All for sustainability

Annual Report 2013 Eneco Holding N.V.

Eneco

Cover photograph:

Opening Eneco wind lab, summer 2013

The wind lab is an inspiring way for students of ages from ten to twelve to get acquainted with wind turbines and wind energy. The training programme has been developed in collaboration with specialised parties who have translated Eneco's knowledge into interactive training materials for this age group.

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Our ambition and what we have accomplished

Our ambition and what we have accomplished

The ambition of Eneco, of the 7,000 men and women in our organisation, is reflected in our mission statement 'Sustainable energy for everyone'. This mission statement combines our motives and inspiration, since we are convinced that its accomplishment will also mean that our organisation is successful. All of our efforts, expertise and motivation are focused on achieving this goal. Our accomplishments are reflected in our strategic key performance indicators (KPIs).

In the overview below, the strategy-related KPIs are linked to Eneco's strategic themes. The scores and changes compared with 2012 are listed for each KPI. The results are explained in detail in the separate chapters for each strategic segment.The objectives for 2014 are also included in the overview. The assurance obtained only relates to the realised results and does not encompass the new KPIs, which we will start to apply in 2014. We are still working on the further development and implementation of our strategy. An important element of this is the specification of concrete long-term goals, which must take into account the rapid developments in the energy market in connection with the transition to local production of sustainable energy. In 2013, we have taken an important step forward in this area with the introduction of our One Planet Thinking method (page 159). The overview below includes both existing and newly defined KPIs.

Customer first

Focus on and attention to the needs of our customers (short term and long term), through which we create sustainable value for all stakeholders

		Realisation 2011	Realisation 2012	Target 2013	Realisation 2013[1]	Target 2014
1	Customer satisfaction Stedin in months[2]	-	1	≥ 8	8	≥ 8
2	Eneco retail customers [* million]	2.2	2.2	≥ 2.2	2.2	≥ 2.2
3	Net Promoter Score Eneco [%][3]	-22	-18	≥ -17	-20	≥-15

Energy efficiency

In 2013, three new targets, resulting from our One Planet Thinking method (page 159), were defined for this theme. These targets are based on the Green House Gas Protocol, an internationally accepted method for calculating greenhouse gas emmissions in the value chain. As part of our One Planet Thinking method, better insight will be obtained in 2014 with respect to the first KPI listed below. This is why, for the present, no target is specified for this KPI.

Reducing energy consumption by providing insight and energy efficiency.

		Target 2014
4	Reduction of the effect of customers' gas and district heating consumption on climate change compared with 2012[6]	-
5	Reduction of the effect of customers' electricity consumption on climate change compared with 2012[6]	5%
6	Reduction of the effect of Eneco Group's electricity consumption on climate change compared with 2012[6]	30%

Generating energy together

The KPI 'CO_2 per produced kWh' mainly relates to the supply of clean and relatively clean electricity. As of 2014, this objective is incorporated in the new KPI 'Reduction of the effect of customers' electricity consumption on climate change compared with 2012' for the theme Energy efficiency above. Consequently, the current KPI, 'CO_2 per produced kWh', will no longer be used. As of 2014, the new KPI 'sustainable capacity increase' will be applied for the theme relating to generating energy together with customers, because our performance in this area touches the core of our strategy and is easily quantifiable. In the past, this was not an actively tracked target. Consequently, no assurance has been obtained for historical data on this target, which is why these figures are not included in the overview

Accessible, local and profitable production of energy together with customers.

		Realisation 2011	Realisation 2012	Target 2013	Realisation 2013[1]	Target 2014
7	Share of sustainable electricity production in total supply portfolio [%][4]	9.9	12.6	≥ 20	20.2	20
8	CO_2 per produced kWh [gram][4]	154	227	≤ 300	113	-
9	Sustainable capacity increase [MW]	-	-	-	-	221

Purchasing

As of 2014, the newly specified KPIs included under the theme Energy efficiency will replace the KPIs below relating to the supply of dark green electricity.

Providing affordable, reliable and clean energy, combined with excellent customer service.

		Realisation 2011	Realisation 2012	Target 2013	Realisation 2013[1]	Target 2014
10	Average energy supply interruption [minutes]	13.8	19.5	≤ 14.5	12.2	≤ 14.5
11	Dark green gas in retail supply portfolio [%][4]	0.4	1.0	≥ 0.5	1.4	-
12	Dark green electricity in retail supply portfolio [%][4]	14.3	16.1	≥ 20.0	20.0	-

Expertise

Further improvement of quality in all aspects of business operations as result of bundling of expertise and 100 years of experience

		Realisation 2011	Realisation 2012	Target 2013	Realisation 2013[1]	Target 2014
13	LTIR Group	1.8	1.4	≤ 1.6	1.1	1.3

Leadership

As of 2014, the KPI 'CO_2 emissions reduction per employee' shall be replaced by the newly specified KPI 'reduction of the effect of Eneco Group's electricity consumption on climate change compared with 2012' included under the strategy theme Energy efficiency. Also in 2014, the KPI 'employee motivation' shall be replaced by the KPI 'internal alignment', which will improve measurement of the familiarity with and support for our strategy, enabling us to influence this aspect more effectively.

Eneco demonstrates leadership through its steady, cost-effective strategy that can only be realised in cooperation with society

		Realisation 2011	Realisation 2012	Target 2013	Realisation 2013[1]	Target 2014
14	CO_2 emissions reduction per employee compared with 2007 [%][4]	30	37	≥ 44	39	-
15	Employee motivation[5]	7.1	7.5	7.4	7.5	-
16	Internal alignment [%]	-	-	-	-	54.5
17	Credit Rating	A-	A-	≥ A-	A-	≥ A-
18	ROACE [%] [6]	5.0	4.1	4.8	4.7	5.0

[1] The scope of the strategic KPIs is described in the section Scope strategic KPIs (page #).

[2] Customer satisfaction at Stedin is measured as the number of months in which a score of 7 or higher was given with respect to customer satisfaction by at least 75% of the customers. No comparative figures are available for the year 2011.

[3] The method for calculating the Net Promoter Score for Eneco changed in 2013. Compared with the previously applied method, the scores were four points lower. For comparison purposes, historical target and realisation figures have been adjusted for this new method.

[4] Performance targets have been agreed with WWF for 2013 with respect to these strategic KPIs.

[5] The figures for this KPI are composed of individual measurements at Stedin, Joulz and Eneco (energy company and holding). In 2013, no measurement was carried out at Eneco, which means that for this part of the organisation the 2012 figure was used.

[6] Realisation 2013 does not include depreciation on electricity related to property, plant and equipment: 5.5% (2012: 5.1%).

Key figures

(amounts in millions of euros)	2013	2012	2011	2010	2009
Results					
Total revenues [1]	5,251	5,256	5,007	4,922	5,245
Revenues from energy and energy related	5,026	5,082	4,839	4,722	5,018
Gross margin energy and energy related	1,749	1,620	1,442	1,294	1,325
Operating income before depreciation (EBITDA)	877	776	711	576	564
Operating profit (EBIT)	395	335	388	274	268
Net profit	241	233	204	141	177
Cash flow from operating activities	792	727	1,117	670	729
Capital					
Equity	4,593	4,447	4,353	3,890	3,900
Interest-bearing debt	1,911	1,800	1,859	1,947	2,087
Balance sheet total	9,203	8,804	8,645	7,577	7,691
Investments in property, plant and equipment	846	710	734	730	523
Ratios					
Equity/total assets	49.9%	50.5%	50.4%	51.3%	50.7%
Interest coverage rate [2]	9.3	8.8	8.8	6.2	7.4
Employees					
LTIR	1.1	1.4	1.8	2.6	4.3
Number of FTEs average	7,018	6,839	6,596	6,622	6,137
Absence due to illness	3.9%	4.3%	4.5%	4.6%	4.7%
Sales volumes					
Electricity (GWh) [3]	21,925	25,201	27,457	24,435	24,295
Gas (million m^3)	5,723	5,748	5,914	6,704	5,900
District heat (TJ)	12,302	11,704	11,350	13,157	11,436

[1] Total revenues: Revenues from energy and energy related as well as other revenue.

[2] Interest coverage ratio: Operating profit divided by financial income and expenses.

[3] Including trading volumes Eneco Trade.

Message from the Board

Together with the customer

Sustainable energy for all continues to be our mission. Our relationship with society forms the basis for the responsibility we feel to achieve a clean, reliable and affordable energy supply in collaboration with our customers. Our aim is to save energy, to generate energy together and to supply sustainable energy, and we continue our search for new ways to achieve this.

Our most important collaborative partners are our customers. People and organisations are Eneco customers in many different ways. They include the residents of houses connected to our energy grids, home-owners with our solar panels on their roofs, those living in the vicinity of our energy installations, people who have bought equipment from us and companies who buy our energy or supply it to us.

Our customers are our starting point. This is why we placed even more emphasis on making them the focus of all our thoughts and actions in 2013.

Listening to the customer

Focussing on the customer means listening – really listening – to what our customer has to say. How do our customers regard our services and products? What do our customers need? What ambitions do they have? We involve our customers increasingly in the development of our products and services. Products and services which really do make a difference to them, like smart meters for instance, or residual heat, modified street-lighting and energy displays. In this way we work together as partners towards efficient energy use.

And we look further. We also listen to parties with whom we are connected in other ways, such as residents in the vicinity of our energy projects, politicians who develop legislation and interest groups who promote the welfare of mankind and nature. Eneco wants to be part of society, internationally, nationally, regionally and locally. I will offer a few examples by way of illustration.

- Ahead of the outcomes of the Energy Agreement signed in September, Eneco entered into a collaboration with Solar Green Point at the beginning of 2013. Solar Green Point installed 1,000 solar panels on the roof of the Caballerofabriek building in The Hague, for a collective of new-style solar panel owners. This project provides a good solution for people who cannot or do not want to install solar panels on their own roofs.
- With WWF we are working on a 'One Planet Thinking' model. Our ambition is to bring the energy needs of our customers and our own organisation within the limits of a liveable planet – particularly for the generations following us.
- Grid operator Stedin has begun the first phase of the large-scale roll-out of smart energy meters in the Hoeksche Waard area. Between January and June 2014, the grid operator will replace the traditional meters with smart ones at 37,000 households and small businesses. We will conduct information evenings in a number of municipalities in this area to prepare for the switch.
- Ecofys is working with a number of partners on the project, 'Smart Grid: rendement voor iedereen!' (Smart Grid: everyone benefits!), for which it develops and tests services relating to Smart Grids at two pilot sites in the municipalities of Utrecht and Amersfoort. Services that are being tested include advice about energy consumption, incentives to shift energy consumption in time, remote demand control and smart charging of electric cars that are shared by multiple users.
- In the preparatory phase for the Macritch Hill wind project in Scotland we drew up a list of agreements together with the local residents. In it we established how we would cooperate in developing the wind farm. We also recorded the guarantee that we would take account of their input during and after the planning process.

These examples reflect our vision for the future: sustainable, decentralised, together. Eneco has opted for a sustainable strategy, because this is the best route – in social, ecological and business economic terms – to keep providing society with energy in the future. We envisage a future where we use energy which is generated increasingly by citizens and companies themselves and become their own producers and suppliers. This means that the relationship with our customers is changing: energy becomes teamwork.

Committed and solution-orientated

Listening is an important first step, but ultimately it's all about the solutions. Solutions for needs, problems and aspirations. And to find good solutions, we like to share our knowledge and expertise. Together with our partners we improve the existing technologies and we develop new ones, with which customers can save energy and with which we can generate sustainable energy more efficiently and more cheaply.

- For Belgacom, one of Belgium's largest phone companies, we provide around a hundred shops with electricity generated locally from wind energy.
- For the Audi factory in Vorst, we have invested in Belgium's largest solar panel roof. The power generated is used entirely by the Audi factory.
- In 2013 we began development of our first major solar power project in Great Britain. Through a private electricity grid, the 10 MW of power from this installation is transmitted directly to the nearby Honda factory in Swindon.
- Our revolutionary Toon thermostat, which gives customers insight into their energy consumption, can already be found in many households. We sold 29,000 of them in 2013. Our customers rate Toon with an average of 7.5.
- With our Energy Savings Companies (ESCOs) we offer a customised package for energy savings and efficiency and take over all the responsibilities from the owners of the relevant buildings. At De Kunsthal, an exhibition space in Rotterdam built twenty years ago, an ESCO with energy-saving measures such as insulation and climate control yields a saving of 30 percent.
- We deploy Direct Current (DC) whenever that leads to energy and raw material savings. In 2013 we created a DC grid in the PrimaViera (Haarlemmermeer) horticulture area.
- Our grid operator Stedin commissioned a steam pipeline in the Botlek area in 2013, through which residual steam is transported from one company to another. This lets the company receiving the steam save on gas consumption while also reducing carbon emissions. In this way, some 200 to 400 kilotons of carbon emissions can be saved annually in the port area.
- Growing numbers of customers are making a conscious choice for our electricity product, HollandseWind, electricity generated from wind-turbines in our own country. In 2013 the share of HollandseWind among our corporate customers grew to 35 per cent of all green energy sold. Interest is also considerable from household customers.

Listening well to customers to find solutions also means our organisation being set up accordingly, a process we continued in 2014. It is also a process in which maintaining a safe working environment is crucial. For our own employees as well as for contractors and subcontractors working on our projects. Our continued focus enables us to improve our safety performance year after year. We also continue to make organisational changes: in 2014 there will be one point of contact for our customers where they can do all their business. This means assisting everyone better, more quickly and more clearly.

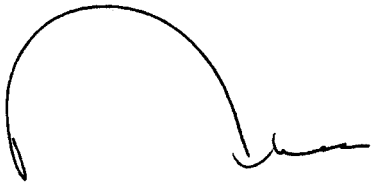
Not only do we listen to the individual, but we also assess what society needs, what we as a company can mean for society in the Netherlands and elsewhere. Are we on the right track, are we investing in the right energy sources? Despite major conflicts in interests, employers, trades unions and environmental organisations reached an Energy Agreement with the Dutch government in 2013, a roadmap towards much more sustainable energy and energy savings. Eneco contributed to this, and endorses the outcome. It encompasses concrete agreements on how our country will move from 4% of sustainable energy today, to 16% in the decade ahead. We will contribute to this, keeping in mind the interests of society. We are doing this in the United Kingdom too, for instance, where we are cooperating closely with the community surrounding our energy producing installations, such as wind farms. The starting point is that the community must benefit from it. In 2013, we completed the 69MW Lochluichart wind farm in the Scottish Highlands, where we devoted 3.5 million pounds to local work activities. We also opened an operational base in Inverness which provided local jobs.

A strong company, a sustainable future

In financial terms 2013 was a good year for Eneco. The revenue of 5,251 million euros was virtually the same as that of the previous year (5,256 million euros) and the earnings before depreciation (EBITDA) rose from 776 to 877 million euros. Eneco continues to be a solid company, a factor which should not be underestimated. After all, European countries need strong energy utilities, which invest in a sustainable future and help to achieve the climate objectives. With projects like the Eneco Bio Golden Raand biomass power station, numerous wind farms, the construction of a major heat transportation pipeline and making energy grids smarter, Eneco has again invested substantially this year in making our energy supply more sustainable. The total in sustainable investment in 2013 was around 400 million euros. A few examples:

- The realisation of Eneco Bio Golden Raand in Delfzijl, which converts wood chips into electricity and gives us an extra 49.9 MW of sustainable power. We already have several wind turbines in the same municipality, and we are working closely with Groningen Seaports to place more installations. The Delfzijl Noord project, with 19 wind turbines, is already under construction, and we are giving shape to a variety of new projects together with the local community. In terms of new energy infrastructures such as heat, steam, CO_2 and syngas, we are working with Groningen Seaports in this region on the further development of (residual) energy exchange between companies in the energy and chemicals cluster.
- In 2013, Eneco made a start on laying a new pipeline route of 17 kilometres to transport heat from the AVR waste energy plant in Rozenburg to Rotterdam. When the pipeline is put into operation in 2014, Eneco will be able to supply heat through the existing local heat grid to 45,000 homes and companies in Rotterdam. This will enable us to save 95 kilotons of carbon emissions annually. The construction, which required a substantial investment, occurs in close collaboration with those living in the vicinity.
- Substantial investments have also been made in the gas and electricity grids, in particular in connection to the development of smart grids. Examples of this are the Couperus project in the Ypenburg district in The Hague and a smart grid in the Hoog Dalem district in Gorinchem, which offers insight into energy consumption, facilitates the use of solar panels and enables the storage of electrical energy.
- We are investing in training our own technicians. Participants include people who are having difficulty finding a job for whom this training to become an electricity or gas technician forms a new opportunity. This project is carried out in collaboration with the Rotterdam and Amsterdam municipalities.

Our ambition is to continue investing as a strong company. The greatest risk we run is a possible forced unbundling of Eneco, because this would weaken our funding capacity for implementing our strategy. Our aim thus remains to continue to be one integrated energy company.

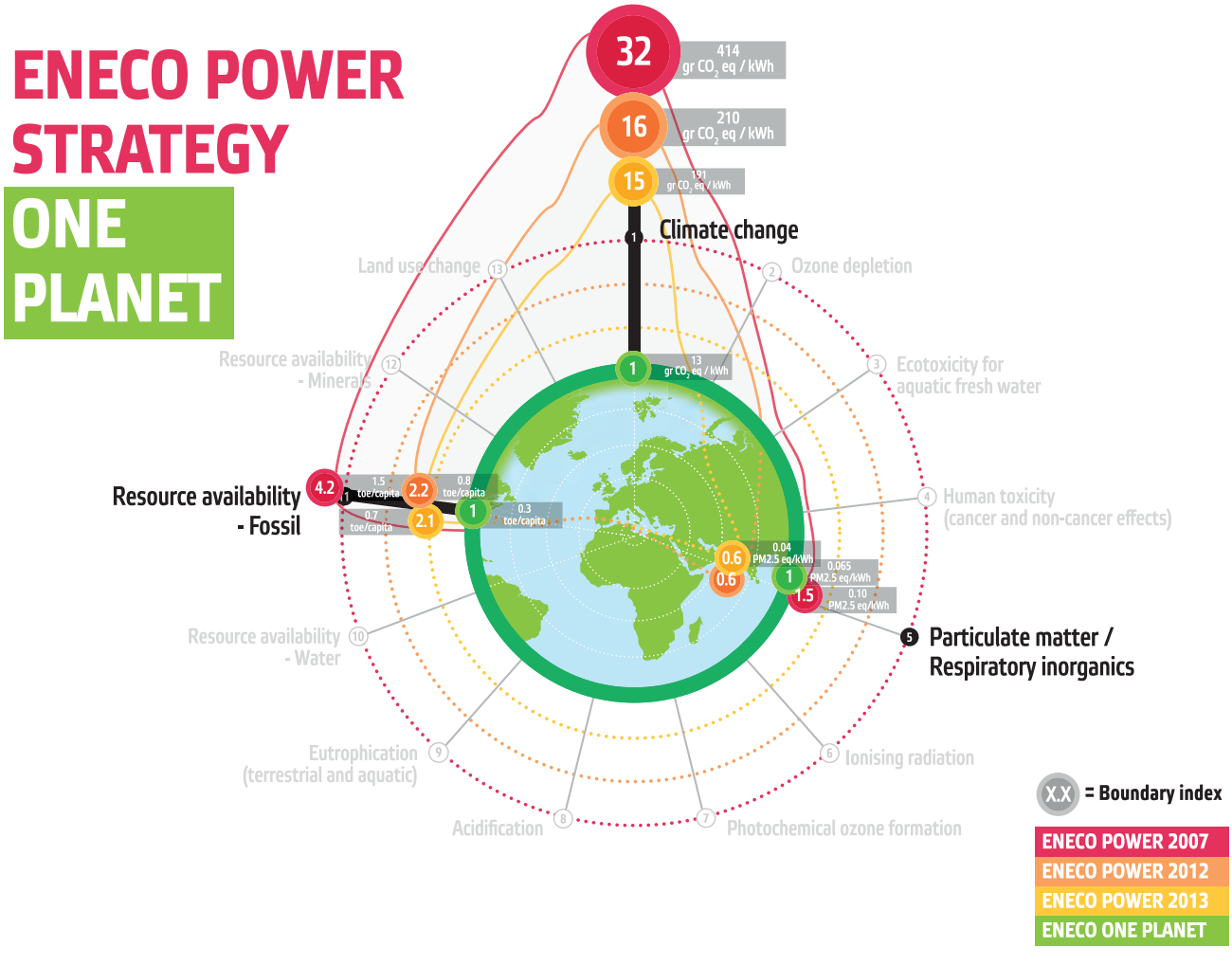


Jeroen de Haas
Chairman of the Board of Management of Eneco Holding N.V.

Caring for the Earth

One Planet Thinking

According to the Living Planet report by WWF we consume, in global terms, the Earth more than one and a half times every year. It is our ambition to reduce our customers' energy consumption and that of our own to within the limits necessary for a habitable planet, not just for our own sakes, but also for future generations. Our customers expect no less of us and only then will we have achieved our mission: 'Sustainable energy for everyone'. To accomplish this mission, we seek collaboration with our customers, our suppliers and other partners.



The One Planet Thinking approach

Eneco and WWF have been partners since 2010, and Eneco was the first Dutch company and the first energy company in the world to receive the WWF's 'Climate Saver' accreditation. Nonetheless, we maintain that sustainability is more than just the climate: it's about our health, the quality of ecosystems and the availability of resources. Inspired by the article Planetary Boundaries by Stockholm Resilience Centre and WWF's Living Planet report, Eneco took the initiative to team up with Ecofys and WWF to make 'One Planet Thinking' measurable for companies.

Making our impact measurable

One Planet Thinking (OPT) is a joint development process set up by Eneco, WWF and Ecofys with the intention of learning how companies can make their value chains more sustainable so that, in the long term, their operations will have a less detrimental impact on human health, the quality of ecosystems and the availability of resources. This will help us to determine whether we are progressing as we should on our path to a habitable planet.

The design of the model is based on the most recent scientific discoveries and current measuring tools, such as the Life Cycle Assessment (LCA). Many companies already use this method to measure their impact on the environment. The Life Cycle Assessment distinguishes between various categories of impact, including climate change and the availability of raw materials. By linking the LCA to the One Planet Thinking model, companies can learn just how much they are damaging the Earth and which impact categories they can improve to help ameliorate life on our planet.

The initial results

The three impact categories on which the production, distribution and supply of electricity have the greatest environmental effects are climate change, particulate matter and the availability of fossil fuels. For these impact categories, we have calculated the effect that we, our customers and our suppliers have on the environment using the LCA method. Due to new scientific discoveries described in publications like the Planetary Boundaries article, we can estimate by how much the emissions exceed the One Planet boundaries. By applying these steps to the three impact categories, we can produce the following graph of the environmental effect of electricity generation and the distribution and supply of electricity to our customers and our own company.

The initial results reveal that, relatively speaking, the electricity supply to our customers has the greatest environmental effect on climate change. Compared to the European average (429 gr CO_2/kWh in 2010, source: IEA) we are doing very well. See (page #) for an explanation of the initial results.

Partners in sustainability

We still have a long way to go to reduce our customers' and our own demand for energy to within the boundaries of a habitable planet. This also applies to the further development of the OPT model and to solving the dilemmas we face. The first dilemma is whether we should actually want to translate the global planetary boundaries to local business levels, as that will raise ethical dilemmas on the distribution, or fair share. The second dilemma involves the course we should take if we cannot find a widely acceptable scientific boundary for an impact category.

Fortunately, we share this ambition with many others; positive responses from other companies demonstrate that our One Planet Thinking is meeting a demand. Accordingly, we would like to invite everyone who is truly committed to sustainability to help us work out and build on this model in more detail: other WWF Climate Savers, companies, organisations and researchers. Our dream is to create a global standard and an independent method available to everyone, an open-source platform that researchers, organisations and other interested parties can continue to develop.

Dilemmas

The advantage of One Planet Thinking (OPT) is that it is based on current scientific findings in all aspects of sustainability and at the same time enables powerful and intuitive communication. The combination of these two important matters in one model creates potential for broad application of OPT. New scientific insights and user experiences arising from the open-source strategy will lead to the continuous development of the model. So far, Eneco has come across two dilemmas relating to this development.

The first dilemma is whether we should actually want to translate the global planetary boundaries to local business levels, as that will raise ethical dilemmas on the distribution, or fair share. The alternative is that we determine the absolute environmental impacts from assessments (LCAs) and that we then reduce this environmental impact. If we only reduce the environmental impacts, we cannot form a picture of how much we need to reduce them. This alternative is also not entirely in keeping with the usual methods used by trade and industry in which targets are defined using SMART, a strategy is defined and progress is monitored.

The second dilemma involves the course we should take if we cannot find a widely acceptable scientific boundary for an impact category. Should we accept a socially accepted source, such as a law or a directive? Or should we leave the model incomplete by not setting boundaries for this impact category?

Specifically for the particle matter category, we have based the One Planet boundary on the standards set by the World Health Organisation's Air Quality Guideline. Standards which are considerably stricter than the standards for particle matter as prescribed in European and Dutch legislation. Eneco expects to be confronted with similar dilemmas as we work out One Planet Thinking in more detail. To address these dilemmas, we shall involve scientists directly and actively in the further development of One Planet Thinking, starting in 2014. In our view, it is important that we, and other companies, find a compass for our sustainable development, although we are aware that this compass will not be without faults in all aspects.

Trends and developments

Developments in the energy market

The energy markets in Europe are in transition, from centrally-controlled energy supply based on fossil fuels, to local, sustainable energy supply in which end-users generate their own electricity, storing it and exchanging it among each other.

Growing energy demand worldwide and shifting power relationships

Population growth and rising prosperity in the world is producing strong growth in the demand for food, water, consumer goods and energy. According to the International Energy Agency (IEA), the worldwide demand for energy will roughly have doubled by 2035 compared to 2011. The centre of gravity for this demand will shift to the emerging economies, particularly China, India and Southeast Asia. According to the IEA (World Energy Outlook, 2013) China is on the brink of becoming the world's largest oil importer. Around 2020, India is expected to achieve a similar status with respect to coal. With the discoveries of, and drilling for, shale gas in the United States, that country will become self-sufficient in terms of its energy consumption. All this will cause the international power relationships to shift significantly.

Commerce, governments and citizens worldwide face the challenge of meeting the growing demand for energy in such a way that future generations will also continue to be provided with their essentials using what the earth and the atmosphere can produce and absorb. In the forecasts of the International Energy Agency, the production of energy from sustainable sources will grow significantly more strongly than from coal, gas, oil or nuclear energy. In 2035, around 25% of the total worldwide energy demand will be generated sustainably using wind, sun, water and biomass. The sustainable generation of energy occurs not just in the developed nations, but to a rapidly increasing degree in the developing economies as well. An example of this is IEA's expectation that China will produce more sustainable energy by 2035 than Europe, the US and Japan combined.

The worldwide developments are relevant to Eneco and its customers given Europe's increasing dependence on the import of fossil fuels, and because of the impact of the energy needs on the geopolitical relationships with the exporting nations. The worldwide growth of sustainable energy generation also has a positive effect on the economies of scale in the production of goods such as solar panels and wind turbines, which is expected to result in a further drop in the cost of the production of sustainable energy.

European energy supply in transition to sustainable, decentralised, together

The situation in Europe is not so much characterised by a growth in demand, but rather by a fundamental transition in the energy supply. The energy market is evolving from centrally-controlled energy supply based on fossil fuels, to local sustainable energy supply where end-users generate their own power, store it and exchange it among themselves. The European energy and climate objectives for 2020 and 2030 constitute an important driving force behind this transition.

Phase 1 - Central

In the past – and still today – energy supply was characterised mainly by electricity production in large-scale power stations, based on coal and gas or nuclear power. From these huge plants the electricity was sent to the users in one direction, through the vertical transportation and distribution networks. The disadvantages of this system of energy supply are: considerable grid losses, limited re-use of residual heat, considerable carbon emissions and few choice possibilities for customers, except in terms of their supplier and the product (green or 'grey' energy).

Phase 2 - Transition

We find ourselves now in a transition phase where the share of sustainable energy is growing, in particular through large-scale sustainable generation in wind farms for instance (onshore or offshore) and from biomass. In this phase, large power stations function mainly as back-ups for the hours when wind velocity and solar intensity decline. Ideally, this back-up will be as flexible

and sustainable as possible. In this phase, gas can play a crucial role as a transition fuel given its response time, the degree of up-regulation and down-regulation and the low CO_2 emissions of gas-fired power stations.

Phase 3 – Sustainable Decentralised Together

We expect this transition to continue. The signs of this are already visible. Energy supply is evolving into a system where energy is generated by the end-users themselves. Electricity is no longer being transported over large distances, but is generated locally and used immediately or stored or exchanged locally: Sustainable Decentralised Together. To an increasing degree, end-users also obtain insight into and control over their energy consumption and decentralised production. Customers are becoming an active part of the energy system.

Investment in the energy transition involves not just sustainable generation and storage, but also the systems for measuring and distributing all energy flows. Grids are becoming more and more horizontally instead of vertically orientated. The many local energy flows are measured continuously and the information about them is accessible constantly and immediately. The importance of real-time metadata keeps growing, and new services and companies will arise which will turn this data into useful information. Smart meters and Eneco's Toon thermostat, are just the beginning of this development.

Collaboration between market parties is essential to achieve the energy transition efficiently. In the final phase of Sustainable Decentrally Together (SDT), suppliers and grid operators will join with end-users to ensure that the energy demand and generation at the local level remain in balance, so that any surpluses or shortages can be either stored or exchanged locally as efficiently as possible. SDT projects already realised by Eneco include local generation of electrity from wind power for Fuji Film in Tilburg and the generation of sustainable energy by means of solar panels installed on the roof of the Audi factory in Brussels. Other examples include decentral load management for heat pumps in apartments in the Couperus building in The Hague and customer care services for the Lochem energy cooperative.

Noticeable transition

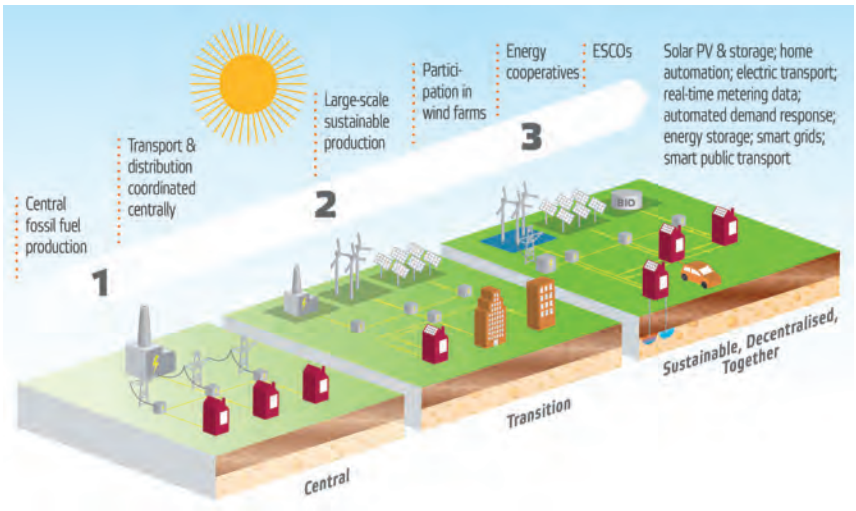
That this energy transition is in full swing was noticeable in the European energy markets in 2013. There was over-capacity in the conventional power stations, energy was being used to an increasing degree in the form of electricity, and the electricity was increasingly being generated locally.

Over-capacity of conventional power stations due to increase in availability of sustainable energy

There was a relatively low demand for power in Northwest Europe in 2013. This reduced demand and the growth of sustainable energy caused an excess of conventional production capacity. The consequence was that gas-fired power plants reached a historically low level in terms of the hours during which they had to operate. Not only was this trend noticeable in the Netherlands – the situation was even more acute in Germany, because the government there has been implementing a strong stimulatory policy for sustainable energy for some time. Partly because of the over-capacity in conventional electricity production, a number of major European energy utilities announced restructuring plans and new strategic directions in 2013.

