboration with the SC or (where appropriate) the MSC, have agreed on the contents of a Participation Agreement between the State and the Requesting Network

Company, including its Schedules and an amendment to the articles of association and the shareholders' agreement of the Requesting Network Company, in which the rights and obligations are fully established in connection with the State becoming a shareholder, the related Capital Contribution, and the conditions which will apply to any requests from the Network Company to the State after the Capital Contribution by the State to make additional Capital Contributions (a **Participation Agreement**).

- 5.1.3 Entering into a Participation Agreement by a Network Company requires the prior approval of the GM and SB of the relevant Network Company.

5.2 Participation Agreement between State and Network Company

- 5.2.1 A Participation Agreement shall contain at least the following elements applicable to each Capital Contribution by the State as shareholder:

- a. determination of the percentage to be acquired by the State in the share capital of the Network Company in the form of a capitalization table showing the interests of each shareholder in the share capital of the Network Company after participation by the State in the Network Company;
- b. an obligation on the Network Company to ensure that the Capital Contribution is made only to the benefit of the Network Investment and thus to the activities and investments for the Energy Networks of the designated network operator;
- c. a deed for the issue of shares in the share capital of the Network Company;
- d. implementation of the terms in the Term Sheet Governance, including an amendment of the articles of association of the Network Company and an amendment of the shareholders' agreement of the Network Company;
- e. the requirements of the Financial Term Sheets attached to this Agreement shall, as deemed relevant by the State, the relevant Network Company and the relevant SC or (if applicable) the MSC, be incorporated in full (and, where appropriate, further elaborated) in the Participation Agreement and, where relevant, shall also apply to any subsequent requests from the Network Company for additional Capital Contributions, including associated reporting obligations;
- f. the conditions for executing the deed for the issue of shares and the Capital Contribution, including in any event:
 - i. positive advice from the works council of the Network Company, as required, in connection with the State becoming a shareholder of the Network Company;

- ii. approval by the GM and SB of the Network Company with regard to the State becoming a shareholder of the Network Company, including the necessary resolutions to implement this participation;
 - iii. other (public-law) approvals and/or the state aid procedure;
- g. relevant interim covenants;
- h. relevant and market-based warranties and a fiscal indemnity; and
- i. an obligation for the Network Company to cooperate with other Network Companies at the request of the State in order to promote the energy transition efficiently.

6 DURATION

- 6.1 This Agreement shall be entered into for a period of time on the Signing Date and shall end automatically and without notice being required:
- a. for a Network Company that has entered into a Participation Agreement with the State on the date of entry into force of that Participation Agreement;
 - b. for all Parties, on the date that all Network Companies have entered into a Participation Agreement with the State;
 - c. for all Parties, on 31 December 2036, 24:00 (CET), at which point the Parties may, in consultation, renew this Agreement if a Network Company reasonably expects to have a Capital Requirement in the period up to 31 December 2047;
 - d. if all Parties agree in writing, the Parties may agree to terminate this Agreement.

7 CONFIDENTIALITY

7.1 Confidentiality Obligation

7.1.1 The Parties acknowledge that this Agreement may be disclosed.

7.1.2 Subject to the provisions of Clause 7.1.1 and of Clause 7.1.3, each Party undertakes not to disclose or use such information it has received or obtained as a result of the entering into or execution of this Agreement as strictly confidential, to the extent that such information relates to:

- a. the content of the negotiations relating to this Agreement or any document referred to in this Agreement or entered into under or in connection with this Agreement;
- b. the shareholders of the Network Companies; or
- c. a Network Company, its business activities or those of its group companies,

a through c above are collectively referred to as Confidential Information.

7.1.3 Clause 7.1.2 shall not apply to public disclosure of Confidential Information:

- a. to the extent that publication is required by written and/or unwritten (public) accountability obligations under which the State or shareholders of the Network Companies are required to provide information to parliament (*parlement*), provincial council (*provinciale staten*), municipal councils (*gemeenteraden*), the Netherlands Court of Audit or local audit offices or other bodies of the State or the shareholders of the Network Companies;
- b. to the extent that disclosure is required or shall be required by the law, rules of a stock exchange or by an Authority or other authority with powers applicable to the State, the Network Companies and/or shareholders of the Network Companies, whether or not these rules have in force of law, but in that case only after consultation with the other parties involved (which includes but is not limited to the State, the Network Companies and/or the SC's or (if applicable) the MSC), as the case may be, in relation to the time and content of the publication, to the extent that such consultation is practically possible and allowed under the Law;
- c. to the extent that disclosure is required in connection with the process for the necessary approval of any legal act arising out of this Agreement by the State and/or the Network Companies;
- d. to the extent that such disclosure or use of such information is required in connection with the exercise of rights or remedies under or in connection with this Agreement;
- e. to and between the professional advisers, representatives or auditors of the Parties, the shareholders of the Network Companies and the central works council of the Network Companies, provided that such disclosure is reasonably necessary in connection with their instructions and a customary confidentiality obligation is or shall be imposed on them;
- f. to Credit Rating Agencies, provided that such disclosure takes place in accordance with the same confidentiality safeguards pursuant to which the relevant Network Company business shares information with the relevant Credit Rating Agency in the normal course of; and
- g. to the extent that such information has become public on or after the Signing Date, other than by unlawful disclosure, which the Party concerned knew or could reasonably have known was unlawful at the time of disclosure.

8 MISCELLANEOUS

8.1 Binding effect

This Agreement will not be binding and therefore not legally enforceable until all Parties have legally signed this Agreement.

8.2 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, commitments and arrangements between the Parties, to the extent that they relate in any way to the subject matter of this Agreement.

8.3 Transfer

Neither Party shall have the right to transfer this Agreement (*contractsoverneming*) or any of its rights under this Agreement in whole or in part without the prior written consent of the other Party or Parties, as appropriate.

8.4 Invalid provisions

In the event that any provision of this Agreement (in whole or in part) is void or unenforceable, the remainder of this Agreement shall remain in effect to the extent that, given the purpose and aim of this Agreement, that remainder is not inextricably linked to the void or unenforceable provision. The Parties will make every effort to agree on a new provision which, given the purpose and aim of this Agreement, differs as little as possible from the void or unenforceable provision.

8.5 Amendment

Amendments to this Agreement shall have no legal effect unless and until such time as they are set out in writing and signed by all Parties. Signing will only take place after each Network Company has obtained prior approval from the general meeting of shareholders for the purpose of amending this Agreement.

8.6 Costs

Unless otherwise stipulated in this Agreement, each Party shall bear its own costs in connection with the preparation, negotiation and signing of this Agreement.

8.7 No implied waiver of legal rights; no forfeiture of rights

8.7.1 Waiver of any right in connection with this Agreement shall be subject to written notice.

8.7.2 If a Party does not exercise its rights under this Agreement (including extension of the period within which another Party is required to fulfil its obligations under this

Agreement), this shall not be construed as a forfeiture of rights. The rights of a Party under this Agreement may be exercised as often as necessary and are cumulative in relation to and do not affect any rights and remedies conferred by a Party under the law.

8.8 No dissolution or annulment

8.8.1 The parties hereby waive their rights under Clauses 6:265 to 6:272 of the DCC to dissolve this Agreement in whole or in part or to claim dissolution at law.