Increasing volumes of electricity rather than gas and other energy carriers

Energy is increasingly being used in the form of electricity. The number of electric vehicles on Dutch roads has risen from 7,500 at the end of 2012 to around 19,000 by 1 January 2014 (source: Stichting E-laad). Furthermore, more and more heat pumps are being installed to heat residential homes, rather than gas-fired central-heating units, so that gas is being replaced by electricity for the heat pump or a solar boiler. This trend of decentralised electrification will continue over the next decades. This will result in a further increase in the demand for electricity, at the expense of demand for other energy types such as gas.



More locally-generated energy

The local generation of electricity, for example by means of solar panels, has become significantly more attractive for small users over recent years. The purchase price for solar panels has declined to such an extent that, for end-users, generating their own electricity is equally expensive as buying it (including tax) from the grid. The declining cost of electricity from solar panels is expected to continue in the years ahead. Over time, Eneco expects that the cost price for electricity from solar panels, together with the costs of storing electricity in batteries, will become just as attractive for households as buying electricity from the grid. This will enable households to utilise electricity day and night, without any further support or back-up from the electricity grid.

Growing involvement of end-users in the Netherlands and Belgium

A sustainable national Energy Agreement

The European climate objectives for 2020 include 20% energy savings, a 20% share of sustainable energy and a 20% reduction in carbon emissions. Within this framework, the Netherlands has committed itself to the target that 14 per cent of final energy consumption in 2020 will have originated from sustainable sources. Final energy consumption comprises the demand for energy for transportation, heating and electricity.

A new and important chapter about enhancing the sustainability of the energy system in the Netherlands was opened in 2013. The government, market parties and interests organisations signed the national Energy Agreement in September 2013. The agreement aims for a target of 14 per cent of sustainable energy in 2020's final energy consumption. The most significant targets in the Energy Agreement are:

- Growth in the share of renewable energy from the current 4% to 14% in 2020, with a view to the following years translating into a target of 16% in 2023;
- Stimulation of energy savings up to 100 PetaJoules (PJ) in 2020, equating to an average of 1.5% annually;
- Stimulating the objectives for sustainable generation to 6000 MW in onshore wind and 4150 MW in offshore wind;
- Shutting down the 'old' coal-fired power stations and setting a ceiling on the co-firing of biomass in coal-fuelled power plants;
- Increasing job opportunities by 15,000 full-time jobs in the initial years.

Netherlands' electricity production development (based on the national Energy Agreement)	2012	2020	average annual growth
Onshore wind	2,208 MW	6,000 MW/ 54 PJ	9.5%
Offshore wind	230 MW	4,150 MW/ 60-65 PJ	30.1%
Biomass co-firing	11.2 PJ	25 PJ	7.8%
Other sustainable (incl. waste incineration, other incineration)	~55 PJ	to 186 PJ (2023)	11.7%

Eneco has contributed actively to the negotiations surrounding the national Energy Agreement. It believes that, with this agreement, broad support has been created for the roadmap towards a much more sustainable energy supply.

The Energy Agreement is also directly relevant to end-users, for example because of the financing of energy-saving measures for private home-owners and housing corporations. But also because of the new rule where cooperatives are offered a reduction in energy taxes for local production of solar power, for example. This will let local cooperatives experience further development. Eneco applauds these initiatives and helps in their development with a variety of services and concrete step-by-step plans.

Energy no longer a low-interest product; demand for sustainable energy is growing

Consumers are switching energy suppliers to an increasing degree. Last year some 13 percent switched in the Netherlands. This is an increase over the 11 per cent or so the year before (ACM trend report November 2013). The expectation is that this trend will continue. Price remains the most significant reason for customers to switch.

At the same time, growing numbers of customers are consciously choosing sustainable energy. Eneco only delivers green electricity to households. More and more customers are also choosing for specific forms of sustainable energy such as Eneco HollandseWind: 7 percent of Eneco's customers opted for this product in 2013. Increasingly, customers are also purchasing products that provide them with more insight into energy their use and which make it possible to save energy, such as Eneco's smart Toon thermostat.

Customers also experienced greater difficulty paying their energy bills in 2013 than in preceding years. The economic recession certainly plays a role. In 2013, the effect of the ongoing negative economic climate was further strengthened by an extremely cold winter at the start of the year, making energy bills higher. We notice that consumers are more and more concerned about their energy consumption and increasingly take actions to reduce their energy use.

In addition to applying competitive pricing, Eneco continues to propagate its sustainability vision and to make customers aware of the possibilities for saving energy and for generating it sustainably themselves.

Strategic direction

Sustainable energy for everyone

By meeting the energy demand of our customers in an entirely sustainable manner, we keep energy available, affordable and clean for current and future generations. Eneco helps its customers to save energy, to generate their own energy and to purchase and exchange sustainable energy. We see the future of energy supply as being sustainable and decentralised, a future in which 'working together' plays a crucial role.

The strategy of Eneco Group is based on the vision that the transition on the European energy markets towards Sustainable Decentralised Together has begun and is irreversible. In this energy transition, end users play the lead. Technological developments already make it possible for end users to generate their own energy, but they will also be able to store and exchange this energy with each other in the near future. As a result, the role that energy companies play, will change fundamentally. They will no longer be the driving force in the energy supply, nor will they determine the technologies that are used to generate energy. The energy companies of the future will, more and more, have to act as service suppliers for end users. Our strategy is aimed at providing our customers the necessary service and support during each step of the transition.

Our mission

Sustainable energy for everyone that is our mission. By realising sustainable energy for everyone, we aim to ensure that our customers can count on affordable, reliable and clean energy, now and in the future.

Strategic themes

Energy efficiency

Together with our customers, we are lowering energy consumption. Eneco does this by giving customers insight into their energy consumption and by supplying practical products

Strategic framework Eneco

and services such as smart meters, energy-efficient boilers and personal energy saving advice. This does not only have financial and environmental benefits, it is also ultimately sustainable: what you do not use, you do not have to generate. And with more than 2.2 million customers, that makes a difference. For domestic customers, Eneco has developed the attractive and easy to use Toon thermostat, which provides customers insight into their energy consumption any time of the day. This information enables people to save energy through adjustments in their behaviour. Grid operator Stedin has carried out a pilot project concerning the supply of displays and apps for smart meters, which would also provide customers with readily available information about their energy consumption. In addition to detailed information about consumption, Eneco also offers guaranteed reductions in energy consumption, combined with guaranteed comfort, for which Eneco makes the required investments. These so-called ESCO services are available to business customers and housing corporations in the Netherlands. Examples of customers for which Eneco created ESCOs in 2013, in collaboration with various business partners, include exhibition area De Kunsthal and the Van Nellefabriek building, both of which are located in Rotterdam.

Generating energy together

Eneco aims to make the local production of energy accessible and cost-effective together with its customers. Energy that is needed at work and at home. Some of our customers are already producing sustainable energy locally, for their own use and also for others if they produce surplus energy. Instead of paying for energy, they save energy and even earn money from energy. For this local form of energy production, Eneco develops tailor-made solutions together with customers and other partners on the basis of solar panels, wind turbines, biomass installations and heat pumps. In addition, we provide the reliable and future-oriented energy infrastructures that make the exchange of energy as reliable and efficient as possible. In 2013, Stedin completed a steam network that enables industrial companies in the Botlek industrial area to exchange heat in the form of steam.

Purchasing

Eneco gives its customers access to affordable, reliable and clean energy. Customers can, of course, count on excellent customer service. As a result of the rapid technological developments and declining costs, an increasing number of our customers will be able to generate part of their energy requirement themselves. Eneco's aim is that any additional energy that they require will be generated from 100% sustainable sources. At present, all our domestic and SME customers are supplied with 100% green electricity, of which we generate an increasingly large part ourselves. To this end, Eneco invests in wind and solar energy and energy generated from biomass together with customers and partners. In order to realise sufficient growth and spread the risks, we also invest in sustainable energy production in surrounding countries. In the UK, we are investing in wind energy, in France, we are investing primarily in solar energy and in the Netherlands and Belgium, we are focussing on wind and solar energy and energy generated from biomass. In addition, grid operator Stedin is making substantial investments in upgrading our energy distribution networks in the Netherlands to smart grids that enable the reliable and efficient exchange of energy. Major investments by Stedin in 2013 included the networks on the island Goeree Overflakkee and in the municipality Ronde Venen. Other investments related to the installation of defect indicators, network automation and self-healing rid applications at various locations in the Stedin network area.

Expertise

With over 100 years of experience in the field of energy supply, Eneco has acquired a lot of expertise with respect to the generation, metering, supply and distribution for our customers. However, with the energy transition, our expertise also changes. Our investments in current technologies, such as offshore wind farms, allow us to continue to make an innovative contribution and share knowledge with our partners with the aim to reduce costs as quickly as possible. Technological innovations succeed each other in rapid succession. These innovations also lead to new business models in the energy sector. This requires Eneco to continuously develop its knowledge, understanding, competencies and expertise. Even though our expertise changes, topics such as safety and the reliability of the energy supply continue to be top priorities. There are changes with respect to the imlementation of the safety theme relating to the fact that energy will increasingly be generated locally and, thus, closer to people's living environments. Safety continues to be Eneco's number one priority.

Leadership

Eneco is outspoken in its vision, has a strong mission and applies a clear sustainability strategy. This makes Eneco a driving force in Europe in the area of sustainable energy. This is underlined by the fact that Eneco is the only energy company in the worldwide network of WWF to have received accreditation as a Climate Saver. Other Climate Saver companies include Coca Cola, Volvo, HP, IBM, Johnson & Johnson, KPN, SKF, Nike, Sony, Catalyst, Tetrapak, Elopak and Yingli Solar. Eneco’s collaboration with Mitsubishi Corporation International in the development of offshore wind energy facilities is also confirmation of its frontrunner position.

We seek the connection at all levels: with customers and suppliers, but also with our shareholders and knowledge institutes. Large projects are often built in collaboration with others, in some cases even with other energy companies. This allows us to spread risks and share knowledge and expertise.

Customer first

Customers are the most important factor in the energy transition. Eneco strives to help its customers to enhance the sustainability of the energy supply. Our role is increasingly shifting towards being a service supplier for our customers. This is why we put customers first, in every aspect of our operations and actions. We aim for satisfied customers who wish to

collaborate with Eneco in the process of realising a sustainable, decentralised energy supply. Enthusiastic customers, who wish to invest in sustainable energy for everyone, together with Eneco.

Ambitions and targets

Eneco strives to create a balance between the energy supply and the state of our Planet. This involves more than just greenhouse gasses or CO_2. It is also about particle matter emissions, the availability of water, the limited availability of land and the exhaustion of mineral and fossil fuel resources. There are many factors that determine the preservation of the safety and quality of ecosystems and human life on Earth. In view of the growth of the human population to nine billion people and the global growth of the average level of material wealth and the related consumption, such a comprehensive approach to sustainability is not simply desirable but necessary.

In order to further develop this comprehensive approach to sustainability, Eneco started the One Planet Thinking initiative in 2013, in collaboration with Ecofys and with WWF as a sounding board. One Planet Thinking translates the broad definition of sustainability into a framework. Companies can use this framework to gain insight into the impact of their business processes on the planet and to assess to what extent they must make adjustments to the impact they have on each of the dimensions of One Planet Thinking to remain within the boundaries of the resources of one planet. Eneco invites other companies that play a leading role with respect to sustainability in their sector to help with the further development of One Planet Thinking.

Business model

Towards a new business model

The energy transition also requires energy companies to change their role fundamentally. The local production and storage of energy will, in theory, enable end users to do without energy companies and energy grids. Innovations in technology for generating and storing energy will, therefore, also result in different business models.

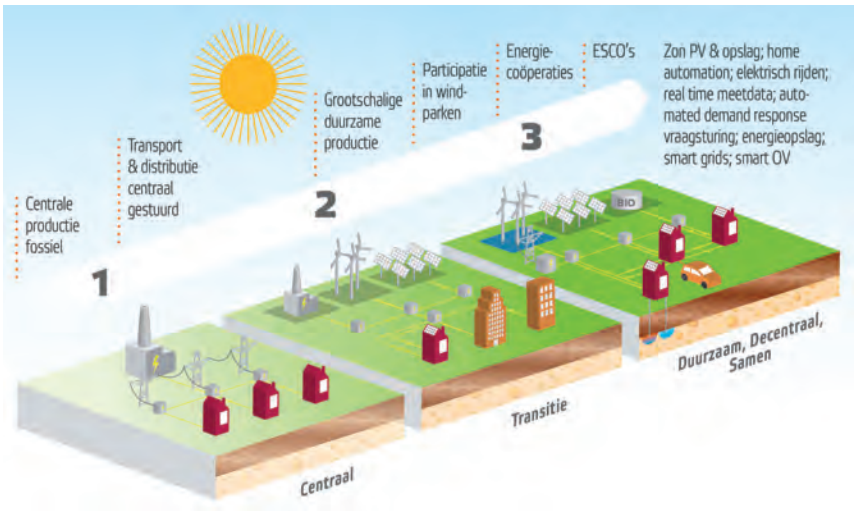
Energy companies obtain their revenues mainly from the distribution and supply of energy. This was also the case for Eneco in 2013. As end users will increasingly produce their own energy, energy companies will supply less energy. At the same time, end users will develop new needs, such as consultation, installation and maintenance or financing of their energy generating systems. There will also be a need for local exchange or storage of energy and the continuous metering of and real-time insight into all the different flows of energy.

Transition to service supplier
Example: lower energy consumption with ESCOs

A good example of the new services provided by Eneco are its ESCO services. Companies to which Eneco started to provide these services in 2013 include exhibition area De Kunsthal, the Van Nellefabriek building and sports centre Papendal.

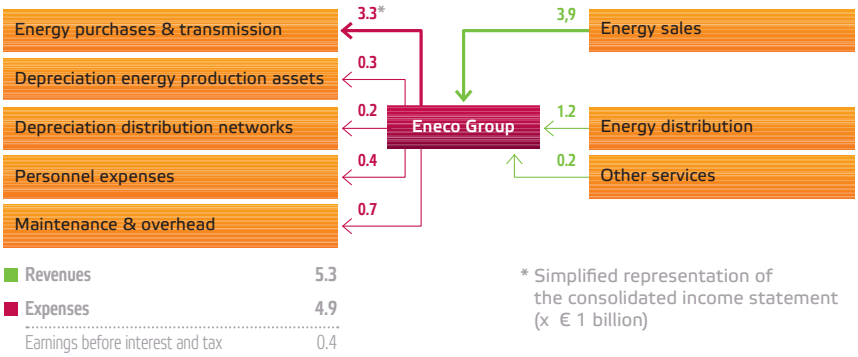
Eneco is making a transition from being an energy supplier and distributor, to becoming a consultant, service supplier and business partner for its customers. From a company that produces and distributes energy from a central location to a company that supports customers with the decentralised generation and storage of energy and the exchange of this energy via local networks. This requires a fundamental new development from the company and its employees. New services, new earnings models and new forms of collaboration set new and higher standards for aspects such as competencies and behaviour and business processes and systems.

Eneco advises these customers on energy saving and comfort enhancing measures that it subsequently realises, finances and manages for them. Eneco guarantees both the comfort and the reduced energy consumption, thus doing all the work for the customer. This is service in the ultimate sense of the word.



The fact that an energy company advises its customers to reduce the consumption of its primary products can be perceived as remarkable. For Eneco, it is only logical. Energy saving is a requirement for achieving its mission of 'Sustainable energy for everyone', for current as well as future generations. The radical change lies in the guaranteed energy consumption reductions and the comfort for end users. This means that Eneco must find specific solutions together with customers and partners that are specialised in areas such as engineering and installation technology, which will enhance the level of comfort and energy efficiency substantially. In order to realise these solutions, all these parties must receive advice, a price offer and a contract in such a way that results can be guaranteed up front. The realisation of ESCOs requires that participating companies understand and are convinced of the fact that the collective interest outweighs the individual interest and that results can only be achieved in collaboration.

ENECO'S BUSINESS MODEL



Risk profile

Link between strategy and risks

Eneco has a number of important objectives which it pursues, its key performance indicators (KPIs). An overview of these KPIs can be found in the section Strategic KPIs (page 4).

The table below describes the main strategic risks and the corresponding measures to manage these risks. Subsequently, we describe a number of general risk in the form of market and regulation risks and financial and operational risks. Because the most important risks form the basis for this overview, it does not include strategic KPIs that are not related to these risks. A detailed description of the setup of risk management at Eneco is described in the chapter Governance, under the section Risk management (page 162) that also describes our risk tolerance in more detail.

KPI 7: Share of sustainable electricity production in total supply portfolio (in %)

Risk	Explanation	Risk reduction
Low CO_2 prices and changes in subsidy regimes	Implementation of the sustainability strategy is delayed as a result of government policy, such as changing subsidy schemes and continuously low CO_2 prices. The price of CO_2 certificates is low because too many certificates have been issued at a European level. Investments in wind energy, biomass and geothermal energy have long project development periods. Frequent changes in subsidy regimes lead to additional uncertainty. Both of these factors slow down the development of and investment in sustainable energy.	We strive to influence government bodies in various ways, with the aim to create a stable investment and financing climate and a level playing field between the different (sustainable and fossil fuel) technologies. In addition, Eneco spreads its sustainable investments across multiple countries and subsidy regimes.

KPI 10: Average energy supply interruption (in minutes)

Risk	Explanation	Risk reduction
Operational integrity of networks .	The energy supply is temporarily interrupted due to network faults.	Avoiding supply interruptions in the electricity and gas networks have the highest priority. We use technology to identify weak links and avoid interruptions. Examples include improvement of station automation, replacement of fault-sensitive components and preventing damages resulting from excavation. Fault indicators are used to identify defects quickly. These measures lead to shorter interruption durations. Old, fragile gas pipes are replaced. Special attention is paid to parts that are no longer available and to safety in public lighting networks.

KPI 13: LTIR group

Risk	Explanation	Risk reduction
Safety in connection with the construction and operation of production facilities and energy infrastructure.	We have extensive experience in the area of safety with respect to (working on) energy infrastructure and technical installations. However, investments in new forms of sustainable production, such as biomass installations or offshore wind farms leads to new safety risks.	We attach great importance to a good safety policy and put a lot of effort into our safety organisation. Proactive audits of our safety procedures are carried out on a continuing basis. Our contractors and subcontractors are also subject to these regulations and audits. Recently, we have developed Leading Parameters in addition to the Lagging Parameters. These parameters help us to identify and analyse safety incidents at an early stage. The Board and management carry out workplace inspections. Safety is at the top of the agenda at all regular meetings.

KPI 17: Credit rating

Risk	Explanation	Risk reduction
Independent Network Management Act and forced unbundling	On 22 October 2013, the European Court of Justice ruled that group prohibition for network managers and energy companies, the prohibition on ancillary activities and the privatisation prohibition limit the free movement of capital and can only be justified under certain conditions. The Court states that any limitations must be appropriate means for the Dutch State to achieve its objectives and may not go beyond what is necessary to achieve the objectives pursued. This must be assessed by a Dutch court. The development of sustainable (decentralised) production of energy and smart energy networks (which are necessary for feeding back energy) are closely connected. From within the integrated Eneco Group, we can control these factors, both of which are necessary to increase the sustainability of energy. A forced unbundling will delay the development of a sustainable energy supply.	Eneco's preference scenario is the reversal of the unbundling process and the legal provisions with respect to forced unbundling (which are currently not applicable based on a previous ruling of the Court of The Hague) to become and remain ineffective. This is why Eneco continues the lawsuit. In connection with social challenges to keep energy clean, reliable and affordable, Eneco pleads with politicians to reconsider the grounds that led to the decision for this legislation years ago. We simulate the effects of possible unbundling in the financial framework, in order to be able to anticipate possible consequences. It is important for the company to grow, to ensure that two sound companies remain after a possible unbundling.

Other top risks

Market and regulation risks

Risk	Explanation	Risk reduction
Development of production margins	The recession and the supply and demand situation in the energy markets have led to undesirable production margins. In particular, the spark spreads for gas-fired power stations are at such a low level that these plants cannot be employed profitably at present.	For the long term, the gas-fired energy plant is a necessary addition to our wind and solar energy capacity because of its production flexibility. In its investment strategy, Eneco has opted for the most flexible gas-fired power plant, which will be the first to be able to profit from increasing demand for production capacity that is capable of balancing fluctuations in wind energy supply and customer demand. For the short term, we expect that the deployment of the plant will be limited. This is why we have temporarily reduced the capacity by 50% by transferring one of the generators until a new one will be installed.
Chinese walls between the energy company and the network company	According to the Independent Network Management Act, grid administrators are obliged to maintain confidentiality with regard to customer data. If a grid administrator makes use of the services of an external party for processing customer data, such as a shared service centre, so-called 'Chinese walls' must be set up to ensure that the network manager's customer data cannot be accessed by other parties.	Stedin and Eneco make use of a shared service centre. In this case, attention is constantly paid to the control measures that are to ensure an adequate protection of customer data. These measures are checked periodically by an independent party. The events at the fined energy companies were cause for us to re-examine our procedures, whereby the recently applied standards framework of the Authority for Consumers and Markets (ACM) was used as the point of reference. The results of this examination were shared with the ACM at our initiative. Since then, a number of items have been improved. It has been agreed that progress with respect to further improvements suggested by us shall be shared with the ACM.

Financial and operational risks

Risk	Explanation	Risk reduction
Business Continuity	For customers, interruptions in ICT systems can result in incorrect invoices or a lower level of service resulting from unavailability of buildings or employees. This could lead to reputational damage. Furthermore, interruptions in ICT systems used for trading purposes could result in financial damages.	We carry out assurance activities, such as audits and certification. Energy trade related activities are run on a separate, duplicated ICT platform. The Cyber Security Task Force monitors the adequacy of ICT security. In addition, as part of the safety aspect, all ICT security incidents are discussed with other grid operators to gain insight into our own cost level.
Regulations and operational integrity of assets	The maximum rate that we, as the grid operator, are allowed to charge, is insufficient to finance all the costs and investments required for a reliable network (regulated domain pricing). Grid operation activities relate to the long term and require adequate and predictable pricing. Unexpected deviations result in an uncertain investment climate.	We participate in benchmarks. Management proactively participates in consultation bodies and communicates with government bodies to realise proper pricing for the necessary expenditures and investments.
Counterparty risk on banks relating to lease-and-lease-back transactions	In connection with its lease-and-leaseback transactions, Eneco has positions with three European banks in the form of deposits. At the balance sheet date this concerned an amount of $575 million (2012: $1.8 billion). Eneco is exposed to the related counterparty risk.	All parties involved have a Standard & Poor's and/or Moody's rating in the 'investment grade' segment. The counterparty risk is assessed frequently. Where possible, cross border lease transactions are terminated. In of 2013, eight transactions have been terminated prematurely. As a result, we have reduced counterparty risk on banks by $1.2 billion.
Creditworthiness of counterparties	Eneco is alert to financial losses stemming from the non-fulfilment of obligations by trading partners, producers and customers.	Limited mandates have been specified in the authority manual for each type of transaction. Counterparty credit checks are carried out up front. Open positions are evaluated regularly.

Possibilities for improvement

Issues in 2013

In our day-to-day operations, we are faced with issues that may form obstacles for the realisation of our ambitions. When this happens, we search for solutions and try to find alternatives in consultation with partners in our value chain. Some of the issues that we encountered in 2013 are described below.

Acceptance of sustainable projects by local residents

Eneco strives to supply wind energy to an increasing number of customers. However, this involves a numbers of risks at a political and local level. Without political support, we will not be able to build a large number of wind farms. Furthermore, there is increasing consternation among local residents in connection with the planned construction of wind turbines and wind farms. Eneco attaches great importance to involving local parties in these projects at an early stage. We take the wishes of local residents into account and pay a lot of attention to communication with local parties.

CO_2 emissions reduction of own operations below expectation

Eneco's internal business operations have been CO_2 neutral since 2008. We have not achieved our target of a 44% reduction of CO_2 emissions at Eneco Group in 2013 compared with 2007. The final result amounted to a reduction of 39%. For a large part, this can be attributed to the emissions from our company cars, which cannot be reduced easily. Our car fleet was expanded in connection with the larger number of technicians required for the installation of the Toon thermostats throughout the country and the increase in Joulz's activities outside the Stedin network area. We believe that the time has come for the next step on our path towards sustainability: One Planet Thinking.

Gas plant not used sufficiently

Eneco aims for an energy mix of clean electricity, heat and gas. Natural gas offers us the opportunity to make the transition to increasingly more sustainable energy in a responsible manner. However, the situation of supply and demand in the energy markets has resulted in very low margins for the production of electricity in plants. The spark spreads for gas-fuelled plants in particular, were at such a low level that we were not able to operate these plants at a profit. Although gas plants form an ideal combination with our wind and solar energy production capacity, we have decided to utilise our gas plant to a lesser degree until the situation improves. In connection with this, we have transferred one of the generators to a third party, which temporarily reduces the production capacity of our plant by 50% until a new generator is installed.

Sustainable development slowed down in connection with unbundling

In 2013, the European Court of Justice ruled that group prohibition for network managers and energy companies, the prohibition on ancillary activities and the privatisation prohibition limit the free movement of capital and can only be justified under certain conditions. The Court states that any limitations must be appropriate means for the Dutch State to achieve its objectives and may not go beyond what is necessary to achieve the objectives pursued. This must be assessed by a Dutch court.

A forced unbundling will slow down the development of a sustainable energy supply. Therefore, Eneco would prefer to see the reversal of the unbundling process and that the legal provisions regarding the mandatory group prohibition are definitely declared non-binding (at present, these provision are not valid due to an earlier ruling of the Court of Appeal in the Hague). With this aim, Eneco is continuing the proceedings before the Court of Appeal. Furthermore, in view of the challenges facing society with regard to ensuring a clean, reliable and affordable energy supply, Eneco is also advocating that political leaders reconsider the points of departure that led to the choice for this legislation years ago.

Commitment

Eneco enters into dialogues

Eneco Group is part of society. The interests of stakeholders in our company play a central role to us. This is why involving parties in our surroundings is a standard part of the working method in our operations.

Assessment

We made an assessment in 2012 of the most important stakeholders in our company. This formed the basis for a categorisation that enables us to prioritise our contacts and to select the right approach. The groups that have the largest impact on and are most affected by our strategy are our customers, employees, shareholders, government bodies and NGOs. They are closely followed by suppliers and subcontractors, which play an important role in connection with the proper implementation of our value chain responsibility.

Topics of discussion

People and organisations are involved in our company in a variety of ways. This is why we select different approaches to discuss our strategy and activities with each of them. With customers, we mainly talk about the service that we provide and our range of products and services, including topics such as the best ways to work together on saving energy and enhancing sustainability. With our employees, we discuss their commitment to our strategy. Consultations with the Governments of the countries in which we operate mainly focus on energy policy and with NGOs, we talk about sustainable development. A good example of the latter is the One Plant Thinking model, which we are developing in collaboration with WWF.

Dialogues with our customers

Who are our customers?

There are many ways in which people and organisations can be involved in Eneco and be labelled as a customer. They can be residents connected to our district heating networks or homeowners with our solar panels on their roofs. Other categories are people living near a wind farm, a chemical company that purchases steam and a waste processing company that supplies us with heat for district heating. Families who purchase our gas or electricity, employees who purchase our gas or electricity, housing corporations that purchase or lease solar panels or central heating installations, companies that purchase our smart metres; they are all customers of Eneco.

J. Jonker, professor Sustainable Entrepreneurship at Radboud University Nijmegen: "Eneco now faces the challenge of taking real steps forward by developing business models that will influence the behaviour of people. Eneco is an influential player. The question is whether this influence can also be used to collaborate with customers in a new manner. It is possible, from a technical point of view, to enhance the sustainability of energy production, but truly operating within the planet's boundaries requires the development of a new generation of business models. Eneco's real challenge is to initiate a sustainable movement together with its customers."

Listening to our customers

The customer first, that means: listening carefully to what our customers have to say. At Eneco, we put this into practice in every way possible. On 3 October 2013, Eneco won the Golden Ear Award, an annual prize that is awarded to the company that excels most at listening to their customers. Customers' evaluation of the friendliness and cooperation of our employees has improved significantly. There is a lot of interest in our approach that encompasses a more personal, positive and welcoming approach of customers that we apply both internally and externally. Of course, we also take measures to prevent complaints. More information on the focus that we place on our customers can be found in the section Customer First. (page #)

Eneco's Customer Service department in Belgium started to follow up their contacts with customers in May 2013, by sending them a questionnaire by email the very same day. Service desk employees can see the results as soon as customers have completed the questionnaire and can contact them immediately if necessary. The results of this approach are reflected in the positive evaluation by our customers.

Throughout the year, we organise events where we meet customers. A first series of sounding board sessions was organised in 2013. The results of these sessions were used as input for the development of propositions that we presented to the customers. During the Green Success Live Master Classes, organised in collaboration with MT Mediagroep, we used case studies to inspire entrepreneurs and the objective of the 'meet-the-client' programme is to stay informed of developments by paying regular visits to customers and listening to their feedback.

In 2013, we organised our Environmental Dinner corporate contacts for the sixth year in a row. These dinners form an opportunity to exchange ideas on sustainability-related topics with our corporate customers in a casual setting.

Customer forum

Eneco started a customer forum in 2012. This initially small forum turned out to make a substantial contribution to the online customer experience. On the forum, customers can pose questions about topics such as their annual invoice, the Toon thermostat or meter readings. They can also discuss sustainability-related topics with each other. The forum will be developed further in the coming period on the basis of the results of a session that was held in which customers were given the opportunity to propose ideas for the layout of the new website. As the input supplied by customers is very valuable to us, we shall be using the forum more often to ask customers to provide ideas about products, services, campaigns and other business activities. This way, we collaborate with customers to create a sustainable future. The forum can be accessed via forum.eneco.nl.

This new type of communication with our customers forms a challenge and learning experience. Fortunately, we have a number of enthusiastic customers who provide help in this area on a daily basis. They answer questions of other customers and lead or initiate discussions on interesting topics. The current nearly 3,000 active forum members have already posted more than 30,000 messages, which is sufficient reason for us to adapt the forum to comply even better with the requirement of these visitors.

Entrepreneurs join Eneco at the table

In September 2013, we started to organise business lunches aimed at strengthening the relationships with our SME customers by means of personal contact and dialogue. More than 300 entrepreneurs responded to our invitation to join us for lunch. During 14 lunches, personal contact was established between the entrepreneurs and a variety of Eneco employees. The setup of the lunches proved to meet the various expectations of the participants: learning about what sustainability can mean for them, discussing the vision of Eneco and those of the entrepreneurs in more detail, a look behind the scenes at Eneco or the possibility to discuss a personal issue.

More and more often, entrepreneurs indicate that they need a partner to help them to improve the sustainability of their company. A partner with the right expertise to provide input for energy efficiency solutions. The business lunches proved to be a good platform to discuss such matters in an informal manner together with other entrepreneurs. The personal interaction resulted in collaboration and individual issues were addressed and resolved. Based on the positive results, we have decided to continue these lunches in 2014.

Youngsters contribute ideas on energy saving

Young people are the energy consumers of the future. Sufficient reason for Eneco to make them aware of their energy consumption and to involve them in our company's green strategy. This is why we invited youngsters to take part in the Eneco Challenge in May last year. The objective was to come up with a new version of our energy efficient Toon thermostat that would make energy more fun for younger people and make them more aware of their energy consumption. The intention was that this new version of Toon would be in line with the needs and interests of people between the ages of 17 and 27. One of the aspects of the winning concept, 'Saving together', is that it allows Toon thermostat users to compare their energy consumption with each other. This functionality is now integrated in the new version of Toon. Our positive experiences with the Energy Challenge have led to new plans for co-creation. More information about how we save energy in collaboration with customers in included in the section Energy efficiency (page 41).

Dialogue with local residents

People are more closely involved with sustainable energy in every sense, because it is produced locally to a greater extent than regular energy. This can have consequences for people

living in the vicinity. The Netherlands and Belgium are densely populated areas where the implementation of sustainable energy facilities is sometimes met with concern. This is why we believe that it is important to involve stakeholders at an early stage and to take their wishes into account, as was the case with the installation of the Leiding over Noord (page 48), a new branch in our heat network in Rotterdam.

Eneco started the Eneco Luchterduinen offshore wind farm project in 2013, with the installation of the onshore electricity cables. Eneco Luchterduinen will be constructed at a distance of 23 kilometres from the coast between the municipalities of Noordwijk en Zandvoort and will be the second wind farm in the North Sea constructed by Eneco. Regular consultations are held with the municipalities concerned, local residents and other stakeholders. Together with its partner in the Luchterduinen wind farm project, Mitsubishi Corporation, and in consultation with the municipalities of Zandvoort, Noordwijk and Bloemendaal, Eneco will create a fund that will be available for a period of twenty years. This fund is intended to be used for the support of local sustainable initiatives. Involving local communities in the development of sustainable projects and asking them to contribute ideas on subsequent advantages is a growing trend. Eneco considers entering into a long-term relationship with local parties to be an important element of its strategy, in view of the fact that these projects will have a long-term effect on the communities in the region. Even though there is some resistance to the establishment of the fund, it is our opinion that the majority of the local community regards the fund as a positive contribution.

In the municipality of Houten, local residents have several possibilities to share in the revenues of the wind farm: bonds, a sustainability fund (Duurzaamheidsfonds Houten) and the availability of electricity in the form of the product 'HollandseWind uit Houten'. The number of interested parties was far greater than the number of bonds issued. Over the next year, Eneco shall increasingly realise wind energy projects in collaboration with local sustainable energy initiatives in which local residents actively participate. Investors can track the real-time energy production of their wind turbines by means of an app.

Some residents of homes at a distance of less than 550 metres from Houten Wind Farm complain about noise and shadow flicker. It should be noted that the plans for the wind farm were already at an advanced stage before the plans for the new homes were developed. Independent research conducted at the request of Eneco demonstrates that the noise produced by the wind turbines does not exceed the applicable standards. Eneco is in consultation with the residents, knowing that there is also a lot of local support for the wind farm, as demonstrated by the overwhelming interest of inhabitants of Houten to participate in the wind farm by means of the bonds issued by Eneco.

Our activities in the United Kingdom are aimed at expanding our sustainable production capacity. The commitment of local residents is of great importance to create support and enthusiasm for our wind energy projects. Transparency about what local residents may expect from us is very important in this respect. On the basis of our Community Engagement Policy, we have put a number of commitments down in writing for which we can be held responsible.

Dialogue with our partners

Partners in local energy

The energy landscape is changing fast, which results in a major change in the roles of producers and customers; customers are becoming their own producers and suppliers. This means that we increasingly collaborate and have closer connections with our customers. An example of this is the partnership that we started in 2013 E-decentraal, a branch organisation for local sustainable energy initiatives and energy cooperatives. In consultation with E-decentraal, Eneco makes its knowledge and expertise available to help local initiatives with the realisation of local production of sustainable energy.

Eneco works together with several partners, such as Solar Green Point and WijkEnergie.coop, in order to help initiatives for energy cooperatives to get off to a good start. Each initiative can count on an experienced advisor for guidance.

Sharing knowledge about biomass

In 2013, Eneco and five other energy companies and NGOs participated in the project 'Sustainable Wood Value Chains' with the objective to be able to assess the risks of the use of wood on ILUC (Indirect Land Use Change) and Carbon Debt. Eneco is also an active member of the multi-stakeholder discussion group 'Herziening NTA8080' (Revision NTA8080) and participates in the workgroup ' Sustainability of Solid Biomass', which has been created to work out the stipulations in the SER national energy agreement in further detail.

Connecting leadership

In dialogue with our employees

A reliable, affordable and sustainable energy supply is of great importance to our society. Our customers and society count on us to help achieve this. In order to realise our mission of 'Sustainable energy for everyone', it is important that employees believe in and carry out their daily work in accordance with our mission and strategy. This is the only way that we can live up to our promise to the outside world. The Strategic Internal Alignment Monitor, a study that is carried out by the Erasmus Reputation Institute each year, is used to assess the extent to which our mission and strategy are reflected in the work of our employees.

With the aim to involve our employees in the development of our energy company, we are organising "Breakthrough" sessions. This is an interactive and dynamic method that aims to bring about the change in behaviour that is necessary to

make the transition from supplier to service provider in accordance with our mission and ambitions.

Towards a new business model

The revolution in our energy landscape will have far-reaching consequences for the business model that we have applied for many years: purchasing, producing and selling electricity, gas and heating. As new models are necessary for the continuity of our company, we further intensified the research and development of new business models in 2013. This included participation in a study conducted by Radboud University Nijmegen. A study for which we provided support in the form of financing as well as manpower. Eneco is already applying new business models in the form of the participation model for wind energy (bonds issued for the Houten Wind Farm), the Toon thermostat approach and ESCO (Energy Service COmpany).

We are also looking for ways to further enhance sustainability in our supply chain. With a result of 81%, we have achieved our target that at least 75% of our expenditures is related to purchases (excluding energy) from suppliers that meet our sustainability criteria. See also the section on Supply chain responsibility (page 65).

In dialogue with the Government

A good energy supply is a shared responsibility, which makes us dependent on the energy policy pursued by the Government. For this reason, we like to communicate with the Government on a frequent basis. Our aim is to be a partner of European, national and local government bodies in the development and implementation of energy policy. Our core message in this context is always the same: we call on these parties to show sustainable ambition, consistently and decisively.

An important topic in 2013 was the SER national energy agreement, concluded between the Central Government and 40 organisations on 6 September 2013. In Eneco's view, this socially widely supported agreement is a step in the right direction. The stimulation of renewable energy, the attention that is given to decentralised energy generation and the proposed shut down of old coal-fuelled plants are of particular importance. However, the details of the agreement, which will be specified during the coming years, will determine whether the targets that have been set will actually be achieved.

At EU-level, Eneco has been in contact with the European Committee, members of the European Parliament and a number of NGOs. Many of these activities related to the strengthening of the European Emissions Trading System (ETS). In 2013, we also started discussions on the content of a framework for a Climate and Energy Policy until 2030. In this context, Eneco frequently works together with a group of other European sustainable energy companies. Eneco also provided input for a number of European policy consultations.

‘You relinquish your control, and trust in the abilities of the employee. That is very innovative’

Eric de Haan,
Chairman of
Stichting Gouden Oor,
about Eneco

‘I visited Eneco as a jury member. The first thing I noticed on arrival was the company’s open and easy character, a very warm welcome. And as you go further into the premises this atmosphere of openness and transparency persists, including in the department I visited. People were friendly and honest and did not attempt to talk things up. Everyone was open to criticism and improvement suggestions. There was a willingness to listen to each other. We also listened-in on conversations with customers. These were good conversations, where the staff always took time for the customers.’

Sustainable growth from the inside out

‘What is special is Eneco’s approach. It’s not the manager who prescribes what must be done – precisely the contrary. It’s about the development of the employee, who is after all closest to the customer. The manager has a facilitative and coaching role. This is extremely innovative. You relinquish control and trust in the abilities of the employee. And that trust is rewarded – the results prove it. In this way they are working on sustainable growth from the inside out, because the employees are changing radically. And this is also appropriate for the sustainability to which Eneco aspires.’

Eneco wins Golden Ear Award

The client is Number One, which means that we listen well to our customers, including when they have questions or problems. Eneco worked on a new approach in 2013, with cordial and welcoming contact with our clients. This enabled Eneco to win the Golden Ear Award in 2013, an annual prize for the organisation which excels most in listening to its clients.

‘Eneco hits the nail on the head’

Ton van Keken, Senior Vice President of Operations of Interface EMEA was one of the guests at Eneco’s Environmental Dinner:

‘At Interface we are very busy with sustainability. We are trying to reduce our impact on the environment to zero, and you need partners for that. Eneco supplies us with 100% green energy and is an important partner for us.

‘The Environmental Dinner – my first – was an enlightening and inspiring evening, with a large number of guests who are also dealing with this topic. Sustainability is a social issue, and we need to achieve it together. On this evening we were able to learn from each other, and could reinforce each other.

There was a light-hearted atmosphere, also thanks to a performance by the band The Kik, giving the evening an informal and dynamic feel. I think the Environmental Dinner is a wonderful initiative. Eneco hits the nail right on the head with this formula.’

Inspiring words

‘I was impressed by the speakers. For example Princess Laurentien of the Netherlands spoke about children’s perceptions of social problems and corporate challenges. They are effective in getting to the core of the issues and finding simple solutions. We often over-complicate things. Development is happening rapidly, and we need to prepare for the future. Is our business model suitable for this? That’s why I found the words of Eneco’s CEO Jeroen de Haas to be so inspiring. He was very open about the search for a different business model. “We need to reinvent ourselves,” were his words. I have a lot of respect for this. It shows courage and vision to subject your business model to discussion. And in that process Eneco is acting with enormous customer orientation, which is wonderful to see.’

Eneco’s Environmental Dinner

For the past six years the Board of Management has invited its corporate relations to the annual Environmental Dinner. During this event we discuss sustainability issues with fellow managers in an informal setting. With a small seminar, practical examples and innovative speakers we offer our corporate relations inspiration for sustainable entrepreneurship.

'Eneco is a good partner'

Family Barclay,
Landowner
Tullo Wind Farm:

The Barclay family has been managing the land and the farm on which Eneco's first wind turbines in Scotland are located, for many years. Brian Barclay, who decided ten years ago that money could be made from alternative activities such as the production of wind energy, about Eneco: 'We were not familiar with Eneco when we came up with the idea of installing wind turbines. The initial plans were developed by another company. I had never heard of Eneco until they purchased the rights to build Tullo Wind Farm, but now I know a lot more about them. They have been a great company to work with, having gone out of their way to keep everyone involved happy. I now tend to regard the members of the Eneco team that we deal with as friends rather than business associates.'

Partner in sustainability

Eneco is truly a partner in sustainability as it takes the interests of the region into account. In addition to expanding local employment with the construction of the wind farm, they also invest in activities that benefit the entire local community. They have spent a lot of time and effort developing an environmentally friendly site by planting a lot of trees and shrubs and managing the habitat. This includes creating beetle bank grass strips and setting up nesting boxes, all manufactured locally at Milltown Community Centre for adults with learning difficulties, which is sponsored by Eneco. In the three years since the installation of the first Tullo wind turbines I have not seen any damage to birds on the hill. Quite the opposite: we have even had Oystercatchers nesting on the crane pads. So it is only logical that we are positive about the expansion of Tullo Wind Farm'.

Tullo Wind Farm, Eneco's start in the United Kingdom
Eneco has made good progress in expanding its sustainable electricity production capacity in the United Kingdom since its first wind farm in this country became operational in 2010. The first wind farm, Tullo near Laurencekirk, Aberdeen (7 turbines and a capacity of 17 MW), was followed by the installation of another 10 turbines (25 MW) at the same location in 2013. A special effort was made to establish a good relationship with the local community in connection with this project.

‘You achieve a lot more together’

Erika Huizinga
Was part of the winning team:

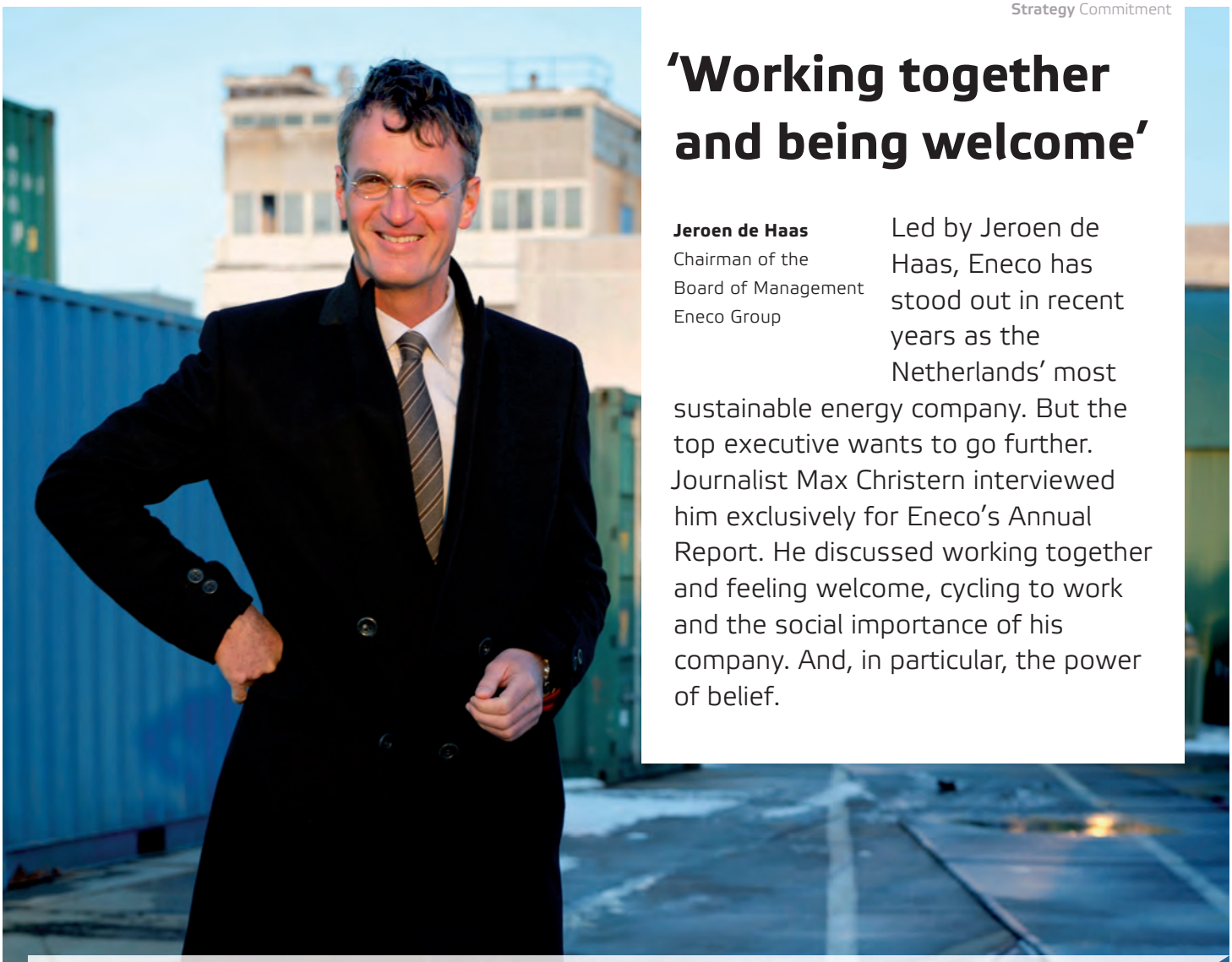
‘The Eneco Challenge was a really great experience. The days were long and intense, but I drew a lot of energy from them! Eneco’s people were open to our questions and ideas, and supervised us well. After the first pitch we received constructive criticism to expand the concept further for the grand finale. We worked in teams of four to five people. Working in groups leads to knowing new people, knowledge and experience is exchanged and you start to think outside your own boundaries. And I think that’s what’s so great about working in a group, because you achieve a lot more together than on your own!’

Saving becomes fun

‘For Eneco’s young target group we wanted to give the topics of ‘saving’ and ‘sustainable energy’ more relevance and make them more interesting. Sustainable energy needs to be hip! That’s why we added a winning element to the current Toon concept. Friends could all save a certain amount a month on their energy consumption, thereby saving for a common goal. This turns saving energy costs into a competition which is also attractive for the younger consumer, while making him deal more consciously with energy. Although the other group had a strong and innovative concept, our project fitted particularly well with Eneco; after all, ‘together’ is also their motto!’

Eneco Energy Challenge

‘Wanted: young people between 17 and 27 to help us make Toon even better.’ Toon is Eneco’s revolutionary thermostat, and this was the call with which we invited youngsters between 17 and 27 to take part in the Eneco Challenge in May last year. In the subsequent months 30 youngsters worked in teams on the challenge with a huge amount of enthusiasm. They produced surprising ideas and concepts. The winning concept was ‘Saving together’, where for example youngsters could join together to save for a mutual goal.



‘Working together and being welcome’

Jeroen de Haas
Chairman of the Board of Management Eneco Group

Led by Jeroen de Haas, Eneco has stood out in recent years as the Netherlands’ most sustainable energy company. But the top executive wants to go further. Journalist Max Christern interviewed him exclusively for Eneco’s Annual Report. He discussed working together and feeling welcome, cycling to work and the social importance of his company. And, in particular, the power of belief.

The Netherlands chose ‘selfie’ as its word of the year for 2013 – taking a self-portrait on your mobile phone at arm’s length and then publishing it on social networking sites. Asked for his favourite word of the past year, Jeroen de Haas, Chairman of Eneco’s board, cited one which is almost diametrically opposed to selfie: ‘together’.

It’s the warmest word from the three concepts which express the vision of his company: sustainable, decentralised, together. This is how Ene co views the future of energy. All energy, De Haas and his people believe, will be sustainable in the future, and will largely be generated locally. And Eneco is going to do that generation – here comes the word – together with customers and corporates.

“Our mission and vision are rock-solid,” insists De Haas. “There were so many signals last year that we were on the right track. But that doesn’t make us the winner in this era by definition. Plenty of companies with brilliant missions and visions have disappeared, because they didn’t manage to put them into practice. The difference is made by actually carrying out that vision and mission. By doing it. Doing it together. With the client.”

It’s a stormy Friday morning in December. The wind is howling outside. Jeroen de Haas is sitting in a peaceful working area. It’s a place where he often sits. Eneco’s new headquarters in Rotterdam is a widely-adulated icon of the New World of Work, open and transparent, with a splendid network café on the ground floor where the chairman of the board also likes to sit.

This year, at the invitation of the director of sustainability campaigning group Urgenda, Marjan Minnesma, he took part in the so-called Low Car Diet, a ten-day test for managers to travel the country without a car. He cycled through wind and weather, and discovered along the way that the status of a director on a bicycle is different to that of the man who is chauffeured. “At the Ministry of Economic Affairs the doorman asked me to put my bike in the storage area rather than on the pavement,” he recalls. “But if you are brought by car, no-one minds if the car is left briefly at the kerb.”

The doorman treated De Haas as ‘a normal person’, and in fact that’s exactly what Eneco’s top man prefers. He is averse to trappings or status. Being normal suits him just fine. But Jeroen de Haas has certainly always been marked by ‘daring’. “And I want to see more of that mentality among our people, particularly now,” he explains. “Dare to leap, I often say. See whether you can

stay in the air. Dare to break free of the orderly structure every major company has, including ours. I often see how fearful people can be of that, and I certainly understand it. But we in Eneco, Stedin, Joulz, Ecofys, Oxxio, in short all the members of the family, we really are different from all the other energy companies, and we must dare to express that."

So what is Eneco's story which needs to be more clearly expressed to the outside world?

"Our company operates in a market which is in revolutionary evolution after a very long period of tranquility. All the major energy companies are being shaken to their cores. Naturally, the economic crisis is a major reason, but so too are the discussions on shale gas, coal-fired power stations, alternative energy sources and the low CO_2 price. There's also the question as to whether energy companies like ours, the way we have known them for decades, will soon still exist.

It's unsettled, but it is also a perfect moment to distinguish yourself from the rest. Naturally we are doing that with our sustainable-decentralised-together vision. And within that, I think our attitude to customers is really revolutionary, as opposed to those of our competitors. For Eneco, a customer is not just someone who buys energy from us or is connected to our grid. We used to regard a customer as a system risk: someone who, above all, needed to keep his hands off the electricity meter. But now a customer is also someone who lives in the vicinity of one of our wind turbines but doesn't buy power from us. We also need to involve these people in our plans, I believe. If we want to realise our vision, we need to think in terms of the broad definition of a customer, who is increasingly part of our energy system because he can also produce energy himself. And because he also has an opinion on the energy he uses or generates.

The modern customer of an energy company involves himself in the energy product. And so we simply also need him. For instance if there are strong winds. Or even if there is no wind, to explain that he or she should not turn on the washing machine for a while. It's all about a revolutionary, different attitude from Eneco towards the customer."

And is that where that favourite word 'together' comes peeping around the corner?

"Yes exactly. I think collaboration is crucial. And in all the examples of successful projects we have seen in the past year, that is still the common thread. In the Netherlands, consider a project like Heijplaat, where we create an energy-neutral district together with the residents. Or our projects abroad, for example the one in the UK, where we have now opened a second wind farm in Scotland's Aberdeenshire, in close and excellent consultation with the inhabitants. These are projects I look on with enormous pride and satisfaction, because this is where we fulfil that concept of 'together' so well.

And internally I also see exceptional collaborative initiatives coming into being. Take The Movement for instance, where around a hundred colleagues from Eneco, Joulz and Stedin, from technicians to managers, are inspiring the staff to really put the client at the core of everything. Naturally there's also the cooperation with external partners, such as WWF, or Vitens, or Akzo or Scottish Water – gradually there are almost becoming too many to list. And I think that's a wonderful thing to see. Genuine, successful practical examples of collaboration from our mission. Increasingly we are seeing that we are simply doing it automatically in Eneco, and that's important. That 'together' feeling now really enjoys broad support. It's not me, it's all of us here, together."

How does Eneco measure whether something has actually been a success?

"What I am trying to introduce here is the idea that yields are not just a financial concept. For me it's about whether something fits within our mission and vision, so I think it is hugely important that we keep an eye on the societal importance, the broad social yield. And if we adopt that as our guideline for our strategy, for our operations, in fact for everything we do, then that's the best basis for a good and predictable financial yield.

For many large companies I see far too much of a division between the company's interests and those of society. Company interests predominate almost everywhere. I think this is no longer viable in 2014. And actually it's never been viable. The founder of the free market economy, Adam Smith, indicated a while ago that the free market does not function if companies do not also ensure care for others, for social importance.

I also point out these days that Eneco is only present where it is welcome. This is relevant to what I just explained. Eneco doesn't just go ahead and install wind turbines, even if we do have official permission. No, I insist that we first hold discussions with the people living in the affected area. These are the clients I was referring to in my broad definition. I am insistent on this in Eneco. And I'm happy to note that the message is getting through strongly within our company. We need to keep a constant eye on the social relevance of our work."

You can only provide leadership to a mission like this if the leader believes in it himself. Where does your belief come from?

"Ultimately everything begins with yourself. With daring. You need to overcome your primary fears. You self-reflect and discover who you actually are. And why you want to do specific things. My experience is that when you say and do things from a strong personal belief, that's when they work best. I believe in our mission and I dare to say it. That immediately creates a bond with the people you talk to.

Slowly but surely we are also succeeding in not being the company or the Eneco Group, but being a collection of 7,000 people who are increasingly able to tell their own story on the basis of a vision. If you understand what that vision means for you, for your role within Eneco, that's good. For me that is the real meaning of the concept of sustainability."

Customers first

Connecting with customers

Customers are central in our actions and thinking. We connect with our customers because we have a common goal: clean, affordable and reliable energy, now and in the future. We continue to work on an even better relationship with our customers, transparently and openly.

What did we want to achieve in 2013?

Our management and our employees are our ambassadors. They can ensure that our customers experience Eneco as an outspoken, decisive and sustainable company and appreciate our services even more. The aim was to organise cooperation within our company in such a way that customers experience us as service and customer oriented. Specifically, we have set ourselves the goal for 2013 that the customer satisfaction score of at least 75% of the Stedin customers would be 7 or higher for a period of at least eight out of twelve months. Customer satisfaction of Eneco-customers is measured on the basis of the Net Promoter Score. For this score, we had set a goal for 2013 of at least -17% (scale of -100 to +100).

In 2013, maintaining and strengthening the relationship with customers was, again, an important objective. The developments over the past five years show a very positive trend.

What have we achieved?

- Despite switches in the retail customer base to and from various brands, the total continued to be 2.2 million (target 2013: 2.2 million).
- Eneco Belgium: number of supply contracts increased 80,000.
- Target for customer satisfaction at Stedin achieved: a customer satisfaction score of 7 or higher during at least eight months.
- Target for Net Promoter Score not achieved: the result was -20% (target 2013: -17%).
- Supplier model implemented successfully.

Our customer definition is changing. This has to do with the fact that people and organisations can be customers of Eneco in many different ways: from a resident who is connected to our electricity grid to a home owner who has our solar panels installed on his roof. They can be people living in the vicinity of a wind farm, a chemical company that purchases steam or a waste processing company that supplies us with heat for district heating. Families that use our electricity, employees who use our gas, housing corporations that purchase or lease central heating installations, companies that hire smart meters; they are all customers of Eneco. Their interests are at the top of our agenda.

Customer-oriented organisation

Stable customer base

Energy and energy efficiency were popular topics in 2013, in part as a result of the financial situation in many households. This has resulted in an increase in the number households that is looking for a new supplier. The Authority for Consumers & Markets has calculated that, each year, more than 13% of the households switch to a different energy supplier. Due to its loyal customer base, Eneco's churn rate is significantly lower than the national average. There was a slight decrease in market share in the Netherlands.

All our Belgian electricity customers are supplied wind power that is generated in Belgium. In 2013, rapid growth resulted in a total of 300,000 contracts (electricity and gas), which equals a net increase of 80,000 contracts. Our combined total customer base in the consumer market in the Benelux, including Eneco subsidiary Oxxio, was stable.

Transition in connection with new strategy

In 2013, we shifted the operational model of the energy company from a product-oriented to a customer-oriented setup. Our aim is to provide all our customers easy access to our organisation and to develop new products and services that

correspond to their needs. A special aspect of this is the formation of small, independent units, which have full responsibility for a specific group of customers but which, naturally, operate in cooperation with the rest of the company. Their independence enables them to work together very closely with existing and potential customers.

Customer event

For some years now, Eneco has organised the customer event 'Dagje Vooruit', with the aim to let our customers know that we appreciate them. It also enables us to draw attention to our sustainability strategy in a fun and educational manner. In 2013, six of such events took place during summer evenings at Rotterdam Zoo, where we welcomed a total of about 45,000 visitors. The event was highly appreciated by customers (score of 8+) who were also inspired with ideas relating to sustainability. The many enthusiastic Eneco employees who volunteered to man the information points made an important contribution to these events.

Newsletter more personal

About half a million customers read our monthly online service newsletter. In the newsletter, they can find all kinds of practical tips and facts about energy, interviews with customers and information about Eneco's sustainable projects. To improve the service to our customers, the newsletter has been made more personal and has been adapted to reflect the interests of the different groups of customers. From the feedback obtained since October by means of feedback buttons, it appears that customers rate the newsletter very highly.

Focus on customer needs on website

In 2013, we partially renewed our website. For this purpose, we have asked customers to provide us with direct feedback. This resulted in a number of suggestions for improvement in areas such as clarity and user friendliness. Important online developments and the expectations of customers have also been taken into account. On the basis of this, we have developed a plan to create an optimal match between the service we provide on our website and through mobile apps and the needs of our customers, which form the focal point. The first results, in the form of a completely new website including the My Eneco environment and a mobile app, are expected to be available in the first quarter of 2014. Through this, energy will become even easier and more tangible for our customers: Eneco in their pockets.

New market model: customer convenience

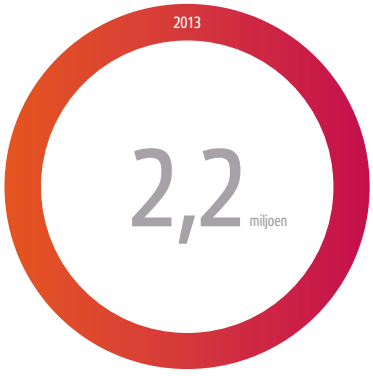
On 1 August 2013, after 18 months of careful preparation, we successfully implemented the new Dutch market model for energy customers. We have combined this with an upgrade of our invoicing system. The new market model enables us to enhance the quantity and quality of our customer services. This includes providing low volume customers with better insight into their energy consumption and further reduction of our dependence on regional grid operators to service our customers.

The programme encompasses the following changes:

- Supplier model
  The supplier takes care of the invoicing of the network costs incurred by the grid operator and sends customers a single invoice containing all the energy-related costs. The supplier shall transfer the received contributions for transmission to the regional grid operators.

- Meter market model
  With the introduction of the new model, the responsibility for the collection and processing of metering data is transferred from the system operator to the supplier. The supplier also ensures that all customers with smart meters receive an up-to-date overview of their energy consumption at least six times a year..

ENECO RETAIL CUSTOMERS



AANTAL RETAILKLANTEN ENECO

- Accessible Meter Data Register
  A central register is now in place, which makes the meter data collected by grid operators accessible for all suppliers.

- Central Connections Register
  In as far as they have been authorised by customers to do so, suppliers and grid operators can view and modify information about connections in the central connections register.

As a result of these adjustments, the energy market has become a lot more transparent for Dutch customers.

Customer satisfaction

What is the opinion of customers about Eneco? This is important information for us. We pay close attention to the feedback provided by our customers, which helps us to further improve our products and services and adapt them to their needs.

Customer Journey Management

We started with the implementation of Customer Journey Management; the streamlining and management of customer processes in mid-2013. Customer satisfaction with respect to the three customer 'journeys' purchasing and supply, payment and contract termination is measured continuously. We ask our customers about their experiences when they join our company as a customer, when they pay their invoices or when they terminate their contract. This feedback is used to evaluate our processes and to work on the continuous improvement of the organisation, processes and communication.

Objectives include a higher customer satisfaction score, a lower customer effort score and cost reductions by 'getting it right the first time'.

Customer satisfaction must improve

With a score that was two points lower than in the previous year (2012: -18), we did not meet our NPS target. One of the main reasons for this was the fact that the implementation of a number of programmes intended to improve the NPS took place later than planned. These programmes include the introduction of a new Customer Relationship Management system that provides front office staff with better insight into the customer's situation and a customer feedback system that enables issues that have not been handled perfectly, to be resolved more quickly. Another reason was that a larger number of customers had to pay extra on top of their annual energy bill due to the cold winter and changes in the meter reading process. Research shows that, on average, the NPS scores of customers who had to pay extra were 16 points lower than those of customers who received a refund. In 2013, it also became apparent that the NPS score of customers who use the Toon thermostat is significantly higher than average. This means that the growing number of customers using Toon will also have a positive impact on the NPS. The new, customer-friendly Eneco website, improvements in connection with the annual invoice and periodic payments to prevent that customers will need to pay extra and several improvements to the services supplied will also positively affect the NPS. In 2014, Eneco will, naturally, continue its current successful customer initiatives, such as the annual customer event Dagje Vooruit in Rotterdam Zoo, the personal approach of small and medium business customers and special offers for loyal customers.

Since the beginning of 2013, Eneco Belgium uses the Net Promoter Score to measure customer satisfaction with respect to the customer service desk. A questionnaire is sent to each customer who has contacted the customer service desk. The NPS for this aspect is positive. Naturally, we use this assessment to further improve and optimise our service.

Customer satisfaction at Stedin improved again

In 2013, customers' evaluation of the service supplied by Stedin improved again compared with the previous year. Stedin measures customer satisfaction as the percentage of customers who give the service provided a score of 7 or higher on a scale of one to ten. In 2013, the customer satisfaction score was not the end of year score but the number of months in which at least 75% of the Stedin customers awarded the service provided a 7 or higher. This was the case during eight months of the year, which means that the target of at least eight months was achieved.

Energy Overview for municipalities

To stimulate sustainability-oriented policy at municipalities, Stedin has decided to make its highly valued service Energie in Beeld (Energy Overview) available free of charge as of 1 January 2014. This service provides municipalities access to all the necessary information relating to energy consumption and production within their boundaries. In the past, they would, once a year, receive the Prestatie Jaarverslag Gemeenten (Annual Performance Report Municipalities) containing digital information on cables, pipelines and high-voltage stations. The Energy Overview service also provides additional information on topics such as fraud, sustainability, innovation and the nature and origin of defects.

Customer programmes

Eneco puts the customer first. This also means that we try to understand the problems of our customers better, in order to adapt our processes accordingly.

Customer at Heart

The internal programme 'Hart voor de Klant' (Customer at Heart) enabled employees from every department at Eneco to get into contact with customers. Possibilities included adopting a customer complaint, joining a colleague of the Door2Door customer acquisition team, listening in on conversations with customers at the Customer Care department, joining a specialist of Eneco Installation Companies for an installation or consultation or attending a Hostmanship workshop.