8.8.2 To the extent permitted by Law, each of the Parties hereby waives their rights under Clauses 6:228 and 6:230 of the DCC to annul this Agreement, in whole or in part, on the basis of error, or to claim for legal annulment or amendment of this Agreement.

8.9 Notifications

8.9.1 All notifications, requests, approvals, and other correspondence under or otherwise in connection with this Agreement shall be made in writing and made available, sent by registered post or sent as email to the relevant email address in accordance with Clause 8.9.2. Dispatch by courier will be deemed to be a delivery.

8.9.2 Notifications, requests, approvals or other correspondence under or otherwise in connection with this Agreement shall be addressed to the addresses of the Parties as set forth in this Agreement or to such other address as the respective Party notifies the other Parties for that purpose in accordance with the provisions of this Clause 8.9 (*Notices*).

8.9.3 Unless otherwise agreed, notifications will be made at the following (email) addresses:

a. State

Ministry of Finance
Korte Voorhout 7
PO box 20201
2500 EE The Hague
Email: n.heijstek@minfin.nl

b. Alliander

Alliander N.V.
attn. Maarten Otto
Utrechtseweg 68
6812 AH Arnhem
Email: maarten.otto@alliander.com

and with a copy to:
Allen & Overy LLP
Apollolaan 15

1077 AB Amsterdam
attn. Jasper de Jong
email: Jasper.deJong@AllenOvery.com

c. Enexis

Enexis Holding N.V.
attn. Mariëlle Vogt
Magistratenlaan 116
5223 MB 's-Hertogenbosch
email: marielle.vogt@enexis.nl

and with a copy to:

De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
1082 MD Amsterdam
attn. Michael Schouten
email: michael.schouten@debrauw.com

d. Stedin

Stedin Holding N.V.
attn. Koen Bogers
Blaak 8
3011 TA Rotterdam
Email: koen.bogers@stedingroep.nl

and with a copy to:

Stek Advocaten B.V.
Leidseplein 29
1017 PS Amsterdam
attn. Ruben Tros
email: Ruben.Tros@Stek.com

8.9.4 Any notification, request, approval or other correspondence under or otherwise in connection with this Agreement shall be valid for the purposes of this Agreement only if a receipt is obtained.

8.9.5 The provisions of this Clause 8.9 (*Notifications*) shall not apply to the service of documents for the purpose of legal proceedings.

8.10 Signing in parts

This Agreement may be signed in parts. This will have the same effect as if the signatures written on the different copies were written on one and the same copy of this Agreement.

9 APPLICABLE LAW AND DISPUTES

9.1 Applicable law

This Agreement and any other documents entered into under or in connection with this Agreement shall be governed solely by and construed in accordance with Dutch law.

9.2 Disputes

The Parties agree that all disputes arising out or in connection with this Agreement and any other documents entered into pursuant to or in connection with this Agreement, including any dispute regarding the validity of this Agreement or this clause, the competence of the arbitration tribunal or the suitability of the dispute for arbitration shall be binding in accordance with the arbitration rules of the Netherlands Arbitration Institute (*Nederlandse Arbitrage Instituut*) (the **NAI**), as in force at the time the arbitration is initiated.

- a. The procedure will be conducted and all documents will be submitted to the arbitrators in the Dutch language.
- b. The place of arbitration will be The Hague. Hearings will take place in The Hague, unless otherwise agreed.
- c. The arbitration tribunal shall consist of 3 (three) arbitrators. The State and the Network Company concerned shall each appoint 1 (one) arbitrators and the NAI shall appoint the third arbitrator who shall also be the chair of the arbitration tribunal and who shall be a Dutch lawyer. If the plaintiff has not appointed an arbitrator within 30 (thirty) days of the date of its request for arbitration or the defendant has not appointed an arbitrator within 30 (thirty) days of the date of the appointment of the arbitrator of the plaintiff, the arbitrator shall be appointed by the NAI.
- d. Consolidation of arbitration proceedings as referred to in Clause 1046 of the Dutch Code of Civil Procedure is excluded, unless otherwise agreed.
- e. The arbitration tribunal shall decide according to the rules of law.
- f. The arbitration tribunal shall ensure a proportionate and efficient manner of collecting evidence, taking into account, where appropriate, the views of the Parties.
- g. The Parties are permitted to share the scope of the judgement to the extent required by written and/or unwritten (public) accountability obligations, under which the State or shareholders of the Network Companies are required to provide information to parliament, provincial council, municipal councils, the Netherlands Court of Audit or local audit offices or other bodies of the State or

the shareholders of the Network Companies.

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This Agreement shall be entered into on the date indicated at the beginning of this Agreement.

The Dutch State

Name: W.J. Vossers
Title: Director of Finance

Alliander N.V.

Name: Maarten Otto
Title: Director / Independently authorised

Name: Walter Bien
Title: Director / Independently authorised

Enexis

Name: Evert den Boer
Title: Director / Independently authorised

Name: Mariëlle Vogt
Title: Director / Independently authorised

Stedin

Name: Koen Bogers
Title: Director / Independently authorised

Name: Danny Benima
Title: Director / Independently authorised

Schedule 1. DEFINITIONS AND INTERPRETATION

PART 1: DEFINITIONS

The following capitalised words and expressions in this Agreement shall have the following meaning:

Agreement	this Agreement between the Parties, including all Attachments and Schedules
Authority	A supranational, national, provincial, municipal or other body with authority or a competent court (and a part thereof) or a quasi-governmental or private body exercising supervisory, fiscal, customs or other (quasi-)public powers, including the European Union
BoD	Board of Directors (<i>Raad van Bestuur</i>)
Business Day	one day, not being a Saturday, Sunday or a public holiday in the Netherlands, which is generally recognized under Clause 3 of the General Extension of Time Limits Act (<i>Algemene termijnenwet</i>)
Capital Contribution	has the meaning given to it in Clause 3.1.1f of this Agreement
Capital Contribution Requirement	has the meaning given to it in recital F. of this Agreement
Capital Requirement	has the meaning given to it in recital D. of this Agreement
CET	Central European Time
Chamber Letter	has the meaning given to it in recital E. of this Agreement
Confidential Information	has the meaning given to it in Clause 7.1.2 of this Agreement
CoS	committee of shareholders (<i>commissie van aandeelhouders</i>)
DCC	the Dutch Civil Code (<i>Burgerlijk Wetboek</i>)
Energy networks	has the meaning given to it in recital B. of this Agreement