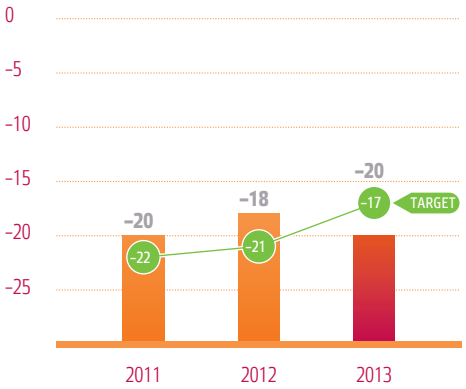
More than a hundred employees gained a new customer experience, which they shared with their co-workers. About three hundred colleagues of the Complaint Management and Customer Care departments and our installation company are involved in the programme. The response from employees and customers was positive. Because employees feel responsible for the customer, they learn to look at problems and situations resulting from inadequate processes from the customer's perspective. The programme lowers the barrier to involve other colleagues in projects or to ask for help and expands knowledge. Open mindedness and commitment will generate interesting suggestions for the improvement of processes and will result in more clearly defined responsibilities. The programme will be continued in 2014.

The fate of Wattland

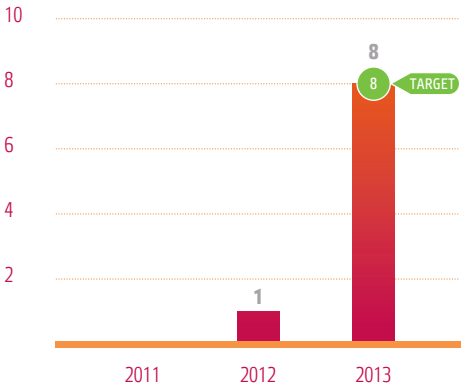
Naturally, Stedin also puts the customer first. For this purpose, Stedin has developed a special game: the fate of Wattland. The purpose of this game, which has been specially designed for Stedin, is to make customers fans of the organisation. This simulation game literally brings our strategy to life. As each Stedin employee participates in the Stedin game, a solid basis is created to achieve our goals in a smart way. In a full-day session, teams of twenty colleagues from different departments, experienced what this entails and learned the importance of collaboration in the supply chain. This boosts their pride in the company and creates more understanding for each other's responsibilities.

The Journeys

The Journeys is a new development programme for the entire group aimed at optimising the setup and management of customer processes. Participants are selected on the basis of their ability to act as ambassadors for change and to bring about this change through collaboration. This programme allows them to develop their skills and their network in a new and unique manner. The themes of the three Journey programmes are roughly the same. The selected format and content of the different Journeys are in line with our vision and strategy.



NET PROMOTER SCORE ENECO
(in %)



CUSTOMER SATISFACTION STEDIN
(in months, with 75% or higher)

Energy efficiency

Energy efficiency

Together with our customers, we reduce energy consumption. Eneco helps customers to gain insight into their energy consumption, thus enabling them to save energy, CO_2 and money. This not only has financial and environmental benefits, but it is also ultimately sustainable: what you do not use, you do not have to generate. And with more than two million customers, that makes a difference.

What did we aim to achieve in 2013?

Customers are better able to understand their energy consumption with practical products and services, such as the Toon thermostat, smart meters and personal energy efficiency advice. Our aim for 2013 was to develop new products and services that help customers to save energy.

What have we achieved?

- Introduction and market expansion intelligent thermostat Toon; 29,000 units sold in 2013
- Energy Manager for business customers now also suitable for heat consumption
- Development of energy efficiency contracts and propositions through our Eneco Service Companies (ESCOs)
- Implementation of energy efficiency projects in collaboration with customers

Consumers

Helping customers to save energy

In 2013, our aim was again to help customers save energy. For this purpose, we introduced products such as the smart thermostat Toon, and developed services such as Comfort van het Huis (Home Comfort), the Retail Energy Service Company and Eneco Fit. In addition, the Energy Overview, the new format of the annual invoice, provides customers insight into their energy consumption as well as customised advice. This way, we work together to reduce energy consumption.

Toon thermostat is a success

Just like the smart meter, the Eneco thermostat Toon is a fitting solution to help remedy the lack of insight of consumers into their own energy consumption. For most people, the energy bill provides insufficient information. Toon is a revolutionary thermostat that displays detailed information about energy consumption in the home and related items such as the weather. An increasing number of our customers now have real time information about their energy consumption and costs. This gives them more control over their consumption and leads to awareness, which usually results in higher energy efficiency.

The Toon thermostat was a big success in 2013. It was positively received with an average score of 7.5 on a ten-point scale and a Net Promoter Score (NPS: a unit of measurement that indicates the degree to which customers would recommend the product to others) among Toon users of +7. A customer relationship survey shows that customer satisfaction is higher among Toon customers, not only with respect to Eneco's products, but also with respect to service, including the way in which Eneco treats its customers and meets its obligations. In Belgium, research is being conducted to determine if the introduction of the Toon thermostat on the Belgian market is technically feasible.

In 2013, Eneco received an Effie Award for the introduction of Toon. This is an important marketing award for innovative and successful product introductions.

Home Comfort

Eneco Comfort van het Huis (Home Comfort) is a pilot project for consumers. It involves giving a home a complete makeover to make it energy efficient. This may include insulation, double glazing, solar panels, a solar boiler, draught proofing, LED-lighting and a high-efficiency boiler. The homes become more comfortable and the customer saves energy. The makeover is combined with a savings guarantee, which means that we guarantee savings to an amount that is calculated by us beforehand. In the first phase of this pilot project, our offer includes various forms of insulation and high efficiency boilers to which other products and services can be added in the future.

In the third quarter of 2013, Eneco approached 20,000 customers with the question if they would be interested in being charged for energy saving measures through their energy

bills. This process entails a visit to the customer, on the basis of which energy saving measures in the form of insulation and/or a new high efficiency boiler are proposed, from which the customer makes a selection. Eneco makes the appointments with the technicians and ensures that all the work is performed in one day. The customer pays for these measures from the resulting savings which is settled on their Eneco energy bill (periodic payments). This pilot project will be continued in 2014. Based on research results and response, we will make adjustments to the proposition, means of communication and processes, which we will then submit to our customers again.

Retail Energy Service Company

Energy that is not used does not have to be generated. In collaboration with our customers, we develop products and services that make them more aware of their energy consumption and helps to save energy. In 2013, Eneco started six pilot projects under the name RESCO (Retail Energy Service Company) as part of our efforts to make the transition from energy supplier to consultant and partner of our customers.

New propositions are developed and submitted to small groups of customers in the form of real, not theoretical products. We test, learn, make adjustments and test again until we have found the right ingredients and know how to make a difference. In this manner, we are developing a product portfolio that enables us to fulfil the part of energy partner and take further steps in the transition towards sustainability in the field of energy.

Eneco Fit

Eneco Fit is a pilot project for consumers in the form of an online energy saving coach. Customers are given practical advice to reduce their energy consumption by doing things differently, buying small energy saving products or by investing in improving the energy efficiency of their homes. By making their own selection from the advice provided, customers create a personal energy saving plan. Regardless of whether customers want to take small or big steps, Eneco Fit has what it takes to make energy saving practical and easy enough to make sure that customers will definitely see results.

Annual invoice becomes Energy Overview

The traditional invoice, which serves to settle the amount due in connection with the energy consumption over the past year, mainly focuses on the payment transaction. We are of the opinion that this is no longer in line with our new perspective on the situation and needs of our customers. Therefore, we developed a new annual invoice in 2013 that gives customers insight into their energy consumption and provides advice on energy saving and energy solutions tailored to their situation. In view of the detailed information provided to customers on the new invoice, it is now, appropriately, called Energy Overview. Customers will receive the new Energy Overview as of March 2014.

Business market focuses on energy efficiency

First results visible

With the aim to keep energy affordable for everyone, we continually make adjustments to our gas and electricity portfolio to create an optimal match between our purchase positions and the expected energy consumption of our customers. This enables us to respond to the effects of energy efficiency activities. In 2013, the first results of energy saving measures proposed by Eneco were visible at a number of our business customers. These included the reduction of gas consumption in connection with ESCO contracts and investments in heat and cold storage. To prevent subsequent higher costs, we estimate the effects of the efficiency measures in consultation with our customers as early as possible. Consequently, we have been able to avoid additional costs for a number of customers by adjusting their contract volume at an early stage. For the coming year, our aim is to also help other customers estimate their energy consumption to determine if it is possible to avoid such extra costs.

Energy Manager provides insight

In 2013, we further expanded the possibilities in the area of energy management for our customers. Hundreds of business customers use our Energy Manager to gain insight into their energy consumption. Providing detailed information has proven to be a very interesting proposition, since it enables the fair allocation of costs, for example in commercial real estate with multiple tenants.

Fulfilling ambitions together

Based on information about their energy consumption, we advise customers on possibilities to save energy. Furthermore, we help them with the actual implementation of these efficiency measures by drawing up an ambition plan together with them, which we then implement on a 'no cure no pay' basis.

Providing input proactively

Eneco distinguishes itself by proactively providing its customers with suggestions. Examples include the paragraph on sustainability that is now part of every product proposal that we send out.

Efficiency and support

ESCOs: a promising concept

In the form of our Energy Service Companies (ESCOs), we offer new, innovative products and services. These ESCOs focus on energy saving and the energy efficiency of homes, institutes, government buildings and commercial real estate. With this service, we take the work connected to energy-related issues off the owners' hands.

We assess the required technical alterations and handle the financing, construction, management and maintenance of the installations. The owners of the homes or buildings can repay the costs in instalments over a period of several years from the money they save on their energy consumption, which may be reduced by ten percent or more. This package offers customers

a number of important advantages: comfort, an attractive business case and long-term security.

A special aspect of this is the fact that Eneco can make the investments that result in higher energy efficiency. Consequently, customers do not have to invest anything. Does this mean that saving energy is free? Yes and no. As a result of the energy saving measures, a certain amount of money will be saved each year. Part of this money will be used to pay off our investments and to finance the optimal management and maintenance of the real estate. The remainder will be transferred to the customer right from the start. In the beginning, we will focus on the segments that offer the most opportunities for saving energy: real estate and housing corporations.

Eneco offers its business customers one-stop shopping for all their energy questions. For this purpose, several business-to-business departments have been or will be grouped together, with a good organisation of the ESCO concept as the main priority.

Real estate

In 2013, Eneco concluded ten ESCO contracts for various buildings including sports centre Papendal, Rotterdam Zoo, art exhibition space De Kunsthal, office buildings in Park Voorn and 10 locations of care cooperative Amstelring. In addition, we have many projects in the pipeline. ESCOs require solutions that are specifically designed for the location:

- Care cooperative Amstelring initiated a process in September by requesting three consortia consisting of market parties to develop comprehensive sustainable concepts for ten care locations. The objective is to lower total costs and energy consumption. Amstelring will use the money thus saved to provide care. An additional condition was to strive for net zero energy costs without any investment requirements for Amstelring. Eneco developed an ESCO construction encompassing all the locations in which 20% of the proceeds from the energy efficiency measures is spent directly on care. While usually 100% of these proceeds flow back to the ESCO, the budget for this plan was balanced with 80% as the basis.

- At its own initiative, Eneco spent some time investigating possible measures for improving the energy efficiency at De Kunsthal, an art exhibition space in Rotterdam that was built twenty years ago and does not meet the current standards in this area. Shortly after the study was completed, a consortium consisting of the companies Eneco, Dura Vermeer and Roodenburg was allowed to start an ESCO for the managing foundation. Eneco has the lead in this fifteen-year partnership, which will implement energy efficiency measures such as insulation and climate control that will result in an energy consumption reduction of 30%.

Housing corporations

Major steps were taken within the Eneco ESCO Housing Corporations business line. In 2013, many corporations realised that major changes are about to take place in their field, as demonstrated by the agreement between housing corporation association Aedes and the government. Many housing corporations respond to the financial limitations connected to these changes by making cuts in the number of real estate projects and the size of the organisation. This results in a greater need to collaborate with external parties to continue to provide the same level of service. There is a particular interest in partners that can help the corporations to enhance the sustainability of their housing portfolio and to realise the necessary cost reduction on a temporary or permanent basis at the current or, even better, a higher level of service. For many

We made a very good impression at NH Hoteles by offering help to lower energy consumption, instead of the lowest price. Eneco is more than 'just an energy supplier' for this hotel chain; in 2013 the company selected us as their partner in energy management.

corporations, this is an exciting process. Barely recovered from the reorganisation, they must now outsource an important part of their service, which previously was mostly in their own hands, to commercial parties.

Eneco ESCO recognised this trend at an early stage and has developed propositions that address these issues. In 2013, this led to the following specific results:

- The installation of solar panels on the roofs of ground level houses and apartment buildings, which offers housing corporations the advantage that the buildings will obtain higher energy efficiency labels while tenants benefit because they become less dependent on fluctuating energy prices. Eneco ESCO offers three types of contracts for solar panels: purchase, purchase plus guarantee (proper operation of the product is ensured for its full economic life) and operational lease. Contracts have been concluded with a number of housing corporations, including Woonbron, Waterweg Wonen and Staedion.

- In collaboration with housing corporation Woonbron, Eneco ESCO initiated a chain-oriented approach of the hot water supply process in the homes, resulting in lower cost for the housing corporation in connection with the heating installations and the benefit of a lower number of defects for residents. Cost reduction is achieved by applying the principles of the Lean methodology to the processes and by taking 'total cost of ownership' as the starting point for determining the costs of the installations during their economic life.

- To make home improvement attractive, we started a pilot project in which we provide a 'Housing Costs Guarantee', which means that housing costs are guaranteed to be at a specified level after the renovation. This project is being carried out at housing corporation Thuisvester. Agreement has been reached with members of the national renovation programme Stroomversnelling that, in 2014, the Housing Costs Guarantee shall also be tested at their organisations.

- Housing corporations have embraced our approach more rapidly in connection with the introduction of the new Heating Supply Act per 2014. The Heating Supply Act usually gives rise to the question whether housing corporations are willing to take on the operational risk and related activities of collective heating installations. At present, the possibility is being explored for apartment buildings with collective heating installations, to transfer all operational activities (i.e. purchasing gas and settling costs with the residents) to Eneco, possibly in combination with the transfer of the financial operational risk. Negotiations on this topic are being held with a number of housing corporations, including Woonbron, Havensteder and WoonInvest.

All in all, it has become clear in 2013 that fulfilling the role of Energy Service Company involves searching for the right propositions. It also involves the long process of winning the confidence of the corporations to convince them to award us this role. At housing corporations where we have already been fulfilling this role successfully for quite some time, such as Woonbron, we notice that better results are achieved when parties each contribute their strengths and knowledge. Examples include the accelerated installation of solar panels, the accelerated replacement of old or unsafe combustion appliances, renovations that lead to more sustainable homes or lower costs for central heating systems.

Generating energy together

Together decentrally

Some of our customers already generate their own sustainable energy locally, and thus decentrally, for example by means of solar panels or wind turbines. This energy is intended for their own use and is available to others in case of overproduction. Instead of just paying for energy, they now save money and, in some cases, even earn money from the energy that they generate.

What did we want to achieve in 2013?

Eneco aims to actively involve customers in the production of sustainable energy. We invest in increasing the percentage of sustainable production, either in collaboration with customers or with our own wind farms, solar installations or biomass energy plants. The target for 2013 was to expand the share of sustainable electricity production to 20% of the total supply portfolio (2012: 12.6%). We also wanted to keep CO_2 emissions per kWh produced below 300 grams.

By developing a coherent set of services, we strive to offer more customers the possibility to generate their own energy. To this end, we focus on smart networks and intelligent grid management, which is sustainable from a social as well as a business-economics point of view. We apply our knowledge and expertise in the area of infrastructures to develop practical applications for residual flows such as steam and heat. This results in a reduction of the CO_2 emissions from the energy that we produce.

What have we achieved?

- Total sustainable energy production increased to 20.2% of our total supply (target was 20%). This is an increase of 7.6% compared with 2012.
- 47% of the electricity sales was produced by Eneco or supplied under purchase contracts (result 2012: 51%)
- CO_2 emissions per kWh of energy produced amounted to 113 grams (target 2013: 300 grams or lower)
- Wind energy capacity increased from 1039 MW to 1276 MW
- Bioenergy capacity increased from 67 MW in 2012 to 134 MW in 2013
- Eneco's solar power capacity increased from 18 MW in 2012 to 52 MW in 2013
- Steam pipe network in the Botlek industrial area was put into operation

Increase in sustainable energy production

In 2013, we put a lot of effort into the expansion of our sustainable electricity production; a combination of our own sustainable production and sustainable electricity purchased under Power Purchase Agreements (PPAs). The development of our own sustainable electricity production capacity is on schedule. This is described in further detail elsewhere in this chapter. The total sustainable electricity production increased from 12.6% in 2012 to 20.2% of total supply in 2013 (target 2013: 20%), which is an increase of more than 7%. This was achieved in part through the expansion of the sustainable production capacity, in particular as a result of the completion of a number of wind farms and the biomass energy plant Bio Golden Raand, and was partly the result of a decrease of the total supply portfolio.

Although electricity is produced in a sustainable manner as much as possible, we still need gas plants, especially on windless and cloudy days. Electricity generated from gas is the least polluting alternative to sustainable energy generation. In 2013, 47% of the total amount of electricity supplied by Eneco was generated by our own production facilities (2012: 51%). The main reason for the decrease compared with 2012 is the higher volume of purchased electricity compared with the use of our own gas plants. The growth of our sustainable production capacity in 2013 was almost equal to the decrease in the conventional capacity. At the end of 2013, the total production capacity amounted to 2.770 MW (2012: 2.740). The share of sustainable energy production capacity increased to 53% (2012: 41).

CO_2 emissions

The measure for the sustainability of our own production is the amount of CO_2 emissions per kWh of electricity produced. Fully sustainable energy does not generate any CO_2 emissions. All

our domestic and SME customers are supplied with sustainable energy, an increasingly larger part of which is generated by Eneco itself or in collaboration with partners.

We have agreed with WWF that, in 2013, the average CO_2 emissions per kWh of electricity generated by Eneco would not exceed 300 grams. To reduce our CO_2 emissions, we invest in wind, solar and biomass energy installations at the most appropriate locations in the Netherlands, Belgium, the United Kingdom and France. As a result of these efforts, the average CO_2 emissions resulting from our energy production amounted to 113 grams/kWh in 2013 (2012: 226.9). This value does not include our purchasing contracts with production facilities of which we have less than 50% ownership. If we also take these into account, our CO_2 emissions per kWh amounted to 216 grams in 2013. The decrease is related to the increase of our wind, solar and bioenergy capacity and the fact that less use was made of our gas plant.

Together in wind energy

The amount of power that we have generated with our wind farms in 2013 is equivalent to the annual electricity needs of 780,000 households. In order to supply wind energy to a growing number of customers in the future, we have invested exceptional amounts in new production capacity this year.

More and more wind energy for our customers

Early in 2013, we announced our investment in the offshore wind farm Luchterduinen. This is Eneco's second offshore wind farm and a joint venture with Mitsubishi Corporation. We built two large wind farms in the United Kingdom in 2013. These are the Lochluichart project (69 MW) and a 25 MW extension to the existing Tullo project. Mid 2013, we also took over the Moy project in the United Kingdom. The construction of this wind farm, that will have a capacity of 60 MW, will start in 2014. In 2013, the decision was taken to invest in four wind parks in the Netherlands with a total capacity of 90 MW and in the Arlon project (6 MW) in Belgium. When all these projects will have been completed by mid-2015, Eneco will have an installed wind energy capacity of about 850 MW. At the end of 2013, our own installed wind energy capacity amounted to 505 MW.

We expect that there will be good opportunities for the expansion of wind energy capacity in the Netherlands in the coming years. The National Energy Agreement forms a good and long-term basis for both onshore and offshore wind energy.

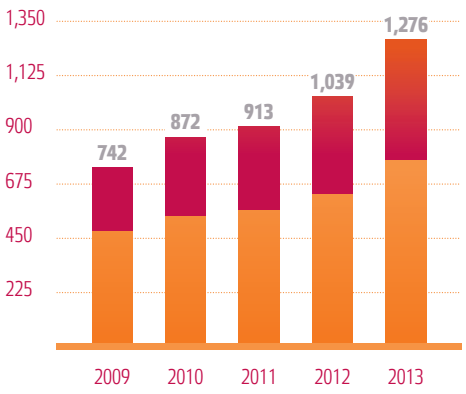
Onshore wind energy

For onshore wind energy projects, Eneco seeks cooperation with local parties to create local support. Another trend that will continue during the coming years is the increase in the scale of wind farms. This leads to a further reduction of the cost price of sustainable energy obtained from new wind farms. In 2013, we noticed that the increasing size of wind farms leads to lower turbine prices which, in combination with the higher efficiency of turbines, leads to cheaper sustainable energy. Unfortunately, this effect is partially offset by local taxes and the higher development costs in connection with increasing complexity.

Eneco involves its customers in sustainable energy projects. An example of this is the wind energy project in Houten that involved a great deal of communication with the municipality. In addition, we issued bonds for this project for local residents and other interested parties, which were in great demand.

The development of wind farms in the Belgian region of Wallonia will be difficult in the coming year due to political uncertainty with respect to regulations. Although Eneco has a very good market position in Wallonia and a high-quality portfolio of potentially feasible wind energy projects, next year, the focus will be largely on consolidation. Growth will mainly have to be realised through acquisitions.

Regulation in the United Kingdom is stable and favourable. Consequently, there are good opportunities for growth in the



WIND CAPACITY ENECO
(in MW)

area of onshore wind energy, both in the form of own developments and through acquisitions.

Offshore wind energy

In 2014, Eneco will start the construction of the Eneco Luchterduinen Wind Farm at a distance of 23 kilometres from the Dutch coast. This will be Eneco's second offshore wind farm and will be put into operation in 2015. It has been announced that a tender procedure shall be started in 2015 for offshore wind energy projects in the Dutch waters with a total capacity of 450 MW. With its permit for the Q4 project with a capacity of around 350 MW, Eneco has a good starting position to participate in this tender. The main challenge for the realisation of the ambition included in the National Energy Agreement, 4.150 MW of a wind energy capacity in the Dutch part of the North Sea in 2020, is to bring down the cost price of offshore wind farms.

In Belgium, Eneco is working on the development of the Norther project, which is planned to be constructed on an attractive offshore location from a wind turbine point of view. In the United Kingdom, the joint venture with EDF for the offshore Navitus Bay Wind Farm has entered the final stage of the permit application preparation. The application will be submitted in the beginning of 2014. A framework for regulation with respect to offshore wind energy is currently being developed in the United Kingdom. This is one of the reasons why 2014 will be a very important year for Navitus Bay, in which it will become clear whether the project will be feasible. Either way, with a partner like EDF, Eneco has teamed up with the right party to maximise its chances on the British market.

Wind In My Back Yard

In 2013, Joulz developed and introduced a new product: WIMBY (Wind In My BackYard). It involves the installation of medium-sized wind turbines, for example for organisations, whereby Joulz carries out all the work for the customer; from performing the energy scan and submitting the permit application to installation and maintenance.

Many parties have shown great interest in WIMBY. Understandably, customers are reluctant to invest at this moment. They place high demands on payback periods, while the profitability of projects is under pressure due to the low energy prices. For this reason, Joulz is developing a complementary financing concept.

Together in solar energy

Energy generated from sunlight is clean and amply available. This is why we offer all our customers, from municipalities and companies to consumers, the possibility to generate their own solar energy.

Solar energy projects at municipalities and business customers

Municipalities and companies are high-volume energy consumers, which makes the installation of solar energy systems at their own location very interesting. An investment that pays for itself and helps them to realise their objectives in the area of sustainability.

Not only do we offer customers the possibility to generate energy using their own, local resources, we are also expanding our own production with solar energy. In the Netherlands, France and Belgium, this is mainly achieved through the acquisition and improvement of existing solar parks. The competence centre, which we set up in Belgium this year, offers support for the construction and maintenance of solar parks in the countries in which we operate. The competence centre provides quick response and contributes to the realisation of structural improvements at a lower cost.

In 2013, Eneco expanded the number of solar energy projects and power purchasing agreements significantly, resulting in an increase of the solar energy capacity from 18 MWp to 52 MWp.

Netherlands

In the past year, Eneco has discussed the construction of larger solar power systems with dozens of Dutch municipalities and companies. In Amsterdam, we realised the 220 kWp project Het Breedt. Customers appear to be prepared to pay a higher price for their electricity if it is generated by a system at their own location. We shall respond to this demand and we expect to implement a number of projects in 2014.

Belgium

In Belgium, we expanded our portfolio with 39 projects with a total capacity of 14.2 MWp spread over Flanders and Brussels. Examples include a project at car manufacturer Audi (3.6 MWp), our largest project in the Brussels region, and the development of a portfolio consisting of 28 Prosolar Invest II solar parks.

France

In France, we have integrated the management of 70 installations into the existing organisation. The installations, which have a combined capacity of 11.8 MWp, were purchased by Eneco from the French company Fonroche Energie at the end of 2012. Furthermore, we investigated a number of possible acquisitions and we are currently discussing forms of collaboration with various existing developers.

United Kingdom

The purchase of Sevor Farm marked Eneco's first step in the area of solar energy in the United Kingdom. Mid-November 2013, agreement was reached between Eneco, Honda, AEE Renewables and Goldbeck Constructions. They signed the contracts for the acquisition of the to be constructed solar energy park and the supply of the energy generated by this park to the Honda factory located in Swindon. Sevor Farm covers an area of 18 hectares. The solar park will have a capacity of 10.2

MWp, which is the equivalent of the energy consumption of approximately 3,000 households, and will be completed in the beginning of 2014.

Retail solar power

Virtual solar panel simulator

Eneco involves its customers in the process of generating their own solar energy. To bring solar energy to the attention of customers without asking them to make an investment right away, we developed and introduced the virtual solar panel simulator in 2013. Almost 75,000 people virtually generated an amount of solar energy with a value of 12 million euros. The simulator can be seen as a virtual trial run. It allows people to get acquainted with the functioning of solar panels on the basis of real-time information, such as the fact that solar panels also generate energy when it is not sunny. This way, they could find out what the actual benefits are of having solar panels installed on your roof.

Solar heaters

Solar heaters convert sunlight into heat. The Eneco Installation Companies have a lot of experience with the installation of solar heaters. We have also started the installation of solar heaters at customers' homes in Belgium.

Collaboration with Solar Green Point

In anticipation of the results of the National Energy Agreement that was signed in September, Eneco started to collaborate with Solar Green Point at the beginning of 2013. This project is a good solution for people who cannot or do not want to install solar panels on their own roof. Solar Green Point has installed 1,000 solar panels on the roof of the Caballero Fabriek building in The Hague for a new form of solar panel owner collective.

Bundling in a cooperative offers cost advantages. Green energy is produced in an easy manner and settled through the energy bill. Eneco purchases all the power generated by the solar panels and feeds it into the electricity grid. This is sufficient electricity for 80 households and leads to an annual reduction of CO_2 emissions by 133 tons. Eneco pays the revenues from the solar panels to the members of the cooperative.

The municipality of The Hague made the roof area available in view of the substantial environmental benefits and the exemplary role of the project in the field of sustainable energy. In 2014, Eneco shall extend the collaboration with Solar Green Point to additional locations, starting with a location in the municipality of Woerden.

Together in biomass

Over the years, we have gained considerable experience with the production of energy from biological waste products. At the end of 2013, our own installed capacity for the production of energy from biomass amounted to 49.9 MW. At present, we have biomass installations for the production of electricity, heat and green gas with a capacity of more than 90 MW under development.

Eneco Bio Golden Raand

The largest biomass plant in the Benelux, Eneco Bio Golden Raand, was put into operation on 1 November. This biomass plant has a capacity of 49.9 MegaWatt and counts local industries among its customers. These include the company AkzoNobel Industrial Chemicals, which purchases half of the generated electricity. The plant uses recycled wood chips as the input for the production of electricity and employs 30 people. Bio Golden Raand can produce sufficient electricity for 120,000 households. Together with the local industry, Eneco is investigating the possibilities to supply steam generated by the biomass plant to factories in the vicinity.

Groene Weide Utrecht

In 2013, Nuon and Eneco reached agreement on the development of one biomass plant for sustainable district heating and electricity in Utrecht. Until that moment, both companies were developing plans for the construction of such a plant, with the aim to enhance the sustainability of the production of district heating compared with the current situation. However, the district heating demand in Utrecht can be met by the production of a single biomass plant. Together, Eneco and Nuon have been looking for a solution that is satisfactory for both parties. This has resulted in the decision to build one plant at the Nuon site. Agreement has been reached about the further collaboration during this project. If Nuon would decide to abandon the project, Eneco has the right to continue the development on the Nuon site. This gives Eneco optimal security that it will be able to supply sustainable heating to its customers in Utrecht. We expect the decision about the awarding of the project to be taken at the end of 2014.

Phase-out biofermentation

The price of the raw material used in biofermentation systems is rising and also unstable, while electricity prices are dropping. This makes it difficult to operate biofermentation systems at a profit. Eneco expects that this situation will not change in the short term. For the many small suppliers, raw material for biofermentation is usually a residual flow. This makes it difficult to make clear agreements about continuity of supply and to influence the price. In view of these developments, Eneco has decided to phase out its activities in the area of biofermentation. At the end of 2013, our activities in the Netherlands and Belgium were terminated or transferred.

Heating and cooling solutions

A large part of the energy needs of our customers relates to the supply of heating and cooling. Subsequently, our activities in this area are an important part of our strategy. With our projects, we can make a positive contribution to enhancing sustainability by means of the distribution of energy (residual heat and steam) to our customers. Our good communication with third parties contributes to the creation of social support for this form of sustainable energy.

Customer convenience
Eneco handles all aspects of heating and cooling projects, including the indoor installations. This way we offer long-term, reliable and comfortable living and working environments for homes and offices. Because we also have considerable experience in the management of our projects, we can offer our customers optimal ease and convenience.

Collective heat networks
Eneco's heat networks in Rotterdam, Utrecht and The Hague are still expanding significantly. By connecting to a heat network, customers operating in the housing or the commercial real estate sector can take substantial steps towards enhancing the sustainability of their real estate.

Eneco's collective heat networks contribute to the sustainability of the energy supply. We are able to reduce CO_2 emissions by 50% or more. At present, Eneco is taking steps to further improve the sustainability of all its heat networks. In Rotterdam, this involves the installation of a pipeline with a length of 17 kilometres that originates in the Botlek area. In Utrecht, a biomass plant will be constructed for the supply of heat to our customers.

Consideration for local residents
Social unrest about the possibility of inconvenience for local residents in connection with the construction of heat networks can lead to both opportunities and threats. We run the risk of reputational damage, but timely involvement of and proper communication with local residents also offers opportunities.

Heat transmission pipeline
The E.ON energy plant, which currently supplies residual heat to the heat network in Rotterdam, will be shut down in 2014. Another supplier in the form of AVR in Rozenburg shall supply Eneco with sustainable heat for its 45,000 heating customers in Rotterdam. As a result, CO_2 emissions will be reduced by 95 kilotons on a yearly basis. The heat transmission pipeline will have a length of seventeen kilometres and will go trough and past the built-up areas Vlaardingen, Schiedam and Rotterdam.

Stakeholders were closely involved in the project from an early stage. We joined existing consultative bodies such as associations of businesses, owners associations, borough councils and environmental federations and organised information sessions for residents. These consultations have led to a large number of adjustments to the route of the pipeline. Furthermore, drilling will be used at some locations instead of open excavation to reduce inconvenience for local residents to a minimum. Residents are pleased with the timeliness and transparency of the supply of information. Earlier opponents have even become ambassadors. In December, crucial parts of the project in the form of tunnels under the Nieuwe Waterweg canal and the Kethelplein junction were completed successfully. The pipeline will be put into operation in October 2014.

Heat station Amstelveen completed
About five years ago, consultations were started with the municipality of Amstelveen concerning the relocation of a boiler house. The heat station at the new location needed to have twice the capacity of the old one, in order to meet the demand of the growing number of connections to the heat network. The first milestone in the process of transferring the activities from the old boiler house was reached at the end of 2013 with the testing of and taking control over the new heat station. The next milestone is the installation of extra boilers to double the capacity of the heat station to 16 MWth (which equals the heat consumption of approximately 2,300 households).