Financial Plan	has the meaning given in the Term Sheet Governance in Schedule 2
Financing Principles	has the meaning given in the Term Sheet Governance in Schedule 2
Financial Term Sheets	the Term Sheet Valuation and Pricing in Schedule 3 and the Term Sheet Capital Requirement in Schedule 4
GM	general meeting of shareholders (<i>algemene vergadering van aandeelhouders</i>)
Law	all applicable directives, laws, treaties, decisions, arrangements, orders, rules, regulations, codes, judgements, rulings or decrees, or other requirements of an Authority
Long Term Investment Plan	has the meaning given to it in Schedule 2 of this Agreement (<i>Term Sheet Governance</i>)
MSC	majority shareholder consultation (<i>grootaandeelhoudersoverleg</i>)
NAI	shall have the meaning given to it in Clause 9.2 (<i>Disputes</i>) of this Agreement
Network Companies	Alliander, Enexis, and Stedin (as included in the introduction to this Agreement)
Net Investments	investments in Energy Networks, provided that: <ul style="list-style-type: none"> (a) When this Agreement is signed, investments in heat networks are not included, such investments are governed by existing governance and, after the State becoming a shareholder, are subject to the procedure described in paragraph 4.3 of the Term Sheet Governance; (b) around the entry into force of the Heat Act (<i>Wet collectieve warmtevoorziening</i>), the Parties, together with the SC or (if applicable) the MSC, shall consult on the consequences thereof for this Agreement (including the definition of Energy Network and Network Investments). If and to the extent that the Network Company, or the network operator covered by the Network Company, is legally required at any time to perform heat-related tasks (similar to current electricity and gas obligations), the heat networks to

which these tasks apply are automatically considered an 'Energy Network' and the investments in them as 'Network Investment' for the purposes of this Agreement and the Participation Agreement, with the understanding that a state aid procedure may have to be re-established for expansion with heat networks; and

- (c) without prejudice to the provisions of sub paragraphs (a) and (b) above, the State, the Network Company concerned and the GM of the Network Company concerned may jointly decide to (by means of private law): to amend the Agreement in accordance with Clause 8.5 by qualifying investments in heat networks for the purposes of this Agreement and the Participation Agreement as 'Energy Network' and 'Network Investments', with the remark that a further state aid procedure may need to be completed for heat network expansion.

This provision does not impose any obligation on any Party (or shareholders of the Network Companies) to make such a decision with regard to heat networks, and neither limits the State's ability to decide independently by law and regulation that the management of heat networks becomes a legal task for network operators or Network Companies.

Participation Agreement	has the meaning given to it in Clause 5.1.2f of this Agreement
Parties	the State and the Network Companies, and a Party shall mean one of them or the party concerned, as required by the context
Participation Request	has the meaning given to it in Clause 2.3.1 of this Agreement
Requesting Network Company	has the meaning given to it in Clause 2.3.3 of this Agreement
SB	supervisory board (<i>Raad van Commissarissen</i>)
Signing Date	the day on which the Parties have signed this Agreement
State	has the meaning given to it in the preamble to this Agreement

PART 2: FINANCIAL DEFINITIONS

The following capitalised words and expressions in the Financial Term Sheets (and where relevant this Agreement) have the following meaning:

Credit Rating	the credit quality of a Network Company as determined from time to time by a Credit Rating Agency for that Network Company
Credit Rating Agency	an agency that provides credit ratings, with the credit rating agencies approved by the parties being Fitch, Moody's and S&P
Financial Forecast	the financial forecast of the requesting Network Company for the valuation of the Requesting Network Company, to be provided by the Requesting Network Company according to the 'Forecast' tab of the template Schedule 5 (<i>Template Financial Forecast Capital Requirement</i>) and other relevant information
Financial Forecast Capital Requirement	the financial forecast of the Requesting Network Company for determining the Capital Requirement and tge Capital Contribution Requirement, to be provided by the Requesting Network Company according to the 'Forecast' tab of the template in Schedule 5 (<i>Template Financial Forecast Capital Requirement</i>) and other relevant information in accordance with <u>Schedule 4</u> (<i>Term Sheet Capital Requirement</i>)
Fitch	Fitch Ratings
Funds from Operations (FFO)	has the meaning given to it by the Normative Credit Rating Agency
GAW	has the meaning given to it in <u>Schedule 3</u> to this Agreement (<i>Term Sheet Valuation en Pricing</i>)
Independent Specialist	Valuation has the meaning given to it in <u>Schedule 3</u> (<i>Term Sheet Valuation and Pricing</i>) of this Agreement
Issue	has the meaning given to it in <u>Schedule 3</u> to this Agreement (<i>Term Sheet Valuation and Pricing</i>)
Issue Price	has the meaning given to it in <u>Schedule 3</u> to this Agreement (<i>Term Sheet Valuation and Pricing</i>)
Leading Ratio(s)	the most recent ratio(s) used by the Normative Credit Rating Agency to determine the Minimum Credit Rating

of a Network Company where Parties acknowledge that: (i) when the Parties reach a negotiation agreement with respect to this Agreement, the Leading Ratio FFO/Net debt is at least 11% for the medium term as applied by the Normative Credit Rating Agency and (ii) these ratios may be subject to change if a Credit Rating Agency modifies its methodology

Minimum Credit Rating

the Credit Rating deemed necessary by the State in line with the Government Participation Policy, for a Network Company to maintain access to capital markets at socially acceptable costs, where the Minimum Credit Rating is a so-called A minus rating of S&P and (if applicable) an A3 rating of Moody's at the time when the Parties reach a negotiating agreement with regards to this Agreement

Moody's

Moody's Investors Service

Net Debt

has the meaning given to it by the Normative Credit Rating Agency

Normative Credit Rating Agency

the Credit Rating Agency determined by the State on the basis of the at the time most stringent Credit Rating applicable to a Network Company, with the Parties recognizing that (i) at the time the Parties reach a negotiation agreement with respect to this Agreement, the Normative Credit Rating Agency is S&P and (ii) that this can change if S&P no longer applies the most stringent Credit Rating that determines access to an efficient capital market of the Network Company concerned or if, in the opinion of the State, S&P is no longer adequate for the calculation of the capital requirements of a Network Company

Proposed Issue Prices

has the meaning given to it in Schedule 3 to this Agreement (*Term Sheet Valuation and Pricing*)

Ratings

has the meaning given to it in Schedule 3 to this Agreement (*Term Sheet Valuation and Pricing*)

S&P

Standard & Poor's Rating Services

Shareholders

has the meaning given to it in Schedule 3 to this Agreement (*Term Sheet Valuation and Pricing*)

SO

has the meaning given to it in Schedule 3 to this Agreement (*Term Sheet Valuation and Pricing*)

PART 3: INTERPRETATION

For the purposes of this Agreement:

- a. *Gendered and plural* Words which indicate the singular shall also include the plural and vice versa, unless explicitly stated otherwise. Words that indicate a gender may also indicate a different gender.
- b. *References to including* Words such as "inclusive", "including" and "containing" shall be used to indicate that the items or matters so listed are not an exhaustive list of all the matters or subjects referred to above, unless expressly provided otherwise.
- c. *Headings* The headings in this Agreement are provided for reasons of clarity and reference, but do not provide any interpretation of this Agreement.
- d. *Recitals, Clauses, Paragraphs and Schedules* A reference in this Agreement to:
 - i. Recital is given to the relevant recital of this Agreement;
 - ii. Clause shall be in accordance with the relevant Clause (including sub-Clauses) of this Agreement;
 - iii. Paragraph is to the relevant paragraph in an Attachment or Schedule to this Agreement; and
 - iv. Schedule to the relevant Schedule to this Agreement;
- e. *Days* Wherever reference is made in this Agreement to a period of a number of days, that period shall be calculated (unless expressly provided otherwise) with exclusion of the first and inclusion of the last day, unless the last day is not on a Business Day, in which case the last day is the next Business Day.
- f. *Contra proferentem* No provision of this Agreement shall be construed to the detriment of a Party solely on the grounds that that Party was responsible for the drafting of that provision. Parties recognise that representatives of both Parties have participated in and negotiated this Agreement.
- g. *Documents* References to documents are deemed to refer to those documents as amended or supplemented (other than by violation of the provisions of this Agreement) from time to time.
- h. *Reasonable effort* Where an obligation is qualified or defined with reference to the words "reasonable efforts", "reasonably make efforts", "make every reasonable effort", "make every effort" or words of equal intent, this means the efforts that a person, who wishes to achieve a result, would undertake, in similar circumstances, to cause the achievement of that result as soon as possible, taking into account, e.g. the following: (i) the price, financial interest and other conditions of the obligation, (ii) the risks associated with the

efforts to achieve the expected result, and (iii) the ability of an independent person to influence compliance with the obligation.

Schedule 2.

TERM SHEET GOVERNANCE

1. General

The purpose of entering into a Participation Agreement with the Network Companies is to safeguard public interests in relation to Dutch energy policy. This energy policy has three pillars: reliability, affordability and sustainability.

The Government Participation Policy 2022 is the starting point for this. Safeguarding of public interests through the ownership of shares is central to this policy. The stimulants of good corporate governance and the preservation of public capital is inextricably linked to the role of the State as shareholder. This Term Sheet Governance provides an overview of the control that the State currently deems necessary to achieve these goals.

If the interest of the State in a Network Company increases above 30%, a joint evaluation with the Network Company and its SC or (if applicable) MSC will take place with regard to governance as provided for in this Term Sheet Governance, and as far as the State is concerned in relation to the participation policy in place at that time.

1.1.	Special decision making process	<p>Where this Term Sheet Governance refers to the Special decision-making process, the decision-making process outlined below and the associated time frame apply. The veto holders are the State and/or a coalition of shareholders of a Network Company, as specified in this Term Sheet Governance. The BoD may decide to use a shortened timetable if the urgency of a situation so requires, where appropriate.</p> <table border="1"> <thead> <tr> <th>Step</th> <th>Contents</th> <th>Schedule (from BoD decision date)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>BoD communicates proposed decision to SC/MS*</td> <td>2 weeks to discuss in SC/MS*</td> </tr> <tr> <td>1</td> <td>Consultation in the SC/MS*</td> <td rowspan="2">Finalization of discussion in SC/MS* after max 5 weeks</td> </tr> <tr> <td>1A</td> <td>Assessment of the use of validation / expert review by the SC/MS*</td> </tr> <tr> <td>2</td> <td>Motivated proposed decision initiates special decision-making process by veto holder(s)</td> <td>7 weeks</td> </tr> <tr> <td>3</td> <td>Review BoD* <i>If the proposed decision is reconsidered/amended → Back to step 0</i> <i>If the proposed decision is retained, → proceed to step 4</i></td> <td>9 weeks</td> </tr> <tr> <td>4</td> <td>Discussion with BoD, SB with veto holder(s) and chairman SC/MS*</td> <td>10 weeks</td> </tr> <tr> <td>5</td> <td>Review BoD* <i>If the proposed decision is reconsidered/amended → Back to step 0</i> <i>If the proposed decision is retained → proceed to step 6</i></td> <td>11 weeks</td> </tr> <tr> <td>6</td> <td>If applicable: decision to exercise veto right by veto holder(s) <i>Exercise of veto right → decision BoD is not adopted or submitted to the GM</i> <i>Veto right not exercised → decision BoD can be adopted or submitted to the GM. Decision on the right of veto by the State shall be submitted to the Minister of Finance in accordance with the usual procedures, in which the Ministry of Economic Affairs and Climate shall be consulted in the context of investment.</i></td> <td>12 weeks</td> </tr> <tr> <td>7</td> <td>Discussion / explanation of decision to use veto right in SC/MS*</td> <td>13 weeks</td> </tr> </tbody> </table> <p>* Where relevant or required, the BoD shall adopt the (proposed) decisions only after consultation with or approval of the SB. Where</p>	Step	Contents	Schedule (from BoD decision date)	0	BoD communicates proposed decision to SC/MS*	2 weeks to discuss in SC/MS*	1	Consultation in the SC/MS*	Finalization of discussion in SC/MS* after max 5 weeks	1A	Assessment of the use of validation / expert review by the SC/MS*	2	Motivated proposed decision initiates special decision-making process by veto holder(s)	7 weeks	3	Review BoD* <i>If the proposed decision is reconsidered/amended → Back to step 0</i> <i>If the proposed decision is retained, → proceed to step 4</i>	9 weeks	4	Discussion with BoD, SB with veto holder(s) and chairman SC/MS*	10 weeks	5	Review BoD* <i>If the proposed decision is reconsidered/amended → Back to step 0</i> <i>If the proposed decision is retained → proceed to step 6</i>	11 weeks	6	If applicable: decision to exercise veto right by veto holder(s) <i>Exercise of veto right → decision BoD is not adopted or submitted to the GM</i> <i>Veto right not exercised → decision BoD can be adopted or submitted to the GM. Decision on the right of veto by the State shall be submitted to the Minister of Finance in accordance with the usual procedures, in which the Ministry of Economic Affairs and Climate shall be consulted in the context of investment.</i>	12 weeks	7	Discussion / explanation of decision to use veto right in SC/MS*	13 weeks
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		required, the Supervisory Board shall adopt the (proposed) decisions after the advice or agreement of the works council.
1.2.	Amendment of articles of association, covenants and other rules and dissolution	Decisions to amend the articles of association, covenants and other regulations of the Network Company, if and insofar they would make changes to the agreements to be made with the State in this Agreement and/or the Participation Agreement (or the scope thereof), as well as a decision to dissolve the company, may only be adopted by the GM after prior approval by the State.
1.3.	Shareholders Committee	The State shall be a member of the SC, or (where appropriate) the MSC and the CoS of the Network Company. If the Network Company has these bodies, but they do not have a statutory basis in the articles of association, the shareholders of the Network Company concerned, together with the Network Company concerned, will ensure that these bodies and their corresponding information, consultation, advice and/or approval rights are given a statutory basis to the extent legally possible.
1.4.	Right to be informed	<p>Consultations will be held twice a year between the State, the other members of the SC or (if applicable) the MSC, the chair of the BoD and the chair of the audit committee (with or without one or more other members of the BoD) on all material topics currently relevant to the specific Network Company.</p> <p>In addition, every six months a discussion will take place between the State, the other members of the SC or (if applicable) the MSC, and a delegation of the BoD, including at least the CFO, in which the BoD will explain the half-year results of the Network Company and answer questions.</p> <p>Moreover, once a year the forecasts (including the long-term investment plan and financing plan) shall be explained to the SC or (if applicable) the MSC, see also paragraphs 2.2 and 4.2 below.</p> <p>Additional dialogues and disclosures may be made at the initiative of the State or the initiative of the BoD, the SB or the other members of the SC, or (where appropriate) the MSC.</p>
2. Financial position		
<p>The State attaches general importance to the fact that a State participation has sufficient (access to) financial resources to provide for its financial continuity in order to carry out its short- and long-term activities. In view of the substantial amount involved in any Capital Contribution, the State, in close collaboration with the current shareholders, wishes to obtain a number of specific rights and powers with regard to the financial position of the Network Company.</p>		

The State considers it important to monitor financial performance and to have a dialogue with the Network Company in this respect, together with the current shareholders. Proper access to information is an important part of that. That is why financial reporting and forecasting are expected from the Network Company on a regular basis. Financial indicator targets are agreed for these reports and forecasts. The State believes it is important for the Network Company to have a prudent capital structure and credit rating that is appropriate to a company with a major public role.