Geothermal energy and district heating in The Hague
In 2013, the Geothermal Heat The Hague project went bankrupt. Eneco was one of the six participating parties, which also included three housing corporations. Unfortunately, these corporations built fewer new houses than planned, resulting in uncertainty with respect to future profitability. The supply of heat to the homes already connected is continued via a connection to the district heating network of The Hague.

For the time being, Eneco has also decided not to pursue the possibility of optimising and improving the sustainability of the district heating network in The Hague by means of geothermal energy. Extensive geological research shows that the geothermal source that was going to be used for this purpose is not as large as was first expected. Consequently, investment would not be profitable. Eneco actively continues to investigate alternatives.

Decentral generation of heating and cooling
Eneco has also become the market leader in the supply of heating and cooling installations for commercial real estate (office buildings). Our systems use natural sources of heat and cold from the ground and surface water for cooling purposes. Examples include the largest office building in the Netherlands, De Rotterdam, which is cooled by means of water from the river Meuse and the new Deloitte office that is being built in Amsterdam. As of 2015, Eneco will also supply heating and cooling for the new building of the International Criminal Court in The Hague.

St. Antonius Hospital in Nieuwegein
The St. Antonius Ziekenhuis Nieuwegein (AZN) has a heating connection with a capacity of 11 MW, which makes it one of Eneco's largest heating customers in the province of Utrecht. In addition to heating, Eneco also supplies steam to AZN. At the end of 2013, the cooperation between Eneco and AZN was extended and the two parties concluded a contract for the renewal and enlargement of the steam installation. The agreement, which has a minimum duration until the end of December 2032, regulates the rent of the steam plant by AZN and the responsibility of Eneco for its maintenance and management.

Steam network Botlek area Rotterdam

In 2013, a steam transmission network in the industrial Botlek area of Rotterdam was put into operation by Stedin, the grid operator within Eneco Group responsible for the transportation of gas and electricity in the densely populated Randstad area. Our steam transmission network facilitates the efficient use of steam that is generated but not used by one company in the production process of another company.

Waste processor and steam supplier AVR and chemical company and steam consumer Emerald Kalama Chemical (EKC) are the first customers. 750,000 tons of process steam is supplied by AVR to EKC via an aboveground steam pipe with a length of more than two kilometres. The reuse of the steam generated by AVR improves the energy efficiency of the entire chain. Less fossil fuels are required and lower quantities of CO_2 and NO_x are emitted into the atmosphere. In time, this will result in an annual reduction of 200 to 400 kilotons of CO_2 emissions per year. The project thus contributes substantially to the climate objectives of the city of Rotterdam.

We expect to be able to make a decision in 2014 about the realisation of a second part of the steam pipeline in the form of an extension with a length of three kilometres between EKC and Akzo Nobel.

Other steam-related activities

Joulz is responsible for the management and maintenance of Groningen Seaports, the largest steam network in the Netherlands. Using its expertise in this area, Joulz prepared a maintenance plan in 2013 for a steam network for the Port of Moerdijk.

Better with smart grids

Grid operator Stedin's strategy is aimed at providing optimal service to its customers in support of a sustainable society and is based on efficient operations. We are working on the realisation of smart grids and intelligent grid management, both from a social and a business-economic point of view. This is how we tackle the challenges that we face in the changing energy landscape.

Smart grids for our customers

Stedin is involved in a number of pilot projects, such as the Couperus project in the Ypenburg district of The Hague, to acquire experience with smart grids. Stedin is also active in the Hoog Dalem district in the municipality of Gorinchem, where it is constructing a 'smart energy system' that focuses on providing information about energy consumption, solar panels and the storage of electricity. Other smart grid related activities include the 'Smart grid, everybody profits' project in collaboration with partners and the Utrecht Economic Board and the IPIN project 'Energy- neutral Heijplaat'.

Own grids also smarter

Station automation

In 2013, we automated 25 high and medium voltage stations owned by Stedin and TenneT. With the automation of these stations, we contribute substantially to providing the technology required to facilitate smart grids. A major security programme helps us to increasingly control and restore installations remotely. The ultimate goal is to lower interruption duration substantially.

Direct current

Lowering energy consumption in the horticulture sector in not only beneficial for the environment, but also of vital importance to the competitive position of the horticulturist. In this sector, energy often makes up about 15% of the total cost price. In 2013, Joulz officially put one of the first direct current networks in the Netherlands into operation in the horticulture area PrimaViera in the municipality of Haarlemmermeer.

Direct current not only saves energy but also leads to a better balance between supply and demand. In addition, fewer materials are used for direct current networks. Consequently, direct current saves energy, materials and costs and will therefore, eventually, also result in a reduction of CO_2 emissions.

District development and participation

Energy must be available and affordable for our customers now and in the future. At Eneco, we believe that this objective can only be achieved in a sustainable manner. For this purpose, we collaborate with partners, customers and suppliers on creating a sustainable decentralised energy supply. It is also the reason for our involvement in numerous local energy projects.

Energy cooperatives

The number of energy cooperatives is growing. Many consumers wish to start a cooperative together with others in their neighbourhood or district or in collaboration with the municipality for the local generation of green, sustainable energy. We welcome the fact that consumers unite themselves, either in cooperatives or otherwise, and are happy to support local initiatives by providing a variety of services and a concrete action plan.

Expedition GEN

Eneco is a member of the GEN (Gebieden EnergieNeutraal, Energy Neutral Areas) cooperative. At the end of November, a closing symposium was held entitled 'Expedition GEN', which was aimed at exchanging information on this topic. During this symposium, a number of leaders in this field, including Eneco, presented a package of measures to bring new and existing districts to an energy neutral level at an accelerated pace. Eneco presented the results of the programme on the basis of the projects 'Nieuw Valkenburg' and 'Kerschoten Energy Neutral'.

Nieuw Valkenburg is a new construction site near the city of Katwijk, for which we have developed a blueprint for the

development of an energy neutral area. Kerschoten is an existing district of the municipality of Apeldoorn for which we have also developed a blueprint.

Smarter living in Heijplaat

In 2013, Eneco fitted over 180 homes that are part of the project Heijplaat Energy Neutral with a 'Smart Living' package that enables residents to better control their energy costs. In close cooperation with housing corporation Woonbron, we are also implementing home improvements. We have already installed solar panels at several homes at the request of interested residents.

Preparations have also been made for the production of additional sustainable energy for the district. It concerns the installation of solar panels for the benefit of the district on the roofs of the so-called RDM buildings and the development of wind energy at a location nearby that will be used for the Heijplaat district. Each of these steps brings us nearer to the ultimate objective of an energy neutral Heijplaat district.

Wind energy in Houten

HollandseWind is the name for energy supplied by Eneco that is generated entirely by wind energy facilities located in the Netherlands. This year, we introduced HollandseWind from Houten. This means that residents in the region can purchase wind energy that is guaranteed to have been generated by the new Houten Wind Farm. Furthermore, they can profit from wind force discounts: the harder the wind blows, the higher the discount. Residents of Houten were also offered the possibility to invest in the wind farm by purchasing bonds. These bonds are expected to yield a return of 4.5% to 5.5%, depending on the production of the wind farm. Bonds with a fixed return of 4.0% were available for interested parties from other parts of the Netherlands. There was a lot of interest for these bonds. Together with the municipality, we also launched a sustainability fund for the support of sustainable initiatives in Houten.

LochemEnergie

In 2013, we started to collaborate with the LochemEnergie cooperative with the joint purpose of generating energy locally. The construction of the LochemEnergie solar park (200 panels) on the roof of Lochem city hall was completed in 2013. Several hundred residents joined the LochemEnergie cooperative and also became customers of Eneco for the supply of electricity and gas. Eneco settles the rent and collective revenues from the solar park with the members of the LochemEnergie cooperative.

This collaboration demonstrates that it is possible to make a difference together with local initiatives and energy suppliers and to generate sustainable energy collectively. Eneco will share this experience with other partners in future projects.

Purchasing

Clean and affordable energy

Eneco ensures that customers always have access to clean, affordable energy that is generated and transported in a safe manner. An increasing number of customers generate part of their own energy. Eneco aims to supply the remainder of their energy demand from 100% sustainable resources.

'Sustainable energy for everyone' is our mission and conviction and the only way towards a permanently liveable planet. This is confirmed by European objectives for sustainable energy that act as driving forces.

What did we aim to achieve in 2013?

Our objective is to maintain the number of customers who purchase energy at a constant level and to gain support from our customers for our mission. We strive to make a transition from the old energy world to the new sustainable future by reducing CO_2 emissions in collaboration with our customers. During the phase in which energy is not yet generated from 100% sustainable resources, we use gas since this is the cleanest fossil fuel. One of our objectives, based on agreements with WWF, was that in 2013 the CO_2 emissions of at least 0.5% of the gas supplied to retail customers by Eneco Retail would be compensated for and that 20 percent of the electricity sales would consist of 'dark green' electricity. This objective was not negotiable.

Customers must be able to count on the availability of electricity, gas and heating. Our goal for 2013 was to keep the availability of our energy supply at a very high level. The average duration of interruptions of the energy supply was not to exceed 14.5 minutes. This number is the weighted average of the maximum interruption duration for electricity, gas and heating. See the paragraph Network reliability (page #) for further details.

What have we achieved?

- With an average interruption duration in our networks of 12.2 minutes, we have achieved the objective of a maximum of 14.5 minutes
- With a 1.4% share of dark green gas in the total retail supply portfolio, we have achieved the objective of a minimum of 0.5%
- With a 20% share of dark green electricity in the total retail supply portfolio, we have achieved the objective of a minimum of 20% (realisation 2012: 16.1%).

Focus on green energy

In 2013, there was a lot of attention for green energy. How green is green? Where does green electricity come from? How do certificates work? What is clear is that green energy is the future. Our strategy goes far beyond the mere supply of green power. For quite a number of years, Eneco has been investing substantially in sustainable energy sources such as onshore and offshore wind farms and solar and biomass installations. And not just in the Netherlands, but also in the United Kingdom, Belgium and France.

We are already capable of supplying sustainable electricity generated by our own production facilities to 20% of our retail customers and we are working on expanding this percentage. In 2012 and 2013, our investments in this area amounted to respectively 273 and 297 million euros. The amount of sustainable energy that we cannot yet generate ourselves is purchased. A system of certificates, set up and monitored by the Government, guarantees the origin of green energy.

Greenpeace and the Dutch Consumers' Association have assessed which energy companies have the best scores in the area of sustainability. The assessment not only encompassed the supply of electricity but also the question whether and to

what extent energy companies invest in the generation of green electricity. At fourth place in 2013, Eneco had the highest score of all the major energy companies.

Consumers increasingly involved

At Eneco, we notice that a growing number of consumers think about energy and, after consideration, opt for sustainable energy. With products like HollandseWind and Toon, we offer our customers green solutions and help them to save energy.

Customers opt for sustainability

Eneco only supplies green energy to the Dutch retail market, including dark green energy in the form of HollandseWind (energy produced entirely by our Dutch wind energy facilities). The number of customers that use our electricity product HollandseWind amounted to 100,000 at the beginning of 2013 and increased by 25% during the course of the year. In 2013, there was a substantial increase in the number of households that use Eneco's revolutionary thermostat Toon. 29,000 Toon thermostats were sold and 30,000 Toon apps were downloaded. About 75,000 households used the Eneco solar panel simulator to test their own production potential.

Eneco DubbelCheck

In 2013, the telephone service Eneco DubbelCheck provided our customers with an honest and clear comparison with respect to both price and sustainability between their current energy contract and offers of competitors. All the different energy promotions can be confusing for our customers. The various energy auctions also lead to commotion. Customers start to doubt whether their current energy contract is still right for them, whether it is in line with their situation and whether the energy supplied is truly green. With the DubbelCheck service, customers can determine whether Eneco is still their best choice. The campaign was a success and the service will be continued next year.

Sustainable supply

Sustainable, decentralised, together

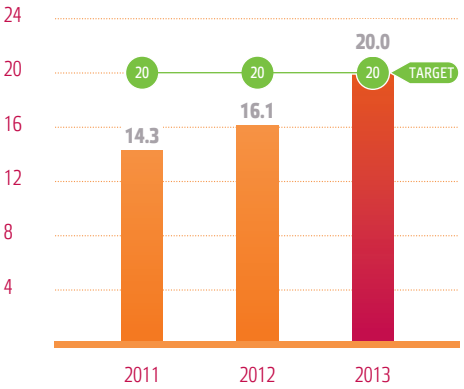
The future lies in the local production of energy. Eneco's aim is to contribute to the facilitation of this development. Therefore, we purposely seek contact with initiators of local energy projects, including energy cooperatives and managers and owners of wind turbines and solar panels. Over the course of the years, it has become apparent that such initiatives have little effect on the reselling of electricity and gas but do make a difference when it comes to the increase in sustainable energy production. New as well as existing local energy facilities offer possibilities for collaboration and the realisation of our vision: sustainable, decentralised and together.

From green to dark green

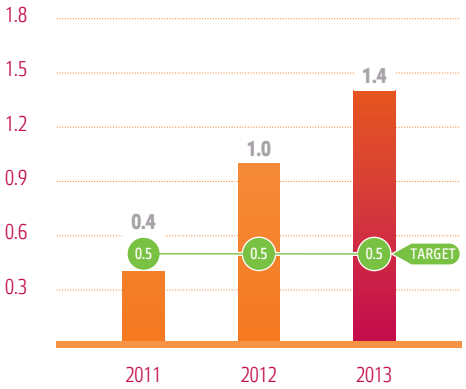
An increasing number of business customers consciously purchases energy that is produced by wind farms. At present, wind energy constitutes one third of our green energy sales and it is expected that this percentage will increase significantly in the future. This offers us the possibility to help customers achieve their own sustainability targets as is the case for KPN and Vitens, companies that purchase part of the energy produced by the Princess Amalia Wind farm. Another example is the green power generated from waste wood by our Bio Golden Raand energy plant in Delfzijl, part of which is purchased by AkzoNobel Chemicals.

Electric charging

Even though electric transport is expanding steadily, cars fuelled by green electricity are, unfortunately, not yet standard. This year, to stimulate the use of green electricity for transportation, we introduced Eneco Elektrisch Laden (Eneco Electric Charging): using HollandseWind wind energy for fuel, anytime and anyplace. This product offers the choice of two charging packages and encompasses items such as charge spots, a charge card, an app and information about the payment of charging transactions. Settlement takes place via the back office platform of Utiliq, a subsidiary of Eneco Business. This



DARK GREEN ELECTRICITY IN RETAIL SUPPLY PORTFOLIO (in %)



DARK GREEN GAS IN RETAIL SUPPLY PORTFOLIO (in %)

successful platform, which we have already been using for inland waterway transport customers (Walstroom, shore-side electricity) for years now, has been adapted for the charging of electric vehicles.

Our propositions are available via our business customers and via lease companies. In 2013, we also concluded contracts with leading car brands, via a number of which Eneco Electric Charging will be available from 2014. Our service in the area of green mobility is supplied in close cooperation with charge spot producers EV-Box and Alfen and with Multi Tank Card.

Effects of sustainable production

The increase in the supply of electricity from sustainable sources leads to variations in the price of electricity. The biggest effect of this can be seen in the part of the business market where the differences between reported consumption or production and actual consumption or production are netted. Eneco makes it easier for its customers by charging them a fixed rate for this difference which is, of course, kept as low as possible.

Not only are there fluctuations in the demand for electricity but also in the supply, in connection with the use of sustainable resources such as solar power and wind. Consequently, determining the right cost price for electricity is becoming an increasingly difficult challenge. At Eneco, various experts work together to arrive at a good estimate of these additional price fluctuations.

Sharp offer for our loyal customers

Many of our loyal customers have been purchasing their energy from Eneco for many years. This customer loyalty is highly appreciated and we are making every effort to offer sharp rates for these customers in particular. We also provide them proactively with relevant information and offers. In the summer of 2013, we created multidisciplinary teams that contacted our loyal customers by telephone with an extra special offer. Both our customers and our employees enjoyed the personal contact and the response to the service supplied by Eneco was excellent. Furthermore, many customers indicated that they were satisfied with their contract and wished to continue it. In view of the solely positive customer feedback, we aim to carry out a similar promotional campaign among all our business customers in 2014.

SEPA (Single Euro Payments Area)

Eneco receives energy bill payments every day, many of which via direct debt. The proper processing of these payments is essential for our cash flow. European legislation dictates that every bank and company must have switched to SEPA payments in 2014, but Eneco decided to implement the use of IBAN (International Bank Account Number) as early as November 2013. Good preparation ensured that this process went well and was hardly noticed by customers. However, we did note a subsequent increase in the number of reverse payments. This has been discussed in detail with the banks and, in cases where there was no ground for reversal of payment according to Eneco, with the customers concerned.

Collaboration

In 2013, we paid extra attention to joining forces in the business market. A good example of this, is the substantial, multi-year gas contract for the supply of gas to more than 6,000 schools in the Netherlands, which we concluded with the Energie voor Scholen (Energy for Schools) purchasing collective.

Gas and biomass

Eneco is working on improving the sustainability of the energy supply and strives for an energy mix consisting of clean electricity, heat and gas. Natural gas offers us the possibility to make the transition to increasing volumes of sustainable energy in a responsible manner. This is why we not only invest in green energy solutions like wind farms, solar parks and biomass, but also in the use of gas.

Gasspeicher gas storage facility

To be able to guarantee our customers the continuous and sufficient supply of electricity and to remain in control over the price of gas, we have invested in a gas storage facility that is located just across the border in Germany. In 2013, we started to prepare a second cavern for the storage of gas, which has

LOYAL CUSTOMER

Intrakoop is a good example of a party that has rewarded us for years of dedicated service. This purchasing organisation for healthcare facilities in the Netherlands is very satisfied with our service and our commercial policy and appreciates our expertise. For this reason, our longstanding collaboration has been extended for a number of years.

increased the total gas storage capacity to more than 100 million m^3 of natural gas. In the past year, we have carried out several tests with the new cavern, each with positive results. The second cavern will be operational from 1 January 2014.

Enecogen temporarily only one generator

Eneco and Dong Energy (each 50% owner of Enecogen) have sold one of the generators of the Enecogen plant to energy company IEC located in Israel. When one of the generators of a gas plant similar to Enecogen broke down, IEC could not afford to wait an entire year. Enecogen could, temporarily, do without one of its generators, since the plant is not used as much as anticipated because of the surplus of production capacity in the Netherlands. Due to the high price for gas and the low price for coal and CO_2, coal-fired power stations operate at full capacity, as a result of which an energy-efficient and relatively clean gas-fired power station like Enecogen is not used to its full potential. Mid 2014, a new generator will be installed in the Enecogen plant.

Sustainability of biomass for Bio Golden Raand

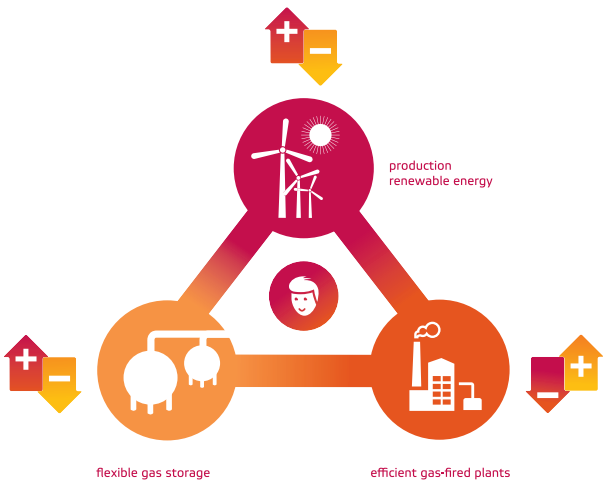
In 2012, Eneco had a life cycle analysis carried out in connection with the sustainability of the biomass (waste wood) and the processing of this wood in the Bio Golden Raand plant. Most of the recommendations resulting from this analysis have been applied.

With respect to 2013, Eneco shall inform NL Agency (as from 1 January 2014: Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland (RVO.nl)) of the origin of the biomass that is combusted in the Bio Golden Raand plant, as stipulated in the so-called Green Deal 'Sustainability of Solid Biomass'. To guarantee the origin of the biomass, Eneco shall obtain certification for the supply chain in accordance with NTA8080. This is the Dutch standard for sustainably produced biomass, which will be used to determine the traceability of the biomass and to demonstrate that the required CO_2 reductions are realised. This means that we will need to obtain certification for the separate organisations in the supply chain. Certification of the Biomass Desk of Eneco Energy Trade in accordance with this standard was completed at the end of 2013. Bio Golden Raand will follow at the beginning of 2014, after the construction of the plant has been fully completed. Subsequently, we will approach the biomass suppliers with whom we have made agreements and request them to cooperate with certification of the supply chain.

Grid reliability

Reliable networks are very important in order to provide our customers the best possible security of supply. Our aim is to continue to offer this security and, at the same time, prepare our networks for improving the sustainability of the energy supply. In 2013, we achieved our target with respect to our electricity networks of a maximum average network interruption duration of 25 minutes per customer, with a result of 21.3 minutes. At 0.6 minutes, the result for our gas networks was also below our target maximum of 1.0 minutes average interruption duration per customer. This was also the case for our heat networks, where the average of 38.8 minutes was also below the limit that we had set at 49.5 minutes.

We put a lot of effort into the realisation of these results. Examples of this include the great deal of attention that is paid to controlling risks in the implementation of big, complex projects. In addition, we have taken measures for improving network design. Sections that have the highest risk of failure and greatest subsequent impact were dealt with. In addition, we have installed extra systems to prevent cable defects. These are part of an innovative signalling system that gives notifications of discharges that indicate that an interruption may occur. This system has already proven its worth by preventing a major interruption in the centre of Rotterdam. The cable concerned was repaired before it failed. In 2014, we will make further investments in this system. To enhance the reliability, we have installed hundreds of defect indicators and dozens of IT systems for distribution stations in our networks. These systems allow us to determine the location of a defect much more quickly and, thus, also speed up the process of resolving incidents.



In 2013, we made preparations for a new business operations system, the Distribution Management System DMS. From this system, we can read out more information at our operations centre and take measures remotely if necessary. We aim to extend the use of this system to our entire service area in 2014. We have also made preparations for the installation of a second self-healing grid, which restores itself after an interruption without the need for human intervention. In 2014, we will continue with the improvement of the safety settings, the installation of defect indicators, the replacement of low quality cables and with making our networks smarter. The focus will mainly lie on the area Ronde Venen, where interruptions are frequent and have a long duration.

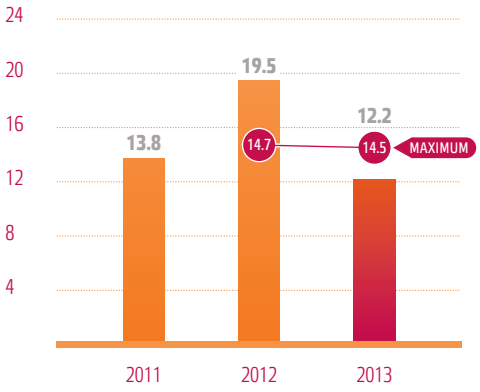
In April, two major electricity interruptions occurred simultaneously: one in the south-eastern part of the city of Utrecht, and one in Woerden. Stedin was able to restore the electricity supply in both areas with two and a half hours. The interruption in Utrecht, which affected around 12,000 customers, was caused by a damaged cable as a result of excavation activities. At the same time, 2,200 customers in Woerden did not have any electricity due to a faulty cable.

Grid operator Stedin actively campaigns against damages as a result of excavation activities. Each year, unnecessary damage is caused by contractors in the Stedin service area. These are the source of about one third of all the electricity interruptions and dozens of gas leaks.

In 2013, Stedin invested € 422 million (2012: € 357) in the quality and expansion of its networks.

The measure that we use to determine the reliability of our networks is the average interruption duration per customer per year. We have specified maximum levels for our electricity, gas and heat networks that we strive to stay below (see Energy Networks Interruption Duration table).

AVERAGE ENERGY SUPPLY INTERRUPTION



AVERAGE INTERRUPTION DURATION ENERGY SUPPLY (ELECTRICITY + GAS + HEATING) (in minutes)

ENERGY NETWORKS INTERRUPTION DURATION IN MINUTES

Type of energy	Number of millions of customers	Target 2013	Realised 2013	Realised 2012	Realised 2011
Electricity	2,.1	25	21.3	35.6	25
Gas	1.9	1.0	0.6	1.28	0.8
Heating	0.1	49.5	38.8	26	33
Average interruption duration		14.5	12.2	19.5	13.8

Interruption duration electricity networks

There was significantly less inconvenience in connection with interruptions in our electricity networks than in 2012, when we were faced with a few major incidents. The average interruption duration of 21.3 minutes per connected customer is well below the target that we had set of a maximum of 25 minutes.

Interruption duration gas networks

The interruption duration in our gas networks was also below the target maximum and was reduced by half compared with 2012.

Interruption duration heat networks

In part in connection with the new Heat Act, we have further improved the registration of incidents in our heat networks. The registration of unplanned interruptions of supply resulting from maintenance activities was not optimal. In 2013, a lot of effort was put into solving this issue. The target for 2013 of a maximum average unplanned interruption duration of 49.5 minutes per customer was achieved.

Expertise

Quality and expertise

We put customers and their energy needs first in our efforts to design and implement sustainable energy solutions. Our knowledge and skills are used to serve these customers, who can count on the expertise that we have accumulated over the years.

This is why we make targeted investments in technology, knowledge and the safety and expertise of our staff. The experience that we have gained over the past decades guarantees our ability to design, construct and maintain smart energy infrastructures and solutions. Safety is a core value of our organisation; a topic that is always at the top of our agenda.

What did we want to achieve in 2013?

Eneco, Stedin and Joulz pay a lot of attention to safety. Safety is part of our strategy for a good reason. It is logically embedded in the development and maintenance of expertise in our company. It is also a precondition for reliable management and a sound reputation. We strive to improve our safety performance by developing a proactive safety culture. The Lost Time Injury Rate (LTIR-score) is regarded as an important measure for our success in this area. Our ultimate goal is an LTIR score of zero, but we have not yet been able to achieve this in actual practice. Our target LTIR score for 2013 was 1.6. This was 20% lower than our target for 2012, but higher than our actual result for 2012 (1.4) in view of the increasing number of critical and complex activities.

In order to further reduce the number of accidents resulting in absence from work, we need to get a clearer overall view of work-related accidents. Therefore, the focus in 2013 was on measuring the Recordable Incident Frequency (RIF), which is the number of work-related accidents, regardless of whether these resulted in absence from work, per every 200,000 hours worked. Reporting this information demands more openness from the organisation and results in the ability to gain insight into early signals of potentially large problems. This was one of the reasons why we have simplified our reporting systems. The target for 2013 was a maximum RIF score of 0.95 (72 work-related accidents, not including first aid).

We actively develop expertise and market knowledge in our company. The shortage of talented technicians on the labour market will continue over the next few years. This trend, in combination with the aging of the labour force within the sector, stimulated Stedin and Joulz to train their own technicians. Sharing knowledge of market developments, technology and innovation on a structural basis is also important for the realisation of our ambitions. Our aim was to implement this by further developing knowledge management.

What have we achieved?

- LTIR: 1.1 (12 accidents resulting in absence from work)
- RIF: 1.3 (71 work-related accidents, not including first aid)
- Successful training of technicians by Stedin and Joulz
- Opportunities offered to people who have difficulty finding a job

Safety first

As in all previous years, the objective for 2013 was to have as few work-related accidents as possible. The main goal was to reduce the number of accidents resulting in absence from work. By placing a stronger focus on alternative work, absence from work could be prevented in many cases and employees were able to return to the work process sooner. At the same time, we wanted to arrive at a better understanding of early warning signals in the form of underlying incidents as well as unsafe situations, which would help us to be more pro-active in taking measures to avoid accidents resulting in absence.

In 2013, we adapted our reporting systems to simplify the reporting of incidents by reducing the amount of administration and the number of actions that need to be taken by different people. This resulted in an increase of the number of unsafe situations and near-incidents. The analysis and follow up of these reports enable us to carry out activities and projects for our customers in a safer manner and to take preventive measures to enhance the reliability of our networks and installations. Increasingly more attention is paid to the aspect of safety as part of contracting, project design and the development of new concepts. Summarising, we can say that by reducing the number of work-related accidents and paying even more attention to safety, we create a safer working and living environment for our employees and for third parties.

Objective achieved

The target for 2013 was a further reduction of the LTIR to a score below 1.6. In 2013, we recorded 12 work-related accidents resulting in absence from work and an LTIR score of 1.1, which means that we achieved our objective. The total number of work-related accidents (71) was higher than our objective of 62 and our final RIF score was 1.3. This number is an indicator of the confidence of the organisation to report incidents as well as a reason to continue to strive for an even higher level of safety.

These scores are the result of a lot of attention from the management, training and better registration of incidents. In 2013, management made frequent visits to projects and entered into dialogues with employees, contractors and customers. This has given us insight into expectations, possibilities for improvement that enhance the safety and environmental friendliness of operations and into risks that develop outside our organisation and influence our operations. Better registration makes it possible to learn from incidents and near-incidents. It enables us to take structural technical measures and make agreements with third parties to reduce risks. This is guaranteed via our certified management systems. Also in 2013, certified parts of the company have succeeded in extending their certification.

The reporting systems used in 2013 contributed to lowering the threshold to report incidents and to making the line management responsible for taking action. A total of 4600 reports of unsafe situations were received. These help us to continuously improve the safety situation. In 2014, the entire group will use the same system and inspections and management observations will be integrated. This will enable us to make better comparisons and group-wide reports and to enhance the quality of our data.

Safety in complex projects

Supervisors were continuously active on site at our large, complex projects, such as Bio Golden Raand, Gasspeicher and Stedin's steam project, to guarantee the safety of our own employees and third-party personnel. The LTIR score for these projects was below 1.0, which is a good result for such difficult and risky projects.

Safety at the office

There was an increase in the number of reports of work-related accidents in the office environment. By focusing our attention for safety on the realisation and maintenance of our networks and assets, too little attention was paid to the domain of office safety. In 2014, more focus will be placed on safe behaviour in and around office buildings. This will also make our offices safer for visitors.

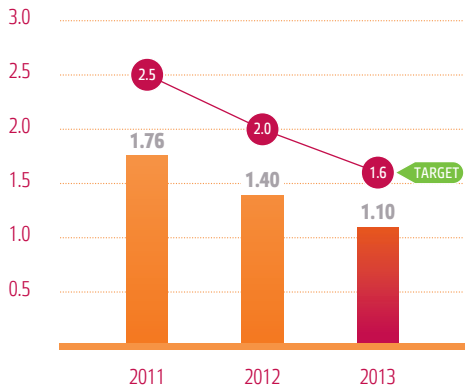
Safety in and around the van

During the 'medium-voltage days' organised by Stedin and Joulz in September, a lot of attention was paid to restoring the energy supply after medium-voltage interruptions. The common objective was to resolve this type of interruption more quickly, with a focus on the safety aspects that employees can and must take into consideration during operational activities. There was also a special campaign with the theme 'safety in and around the van', in which the family members of Joulz technicians were also involved.

Customers are also involved in the aspect of security more and more frequently. The December issue of Joulz's customer magazine was even completely dedicated to safety.

Challenges

Due to the nature of our activities, a lot of work is outsourced. We notice an increase in the number of incidents reported by our contractors and subcontractors. It is not yet clear if this is the result of a higher willingness to report incidents or poorer safety performance. These issues are being discussed with our



LTIR ENECO GROUP

contractors and subcontractors and improvements are implemented where possible. Working together to create a safer working and living environment for our own and third-party employees and for those who are influenced, directly or indirectly, by our activities, is an integral part of our policy and our supply chain responsibility.

Our challenge lies in the further reduction of the number of work-related accidents. The dilemma that we face in this respect is the fact that employees take their own background and temporary limitations to work. Aspects that we may not always be able to influence. A safe working environment is based on mutual trust, openness, transparency, a fair safety or business culture and learning from earlier mistakes. At present and for the coming year, we focus on influencing the behaviour and awareness of our employees, contractors and subcontractors.

Wanted: talented technicians

The shortage of talented technicians on the labour market will continue over the next few years. This trend, in combination with the aging of the labour force within the sector, stimulated Stedin and Joulz to start to train their own technicians.

Projects in large cities

Joulz has created a win-win situation by linking the large demand for technicians to the possibility of helping disadvantaged people in society to get a job. During the coming year, Joulz will train, in collaboration with the municipality of Rotterdam, long-term unemployed citizens of the city to become assistant technicians for electricity or gas. Joulz will take responsibility for the practical training and the municipality will provide coaching and support outside working hours. Following a thorough selection process, participants immediately started their training at Joulz's company academy in the learning on the job programme 'Technician: a new start'. Joulz developed this programme especially to provide a new perspective for people who are having difficulty finding a job. Participants are trained with the aim to put them to work on the electricity and gas networks in the Rotterdam region. After a period of about eight months, they will obtain the nationally recognised intermediate vocational level 1 diploma of 'Installation Assistant'.

A similar programme has also been started in collaboration with the municipality of Amsterdam. In 2013, a number of long-term unemployed in Amsterdam obtained their starting qualification at intermediate vocational level 1. Most of them are employed by Joulz and are also working on obtaining their level 2 diploma.

Training of technicians successful

The technical trainees who started in 2012 have, since then, found their place at Joulz. Together, we look back with pride on a successful year. Their first year of training is completed and each of them has started to work in a new position where they can prove themselves again and contribute to the Joulz organisation. Some of them will participate in a mini MBA programme at Nyenrode Business University. These developments encouraged us to further expand our training of new talented technicians. In October, a new group of technical trainees was welcomed who will start to work in a staff or line management position in two years' time, just like the first group. This will contribute to reducing the gap between staff and operations.

Long-term employability

Career Development Centre

In 2013, Eneco made an effort to stimulate in-company labour mobility. This includes offering employees possibilities for personal development and the opportunity to look at the customers' perspective from various angles. In-company labour mobility also stimulates in-company collaboration. At the beginning of 2013, the virtual Career Development Centre (CDC) started to promote in-company labour mobility. The CDC works together with employees and management to create a learning and flexible organisation in which knowledge sharing and collaboration play a central role.

New website

A lot of effort was also put into attracting new, talented employees. This included the renewal of the recruitment website. The new site aims to attract talented candidates who can relate to Eneco's sustainability mission. Visitors to the website are invited to actively share this message within their network.

The website makes optimal use of the possibilities of social media to connect to the labour market and to promote Eneco as an attractive employer by means of employee testimonials. Over the past years, we have gained experience with this approach, for example via the social media platform Eneco Pulse. The results have been positive, both in the area of the recruitment of new employees and with respect to enhancing the pride and visibility of employees. This is why we have expanded the integration of this approach.

Connecting leadership

Guaranteeing continuity

In order to realise our ambitions, we apply a consistent strategy that is in balance with the risks we face. The outcome is a financially healthy company. We strive for company-wide support of our strategy from all parties involved. We assume our social responsibility, as is demonstrated by our efforts to create safe working conditions and to reduce CO_2 emissions, both in our own business operations and in the production and supply chain.

What did we aim to achieve in 2013?

For our strategy to be successful, it is of the utmost importance that our employees share our vision for the future. Connecting leadership is a key concept in this respect, which we wanted to introduce to our management in different ways.

The individual contribution of employees to the realisation of our mission in their daily work is crucial. We call this Internal Alignment. In 2013, we wanted to maintain and further improve this contribution within Eneco. Furthermore, we wanted to get a better idea of the ways in which Joulz and Stedin employees contribute to our mission of 'Sustainable energy for everyone' and their sense of pride with respect to Eneco Group.

In our supply chain, we also seek cooperation to improve sustainability. Our target was that 75% of our purchases (excluding energy) would be purchased from sustainable suppliers.

The basis for continuity of our company continues to be a good balance between risk and return, which is reflected in our stable credit rating (A-) and the return on capital employed.

In 2008, we set ourselves the ambitious target of achieving a 50% reduction of CO_2 emissions by Eneco Group in 2013 compared with 2007. However, realisation of this target has become progressively more difficult over the past years in view of the increase in the use of our company cars.

What have we achieved?

- With a score of 7.5, we met our target (7.4) with respect to employee motivation.
- The Eneco target for 2013 with respect to Internal Alignment was met. The score for supportive behaviour rose from 57.0 to 60.7.
- In 2013, 81% of Eneco's expenditures related to purchases from sustainable suppliers.
- We have achieved a further reduction of the CO_2 footprint of our own business operations. The final result was a 39% reduction of CO_2 emissions (2012: 37%) in the areas of housing and mobility compared with 2007. The target that we set at that time, and which had already been revised to 44% at an earlier stage, has not been achieved due to the substantial increase in the use of our car fleet.
- Credit rating maintained at A- (target: A-).
- ROACE 4.7% (excluding amortisation on electricity-related fixed assets: 5.5%); target for 2013 was 4.8%.

Safe working environment

Working safely is one of the pillars of our strategy. Managers play an important role in this respect. In 2013, management paid regular visits to projects and entered into dialogue with employees, our contractors and customers. This has provided us with insight into the expectations and possibilities for improvement for working safely and in an environmentally friendly manner and into the risks that develop externally and that influence our operations.

A financially healthy company

Our strategy and our financial status are inextricably linked, because we can only realise our ambitious plans to invest in sustainable energy and efficiency concepts if the financial basis is sound. The reverse is also true: with our strategy, we aim to

guarantee the strong financial position of our company for the long term.

For Eneco, financially healthy means having a credit rating of at least A- and meeting our objectives with respect to return on average capital employed (ROACE). Standard and Poor's has not changed its assessment of Eneco's credit rating, A- stable, on the basis of its new rating methodology.

Connecting leadership

Connecting leadership is our response to developments in society and within our organisation. The speed of information exchange and knowledge development is increasing, society is open and transparent and networks and communities are becoming more important.

Realisation of our mission, 'sustainable energy for everyone', can be achieved by connecting with the surroundings in which we wish our organisation to be successful, for example, by enhancing the sustainability of the energy supply in a city district or by supporting local energy production. In Eneco's view, connecting with our stakeholders - customers, colleagues, employees, suppliers, partners, shareholders, and fellow industry members - is a precondition.

Management profile

The leadership philosophy of Eneco has been translated into a management profile, in which competencies are linked to the themes Business, People and Knowledge. Developing the competencies in this management profile is one of the instruments to take connecting leadership within Eneco a step further. The competencies are linked to management profiles and are part of the evaluation cycle.

Breakthrough

A programme named Breakthrough is being implemented top down in the entire organisation. This programme is aimed at speeding up the transformation to a new, truly customer-oriented organisation. This includes setting higher ambitions to take bigger steps. The breakthrough programme is aimed at bringing about a change in behaviour together with all our employees, which is necessary to achieve our mission and challenging ambitions. Three cultural attributes have been defined for the workflow Employees & Culture that has resulted from the Breakthrough programme. These attributes, which apply to the desired behaviour within the organisation, are customer first, empowerment and together. We strive to group all our activities around these themes.

The Journeys

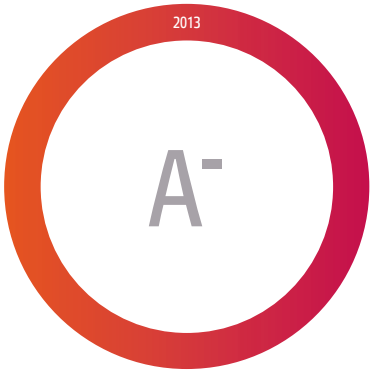
The Journeys is a new development programme for the entire group aimed at optimising the setup and management of customer processes. Participants are selected on the basis of their ability to act as ambassadors for change and to bring about this change through collaboration. This programme allows them to develop their skills.

Diversity

The realisation of our vision 'sustainable, decentralised, together' requires balanced teams of employees who, together, are able to make a connection with our customers and our surroundings. This not only requires a good balance between men and women, but also means that there is a place in the organisation for the challenged and for people who have great difficulty finding a job.

Diversity and showing respect for differences are equally important factors for the success of these teams. Entering into a constructive dialogue enables us to shape our strategy from all possible angles.

In consultation with the central works council, we had set ourselves the target of appointing women to 30% of the management positions. At present, the share is approximately



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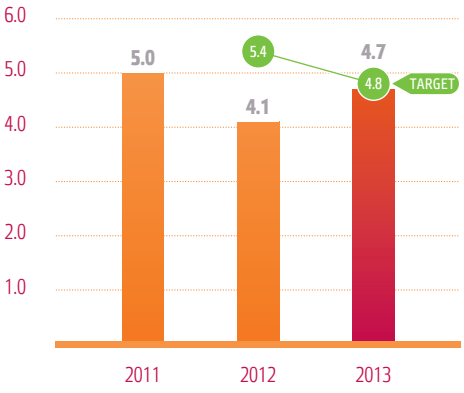


ROACE
(in %)

20%. In 2013, three women were appointed to director positions (Stedin, Administrative Affairs and Strategy), which raises the number of women in key positions to five. The Supervisory Board (page 73) also appointed a new female board member.

More attention will be paid to this theme during the coming year and different initiatives will be started to extend this approach to all levels of the organisation.

Committed employees

Strategic Alignment Monitor

The Strategic Internal Alignment Monitor, carried out by the Erasmus Reputation Institute, is used to determine how our employees contribute to the realisation of our mission in their daily activities. This monitor provides insight into how the different business sections can direct the thoughts and actions of their employees.

Within energy company Eneco, the monitor has been applied since 2008. The first baseline measurements were carried out for Stedin and Joulz in 2013. The results show that, with a higher score for the third year in a row, the contribution of Eneco employees to the realisation of our mission continues to increase. This is due to the fact that managers increasingly involve their employees in the vision, mission and strategy of the company and the translation thereof into day-to-day practice. Mission and strategy are also becoming topics that are discussed among colleagues; collaboration is an important aspect within Eneco Group. Compared with other organisations both in the Netherlands and abroad, Eneco has a leading position in the area of strategic internal alignment. The results of the baseline measurements at Stedin and Joulz are comparable to the result of Eneco in 2008, which leaves room for improvement.

Proud of our company

For the first time, we have measured to what extent employees feel proud to work for Eneco Group. The great pride that our colleagues feel with regard to the company is reflected in their answers:

- 91% of Eneco employees, 84% of Joulz employees and 70% of Stedin feel proud;
- employees mainly feel connected to Eneco because of the sustainable and entrepreneurial character of Eneco Group;

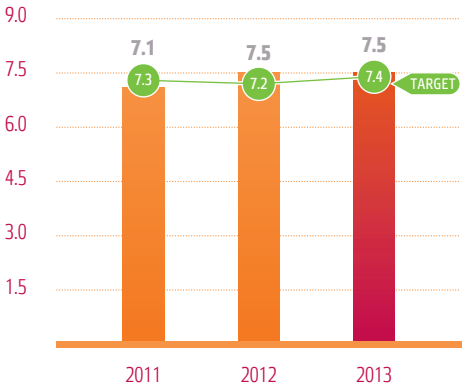
Employee Motivation Survey

Employees are essential for the realisation of our strategic objectives. The satisfaction and motivation of employees are assessed on a regular basis by means of the Employee Motivation Survey (EMS). In 2013, an EMS was carried out for the business sections Stedin and Joulz. No separate survey was conducted for the Eneco parts of the organisation. The presented score is the average of the scores of the assessments carried out at Stedin and Joulz in 2013 and the score for Eneco from 2012. The scores for Stedin and Joulz in 2013 were higher than the score in 2012. Just like last year, Eneco's total score of 7.5 is equal to the national average (7.5).

Items that were assessed in the survey included satisfaction, motivation, commitment, loyalty, vitality, turnover and retention and customer orientation of employees. The scores for the business sections where the survey was carried out in 2013, were equal to or higher than the result in 2012. The frequency with which the different business sections carry out the survey varies, but the applied methodology is the same. The questionnaires are largely identical, with room for specific fields of attention per business section. Research company Effectory conducts the EMS at Eneco Group. The business sections Ecofys and Oxxio were also not included in the scope in 2013. Ecofys was not included due to its independent position within the Eneco Group and Oxxio was not included as it is positioned as an independent brand within the Eneco Group. The management of employee satisfaction is the responsibility of these business sections.

Modern participation

Eneco takes the lead in the Netherlands with its modern, networked employee participation. As no blueprint exists for this type of participation, it was decided to apply a trial period of two years. On the basis of key performance indicators, the progress and results are monitored on a quarterly basis. Three main features and benefits of networked participation are:



EMPLOYEE MOTIVATION

1. Collaboration between works council members and non-elected colleagues through joint participation in theme and knowledge groups..
2. Timely dialogue between works council and management.
3. New members in the works council: every two years, 50% of the works council members step down; the maximum term of office is two periods of four years.

Attractive workplace

The head office of Eneco Group obtained second place in the Winning Workplace Award, with high evaluations from both employees and a jury of experts. A year after we moved into the building, its positive influence is still noticeable. It contributes to our strategy in a variety of ways.

The building can easily be reached by public transport and has a sustainable energy supply that includes solar panels and underground heat and cold storage. The shape of the building provides additional insulation and optimal use of daylight. The large meeting spaces stimulate contact between employees, resulting in new and exciting forms of collaboration between departments that previously were not closely related. All these aspects result in a greater sense of pride, responsibility and commitment, which is even reflected in the absence due to illness figures.

The same approach has been applied to the offices that Stedin and Joulz moved into in 2012 and 2013 respectively, taking into account the character and size of these buildings. An open and transparent atmosphere similar to the head office can be felt in both of these offices in Rotterdam, which is reflected in the employee motivation scores.

Eneco also pays attention to a healthy balance between work and personal life. An example of this is our Eneco Vitaal (Eneco Health) programme, which offers employees a broad range of sport and relaxation possibilities.

Collaboration

At the beginning of 2013, we announced our partnership with Mitsubishi Corporation, co-financer of the new Luchterduinen Wind Farm that will be built off the Dutch coast. Strategic partnerships like these enable us to successfully realise our mission ‘sustainable energy for everyone’.

Leadership also means collaboration

Leadership is related to reliable management and a steady and profitable strategy. It is also related to collaboration. We seek this collaboration in the form of strategic partnerships, for example, by joining forces with WWF for a sustainable energy supply. But leadership also means collaborating with other energy companies. An example of this is the preparations that are being made for the offshore wind farm Navitus Bay in the United Kingdom, a project in which Eneco UK is working together with EDF Energy. In view of the size and complexity of this project, the input of EDF Energy is very valuable to us.

Sustainable purchasing

Supplier Code of Conduct

Eneco requests all its new suppliers in the Netherlands to sign a Code of Conduct in connection with sustainability and corporate social responsibility and asks larger suppliers (10,000 euro and up) to take a Sustainability Test. 81% of the expenditures in 2013 related to purchases from suppliers that meet our requirements with respect to sustainability, corporate social responsibility and supply chain transparency. In 2013, we formalised our ambitions to take further steps in the area of sustainability together with a number of strategic suppliers in the form of a contract. These steps include increasing the production of sustainable energy and decreasing energy consumption. The objective for 2014 is to carry out this test for all our suppliers to further enhance the transparency of the supply chain and to stimulate sustainability together with suppliers.

Procurement Desk

In the coming years, Eneco will focus on cutting costs and enhancing sustainability. To support this, we have created the Procurement Desk, which is dedicated to the relationship with suppliers. All purchasing-related questions will be handled centrally by this Desk, which will also ensure that purchasing will only take place from sustainable, contracted suppliers. We expect that the share of purchases from sustainable suppliers will increase to 90% in 2014.

Possibilities for harmonisation of purchasing management between the different business segments are being investigated.

Sustainability check

We are exploring possibilities to check the sustainability of our suppliers to ensure that their sustainability can continue to be guaranteed after the signing of the contract and to obtain a clear view of and anticipate possible risks. The use of an external party that carries out more rigorous tests to determine the sustainability ambitions and performance of our suppliers is being considered. The results and items that need to be developed are discussed in regular consultations with the suppliers, during which we also agree on the improvements that must be implemented.

Showcases

We have made additional agreements about sustainability with a number of suppliers. This results in interesting showcases that help to stimulate sustainable purchasing. Examples include the agreements with respect to sustainability that we made with our ICT service provider Capgemini. In 2013, we renewed and strengthened our collaboration and agreed the following with respect to sustainability:

- Energy use for our ICT in the Netherlands will be reduced by 5% per year.
- We will use 100% green electricity and the share of HollandseWind energy will be increased to at least 10%.
- For hardware purchase, sustainability criteria will be specified in consultation. These criteria will play a major role in decision making.
- Through concrete initiatives, we will continuously contribute to the improvement of the environments in which our ICT service provider Capgemini operates.
- Eneco will make employees of the ICT service provider sustainable offers that will contribute to their awareness with respect to the need for sustainability.

These showcases can be found on http://www.eneco.com/en/organisation/sustainable-purchasing/

* Scope Eneco, without Joulz and Stedin

Sustainable operations

Our business operations have been climate neutral since 2008. This means that we optimise the reduction of our CO_2 emissions and compensate for areas where savings cannot yet be optimised. The ambitious target set in 2008, of a 50% reduction in CO_2 emissions by Eneco Group in 2013 compared with 2007 was not achieved. The final result amounted to a reduction of 39%.

With the current available technology, we do not expect to achieve any further substantial improvements with regard to our CO_2 emissions without negatively impacting our business operations. Major changes to our business operations have made the current result possible. Further progress will continue to be monitored and adjustments will be made where necessary.

Our position as a role model and the maxim 'Practise what you preach' formed the reason to enhance the sustainability of our internal operations. However, we make the biggest impact in our supply chains, for example by helping our customers to save energy, by generating energy together and by supplying sustainable energy. Our progress in this area is monitored via our One Planet Thinking (page 159) initiative.

CO_2 emissions decrease

In 2013, the CO_2 emissions of Eneco Group per employee were 39% lower than in 2007. Last year, we reported a reduction of 37%. There are large differences between the business segments Eneco, Joulz and Stedin. This is due to the nature of the work. This is demonstrated by the fact that more than 50% of Joulz's CO_2 footprint results from emissions from company vans, the sustainability of which cannot be improved easily.

Another item to which the results can be attributed is the use of 100% green gas, 100% electricity in the form of Eneco HollandseWind and further improvement of sustainability in the area of mobility in connection with the project Duurzaam op Weg (Sustainable Transport). However, these reductions are tempered by the growth of our company vehicle fleet due to the increase in the number of technicians in connection with the installation of the Toon thermostats throughout the country and the increase in Joulz's activities outside the Stedin network area.

CO_2 compensation

Eneco strives to improve its efficiency as much as possible and to reduce its CO_2 emissions. For areas of our internal business operations that still generate CO_2 emissions, we purchase REDD or Gold Standard CO_2 certificates to compensate these emissions. Purchase takes place before publication of the annual report relating to the year in which the CO_2 emissions occurred. All the CO_2 certificates required for the years 2008 to 2013 have been delivered and paid in full by Eneco.

Reduced Emissions from Deforestation and forest Degradation (REDD)

REDD is an instrument for the financing of forest protection. Reasons for deforestation are the money that is made from cutting down trees and using the land for the cultivation of crops such as soy and oil palms. In contrast, not much money is earned by leaving the forests intact. Since deforestation is one

CO_2 EMISSIONS REDUCTION PER EMPLOYEE

	Result 2013 (compared with 2007)
Eneco Group	39%
Eneco	49%
Stedin	56%
Joulz	18%

CO_2 EMISSIONS PER EMPLOYEE - ENECO GROUP

(tons of CO_2 per employee)	2007[1]	2013[1]
Mobility	2,8	2,7
Housing	1,8	0,1
Paper	0,1	0,0
		2,8
CO_2 emissions/ employee	4,6	

[1] Rounded numbers, 2013 figures adjusted for degree days

of the main causes of climate change, investing in forest protection is important. Through these investments, it is possible to earn money by leaving the forests intact, which discourages deforestation. This is the essence of REDD. Eneco and WWF wish to stimulate this new instrument. To do this properly, Eneco and WWF have entered into agreements with respect to the use of REDD certificates.

Gold Standard

Gold Standard projects have strict criteria: the investments must relate to sustainable energy projects in developing countries that could not be realised without the sale of CO_2 certificates. Another condition is that the local population must benefit from the projects.

Sustainable Transport

With the programme Sustainable Transport (Duurzaam op Weg), Eneco Group has made a lot of changes in the area of mobility, for which we have been rewarded with a nomination for the Mobility Award by lease car company ALD. Changes include improvement of the sustainability of the lease policy for the entire group with measures such as selecting cars with a maximum emissions standard of 120 grams of CO_2 per kilometre and offering lease car drivers an alternative in the form of a public transport pass. Eneco rewards employees who travel to work by bicycle.

In collaboration with Alphabet Autolease, we made rigorous changes to our lease car fleet consisting of more than 700 cars by trading in polluting cars. As a result, the average CO_2 emissions of all the 219 newly ordered cars is only 93 grams per kilometre. This is lower than the EU target for 2020 of 95 grams. In the past year, the average CO_2 emissions of the total lease car fleet were reduced by 18% from 134 grams per kilometre to 111 grams per kilometre.

The fuel consumption of our car fleet has increased by 40% since 2007. This can be attributed to the growth of the number of cars and the greater distances travelled as a result of the relocation of our activities. The average standard emissions of our company-owned car fleet amount to 184 grams of CO_2 per kilometre and the average standard emissions of our lease car fleet amount to 111 grams of CO_2 per kilometre (see also the GRI-table (page 82)).

100 percent Eneco HollandseWind and green gas

We have been using heat from heat and cold storage facilities and green gas instead of natural gas for the heating of our business premises since 2010. Due to the higher availability of green gas, the share of green gas in our total energy consumption increased to 100% in 2013. Our green electricity product HollandseWind is used to cover our entire electricity need. By relocating to sustainable offices and implementing the 'New World of Work' concept, the amount of energy required for space heating decreased both in absolute terms and per square metre by 36% and 26% respectively, compared with 2007. Electricity consumption per square metre decreased by 5%. In absolute terms, energy consumption decreased by 26%, mainly as a result of a reduction of the number of square metres of offices and warehouses combined with a growing employee population.

CSR and CO_2 performance ladders

The audit for the certification for the Corporate Social Responsibility (CSR) and CO_2 performance ladders took place in September. Joulz is the only company in the Netherlands to maintain its position on the highest rung (5) of both ladders. In order to reduce our CO_2 emissions, we organised a contest that generated close to 150 ideas.

Financial result

Eneco Group's performance in line with expectations

Financial results

We recorded a net profit of € 241 million in 2013, an increase of € 8 million (3%) compared with 2012. Revenue was almost unchanged from the previous year at € 5,251 million (2012: € 5,256 million). Gross margin on the supply and transmission of gas, electricity and heating and revenues from related services rose by € 180 million (10%) to € 1,974 million, due mainly to an increase in regulated transmission tariffs, an expansion of our sustainable production capacity and higher sales of gas and heating during the cold first six months of the year.

Operating profit before depreciation and amortisation (EBITDA) was € 877 million, up € 101 million (13%) on the previous year (2012: € 776 million). Depreciation and amortisation was € 41 million higher, mainly because of expansion of our solar, wind, biomass and network activities. In respect of market prices, it is expected that the current poor relationship between gas and electricity prices ('spark spread') at gas-fired power stations and the low prices for CO_2 rights will continue for some time. Consequently, we have recognised impairment of € 68 million to electricity-related assets in the Netherlands and Belgium. Net profit rose by 3% from € 233 million to € 241 million.

Our operating expenses were 8% up on the previous year at € 1,579 million (2012: € 1,459 million) as a result of further growth in our solar, wind, biomass and network activities, the development of new products such as our smart thermostat Toon, marketing to gain customers in the Netherlands and Belgium and higher maintenance charges for our networks.

We continue to focus on structural cost control so that we can continue to invest in new sustainable energy production and networks in the future. One example of this is a project started in 2012 which focuses on structuring joint procurement and streamlining ICT costs. One element of this is outsourcing certain indirect activities, such as some internal ICT services. This led to non-recurring additional expenses in 2013.

Investments

Everything we do focuses on making the energy supply more sustainable and so we continue to invest substantial sums in our own renewables generation, energy saving and a reliable, modern network. In 2013 we invested € 854 million (2012: € 712 million) and were able to use the tax incentives available in the second half of the year. We invested in the development of solar and wind farms (€ 266 million) in the Netherlands, Belgium and the United Kingdom and in the Golden Raand biomass power station in Delfzijl (€ 33 million in 2013, total € 175 million). We invested a further € 83 million in district heating networks, half of which was in the Leiding over de Noord pipeline, which will transport heat from Botlek to 45,000 customers in Rotterdam and where construction has now commenced. We also invested considerably more in improving and expanding the gas and electricity networks (€ 422 million compared with € 357 million in 2012).

Production, trading and supply

Although the final quarter was mild, the temperature was below normal in every month of the first half of the year, and so our customers' consumption of gas and heating was higher across the year. The force of the wind remained below the long-term average in 2013. In addition, trends in market prices for electricity, gas and CO2 are still unfavourable for generating electricity in gas-fired power stations and competition in the market is fierce. Expansion of our production, trading and supply activities created an increased margin but also higher expenses. The net effect was positive: profit (EBITDA) rose by 3% to € 290 million (2012: € 282 million).

Networks and engineering

Revenue from network activities rose this year but there was an increase in costs, in particular for maintenance and investment in the networks. The length of interruptions in energy supply was markedly lower than in 2012 with the average power cut resulting from breakdowns in our electricity network falling by 40% from 35.6 minutes per customer in 2012 to 21.3 minutes this year.

We implemented various efficiency measures in our engineering activities in 2012 and they led to positive results in 2013. In difficult market conditions, revenue rose and the utilisation rate improved. We entered into major contracts with TenneT for the

construction of a new high-voltage connection to Goeree-Overflakkee (€ 40 million) and with Total Antwerp for the construction of two switching stations (€ 25 million). Work on both projects started in 2013. EBITDA on network and engineering activities rose by 18% to € 617 million (2012: € 521 million).

Outlook

We have confidence in the further development of Eneco Group. External factors such as lower regulated transmission tariffs and the continuing negative spark spread will affect the financial results for 2014. Although we will persevere with our sustainability strategy and strict cost controls, we do not believe it will be easy to maintain the net profit for 2014 at the same level as in 2013.

Ecofys

Experts in energy

The independently operating consultancy firm Ecofys, of which Eneco is 100% shareholder, possesses in-depth knowledge across the entire spectrum of sustainable energy, energy and CO_2 efficiency, energy systems and markets and energy & climate policies.

Energy and CO_2 efficiency

Ecofys has a good and all-round reputation in the area of energy efficiency. In 2013, Ecofys calculated the CO_2 footprint of broadcasting association VARA for the sustainability and environment-related television programme KASSA Groen.

In an article, written for Friends of the Earth Europe and Climate Action Network Europe, Ecofys demonstrates that energy efficiency not only results in direct cost reduction, but also lowers indirect cost due to the fact that energy prices will drop. Consequently, the efficient use of energy could add up to total net savings of €250 billion per year for consumers.

In a study for the European Committee, Ecofys and its project partners have taken a first step towards the creation of a common standard for nearly zero-energy buildings. By 2021, every new building in Europe will have to meet this standard.

Ecofys assisted the European Chemical Industry Council (Cefic) in the development of its Energy and Low Carbon Roadmap 2050. This Roadmap explores the long-term role of the chemical industry as Europe progresses to an energy efficient and low greenhouse gas emission future.

Following its Wedging the Gap initiative, Ecofys launched a new initiative in 2013: CO_2ntdown. On the basis of 10 concrete goals, Co_2ntdown aims to reach an extra 10% emissions reduction in the Netherlands. Eneco supported the start of this initiative as it is fully in line with its own objectives

Sustainable energy

The European Union was the first region to introduce binding sustainability criteria for biofuels. Ecofys has written a report for the Dutch Government in which it describes and assesses the proposed measures and their consequences for the Dutch and European biofuel sector. In another project, Ecofys advises the Dutch Ministry of Infrastructure and the Environment on the stimulation of biokerosene in the Netherlands. In close consultation with the main stakeholders, the opportunities and obstacles relating to the use and production of biokerosene are being investigated.

Ecofys has further expanded its services for clients with operations in the wind energy sector. Ecofys Wind Turbine Testing Services (WTTS) successfully completed the construction of a 120 metre high wind measurement mast on Test Site Lelystad. The mast is the tallest in its kind in Northwest Europe and will deliver meteorological data for testing wind turbine prototypes. The new met mast offers verification testing services for high-end technological wind measurement instruments.

Energy systems and markets

Ecofys provides services to several parties in the area of energy systems. Activities during the past year included providing support for a project of the Bonneville Power Administration in the United States to identify new, cost effective, low carbon resources to integrate wind energy and other forms of renewable generation into the grid. In a study for the European Copper Institute, Ecofys investigated the energy efficiency aspects in electricity network design and operation. The study showed that financial incentives play an important role in this respect.

Ecofys is partner in the project 'Smart Grid: rendement voor iedereen!' (Smart Grid: everyone benefits!) for which it develops and tests services relating to Smart Grids at two pilot sites in the municipalities of Utrecht and Amersfoort. Services that are being tested include advice about energy consumption, incentives to shift energy consumption in time, remote demand control and smart charging of an electric car that is shared by multiple users. This is the first smart grid pilot project carried out by the Province of Utrecht.

Energy and climate policy

For the European Union to achieve its 2013 targets, it needs to eliminate the substantial surplus of emission rights in the EU's emissions trading system ETS. This is necessary to keep the European Union's goal to limit global temperature increase

below two degrees Celsius (2ºC) within reach and to restore the effectiveness of the ETS. For Greenpeace, Ecofys has drawn up recommendations to this effect.

Another Ecofys policy study shows that implementation of the European Union's energy efficiency targets requires more effort from the member states. As part of the EU project 'Energy-Efficiency-Watch 2', Ecofys and its partners screened all 27 National Energy Efficiency Action Plans (NEEAP).

2013 was the third year in a row that Ecofys contributed to the UNEP Gap report. This study investigates, on a yearly basis, what the gap would be in 2020 between the emissions levels required to achieve the 2º C climate objective and the emissions levels projected if country reduction pledges are fulfilled.

Manon Janssen, figurehead top sector Energy

In October 2013, Minister Kamp of Economic Affairs appointed Manon Janssen, Managing Director of Ecofys, as the figurehead of the top sector Energy. Manon Janssen succeeds Michiel Boersma who stepped down from this position at the end of September.

Report of the Supervisory Board

Healthy results with sustainability strategy

The Supervisory Board takes pleasure in presenting the 2013 Annual Report and Financial Results for the Eneco Holding N.V., as drawn up by the Board of Management.

In 2013, just as in the preceding years, Eneco achieved healthy results with its sustainability strategy. This was a particularly capable performance given the current market conditions – a performance of which the Supervisory Board is proud. Very few (energy) companies are so consistent in their dedication to sustainability, and no other major energy company invests more in the Netherlands and Belgium in making household energy sustainable.

A developing market

Eneco has dedicated itself entirely to a sustainability strategy since 2007. The crisis on the financial markets, the economic market developments and increasing price competition from a growing number of collectives and auctions, have all changed the dynamic substantially in the market in which Eneco operates. At the same time the importance of sustainability is being accepted more widely, as witnessed by the SER national energy agreement signed by 40 organisations in September 2013. In it, the parties commit to firm agreements to quadruple the share of renewable energy in the Netherlands over the coming decade.

The challenges Eneco faces are forging close bonds with its clients, employees, shareholders and other interested parties, and preventing unbundling of Eneco's network and supply activities. Eneco is able to respond to this market dynamic by consistently keeping its sustainability strategy up-to-date.