Finally, the State wishes to agree on a dividend policy with the Network Company and the current shareholders. In this context, a balance must be struck between the continuity, creditworthiness and investment agenda of the company, on the one hand, and the interests of the shareholders, on the other. After all, the dividend paid will benefit (regional) public finances.

The above principles of the State are the basic principles on which the following governance requirements of the State are based with respect to finances.

<p>2.1.</p>	<p>Appointment of Supervisory Board member & appointment of CFO</p>	<p>The members of the SB are appointed by the GM, on the basis of a proposal by the SB, taking into account the job profile.</p> <p>At the time the State becomes a shareholder, a new SB member with a financial profile is appointed. Depending on the situation within the Network Company concerned, the (re)appointment of this SB member (i) will be subject to an enhanced right of recommendation of the SC or (if applicable) the CoS, or (ii) the regular process that runs via the SB. The Participation Agreement will determine which of the two processes mentioned above will apply.</p> <p>If the (re)appointment of the SB member with a financial profile is subject to an enhanced right of recommendation of the SC or (if applicable) the CoS, this enhanced right of recommendation will be exercised jointly by the shareholders via the SC or (if applicable) the CoS. Prior to the recommendation, the State will have the opportunity to speak to the candidate who the SC or (if applicable) the CoS intends to recommend. If the candidate recommended by the SC or (if applicable) the CoS does not qualify according to the reasoned opinion of the State, the State shall consult the SC or (if applicable) the CoS respectively. Unless the State withdraws its objections, neither the SC or (if applicable) the CoS will recommend the aforementioned candidate and the candidate will not be appointed.</p> <p>If the (re)appointment of the SB member with a financial profile is subject to the regular process that runs via the SB, the SB will draw up the profile and long and short list of candidates in relation to which it will consult the State. Prior to the nomination by the SB, the State will have the opportunity to speak to the candidate, who the SB intends to nominate. If the candidate the SB has proposed does not qualify according to the reasoned opinion of the State, the State shall consult with the SB. Unless the State withdraws its objection, the SB shall not nominate the aforementioned candidate to the GM. The SC, or (if applicable) the COS, shall be involved in the process in the manner customary for the Network</p>
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		<p>Company concerned, pursuant to the applicable governance within that Network Company.</p> <p>In line with the existing governance within the relevant Network Company, the SB determines the composition of existing or new committees of the SB. The SB member with a financial profile will in any case join the Audit Committee. Directors are appointed by the SB. The State will be informed, through the SC or (if applicable) the CoS, by the SB on a confidential basis, regarding the short list of candidates for the position of CFO as soon as such has been prepared in the event of an open vacancy.</p>
<p>2.2.</p>	<p>Financing Plan</p>	<p>The BoD of a Network Company shall draw up an annual financing plan (or comparable documentation for the Network Company concerned) (the Financing Plan), detailing how the Network Company intends to meet its financing needs for the upcoming five years. The Financing Plan shall at least provide for an overview of the total Capital Requirement and provide an insight into how the Network Company can be adequately financed over the next five years with a minimum of extra equity.</p> <p>The Financing Plan will comply with the following financial principles (the Financial Principles):</p> <ul style="list-style-type: none"> (i) retention of a particular Credit Rating, at the time when the Parties reach a negotiation agreement with respect to this Agreement, this credit rating is A minus with S&P and (if applicable) A3 with Moody's; (ii) steering towards the associated ratios, whereby these ratios will be adjusted after a GRE-up lift has been obtained; (iii) optimal use of debt instruments; (iv) no use of high-risk or complex debt instruments; (v) dividend policy in line with the agreements as set out in paragraph 2.4 (<i>Dividend Policy</i>); and (vi) no unnecessary increase of the Capital Requirement. <p>The Financial Principles will be incorporated and further developed in the Participation Agreement with the relevant Network Company, and can only be amended by consensus of the relevant Network Company, the SC or (if applicable) the MSC and the State.</p> <p>The SC or (if applicable) the MSC, and therefore also the State as a member of the SC or (if applicable) the MSC, will be consulted by the BoD on the Financing Plan, and will be informed of the planned Financing Plan prior to its adoption. If, according to the reasoned opinion of the State, the proposed Financing Plan differs from the Financial Principles, the special decision making process (referred to in paragraph 1.1) shall apply to the decision-making.</p>

2.3.	Financial reports	The Network Company shall provide periodic financial reports to the State and the other members of the SC, or (if applicable) the MSC, including the major financial and non-financial risks. The report shall also include the development of the most important financial ratios. The reports to be provided and the financial ratios to be included shall be agreed with the State and the current shareholders in the Participation Agreement, taking into account the existing financial reports drawn up within the relevant Network Company and the reports shared with the SC, or (where appropriate) the MSC, and the GM.
2.4.	Dividend Policy	In the Participation Agreement to be entered into with a Network Company, agreements will be made on the dividend policy that will apply for a period to be agreed after a contribution by the State. The new dividend policy is set out in the relevant organisational documentation (e.g. articles of association) of the Network Company. At the end of this period, the dividend policy can be adjusted according to the current governance.

3. Strategy and corporate social responsibility

The strategy reflects the BoD's long term approach and provides a framework for making future choices. The State wants to be involved in the Network Company's strategy to ensure that the course chosen by the company is in line with public interest. To this end, the strategy must be financially well-founded and focus on the socially responsible implementation thereof.

The State expects the Network Company to act as a role model in the field of corporate social responsibility (CSR) (*maatschappelijk verantwoord ondernemen*). The Network Company must take responsibility for people, society and the environment, as far as they are affected by the company's activities.

The above principles of the State are the basic principles on which the following governance requirements of the State regarding strategy and CSR are based.

3.1.	Strategy Revision	The State shall be involved and consulted at an early stage through the SC, or (where appropriate) MSC, on the establishment and revision of the Network Company's strategy (in addition to legal framework), in a manner consistent with the applicable procedures and practices of the respective Network Company, which shall be worked out in more detail in the Participation Agreement.
3.2.	CSR	CSR is an integral part of the way in which the State exercises its shareholder powers. The State expects the Network Company to apply the CSR standards and frameworks from the Government Participation Policy and the Corporate Governance Code, as is already generally the case with the Network Companies. The State also calls on the Network Company to set CSR targets on material themes and to periodically conduct a peer analysis to make its CSR position within the sector visible through comparison with CSR frontrunners.

4. Investments

The State expects the Network Company to make the right investments to be able to carry out the activities that properly contribute to public interest, while at the same time ensuring the financial continuity of the company. Because pre-financing investments is a major contributor to Capital Requirement, the State considers it important to monitor the investment agenda closely and to be involved in decision making.

There may be reasons for a participation to carry out broader activities, such as non-sector and foreign activities. In such wide-ranging activities, the State's position as a shareholder is more critical than in relation to the core activities, since these activities are further away from the public interest to be primarily safeguarded by the participation. These broad activities do not directly contribute to the public interest in the narrow sense. In order to ensure that broad activities do not put pressure on the core activities of the Network Company, the State wishes to be involved in its assessment.