Supervisory Board changes

The movement towards an open, commercial playing field in which close ties with customers are crucial, demands regular renewal and continuity within the Supervisory Board's composition. In this composition, a balanced distribution of the seats will continue to be taken into account. The appointment of Marike van Lier Lels in September 2013 achieved a further enhancement of know-how in marketing, communication and client retention. Three supervisors step down in March 2014: John Lintjer, Kees van Dongen and Joop Drechsel. The selection of a new supervisor with financial knowledge and experience has begun in good time. It is expected that this supervisor will be presented during the shareholders' meeting of 28 March 2014. For the sake of continuity, two of the serving Board members – Klaas de Vries and Henk Dijkgraaf – will continue their position for a longer period and will be presented for re-nomination.

A thematic approach to the Supervisory Board meetings in 2013 contributes to a renewed focus on the way the Supervisory Board functions. The Board's meetings begin with news and safety, including ICT security. Accidents resulting in absences and safety cases are discussed immediately. The Board then allocates considerable time for the main theme, then followed by other decisions. Other fixed topics in the Supervisory Board meetings are the strategy and the associated risks which Eneco identifies, and advice which has been issued by the Central Works Council. In 2013, the Supervisory Board combined two meetings with working visits: in July to the Eneco Energy Trade department and in October to Eneco Belgium, where among other things the Board listened-in on call-centre staff during client conversations.

On the 2013 agenda

Main themes on the Supervisory Board meeting agendas in 2013 included the realisation of the sustainability strategy, the relationship with all parties involved with Eneco, and the organisational change, 'Customers First'. The pronouncement of the Court of Justice in Luxembourg on 22 October 2013, regarding the 'group prohibition' (prohibition on integrated energy companies) and its consequences, was also a recurring theme. Other themes the Supervisory Board discussed were Eneco's retail strategy, its growth plan, shale gas and the

consequences for gas markets, internal alignment, and compliance and integrity.

In 2013 the Supervisory Board approved a number of major investments, including the Moy wind project in Scotland (60 MW) and the wind farm in Delfzijl Noord (60 MW). The 19 wind-turbines in Delfzijl Noord will be installed in 2014, and will generate electricity for some 55,000 households. In terms of the project scheduling, Project Moy will be operational by January 2016. The Board discussed the status of high-impact projects like the Luchterduinen wind farm, the Leiding over Noord heat pipeline and the Bio Golden Raand biomass power station. The Board also followed the process leading to the creation of the SER national energy agreement and the steps towards the definitive 'Methodebesluit' or Method Decision (new tariff regulation 2014 up to and including 2016) of the Netherlands Authority for Consumers and Markets, or ACM. The Board discussed the strategic, operational and financial progress of Eneco. Both the Supervisory Board and the Audit Committee are following developments in the financial markets closely. The Treasury Statute was updated in this context, and the Treasury Plan 2013 was approved. The Audit Committee discussed the 2012 Financial Statements, the 2012 Accountant's Report, the 2013 Audit Plan and the 2013 Management Letter. The 2012 Financial Statements and the 2012 Accountants' Report were discussed by the Supervisory Board in the presence of Deloitte Accountants.

Audit Committee

In the reporting year, in addition to the usual topics of financial reporting, the Audit Committee devoted consideration to the financial-strategic framework for the longer term, and the short-term performance-improvement programme. Additional financing and the quality of the cash-flow planning were also topics for discussion in the Audit Committee's meetings.
In 2013 further progress was made on redemption of Cross-Border Leases – transactions entered into in the period 1997-2000 for a major part of the gas, electricity and heating grids. ICT issues such as innovation and security are regular topics on the agenda. Alongside the focus on preventive risk management, attention was also devoted to measures to secure operational continuity.

Consultations and attendance

In 2013 the Supervisory Board held nine regular meetings, one of which was telephonic. The majority of the Board members attended the annual general meetings in March and September 2013. Two Board members took part in rotation in the consultation meetings of the Central Works Council.
The Audit Committee met seven times, with the participation of Deloitte Accountants. The internal auditor was also present during a part of most meetings. One of the meetings was conducted in writing. The Chairman of the Audit Committee held regular discussions with the CFO and the external accountant.
The Selection and Appointment Committee met twice in 2013, and the Remuneration Committee once. There was also discussion every two weeks between the Chairman of the Supervisory Board and the Chairman of the Board of Management, and there was regular telephonic discussion between the members of both boards.
Both boards also held regular discussions with the Shareholders Committee and the Rotterdam, The Hague and Dordrecht shareholders. The open nature of the dialogue on Eneco with the shareholders contributed to the good relations.

Remuneration

The 2013 Remuneration Report is available on Eneco's corporate website. The remuneration of directors and officers is detailed further Note 6 (page 105) of this Annual Report.

Other

In note 31 of the financial statements, reference is made to a transaction with one of the members of the Supervisiory Board.

Advice

Eneco concluded 2013 with a satisfactory result. The Supervisory Board would like to thank the management, employees and all Eneco's external partners for their considerable dedication and efforts. The Board would like to express a specific vote of thanks to Wim Weijers, secretary of the Supervisory Board until mid-2013, for his significant

ATTENDANCE OVERVIEW

Meeting date	Edo v.d. Assem	Mirjam Sijmons	Klaas de Vries	John Lintjer	Henk Dijkgraaf	Kees van Dongen	Joop Drechsel	Marike van Lier Lels
Friday 25 January 2013	x	x	x	x	x	x	x	0
Friday 1 March 2013	x	x	x	x	x	x		0
Wednesday 27 March 2013	x	x	x		x	x	x	0
Friday 31 May 2013	x	x	x	x		x	x	0
Friday 5 July 2013	x	x	x	x	x	x	x	0
Friday 2 August 2013 (telephonic meeting)	x	x	x		x	x	x	0
Friday 11 October 2013	x	x	x	x	x	x		x
Friday 15 November 2013	x	x	x	x	x	x	x	x
Friday 13 December 2013	x	x	x	x	x	x	x	

x present
0 not yet appointed

contribution to Eneco and its corporate predecessors over some 34 years.

The Supervisory Board regards the future of the company with confidence.
We would advise the shareholders to adopt the 2013 Financial Statements.

On behalf of the Supervisory Board, Eneco Holding NV

Ir. E.H.M. van den Assem

Rotterdam, 28 February 2014

Remuneration 2013

Board of Management remuneration policy

In determining the remuneration for members of the Board of Management, Eneco takes account of its particular social position by applying the market principle and the principle of moderation.

Starting point

The Board of Management's primary terms of employment are determined on the basis of the 'Board of Management Remuneration Policy' established on 20 May 2005 by the Eneco Group General Shareholders' Meeting. The secondary or fringe benefits are stipulated in the 'General Employment Conditions for the Board of Management'. The Board of Management remuneration must enable Eneco to attract and retain qualified management for Eneco. This requires competitive remuneration proportionate to the market for top management in the corporate sector. The desired market position for the terms of employment of Board of Management members is the median level in the General Market for Managers. Two policy principles are guiding here: the market principle and the principle of moderation.

Market and moderation principles

The market principle means that Eneco must be regarded as a normal, commercial and market-oriented company. The principle of moderation means that the Supervisory Board must implement a restrained remuneration policy with an eye on Eneco's history, and because 100% of Eneco's shares are held by public shareholders (municipalities). Thus the benchmark with companies of a comparable scope and complexity in the private sector is not translated fully into the current remuneration of Eneco's managers.

From year to year the Annual Shareholders' Meeting shares its views on remuneration of the Board of Management with the Supervisory Board, and the Supervisory Board determines the extent to which the principle of moderation can be interpreted without affecting Eneco's employment market position. In 2013, the Supervisory Board saw no motivation for changing the current application of this principle of moderation.

Social results determinant in remuneration

In 2013 once more, the remuneration of members of the Board of Management depended on performance criteria, including socially-relevant results. The three main criteria for variable remuneration were:

- The financial performance, including EBIT, credit rating ratios and cost reductions;
- Safety; LTIR (Lost Time Injury Rate);
- Implementation of the sustainability strategy, including alignment of customers and employees expressed in customer satisfaction and employee satisfaction and involvement, sustainable purchasing and sustainable investment.

Each year, Eneco publishes a remuneration report with details of the Board of Management's remuneration on the corporate website, eneco.nl/corporate.

About this report

Further development annual report

Since 2010, we report on our financial and strategic performance in our annual report. This is a development process. One development is that we have instructed Deloitte to increase the level of assurance from limited to reasonable in accordance with the latest GRI guidelines (4.0). Starting this year, the assurance report is integrated (financial and non-financial) and worded positively.

Topic selection in the annual report

We have decided to adopt the latest GRI guidelines (4.0). An important reason for this decision is that, in these new guidelines, materiality and relevance are positioned more strongly than in the previous guidelines, in which the A-B-C system gave the impression that providing more information is always better. Focus and transparency are essential for the realisation of our strategy. This is in line with the G4 guidelines. An important element of the new G4 guidelines is the emphasis on the materiality and relevance of the selected annual report topics. Both from the point of view of Eneco and the point of view of its stakeholders. In addition to transparency, there is also a greater emphasis on the supply chain. This fits in well with the One Planet Thinking (page 11) approach that we also present in this report.

As becomes apparent from the chapter “Commitment” (page 27) in this report, we pay a lot of attention to maintaining a continuous dialogue with our stakeholders. This enables us to stay informed of the views and concerns of our customers and other stakeholders and provides us information that helps us to further improve our range of products and services. This is an essential and continuous process, because our reason for existence is based on meeting the needs of our stakeholders. From this perspective and based on the structure of our strategic framework (page 17) we select the topics for our annual report. One of the stipulations of the G4 guidelines is that the expectations of stakeholders with respect to annual report topic selection must be assessed. Although we have not carried out a specific analysis among all our stakeholders, we do understand the importance of this information. We have not yet decided on the best way to implement this. In 2013, we have come to the realisation that we do not believe in an annual ‘stakeholders’ day’, seeing that, in our view, every day is stakeholders’ day. Furthermore, we do not believe in the central coordination and follow-up of dialogues with our stakeholders, since we attach great importance to the natural occurrence of this interaction. However, we are well aware that taking steps in 2014 to – in any way – assess the interests and expectations of our stakeholders is both useful and necessary.

Consequently, the materiality analysis that we carried out for this annual report is an internal analysis only. The results of this analysis are summarised in the GRI table (pagina #) (page 82). The application of the new GRI guidelines resulted in slight changes in the selection of GRI indicators for this year, as there is a larger set of indicators that correspond to our material themes. In addition, we have included those sector indicators that we can report on. In 2014, we will work on the further detailing of the sector supplement.

For further information see Reporting policy (page 157)

Scope

Eneco's performance forms an integral part of the strategy of the group and is described in this report in general terms. For the scope of the financial performance, we refer to the notes to the consolidated financial statements. With respect to the non-financial performance, Eneco Group reports on the entities over which it has decisive control. Ecofys has an independent position within Eneco and is consequently not included in the scope. However, a page describing Ecofys’s main qualitative results has been included (pagina #).There are differences between the entities of Eneco. As a result, uniform measurement of the performance of these entities is not always possible. This means that some KPIs have a limited scope and

have been specially developed for a specific Eneco entity. It has been agreed with WWF that the WWF KPIs all relate to Eneco's energy company. See the Scope overview for further details (pagina #).

Unless specified otherwise, the definitions and reporting principles are unchanged from last year. Where possible, quantitative information is compared to the corresponding figures in previous years. The reporting principles for the critical key performance indicators (KPIs) are described in the table strategic KPIs.

Internal operations include the assets of business entities of Eneco Group over which we have decisive control. The scope does not include the production units for electricity, heating and cooling. Nor does it include energy supplier Oxxio that was acquired in 2011. The emissions resulting from the internal business operations of Ecofys are not included to emphasize Ecofys' independent position.

Unless specified otherwise, the definitions and reporting principles are unchanged from last year. Where possible, quantitative information is compared to the corresponding figures in previous years. The reporting principles for the critical key performance indicators (KPIs) are described in the table strategic KPIs.

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Control and assurance

This year we have chosen to bring the reliability of our strategic KPI's to the same level as our financial figures. This means that we have instructed our accountant to increase the assurance level for the strategic KPIs from 'limited assurance' to 'reasonable assurance'. This was a logical choice, because the daily monitoring and managing of both financial and non-financial parameters is integrated to an increasingly higher degree. On top of that, we also define our strategic success and our ambitions in that context. Thus, we now also consider a high degree of reliability of non-financial performance to be a precondition. We have not asked Deloitte Accountants B.V. to investigate the KPI 'Credit Rating' as the result of this KPI is not determined by Eneco. Neither did we ask Deloitte Accountants B.V. to provide assurance with respect to other information included in the integrated annual report nor about any comparative information relating to earlier years. The full text of the In Control Statement and the Assurance Report can be found in the section Other information.

Feedback welcome

Eneco publishes the annual report online only. The report, or parts thereof, can also be downloaded in the form of a pdf file. The possibility to provide feedback is included on each page of the online report. You can also register if you want to receive news about Eneco or the Prospect newsletter. Stedin and Joulz publish their own annual report (in Dutch) that will be available online on their own websites www.stedin.net and www.joulz.nl.

Board of Management Eneco Holding N.V.

Jeroen de Haas, chairman
Kees-Jan Rameau
Guido Dubbeld
Marc van der Linden

Rotterdam, 28 February 2014

Scope strategic KPIs

The following overview indicates which business segments of Eneco Group are involved with which strategic KPIs. Structural reporting with respect to our KPIs started in 2011. No comparative figures are available for previous years. Consequently, the scope is limited to 2011 and subsequent years.

Number	Description	Eneco	Stedin	Joulz	Oxxio
1	Customer satisfaction Stedin in months		V		
2	Eneco retail customers	V			V
3	Net Promotor Score Eneco	V			
4	Reduction of the effect of customers' gas and district heating consumption on climate change compared with 2012	V			V
5	Reduction of the effect of customers' electricity consumption on climate change compared with 2012	V			V
6	Reduction of the effect of Eneco Group's electricity consumption on climate change compared with 2012	V	V	V	V
7	Share of sustainable electricity production in total supply portfolio	V			
8	Grams of CO_2 per kWh produced	V			
9	Sustainable capacity increase	V			
10	Average interruption duration energy supply	V	V		
11	Dark green gas in relation to total retail supply portfolio	V			
12	Dark green electricity in relation to total retail supply portfolio	V			
13	LTIR Group	V	V	V	V
14	CO_2 emissions reduction per employee compared with 2007 [1]	V	V	V	
15	Employee motivation [2]	V	V	V	
16	Internal alignment[2]	V	V	V	V
17	Credit Rating	V	V	V	V
18	ROACE	V	V	V	V

[1] Oxxio is not included in the scope because it was not part of the group in the baseline measurement year 2007.

[2] Following the acquisition, Oxxio was positioned as an independent brand within Eneco Group, as part of the multibrand strategy. The management of employee satisfaction and motivation is the responsibility of the business segment.

GRI-index

G4	Description	Explanation	Reference
Strategy and Analysis			
1	CEO statement		Message from the Board (page 8), Making our mission measureable (page 11); Trends and developments (page 13); Transition business model (page 20); Strategic KPIs (page 4)
Organisation profile			
3	Organisation name	Eneco Holding N.V.	
4	Main products and/or services		Profile (page 149)
5	Location head office	Rotterdam	
6	Countries in which the organisation operates		Profile (page 149)
7	Ownership structure and legal form		General informationGeneral information (page 91)
8	Sales markets, types of customers		Profile (page 149); Message from the board (page 8) Connecting with customers (page 37)
9	Organisation size		Profile (page 149), Key figures (page 7)
10	Number of employees	Partially reported	Personnel (page 168)
11	Number of employees covered by collective employment agreement	Partially reported	Personnel (page 168)
12	Description supply chain	Cannot be reported completely at group level, is changing	Value chain responsibility (page 65)
13	Significant changes relating to the size, structure or ownership during the reporting period		In 2013 there were no significant changes
14	Risk management	Eneco has explained the most important risks in the risk paragraph	Message from the BoardBericht (page 8), Link between strategy and risks (page 22), Issues in 2013 (page 26)
15	Codes and principles	Eneco has operations in other countries, including developing countries. We comply with local legislation and regulations. In some cases, protection offered by regulations are less fitting than international law. Examples include child labour, slavery and other elementary labour conditions. In such cases, we apply the international standards included in the Universal Declaration of Human Rights.	
16	Memberships	Memberships include Meer met Minder and Slim met Gas, UNETO/VNI, Energie Nederland, Netbeheer Nederland, de Groene Zaak and Eurelectric.	
Materiality and scope			
17	Organisational scope		About this reportAbout this report (page 77)
18	Process for defining report content	In 2013, we initiated an assessment of the relevance of the topics on which we report. Further interrnal and external refinement of this assessment will take place in 2014 by making this topic part of the agenda for regular discussions and meetings with parties involved.	Reporting policy (page 157), Further development annual report (page 77)
19	Material aspects		see GRI indicators (page 82)
20	Scope material aspects within the organisation		see GRI indicators (page 82)
21	Scope material aspects outside the organisation		see GRI Indicators (page 82)
22	Restatements compared with previous reporting periods		Method for measuring NPS has changed
23	Significant changes from previous reporting periods		Nonen
Stakeholder engagement			
24	List of stakeholder groups engaged by the organisation.		Engagement (page 27)
25	Basis for identification and selection of stakeholders with whom to engage.		Engagement (page 27)
26	Approaches to stakeholder engagement		Engagement (page 27)

G4	Description	Explanation	Reference
27	Key topics for discussion	We are aware of the usefulness and necessity to take steps in 2014 that - in any way - determine the interests and expectations of our stakeholders.	Engagement, in dialoque (page 27)
Reporting parameters			
28	Reporting period	1 January 2013 to 31 December 2013	
29	Date of most recent previous report	Financial year 2012	
30	Reporting cycle	Calendar year	
31	Contact point	Feedback button on each page of the online annual report. The annual report can also be downloaded in pdf format. The colophon of the pdf file contains contact information.	Feedback button on each page
32	In accordance Core /Comprehensive	Reasonable assurance has been obtained with respect to the strategic KPIs and the application of GR4-Core	Core
33	Assurance policy		About this reportAbout this report (page 77)
Governance			
34	Governance structure		Governance (page 151) Corporate site: governance
Ethics and integrity			
56	Internally developed missions, codes of conduct and declarations of intent relevant for economic, environmental and social performance and implementation status.		Integrity and compliance code (page 167) Corporate site, governance

Indicators

DMA Economic performance

Eneco strives for a stable financial policy in the interest of the continuity of the organisation.
We manage our strategic targets by carefully weighing risks.

Leadership: A financially healthy companya financial healty company (page 61)
Link between strategy and risksLink between strategy and risks (page 22)Risk management (page 162)

Indicator	Description	Explanation	Reference
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments		Financial statementsFinancial statements (page 85) Key figures (page 7)

DMA Indirect economic impact
DMA Demand side management

Management approach to guarantee short-term and long-term availability and reliability is part of our Sustainable, decentralised, together vision. We invest in large-scale sustainable generation and support customers to generate their own energy.
Energy for our customers at all times is Stedin's mission. The Quality and capacity document 2013 contains more information about planned infrastructure investements.

Strategic direction (page 17); Transition business model (page 20) ; Generating energy together (page 45)
http://kcd2013.stedin.net/

Indicator	Description	Explanation	Reference
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit.		Key figures (page 7), Financial statements (page 85)– investmenst (page 68) Message from the BoardMessage from the Board (page 8) Trends and developmentsTrends and developments (page 13) Link between strategy and risksLink between strategy and risks (page 22) Generating energy togetherGenerating energy together (page 45) ExpertiseExpertise (page 58)
G4-EC8	Indirect economic impact	2014: new indicator	Energy efficiencyEnergy efficiency (page 41); Generating energy togetherGenerating energy together (page 45)
EU12	Network losses as percentage of total distributed volume	sector specific	
EU29	Electricity and gas interrruption duration Indicator.	The average interruption duration in the electricity network in minutes per customer - The average interruption duration in the gas network in seconds per customer - The average interruption duration in the district heating network in minutes per customer	Strategic KPIsStrategic KPIs (page 4) Expertise Expertise: Reliable grids (page 58)

DMA Purchasing policy

Eneco enhances the sustainability of the goods and services that it purchases. For this reason, we have prepared a Supplier Code of Conduct and we also apply an active supplier selection policy.

Leadership: Value chain responsibilitychap (page 65)

Indicator	Description	Explanation	Reference
G4-EC9	Share of purchases at local suppliers relating to significant parts of operations	2014: new indicator	Leadership: Value chain responsibility (page 65)

DMA Limiting impact on climate

Our strategy is aimed at enhancing sustainability with respect to energy in the countries in which we operate and at enhancing the sustainability of our own operations.

Making our mission measurableMaking our mission measurable (page 11);
Leadership: Sustainable operations (page 66)

Indicator	Description	Explanation	Reference
G4-EN3	Direct energy consumption by primary energy source within the organisation.		Leadership: Sustainable operations (page 66)
G4-EN4	Direct energy consumption by primary energy source outside the organisation.	2014: New indicator	One Planet Thinking Impact on climate change (page 160), Value chain responsibility (page 65)

G4-EN15	Total direct and greenhouse gas emissions by weight. (scope 1)		Leadership: Sustainable operations (page 66)
G4-EN16	Total direct and greenhouse gas emissions by weight. (scope 2)		One Planet Thinking Impact on climate change (page 160)
G4-EN17	Other indirect emissions (scope 3)		One Planet Thinking Impact on climate change (page 160)
G4-EN27	Initiatives to mitigate environmental impacts of products and services and degree of impact reduction.		Leadership: Sustainable operations (page 66)

DMA Safety and health

Safety is a top priority in our organisation. We strive for a widely-supported safety culture. The topic is always at the top of our agendas.

Expertise: Safety (page 58)

Indicator	Description	Explanation	Reference
G4-LA6	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region.	- Lost Time Injury Rate (LTIR) - Absenteeism [%] No fatalities. Other indicators/groupings not applicable for Eneco.	Strategic KPIs (page 4) Key figures (page 7) Expertise: Safety (page 58)

DMA Expertise and talent development

Sufficient qualified staff is a requirement for the realisation of our mission.

Expertise (page 58)

Indicator	Description	Explanation	Reference
G4-LA10	Programmes for life-long learning and long-terrm availability	2014: New indicator	Expertise (page 58): expertise and talent development

DMA Supply chain

See also Purchasing policy

Indicator	Description	Explanation	Reference
G4-LA14	Percentage of new suppliers that have been screened against our criteria for labour conditions	2014: New indicator	Leadership: Value chain responsibility (page 65)
G4-HR1	Percentage of important suppliers and contractors that have been tested with respect to compliance with human rights and measures taken.		Leadership: Value chain responsibility (page 65)
G4-EN32	Percentage of suppliers that has been tested with respect to compliance with the code of conduct (environmental aspects)	2014: New indicator	Leadership: Value chain responsibility (page 65)

DMA Product responsibility

Our customers are the focus of our strategy. Honest information, clear invoices, customer-oriented service and proper complaint management are essential elements of our relationship with our customers.

Customer first Connecting with customers (page 37)

Indicator	Description	Explanation	Reference
G4-PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to sucha information requirements.	- Percentage of supplied electricity in the Retail supply portfolio qualifying as "Dark green". [%] - Percentage of supplied electricity in the Retail supply portfolio generated by Eneco by means of biomass that meets the Eneco Guidelines regarding biomass or by means of natural gas, the use of which is compensated through Gold Standard VERs. [%] - Electricity label: not part of annual report but included on Eneco website	Strategic KPIs (page 4) Purchasing (page 52)
G4-PR5	Results of surveys measuring customer satisfaction.	- Customer loyalty of Eneco customers according to results of the Net Promoter Score, an international indicator for customer loyalty. [%] - The percentage of satisfied or very satisfied Stedin customers [%]	Strategic KPIs (page 4) Customers first (page 37)

Standard indicators for the sector

EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Installed Eneco-owned capacity and/or capacity covered by PPAs categorised by technology [MW]	Together decentrally - Decentralised Together: Increase sustainable electricity production
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Percentage of produced electricity (in Eneco-owned facilities and/or covered by PPAs) in relation to total supply portfolio. [%].	Strategic KPIs (page 4) Generating energy togetherGenerating energy together (page 45)
EU3	Number of customers by type of customer group.	Number of retail customers (consumers and SME customers). Partially applicable.	Strategic KPIs (page 4) Purchasing (page 52)
EU4	Length of underground cables and pipelines gas and electricity grids	In kilometres	Also see Stedin annual report www.stedin.net
EU5	CO_2 compensation	REDD or Gold Standard CO_2 certificates	Sustainable operations, CO2-compensation (page 66)

Financial statements

Consolidated financial statements 2013

Consolidated income statement

x € 1 million	Note	2013	2012
Revenues from energy sales and transmission and energy related activities	3	5,026	5,082
Purchases of energy and transmission and energy related activities		3,277	3,462
Gross margin		**1,749**	**1,620**
Other revenues	4	225	174
Gross margin and other operating revenues		**1,974**	**1,794**
Employee benefits expenses	5	389	374
Cost of contracted work and other external costs		639	588
Depreciation and impairment of property, plant and equipment	13	429	399
Amortisation and impairment of intangible assets	14	53	42
Other operating expenses		69	56
Operating expenses		**1,579**	**1,459**
Operating profit		**395**	**335**
Share of profit of associates	7	13	63
Financial income	8	10	13
Financial expenses	9	– 104	– 101
Profit before income tax		**314**	**310**
Income tax	10	– 68	– 50
Profit after income tax from continued operations		**246**	**260**
Profit after income tax from discontinued operations	11	– 4	– 26
Profit after income tax		**242**	**234**
Of which:			
Profit (loss) after income tax attributable to non-controlling interests		1	1
Profit after income tax attributable to shareholders of Eneco Holding N.V.		**241**	**233**

Consolidated balance sheet

x € 1 million	Note	At 31 December 2013	At 31 December 2012
Non-current assets			
Property, plant and equipment	13	6,978	6,670
Intangible assets	14	377	416
Associates	16	49	39
Deferred income tax assets	17	5	6
Financial assets			
- Derivative financial instruments	18	98	85
- Other financial assets	19	76	64
Total non-current assets		**7,583**	**7,280**
Current assets			
Assets held for sale	20	91	7
Intangibe assets		11	30
Inventories		65	52
Trade receivables	21	854	825
Current income tax assets		2	2
Other receivables	22	212	270
Derivative financial instruments	18	147	118
Cash and cash equivalents	23	238	220
Total current assets		**1,620**	**1,524**
Total assets		**9,203**	**8,804**
Equity			
Equity attributable to Eneco Holding N.V. shareholders	24	4,588	4,444
Non-controlling interests	24	5	3
Total equity		**4,593**	**4,447**
Non-current liabilities			
Provisions for employee benefits	25	29	28
Other provisions	26	89	73
Deferred income tax liabilities	17	413	346
Derivative financial instruments	18	157	119
Interest-bearing debt	27	1,736	1,726
Other liabilities	28	355	295
Total non-current liabilities		**2,779**	**2,587**
Current liabilities			
Liabilities held for sale	20	1	3
Provisions for employee benefits	25	2	3
Other provisions	26	34	29
Derivative financial instruments	18	124	109
Interest-bearing debt	27	175	74
Trade and other liabilities	28	1,495	1,552
Total current liabilities		**1,831**	**1,770**
Total equity and liabilities		**9,203**	**8,804**

Consolidated statement of comprehensive income

x € 1 million	2013	2012
Profit after income tax	**242**	**234**
Unrealised gains and losses that will not be reclassified to profit or loss	**–**	**–**
Unrealised gains and losses that may be reclassified to profit or loss		
Exchange differences	–	2
Unrealised gains and losses on cash flow hedges	27	– 57
Deferred tax liabilities on cash flow hedges	– 7	15
Total other comprehensive income	**20**	**– 40**
Total comprehensive income	**262**	**194**
Of which attributable to:		
Non-controlling interests	1	1
Shareholders of Eneco Holding N.V.	**261**	**193**

Consolidated cash flow statement

x € 1 million	2013	2012
Profit after income tax	**242**	**234**
Adjusted for:		
- Financial income and expense recognised in profit or loss	94	88
- Income tax recognised in profit or loss	68	50
- Share of profit of associates	– 13	– 63
- Profit (loss) after income tax from discontinued operations	4	26
- Depreciation, amortisation and impairment	482	441
- Result from sale of tangible and intangible assets	– 24	8
- Impairment of assets held for sale	–	1
- Movements in working capital	– 45	– 71
- Movements in provisions, deferred taxes, derivatives and other	59	76
Cash flow from business operations	**867**	**790**
Dividend received from associates	–	19
Interest paid	– 85	– 91
Interest received	9	4
Other financial income received	2	–
Income tax paid / received	– 1	5
Cash flow from operating activities	**792**	**727**
Issued loans granted	– 32	– 5
Repayments of loans granted	40	3
Acquisition of subsidiaries	– 23	– 23
Disposal of subsidiaries	1	–
Acquisition of associates	–	– 1
Disposal of associates	3	79
Acquisition of other capital interests	–	– 4
Investments in property, plant and equipment	– 841	– 710
Disposal of property, plant and equipment	42	10
Investments in intangible assets	– 3	– 2
Disposal of intangible assets	–	1
Cash flow from investing activities	**– 813**	**– 652**
Dividend payments	– 117	– 102
Repayment of non-current interest-bearing debt	– 85	– 50
Repayment of current interest-bearing debt	– 1,986	– 718
Non-current interest-bearing debt issued	271	11
Current interest-bearing debt issued	1,956	725
Cash flow from financing activities	**39**	**– 134**
Movements in cash and cash equivalents	**18**	**– 59**
Balance of cash and cash equivalents at 1 January	220	279
Balance of cash and cash equivalents at 31 December	**238**	**220**

Consolidated statement of changes in equity

x € 1 million	Equity attributable to Eneco Holding N.V. shareholders									
	Paid-up and called-up share capital	Share premium	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Undistributed profit	Total	Non-controlling interests	Total equity
At 1 January 2012	**497**	**381**	**945**	**1**	**– 12**	**2,337**	**204**	**4,353**	**–**	**4,353**
Reclassification depreciation regulated networks (after tax)	–	–	– 42	–	–	42	–	–	–	–
Translation result	–	–	–	2	–	–	–	2	–	2
Unrealised gains and losses on cash flow hedges	–	–	–	–	– 57	–	–	– 57	–	– 57
Deferred tax liabilities on cash flow hedges	–	–	–	–	15	–	–	15	–	15
Total other comprehensive income	**–**	**–**	**– 42**	**2**	**– 42**	**42**	**–**	**– 40**	**–**	**– 40**
Profit after income tax 2012	–	–	–	–	–	–	233	233	1	234
Total comprehensive income	**–**	**–**	**– 42**	**2**	**– 42**	**42**	**233**	**193**	**1**	**194**
Profit appropriation 2011	–	–	–	–	–	102	– 102	–	–	–
Dividend payments relating to 2011	–	–	–	–	–	–	– 102	– 102	–	– 102
Movements in non-controlling interests	–	–	–	–	–	–	–	–	2	2
Reclassification	–	–	–	1	2	– 3	–	–	–	–
At 31 December 2012	**497**	**381**	**903**	**4**	**– 52**	**2,478**	**233**	**4,444**	**3**	**4,447**
Reclassification depreciation regulated networks (after tax)	–	–	– 42	–	–	42	–	–	–	–
Translation result	–	–	–	–	–	–	–	–	–	–
Unrealised gains and losses on cash flow hedges	–	–	–	–	27	–	–	27	–	27
Deferred tax liabilities on cash flow hedges	–	–	–	–	– 7	–	–	– 7	–	– 7
Total other comprehensive income	**–**	**–**	**– 42**	**–**	**20**	**42**	**–**	**20**	**–**	**20**
Profit after income tax 2013	–	–	–	–	–	–	241	241	1	242
Total comprehensive income	**–**	**–**	**– 42**	**–**	**20**	**42**	**241**	**261**	**1**	**262**
Profit appropriation 2012	–	–	–	–	–	116	– 116	–	–	–
Dividend payments relating to 2012	–	–	–	–	–	–	– 117	– 117	–	– 117
Movements in non-controlling interests	–	–	–	–	–	–	–	–	1	1
At 31 December 2013	497	381	861	4	– 32	2,636	241	4,588	5	4,593

Notes to the consolidated financial statements

1. Accounting principles for financial reporting

1.1 General information

Eneco Holding N.V. ('the company') is a two-tier company incorporated under Dutch law, with its registered office in Rotterdam. It is the holding company of subsidiaries and joint ventures (referred to as a group as 'Eneco'). Eneco's activities are in energy supply, including the production, purchase and sale, transmission, distribution and delivery of electricity, gas, heating and cooling and the construction, management and operation of networks. Eneco also focuses on promoting and providing information on the effective and economic use of energy, and on research and development into new energy products and services.