The above principles of the State are the basic principles on which the following governance requirements of the State in respect of investments are based.

4.1.	Capital Allocation Report	The Network Company shall provide the GM with annual reports on how the capital provided by the State has been used by the Network Company for the purpose of the Network Investment.
4.2.	Long Term Investment Plan	<p>The BoD of a Network Company shall draw up an annual investment plan (or comparable documentation within the Network Company concerned) (the Long Term Investment Plan). The Long Term Investment Plan includes a forecast of the expected Network Investments and other investments with a ten-year horizon and the strategic considerations underlying those investments.</p> <p>The SC or (if applicable) the MSC, and therefore also the State as a member of the SC or (if applicable) the MSC, will be consulted by the BoD on the Long Term Investment Plan.</p>
4.3.	Investments	<p>In addition to the existing approval rights of the GM, the special decision making process (as referred to in paragraph 1.1) applies to investments or a combination of investments (which will also take into account the assessment of the future net cash requirements as a result thereof, as made clear by the Network Company over a ten-year period), which (i) exceeds the applicable threshold amount and (ii) are not Network Investments. In this case, the following parties shall be regarded as final veto holders in respect of the special decision making process, as referred to in paragraph 1.1:</p> <ul style="list-style-type: none">(i) the State;(ii) as long as shareholders, other than the State, can exercise 50% or more of the total votes in the GM of the Network Company concerned (i.e. including the votes which the State may exercise):<ul style="list-style-type: none">(a) at least three shareholders (other than the State) wish to jointly initiate the special decision-making process; and

		<p>(b) these shareholders mentioned in (a) can jointly exercise more than 50% of the total votes of the shareholders (i.e. excluding the votes of the State) in the GM of the Network Company in question.</p> <p>Furthermore, unlike the State, the shareholders are entitled to initiate the special decision making process referred to in paragraph 1.1, until step 5 (thus without being able to exercise the right of veto), as long as the shareholders, not being the State, can exercise between 30% and 50% of the total number of votes (i.e. including the votes of the State) in the GM of the Network Company in question:</p> <ul style="list-style-type: none"> (i) at least three shareholders (other than the State) wish to jointly initiate the special decision-making procedure; and (ii) these shareholders (i) can jointly exercise more than 50% of the total votes of the shareholders (i.e. excluding the votes of the State) in the GM of the Network Company concerned. <p>Therefore, shareholders, other than the State, have no right of veto in relation to the special decision making process (as referred to in paragraph 1.1) between 30% and 50%.</p> <p>The applicable threshold amounts are agreed during the negotiation of the Participation Agreement, the starting point being the existing governance of the Network Company in question. The thresholds agreed at that time are only to be laid down in the articles of association. Any subsequent changes will be made through the usual governance, taking into account paragraph 1.2.</p>
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5. Appointments and remuneration

Directors and supervisory directors are crucial to the operation of a company. They are responsible for the implementation and monitoring of the company's strategy, policy and day-to-day business. The social context in which the Network Companies operate places additional requirements on the skills and traits of the directors and supervisory board members of these companies. The State also considers it important that the composition of a BoD and a SB is diverse and balanced.

The remuneration policy must enable a Network Company to attract qualified and professional directors and supervisory board members. Specific, market-related knowledge and experience is important for managing companies.

The State expects the other regional shareholders of the Network Company to pursue equal interests in this respect.

6. Evaluation

The Government Participation Policy provides the starting point for evaluating the shareholding in each State participation at least once every seven years, in order to determine whether an interest in the company still has added value.

6.1.	Evaluation of participation	<p>The shareholding in the Network Company will be evaluated at least once every seven years. Current developments may lead to an earlier or later evaluation of the shareholding. In the first evaluation after the Participation Agreement has been signed, explicit attention will be paid to whether the effects which were intended in advance have actually been achieved.</p> <p>When the Participation Agreement is signed, it shall be decided when the first evaluation will take place.</p>
6.2.	Evaluation of Agreement	<p>The State and the Network Company, in close collaboration with the SC or (where appropriate) MSC, agree to jointly review the Agreement Framework in the second half of 2028 and to establish in dialogue whether the Agreement Framework contributes to safeguarding the public interests concerned and functions as intended at the time that the Participation Agreement was concluded.</p> <p>Any considerations which follow from the evaluation may be amended in accordance with Clause 8.5.</p>

Schedule 3.

TERM SHEET VALUATION AND PRICING

Recitals		
	A	The Parties wish to establish a relatively simple and feasible process for determining the valuation of a Network Company.
	B	<p>The valuation of a Network Company must be market-compliant, taking into account the regulated framework within which the Network Companies operate, the character of the current shareholder(s) and the State and the transaction, including the fact that existing and future shareholders have a very long investment horizon, so that:</p> <ul style="list-style-type: none"> (i) there is no state aid in the event of the State the becoming a shareholder; (ii) current shareholders of the Network Company can approve a share Issue (the Issue); (iii) Network Company shareholders can achieve a market-conform return on new capital invested; and (iv) the Network Company can comply with its corporate law obligations.
	C	The Parties wish to prevent a process being set up at the time that Parties reach a negotiating agreement on this Agreement leading to an unreasonable outcome in this regard in the future.
	D	The Network Company and its shareholders may exchange information between themselves before the Participation Request is submitted, as is customary between the company and shareholders. However, from the moment the Requesting Network Company submits a Participation Request, the Requesting Network Company will endeavour to ensure that no information asymmetry is created by the Requesting Network Company between the shareholders of the Requesting Network Company (the Shareholders) and the State with regard to valuation and pricing.
	E	There are risks in determining the valuation of a Network Company using a single valuation methodology.
	F	The Network Company can issue new shares to enable further growth of the network and its public task of ensuring a secure, reliable, accessible and affordable energy network.
	G	<p>There is a difference between value and price and therefore a need on the part of the Parties for a constructive process to arrive at a price that is justified for the new shares to be issued by the Network Company (the Issue Price), where:</p> <ul style="list-style-type: none"> (i) the Network Company is responsible for providing information, including a Financial Forecast and a financial

		<p>model with reference valuation information for the purpose of establishing proper valuations by all parties involved; and</p> <p>(ii) Shareholders, in collaboration with the Network Company if agreed between the Network Company and the Shareholders, and the State are responsible for pricing and agreeing on the final Issue Price based on valuation(s) by Shareholders and the State.</p>
Process		
	1.	One month after submitting the Participation Request (i.e. before 1 April of the year preceding the desired year of contribution), the Requesting Network Company, when the Issue is discussed, makes the information mentioned under recital G above available to Shareholders and the State via a virtual data room.
	2.	<p>Either (a) the Requesting Network Company, the Shareholders and the State; or (b) if the Requesting Network Company and its Shareholders so agree or agreed as such, the Requesting Network Company and the Shareholders jointly and the State, assisted, where appropriate, by advisers, shall each draw up a valuation analysis in accordance with the provisions of paragraphs 5 to 7 of this Term Sheet Valuation and Pricing (the Valuations), including on the basis of the information provided by the Requesting Network Company.</p> <p>Assuming that the information provided under recital G(i) is complete and adequate, these Valuations (excluding the results) shall be exchanged simultaneously two months after the Participation Request (i.e. before 1 May of the year preceding the desired year of contribution).</p>
	3.	The Shareholders and the State shall definitively determine their Valuations after a verification by the Network Company and a dialogue has been held on the Valuations (excluding the results thereof) with each other and with the Network Company, with the parties being free to make reasoned adjustments to the forecasts.
	4.	Subsequently, simultaneously and at a pre-agreed time, the Shareholders and the State shall exchange proposals for the Issue Price (the Proposed Issue Prices) based on the final Valuations, three months after the Participation Request is submitted (i.e. before 1 June of the year prior to the desired year of contribution). Further arrangements may be made between the parties to secure the simultaneous exchange.
	5.	<p>The Valuations should be based on several valuation methodologies considered by valuation specialists as appropriate for Dutch network companies:</p> <p>(i) primary valuation methodologies based on the income approach (<i>inkomstenbenadering</i>), including at least, but not limited, (a) a discounted cash-flow analysis based on free-cash-</p>

		<p>flow-to-the-firm and/or free-cash-flow-to-equity, and (b) a dividend discount model; and</p> <p>(ii) a detailed comparison of the outcome(s) against one or more reference methods (<i>referentiemethodes</i>) based on (a) market data, including, but not limited to, valuation multiples of comparable transactions or listed companies with similar activities and (b) the building blocks method (<i>bouwstenen methode</i>).</p>
	6.	The valuation date used in the valuation of the Network Company is as close as possible to the date of the proposed Issue and may therefore be in the future.
	7.	<p>Valuation shall include at least the following:</p> <p>(i) the reported standardized asset value (the GAW - <i>Gerapporteerde gestandaardiseerde activa waarde</i>) and the expected development of the GAW on the basis of the company's investment plans;</p> <p>(ii) the expected development of composite output (the SO - <i>Samengestelde Output</i>) and the (relative) remuneration of the Network Company in relation to the sector remuneration, with an explanatory note;</p> <p>(iii) explanation of the used regulated assumptions, where the starting point is these will join the Methodology Decisions (<i>Methodebesluiten</i>) for the currently running regulation period, announced or expected Methodology Decisions for successive regulation period(s);</p> <p>(iv) the non-regulated activities of the Network Company should also be valued in accordance with the market;</p> <p>(v) the Financial Forecast used by the Network Company, based on the format that is agreed, includes the number of years needed to achieve a steady-state, in terms of profit margins, investments, SO and remuneration in relation to the sector, etc., of the Network Company, which is at least 25 years;</p> <p>(vi) the definition of fair value (<i>reële waarde</i>) to be used is: "The amount for which an asset can be traded or an obligation can be settled, between knowledgeable parties prepared for a transaction, which are independent", according to the Dutch Accounting Standards Board (<i>Raad voor de Jaarverslaggeving</i>);</p> <p>(vii) the valuation is carried out from a 'stand-alone' perspective of the Network Company, which means that any strategic</p>

		<p>premiums and/or synergy effects that a specific investor might want to pay for are not taken into account;</p> <p>(viii) in addition, the rating should be based on a 'going concern' of the Network Company, which means that the Network Company will continue indefinitely without substantially changing its activities.</p>
	8.	The valuation reports explain why the valuation methodologies used have been chosen (insofar as they are not already prescribed in paragraph 5 above) and why other methodologies have not been used, and how the methodologies used have been included in finding the value of the Network Company.
	9.	If the proposed Issue Prices are within a margin of 10% of each other (highest price <i>minus</i> lowest price <i>divided by</i> lowest price), the Issue Price will be determined as the average of the Proposed Issue Prices.
	10.	If the Proposed Issue Prices differ by more than 10%, Shareholders and the State, all assisted or represented by consultants, will endeavour to achieve a mutually acceptable Issue Price through constructive discussions and the investigation of the underlying reasons for the differences.
	11.	If, Shareholders and the State cannot reach an agreement on the Issue Price within four months of the Participation Request (i.e. before 1 July of the year preceding the desired year of contribution), the Network Company, the Shareholders and the State shall jointly appoint a third party, an independent valuation specialist with an office in the Netherlands and experience with the valuation of regulated network operators (an Independent Valuation Specialist). The client of this Independent Valuation Specialist will be the Network Company, the Shareholders and the State together, whereas the Network Company will bear the costs.
	12.	The appointed Independent Valuation Specialist will then conduct an independent valuation of the Requesting Network Company in accordance with the principles set out in this Term Sheet. This valuation should be carried out partly on the basis of the Financial Forecast of the Requesting Network Company, possibly adapted for findings based on due diligence carried out by the Network Company and/or the State, and the other relevant data in the virtual data room, including any adjustments relating to value elements that the Independent Valuation Specialist deems appropriate.
	13.	Within four weeks of the appointment of the Independent Valuation Specialist, the draft valuation report will be provided to the Requesting

		Network Company, Shareholders and the State. The Requesting Network Company, Shareholders and State will share their comments on the draft valuation report with the Independent Valuation Specialist within two weeks of receipt. Upon receipt of the comments from all three parties, the Independent Valuation Specialist will share all the received comments with the Requesting Network Company, the Shareholders and the State simultaneously.
	14.	It is then up to the Independent Valuation Specialist to incorporate these comments into a final valuation report which will be delivered within eight weeks of the appointment of the Independent Valuation Specialist.
	15.	The final valuation result of the Independent Valuation Specialist (in the form of a point estimate (<i>puntschatting</i>)) is then used as a basis for a discussion between the Shareholders and the State to determine the Issue Price. The Shareholders and the State shall agree in writing to the Issue Price discussed no later than two weeks after this meeting.
	16.	Both the Shareholders, the Network Company and the State are allowed to commission their own fairness opinion on the Issue Price by a valuation specialist. This <i>Fairness</i> opinion should be given to Shareholders and the State respectively two weeks after an Issue Price has been established (either through paragraphs 9, 10 or 15). For example, a <i>fairness</i> opinion can be used by the Shareholders or the State to obtain (parliamentary) approval.
	17.	The Issue Price is assumed to be final, except where the State or the Shareholders have informed the other party in writing within two weeks of the establishment of the Issue Price, on the basis of a <i>fairness</i> opinion requested but not obtained, that they do not agree to the Issue Price.
	18.	If each of the Shareholders, the State and the Network Company with respect to paragraph 11 above and the Shareholders and State with respect to paragraphs 15 to 17 above at any time during the course of the relevant process do not reasonably provide for the appointment of an Independent Valuation Specialist or come to an agreement on the Issue Price respectively, he shall inform the other in writing and the Shareholders and the State (and, if applicable, the Network Company) shall at administrative or senior official level, whether or not assisted by an independent process supervisor, make every effort to appoint a mutually acceptable Independent Valuation Specialist or establish the Issue Price within two weeks of such notification, through constructive discussions and the investigation of the underlying reasons for the disagreement.

Schedule 4.

TERM SHEET CAPITAL REQUIREMENT

1. Introduction		
		<p>This Term Sheet defines the procedure to determine the size of a potential Capital Requirement of a Network Company and hence any Capital Contribution Requirement.</p> <p>If a deterioration of the Leading Ratio(s), as reasonably expected by the State and the Network Company, in turn in close consultation with its relevant SC or (if applicable) MSC, results in a <i>downgrade</i> below the Minimum Credit Rating of the Network Company, the Network Company may submit a Participation Request to the State.</p> <p>The starting point for determining the Capital Requirement and the Capital Contribution Requirement is that the Minimum Credit Rating will be the same for all Network Companies at all times.</p>
2. Destination		
		<p>The Requesting Network Company will, when submitting a Participation Request, submit a plan for safeguarding and reporting that the requested capital will only benefit the Network Investment and therefore the activities and investments for the Energy Networks of the designated network operator.</p>
3. Determining Capital Requirement		
		<p>The scope of the Capital Requirement, possibly resulting in a Capital Contribution Requirement, is intended to allow the Network Company to maintain the Minimum Credit Rating. The Financial Forecast Capital Requirement must demonstrate whether that Network Company's Minimum Credit Rating is reasonably: (i) in danger or (ii) in danger of being jeopardised in the foreseeable future.</p> <p>The Capital Requirement and the Capital Contribution Requirement shall be calculated by the Requesting Network Company on the basis of the then Leading Ratio(s) of the Normative Credit Rating Agency and verified by the State.</p> <p>If the forecast Leading Ratio(s) drop below the minimum level plus a buffer, for two or more years during the first five years of the forecast, the Network Company may initiate the process as set out in Clause 3.1.1 (for instance: when the Parties reach a negotiation agreement on this Agreement this is an FFO / Net Debt ratio of 12% (i.e. 11% <i>plus</i> 1% buffer). However, the actual Capital Requirement and Capital Contribution Requirement are calculated on the basis of the Leading Ratio(s) at the minimum level without the buffer (for example: when the Parties reach a negotiation agreement on this Agreement this is a FFO / Net Debt ratio of 11%), taking into account the adjustments made in the FFO and Net Debt calculations as a result of interest saved by the Requesting Network Company by the possible Capital Contribution by</p>

		<p>the State. The Capital Contribution Requirement is subject to a minimum of EUR 100 million.</p> <p>If a GRE classification and/or a GRE-up lift is obtained from the Normative Credit Rating Agency or if a similar uplift falls away with the other Credit Rating Agencies or if developments such as legislative amendments arise which make the Credit Rating Agencies amend their criteria or assessment methodologies, then the level and/or definition of Leading Ratio(s), as required for the Minimum Credit Rating, will be automatically adjusted accordingly.</p> <p>When the Parties reach a negotiation agreement with respect to this Agreement, the Minimum Credit Rating is A minus with S&P and (if applicable) A3 with Moody's. In line with the Government Participation Policy, the State could adjust the Minimum Credit Rating. It is important that the Requesting Network Company maintains access to the capital market at socially acceptable costs and that the financial health of the Network Company is not compromised. The State will consult with the Network Company about any adjustment of the Minimum Credit Rating, in close consultation with its SC or (if applicable) the MSC. The State shall reasonably include the position of the relevant parties in the assessment of the adjustment of the Minimum Credit Rating. If the State decides to adjust the Minimum Credit Rating, this must be substantiated. The definition of Minimum Credit Rating will then be automatically adjusted accordingly. The Network Company can also submit a proposal to the State to adjust the Minimum Credit Rating. The State will reasonably consider such a proposal. If the State then decides to adjust the Minimum Credit Rating, then this must be substantiated. The definition of Minimum Credit Rating will then be automatically adjusted accordingly.</p> <p>If, in the opinion of the State, the Normative Credit Rating Agency should be changed, the relevant Parties shall consult on this matter and the Network Company shall do so in close consultation with the relevant SC or, if applicable, MSC.</p>
<p>4. Reduction of the Capital Requirement</p>		
		<p>Before making a Participation Request, the Network Company will reasonably reduce the capital requirements and the coverage requested by the State as far as possible, inter alia through the following mitigation measures in paragraph 4A through paragraph 4E below. The Requesting Network Company shall submit a plan of action to the State, which shall explain in more detail the measures to be taken or measures already taken by the Requesting Network Company to reduce Capital Requirement in accordance with the timetable laid down in Clause 3.1.1a of this Agreement.</p>

		An overview of the (expected) contributions of the various mitigation measures to reduce the Capital Requirement should be provided by the Network Company to the State, with a sufficiently well-founded explanation of these measures. This summary and this explanatory statement form an integral part of the Participation Request.
	A.	The Network Company must inventory with its existing shareholders whether they would like to contribute additional capital in order to meet the Capital Requirement of that Network Company, on the same financial terms as the State, subject to express deviations as agreed in this Agreement, according to the action plan previously submitted as set out in Clauses 2.2.2 and Clause 3.1.1a (<i>Procedural Agreements</i>) of this Agreement.
	B.	The Network Company will use reasonable efforts to invite municipalities and, if relevant, provinces – which fall within the Network Company's catchment area – to join that Network Company as a shareholder, on the same financial terms as the State, subject to express deviations as agreed in this Agreement, as defined in the action plan submitted earlier, as set out in Clause 2.2.2 and Clause 3.1.1a (<i>Procedural Agreements</i>) of this Agreement.
	C.	The Network Company shall, where possible and relevant, individually and jointly continuously work together with the other Network Companies, to the extent allowed by the ACM, in a balanced and reasonable manner, to reduce the costs they incur, supporting the energy transition by accelerating socially responsible investments and further increasing productivity.
	D.	<p>The capital structure of the Network Company must be used efficiently by using an optimal financing mix within the framework of the Minimum Credit Rating. That is, capacity of debt instruments should be used as far as possible, provided that and to the extent that it can be considered reasonable under the then prevailing market conditions and operating conditions of the Network Company, and that this principle can be substantiated by the Parties; The Network Company shall act in close consultation with the SC or (if applicable) the MSC.</p> <p>Possible adjustments to the dividend policy should also be considered in order to reduce the Capital Requirement and, where applicable, to be applied in the calculation of the Capital Contribution Requirement.</p>
	E.	The potential for the sale of the activities of a Network Company, other than the activities in the Energy Networks, and their desirability should be investigated by that Network Company.
5. Authentication		
		The underlying assumptions and outcomes of the Financial Forecast Capital Requirement will have to be in line with the forecasts shared with the Credit Rating Agencies by a Network Company in the normal course of business. Any reasonably relevant deviations between the Financial Forecast Capital Requirement and the projections by a Network Company

		<p>shared with the Credit Rating Agencies will need to be made clear and carefully substantiated. The aim is to decide, with sufficient substantiation by the Parties, jointly on the scenario on the basis of which the Capital Requirement is determined; the Network Company acts in close consultation with the SC or (if applicable) the MSC.</p> <p>The Financial Forecasts as defined for the purpose of valuation and the Financial Forecast Capital Requirement will not differ materially. An explanation of any derogations should be added to the Participation Request.</p> <p>The scope of the Capital Requirement and the Capital Contribution Requirement and the extent to which the possibilities for reducing the Capital Requirement have been met will be verified by (consultant(s) appointed by) the State. The State shall determine the actual amount of the Capital Contribution on the basis of this verification.</p> <p>The Capital Contribution and Capital Contribution Requirement can reasonably be adjusted by the Network Company in close consultation with the SC or (if applicable) the MSC until the end of June of the year prior to the desired year of contribution.</p>
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Schedule 5.

CAPITAL FINANCIAL FORECAST TEMPLATE