The consolidated financial statements have been prepared by the company's Board of Management for publication on 7 March 2014. The 2013 financial statements were signed by the Supervisory Board during its meeting on 28 February 2014 and will be presented for adoption by the General Shareholders' Meeting to be held on 28 March 2014.

Unless otherwise stated, all amounts in the financial statements are in millions of euros.

The company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in force at 31 December 2013, as adopted by the European Commission, and with the provisions of Part 9, Book 2 of the Dutch Civil Code. Where necessary, accounting policies of joint ventures and associates have been aligned with those of Eneco Holding N.V. The consolidated financial statements have been prepared on a going-concern basis using the accrual basis of accounting.

The company income statement is presented in an abridged form pursuant to the provisions of Section 402, Part 9, Book 2 of the Dutch Civil Code.

1.2 New and amended IFRS standards

The accounting policies in these financial statements are consistent with those in the 2012 financial statements.

The European Commission has adopted the following new or amended IFRS standards that are relevant to Eneco and which apply from 1 January 2013:

- IFRS 7 'Financial Instruments: Disclosures' has been amended in respect of offsetting assets and liabilities. IFRS 7 adds specific disclosure requirements for instruments that are set off. As a result of this new standard, Eneco has made further disclosures in the financial statements (see note 32).
- IFRS 13 'Fair Value Measurement' incorporates a full and clear IFRS framework for measuring the fair value of financial and non-financial assets and liabilities. The standard defines fair value, gives guidance on its measurement and introduces new provisions on disclosures. IFRS 13 must be applied when another standard permits or requires measurement at fair value or when notes on measurement at fair value are required. As a result of this new standard, Eneco has provided further disclosures in the financial statements (see notes 13 and 27). In accordance with the transitional arrangements for IFRS 13, Eneco has applied this standard prospectively and has not presented comparative information in the notes. The amendments have no material effect on the measurement of Eneco's assets or liabilities.
- Revised IAS 19 'Employee Benefits' clarifies the classification of pension plans. It is not necessary that the employer faces no actuarial risk in a plan for it to be classified as a defined-contribution plan. A plan in which an employee is promised a pension the value of which depends on age, salary and years of service is classified as a defined-contribution plan if the legal entity has no obligation to make additional contributions if the fund assets are insufficient. In the event of future shortfalls, the pension funds may only adjust future contributions to the ABP, PMT and flexible retirement plans and only within a limited range. Consequently, these plans have been classified as defined-contribution plans since 1 January 2013. The pension plans themselves have not been amended. The change has no impact on their treatment since Eneco has used the exemption to treat them as defined-contribution plans since the pension funds are unable to provide sufficient information on the obligations of individual employers.
- The IASB 'Annual Improvements Process 2009 - 2011' has led to minor amendments to several IFRSs applicable from 1 January 2013. These amendments have no material effect on Eneco's equity or result.

The following new standards are relevant to Eneco and have been adopted by the European Commission but are not mandatory for 2013. They will be applied from 1 January 2014:

- IFRS 10 'Consolidated Financial Statements' partly replaces IAS 27 and interpretation SIC 12 in respect of determining the degree of control over other entities and the requirement to consolidate them. IFRS 10 introduces a 'single control model' to establish whether an investor exercises control over an entity. Under IFRS 10, control is based on whether the investor (1) exercises control over the entity, (2) is exposed, or has rights, to variable returns from the investment in the entity and (3) has the ability to affect those returns through its control. This standard has to be applied for reporting periods after 1 January 2014 and Eneco is not applying it early. Initial analysis shows that this new standard will not affect Eneco as it does not lead to a change in control as already established.
- IFRS 11 'Joint Arrangements' restricts recognition of activities performed jointly to two types: joint operations and joint ventures. Joint operations are recognised on the basis of Eneco's interest in the assets, liabilities, revenues and expenses of those joint operations and joint ventures are recognised using the equity method. This standard has to be applied for reporting periods after 1 January 2014 and Eneco is not applying it early. Initial analysis shows that this new standard will not have a material effect on Eneco as it mainly has joint operations and their recognition is not significantly changed.
- IFRS 12 'Disclosure of Interests in Other Entities' replaces the disclosure requirements in IAS 27, IAS 28 and IAS 31 and sets disclosure requirements for interests in other entities. This information is to assist users of financial statements in evaluating the nature of and risks associated with interests in other entities and their effect on the financial statements. This standard has to be applied for reporting periods after 1 January 2014 and Eneco is not applying it early. This change may affect Eneco as additional information has to be disclosed on interests in other entities, for example on significant judgements and assumptions on whether or not to consolidate an entity and whether or not there is joint control over an entity, the composition of the group, material non-controlling interests, classification as a joint operation or joint venture and risks associated with interests in other entities.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Eneco Holding N.V., its subsidiaries and the relevant proportion of the joint ventures, non-consolidated associates and other capital interests.

Subsidiaries

A subsidiary is an entity where the company exercises control. This means that the company controls, directly or indirectly, that entity's financial and business operations with the purpose of gaining economic benefits from the activities of that entity. In general, the company holds more than half the shares in its subsidiaries.

The financial statements of a subsidiary are recognised in the consolidated financial statements according to the full consolidation method from the date on which control is obtained until the date on which that control no longer exists. Potential voting rights which can be exercised immediately are also taken into account when determining whether control exists. Pursuant to the full consolidation method, 100% of the assets, liabilities, income and expenses from subsidiaries are recognised in the consolidated financial statements. Balance sheet positions, intercompany transactions and results on such transactions between subsidiaries are eliminated.

Non-controlling interests consist of the capital interests of minority shareholders in the fair value of the identifiable assets and liabilities when a subsidiary is acquired and the non-controlling interest in subsequent changes to the equity. Non-controlling interests in the equity and results of subsidiaries are disclosed separately.

Joint ventures

A joint venture is an entity in respect of which there are contractual undertakings with one or more parties under which they have joint decisive control over that entity. The financial statements of a joint venture are recognised in the consolidated financial statements using the proportional consolidation method applying the accounting policies of Eneco Holding N.V., from the date on which joint control is obtained until the date on which that joint control no longer exists. Under the proportional consolidation method the assets, liabilities, income and expenses of joint ventures are recognised in the consolidated financial statements in proportion to the interest in that joint venture.

Associates

An associate is an entity where there is significant influence over the financial and operating strategy, but not control. In general, 20% to 50% of the voting rights are held in an associate.

The share in associates is recognised in the consolidated financial statements using the equity accounting method, in which initial recognition is at historical cost with the carrying amount being adjusted for the share in the result. Dividends received are deducted from the carrying amount. Associates are recognised from the date on which substantial influence has been obtained until the date on which that influence no longer exists. Results on transactions with associates are eliminated in proportion to the interest in the associate. Impairment losses on associates are not eliminated.

Losses on associates are recognised up to the amount of the net investment in the associate, including both the carrying amount and any loans granted to the associate. A provision is only formed for the share in further losses if Eneco has assumed liability for those losses.

Other capital interests

Other capital interests are investments in entities in which Eneco has an interest but where neither control nor significant influence can be exercised. These interests are carried at fair value. If its fair value cannot be reliably measured, a capital interest is carried at historical cost. Dividends are recognised through the income statement when they fall due.

2. Accounting policies

2.1 General

The principal accounting policies used when preparing the 2013 financial statements are summarised below.

Judgements, estimates and assumptions

In preparing the financial statements, management used judgements, estimates and assumptions which affect the reported amounts and rights and obligations not disclosed in the balance sheet. In particular, they relate to the revenues from sales to retail customers, the useful life of property, plant and equipment, the fair value of the relevant assets and liabilities, impairment of assets and the size of provisions. The judgements, estimates and assumptions that have been made are based on market information, knowledge, historical experience and other factors that can be deemed reasonable in the circumstances. Actual results could, however, differ from the estimates. Judgements, estimates and assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the change is made prospectively in the relevant periods. Any points of particular importance with regard to judgements, estimates and assumptions are set out in the notes to the income statement and balance sheet items.

Impairment of assets

There is evidence of an impairment when the carrying amount of an asset is higher than the recoverable amount. The recoverable amount of an asset is the higher of the sale price less costs to sell and the value in use. An asset's value in use is based on the present value of estimated future cash flows calculated using a pre-tax discount rate which reflects the time value of money and the specific risks of the asset. The recoverable amount of an asset which does not independently generate a cash flow and is dependent on the cash flows of other assets or groups of assets is determined for the cash-generating unit of which the asset is part.

A cash-generating unit is the smallest identifiable group of assets separately generating cash flows that are significantly independent of the cash flows from other assets or groups of assets. Cash-generating units are distinguished on the basis of the economic interrelationship between assets and the generation of external cash flows and not on the basis of separate legal entities.

Goodwill is allocated on initial recognition to one or more cash-generating units in line with the way in which the goodwill is assessed internally by the management.

Impairment tests are performed each half year. If there is evidence of impairment, the recoverable amount of the relevant asset or cash-generating unit is determined. The recoverable amount of goodwill is determined each year.

When the carrying amount of assets allocated to a cash-generating unit is higher than the recoverable amount, the carrying amount is reduced to the recoverable amount. This impairment is recognised through the income statement. Impairment of a cash-generating unit is first deducted from the goodwill attributed to that unit (or group of units) and then deducted proportionately from the carrying amount of the other assets of that unit (or group of units).

Impairment may be reversed through the income statement if the reasons for it no longer exist or have changed. Impairment is only reversed up to the original carrying amount less regular depreciation. Impairment losses on goodwill are not reversed.

Foreign currencies

The euro (€) is Eneco's functional currency and the currency in which the financial statements are presented. Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the reporting date are translated into euros at the exchange rate prevailing on the

reporting date. Foreign currency exchange differences that arise on translation are recognised through the income statement.

If the functional currency of a foreign subsidiary, joint venture or associate is not the euro, foreign currency exchange differences arising from translation are recognised as translation differences in equity. The accumulated translation difference is recognised through the income statement when a foreign subsidiary, joint venture or associate is sold.

Netting off

Assets and liabilities with a counterparty are netted off if there is a contractual right and the intention to do so. In the absence of an intention or actual netted settlement, the existence of an asset or liability is determined for each contract.

Segment information

Business segments are based on Eneco's internal organisation and management reporting structure. The results of business segments are reviewed regularly by the Board of Management ('chief operating decision maker') to make decisions about resources to be allocated to a segment and assess its performance. Transfer prices for internal products and services are on arm's length prices and terms. The group accounting policies are also applied in the segment reports.

2.2 Revenues

Revenues are recognised when it is probable that the economic benefits will be attributed to Eneco and the revenues can be reliably measured. Revenues are recognised less discounts, taxes and levies, such as energy tax and value added tax. Amounts that are invoiced and collected for third parties are not recognised as revenues.

Energy supply and transmission

Revenues from the sale of energy and transmission services to end users are recognised at the time of supply, when the rewards of ownership and risk of any impairment are transferred to the customer.

Energy related activities

Revenues from the construction, maintenance and leasing of energy installations and equipment, the sale of solar panels and rental of smart thermostats are recognised as revenues from energy-related activities.

Services and construction contracts

Revenues are recognised through the income statement using the percentage of completion method when they become sufficiently certain. The extent to which performance has been delivered is determined on the basis of either the relationship between the costs incurred and the total expected costs or an analysis of the work performed.

Trading of energy commodities and CO_2 emission rights

When sale and purchase contracts for energy commodities and emission rights not concluded for the company's own use but for trading purposes are entered into, countervailing sales and purchase contracts are concluded at virtually the same time. Gains and losses arising from such trading transactions are netted and recognised as Other revenues from the time the relevant transactions are concluded. Gains and losses arising from the revaluation to fair value of a trading contract are recognised directly through the income statement as Other revenues.

Government grants

Government grants are recognised when it is reasonably certain that the conditions related to receiving the grants have been or will be met and that the grants have been or will be forthcoming. Grants related to income as a contribution to costs are recognised as revenues in the period in which those costs are incurred. Grants contributing to the cost of an asset are deducted from the asset's cost and reflected in the depreciation throughout the useful life of the asset.

2.3 Purchase cost of energy

The purchase cost of energy contracts and commodities intended for the company's own use are recognised in the same period as that in which the revenues from the sale are realised.

2.4 Financial income and expenses

Financial income and expenses comprise interest income from outstanding investments, dividend revenues, interest charges on borrowings, foreign exchange rate gains and losses and gains and losses on financial hedge instruments recognised through the income statement. Interest income and expense are recognised using the effective interest method. Dividend revenues from other capital interests are recognised when they fall due.

2.5 Income taxes

Income taxes comprise current taxes and movements in deferred taxes. These amounts are recognised through the income statement unless they concern items that are recognised directly through equity.

Current tax is the likely amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year under review and is calculated on the basis of applicable tax legislation and rates.

Income taxes comprise all taxes based on taxable profits and losses, including taxes which subsidiaries, associates or joint ventures must pay on distributions to Eneco Holding N.V.

Additional income taxes on the result before dividend distributions are recognised at the same time as the obligation to distribute that dividend is recognised.

2.6 Property, plant and equipment

Networks and network-related assets in the regulated domain

Networks and network-related assets in the regulated domain are measured at fair value less accumulated depreciation and impairment.

The fair value of these network assets is measured at the beginning of each regulatory period. If in the interim the fair value differs significantly from the carrying amount, the revaluation will be adjusted. An increase in the carrying amount as a result of a revaluation of networks and network-related assets in the regulated domain is recognised directly in equity through the revaluation reserve. A reduction in the carrying amount is also recognised directly in equity through the revaluation reserve up to the amount of any previous increase in the same asset. If that figure is exceeded, the excess is recognised as a charge in the income statement.

The difference between depreciation based on the revalued carrying amount and depreciation based on the original cost, less deferred tax, is transferred periodically from the revaluation reserve to retained earnings.

Other property, plant and equipment

Other property, plant and equipment is recognised at cost less accumulated depreciation and impairment. Cost comprises the initial acquisition price plus all directly attributable costs. Cost of assets constructed by the company comprises the cost of materials and services, direct labour and other directly attributable costs. Contributions towards cost from third parties and government grants are deducted from the cost, provided they are not contributions from customers. Cost includes an estimate of the present value of the cost of dismantling, demolishing and removing the item when it ceases to be used and of restoring the site on which it is located, if there is a legal or constructive obligation to do so. Financing costs (interest) directly attributable to the purchase, construction or production of an eligible asset are recognised in cost. If an asset comprises multiple significant components with differing useful lives, these components are recognised separately.

Expenditure incurred subsequent to initial recognition

Expenses incurred at a later date are only added to the carrying amount of an asset if and to the extent that the condition of the asset is improved compared to the originally formulated performance standards. Repair and maintenance are recognised through the income statement in the period in which the costs are incurred.

Depreciation

The depreciation charge for each period is recognised through the income statement using the straight-line method based on estimated useful life, taking into account the estimated residual value. Useful lives and residual values are reassessed annually and any changes are recognised prospectively. Land, sites and assets under construction are not depreciated.

The following useful lives are applied:

Category	Useful life in years
Buildings	25 - 50
Machinery and equipment	10 - 50
Networks, regulated	10 - 50
Other operating assets	3 - 25

2.7 Leases (Eneco as lessee)

A lease where Eneco, as lessee, has in fact all the benefits and risks of ownership is designated as a finance lease; otherwise, such agreements are recognised as operating leases.

Property, plant and equipment acquired on a finance lease are recognised, when the lease commences, at the lower of fair value of the leased asset and the present value of the lease instalments. These assets are then recognised pursuant to the accounting policies for property, plant and equipment. Lease instalments are broken down into interest and repayment components. The interest component is based on a constant periodic rate of interest on the carrying amount of the investment. The interest component is recognised through the income statement in the relevant period. The repayment component is deducted from the lease obligation.

Operating lease instalments are recognised in equal amounts through the income statement over the term of the lease.

2.8 Goodwill

The acquisition price of a subsidiary, joint venture or associate is equal to the amount paid to purchase the interest. If the acquisition price is higher than the share in the fair value at the date of acquisition of the identifiable assets, liabilities and contingent liabilities, the excess is recognised as goodwill. Any shortfall is recognised as a gain (bargain purchase) through the income statement.

Goodwill is measured at cost less impairment. Goodwill is allocated to one or more cash-generating units. Goodwill is tested for impairment annually.

Goodwill purchased on acquisition of subsidiaries and joint ventures is recognised in the balance sheet as intangible assets. Goodwill paid to acquire an interest in an associate is included in the cost of acquiring that associate.

2.9 Other intangible assets

Other intangible assets comprise customer databases acquired with acquisitions, software and licences, concessions, permits, rights and development costs. The related costs are capitalised if it is probable that these assets will have an economic benefit and their costs can be reliably

measured. Other intangible assets are recognised at cost less accumulated amortisation and impairment.

Customer databases

A customer database obtained from an acquiree is initially recognised at fair value. This value is determined on the date of acquisition on the basis of the most recent comparable transactions if the economic conditions are comparable or, if they are not, the fair value is determined from the present value of the estimated future net cash flow from this asset.

Software

Software is capitalised at cost. Cost of standard and customised software comprises the one-time costs of licences plus the costs of making the software ready for use. All costs attributable to software which qualifies as an intangible asset are recognised at cost. Costs of software maintenance are recognised as an expense in the period in which they are incurred.

Development costs

Development costs are the costs of applying knowledge acquired through research by the company or a third party for a plan or design for the manufacture or application of improved materials, products, processes, systems or services, prior to the commencement of commercial manufacture or use. Development costs are only capitalised if they can be regarded as intangible assets. If this is not the case, they are recognised as an expense in the period in which they are incurred. Research costs are the costs of research aimed at the acquisition of new scientific or technical knowledge and understanding and are recognised through the income statement in the period in which they are incurred.

Amortisation

Amortisation is recognised as an expense on the basis of the estimated useful life from the time that the relevant asset is taken into use. Other intangible assets are amortised using the straight-line method unless the declining balance method better reflects the benefits from the asset. The residual value of these assets is nil.

The following useful lives are applied:

Category	Useful life in years
Customer databases	5 - 20
Licences	3 - 30
Software	3 - 5
Concessions, permits and rights	3 - 30
Development costs	5

2.10 Emission rights

Emission rights are categorised on initial recognition either as rights intended for the company's own use or as rights destined to be traded.

Emission rights held for periodic redeeming to the government for actual CO_2 emissions (company's own use) are recognised as intangible assets and recognised at cost. Rights of a current nature are presented as intangible assets. A provision, also carried at cost, is formed for this redemption obligation. If a shortfall in the quantity required for redeeming is expected, an addition, charged through the income statement, is made to this provision for the lower of the market value of that shortfall or the penalty expected to be due for that shortfall.

Emission rights held for trading purposes are recognised as derivative financial instruments. The profit or loss arising from revaluing these rights to fair value is recognised directly through the income statement as Other revenues.

2.11 Deferred taxes

Deferred taxes are calculated using the balance sheet method for the relevant differences between the carrying amount and taxable value of assets and liabilities. Deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and tax laws. Deferred taxes are recognised at face value.

A deferred tax asset is recognised for tax losses carried forward and for the settlement of unused tax credits if and to the extent it is probable that future taxable profit will become available, so enabling an offset of unrelieved tax losses and unused taxed credits.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and joint ventures, unless the time at which the temporary difference will be settled can be determined and it is probable that the temporary difference will not be settled in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and where the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable unit.

2.12 Derivative financial instruments

There is exposure to risks in operational and financing activities arising from developments in market prices of energy commodities (electricity, gas, oil, etc.), foreign currencies, interest rates and emission rights. Derivative financial instruments such as financial option, future and swap contracts are used to manage these risks. In the case of commodity contracts, the instruments are categorised as for own use, trading or hedging when the transaction is entered into. Derivative financial instruments other than commodity contracts are generally only entered into to hedge risk.

Measurement and recognition

Derivative financial instruments are measured at fair value, which is based on listed bid prices for assets held or for liabilities to be issued and current offer prices for the assets to be acquired or the obligations held (mark-to-market). Derivative financial instruments for energy commodity contracts are measured using mid-prices.

Derivative financial instruments with a positive value are recognised as current (settlement within one year) or non-current (settlement after one year) assets. Instruments with a negative value are recognised as current or non-current liabilities. Assets and liabilities with each counterparty are netted off if there is a contractual right and the intention to settle the contracts net.

Movements in the fair value of derivative financial instruments are recognised directly through the income statement, unless the derivative financial instruments are for own use or risk hedging.

Own use

Contracts are classified for own use if they are settled by physical delivery or receipt of energy commodities or emission rights in line with the company's needs. Transactions based upon these contracts are recognised through the income statement in the period in which delivery or receipt takes place (accrual accounting).

Hedge accounting

Contracts are classified as hedging instruments if the risk of fluctuations in current or future cash flows which could affect the result is hedged. If the hedge can be attributed to a particular risk or to the full movement in the transaction (energy contracts) associated with an asset, liability or highly probable forecast transaction, the attributed derivative financial instruments are recognised as hedging instruments.

If the conditions for hedge accounting are met, the effective portion of the changes to the fair value of the derivative financial instruments concerned are recognised directly in the equity through the cash flow hedge reserve. The ineffective portion is recognised through the income statement.

Amounts recognised through equity are recognised through the income statement when the hedged asset or liability is settled. When a hedge instrument expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met, although the underlying future transaction has yet to take place, the accumulated result remains in equity until the forecast future transaction has taken place. If the forecast future transaction is no longer likely to take place, the cumulative result is transferred directly from equity to the result.

2.13 Other financial assets

Other financial assets are mainly long-term items with a term of more than one year, such as loans, receivables and prepayments due from associates, joint ventures or third parties. Long-term receivables, loans and prepayments are measured at amortised cost using the effective interest method.

2.14 Assets/liabilities held for sale

Assets/liabilities held for sale and discontinued operations are classified as held for sale when the carrying amount will be recovered through a sale transaction rather than through continuing use. The classification is only made if it is highly probable that the assets/liabilities or operations are available for immediate sale in their present condition. The sale is expected to be completed within one year. Assets/liabilities held for sale are measured at the lower of the carrying amount preceding classification as held for sale and fair value less costs to sell.

2.15 Inventories

Inventories are recognised at the lower of weighted average cost and net recoverable amount. Cost of inventories is the purchase price including directly attributable costs incurred to bring the inventories to their current location and state. Net recoverable amount is the estimated sales price in the ordinary course of business less forecast costs of sale. Impairment of inventories is recognised through the income statement if the carrying amount exceeds the net recoverable amount.

2.16 Trade and other receivables

Trade and other receivables have a term of less than one year. These receivables also include the net amounts that on the reporting date have yet to be billed for energy supplied or transmission services rendered. Receivables are measured at amortised cost less impairment losses. Receivables with a term of less than one year are not discounted.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits.

2.18 Provisions for employee benefits

Pensions

Pension liabilities of almost all business units have been placed with the industry-wide pension funds: Stichting Pensioenfonds ABP (ABP) and the Stichting Pensioenfonds Metaal en Techniek (PMT). The flexible retirement scheme for utility companies has been transferred to an insurance company for the sector as a whole. A limited number of employees have individual plans insured with various insurance companies (defined-contribution plans).

The ABP and PMT pension plans aim to provide a pension corresponding to 70% of the average pensionable salary at the state retirement age. The amount of the pension depends on age,

salary and years of service. Employees may opt to retire earlier or later (ABP: between 60 and 70, PMT: from 62 upwards) than the state retirement age, in which case their pension is adjusted accordingly. The flexible retirement plan is being phased out and is no longer applicable for employees born after 1949.

In the event of future shortfalls, the pension funds may only adjust future contributions and only within a limited range. Under IFRS these plans are classified as multi-employer defined-contribution plans. A defined-contribution plan is a plan in which a fixed contribution is paid for the benefit of an employee without any further claim by or liability to that employee. Liabilities in respect of contributions to pension and related plans on the basis of available contributions are recognised as an expense in the period to which they relate.

Other provisions for employee benefits

A provision is recognised for the obligation to contribute towards the health insurance premiums of retired employees. A provision is also recognised for the obligation to pay out amounts related to long-service benefits and on the retirement of employees. These liabilities are calculated at the reporting date using the projected unit credit method, using a pre-tax discount rate which reflects the current market evaluation of the time value of money.

2.19 Other provisions

constructive obligation that is of an uncertain size or that will occur at an uncertain future date, and where its settlement will probably lead to outgoings of an economic nature.

Provisions that will be settled within one year of the reporting date, or that are of limited material significance, are recognised at face value. Other provisions are recognised at the present value of the expected expenditure. The specific risks inherent to the relevant obligation are taken into account when determining this expenditure. The present value is calculated using a pre-tax discount rate which reflects the current market valuation of the time value of money. The determination of the expected expenditure is based on detailed plans in order to limit the uncertainty regarding the amount.

Decommissioning

A provision is recognised that equals the present value of the expected costs where there is an obligation to dismantle, demolish or remove an item of property, plant or equipment when it ceases to be used. The initial recognition of the decommissioning provision for an asset is included in the cost of that asset. Interest is added periodically to the decommissioning provision.

Onerous contracts

A provision for onerous contracts is recognised when it is probable that the unavoidable costs of meeting the contractual obligations exceed the economic benefits to be derived from the contract.

Restructuring

A restructuring provision is recognised if a detailed plan for the restructuring has been approved and its main features have been announced to those affected by it.

2.20 Interest-bearing debt

On initial recognition, interest-bearing debt is carried at fair value plus the transaction costs directly attributable to this debt. Subsequent to initial recognition, interest-bearing debt is recognised at amortised cost using the effective interest method.

2.21 Leases (Eneco as lessor)

A lease where Eneco, as lessor, has in fact all the benefits and risks of ownership is designated as an operating lease; otherwise, such agreements are recognised as finance leases.

Property, plant and equipment made available to third parties by means of an operating lease is recognised in accordance with the accounting policies for property, plant and equipment. Lease instalments are allocated to the various periods so that a constant annual return is made on the net investment.

Property, plant and equipment made available to third parties by means of a finance lease is recognised as a receivable for the net investment in the assets. Lease instalments are then broken down into interest and repayment components based on a constant periodic rate of interest. The interest component is recognised through the income statement in the relevant period. The repayment component is deducted from the lease obligation.

2.22 Trade and other payables

Trade payables and other financial instruments are recognised at amortised cost.

Notes to the consolidated income statement

All amounts in millions of euros unless stated otherwise.

3. Revenues from energy sales and transmission and energy related activities

	2013	2012
Electricity	2,394	2,486
Gas	2,250	2,232
District heat	275	258
Energy related activities	107	106
Total	**5,026**	**5,082**

Sales to large-volume consumers are billed monthly based on meter readings. Billing for sales to retail consumers is based on meter readings taken throughout the year. The amount of energy supplied and transmission services to retail consumers during the reporting period and the resulting revenues are, therefore, estimated in part on the basis of historical consumption information, standard customer profiles and applicable energy tariffs.

The geographical breakdown of revenues is presented in the segment information.

4. Other revenues

	2013	2012
Operation of street lighting	56	51
Infrastructural works	64	57
Subsidy and payment collection services	12	15
Other	93	51
Total	**225**	**174**

5. Employee benefits

	2013	2012
Wages and salaries	277	268
Social security contributions	37	37
Pension contributions	40	36
Other employee benefits	35	33
Total	**389**	**374**

Employee benefits of € 20 million (2012: € 26 million) have been recognised as part of Purchases of energy and transmission and energy related activities in view of their direct relationship with revenue. Including these and capitalised employee benefits, total employee benefits were € 507 million (2012: € 488 million[1]).

[1] 2012 figures restated for comparative purposes.

Headcount

The table below shows headcount by business segment expressed in full-time equivalents (FTE) at year-end:

FTE	At 31 December 2013	At 31 December 2012
Energy company Eneco	3,194	3,088
Stedin	1,294	1,249
Joulz	2,476	2,558
Other	92	103
Total	**7,056**	**6,998**

In 2013, average headcount expressed in FTEs was 7,018 (2012: 6,839).

6. Remuneration of the Board of Management and Supervisory Board

Remuneration of the Board of Management

The remuneration policy for the Board of Management proposed by the Supervisory Board was approved at the General Shareholders' Meeting on 20 May 2005. The remuneration of the Board of Management is set by the Supervisory Board on the recommendation of the Remuneration Committee.

The remuneration report for 2013 will be published on Eneco Holding N.V.'s website.

The remuneration of the members of the Board of Management consists of a fixed salary and a variable salary. The variable salary amounts to a maximum of 20% of the total salary. In 2013, the variable salary was also dependent on performance criteria including socially-relevant results. The three main criteria for the variable salary were financial performance (including EBIT, credit rating ratios and cost savings), safety (LTIR) and the implementation the sustainability strategy (including alignment of customers and employees as expressed in customer and employee satisfaction and sustainable purchases and investments).

The pension entitlements of the members of the Board of Management come under Eneco Holding N.V.'s standard pension plan.

The current employment contracts with the members of the Board of Management are for an unlimited time with a period of notice for the company of four months. Each member of the Board of Management has been appointed for a period of four years. Messrs Rameau, Dubbeld and Van der Linden are entitled to payment of 12 months salary and Mr de Haas to 24 months salary if dismissed by the company.

The Budget Agreement 2013 Tax Measures Implementation Act (Wet uitwerking fiscale maatregelen Begrotingsakkoord 2013) came into effect in 2012. The 'one-off' crisis levy has been repeated, meaning that employers must again pay a levy of 16% of the salary from current employment (including any bonuses) that they paid their employees during 2013, insofar as such salary exceeded € 150,000. Eneco is applying the interpretation of the Dutch Accounting Standards Board that the crisis levy is not part of the directors' remuneration as it does not include an element of remuneration. The crisis levy for the directors charged to the result in 2013 was € 0.18 million.

Total remuneration was as follows:

x € 1,000	Gross salary	Variable remuneration	Pension contributions	Total 2013
J.F. de Haas	476	106	90	672
C.J. Rameau	359	80	67	506
G.A.J. Dubbeld	331	67	57	455
M.W.M. van der Linden	257	–	49	306
Total	**1,423**	**253**	**263**	**1,939**

x € 1,000	Gross salary	Variable remuneration	Pension contributions	Total 2012
J.F. de Haas	472	114	80	666
C.J. Rameau	355	86	60	501
G.A.J. Dubbeld	297	58	43	398
M.W.M. van der Linden (from 1 December 2012)	20	–	3	23
Estate of D.J. Kras	–	84	–	84
Total	**1,144**	**342**	**186**	**1,672**

Remuneration of the Supervisory Board

The remuneration of the chairman of the Supervisory Board is € 36,500 per year. The other members of the Supervisory Board each receive an annual fee of € 28,700. Members of committees each receive an additional annual payment as follows:

Committee	€
Audit committee	5,200
Remuneration committee	3,150
Selection and appointments committee	3,150
Works Council committee	1,600

The fixed expense allowance is € 1,150 per annum.

7. Share of profit of associates and other capital interests

The associates are included in the list of principal subsidiaries, joint ventures and associates in these financial statements.

	2013	2012
Share in net profit of associates	10	26
Result on disposal of associates	3	37
Total	**13**	**63**

The 31% interest in KEMA was sold on 28 February 2012 at a book profit, including a non-recurring dividend, of € 56 million. A further € 3 million was received in 2013 as a result of this sale.

8. Financial income

	2013	2012
Interest income	8	13
Dividends received from other capital interests	2	–
Total	**10**	**13**

9. Financial expenses

	2013	2012
Interest expense	90	96
Interest added to provisions	2	3
Impairment of financial fixed assets	11	2
Other	1	–
Total	**104**	**101**

10. Income tax

The company and almost all its Dutch subsidiaries form a fiscal unity for corporate income tax purposes.

The table below shows the income taxes:

	2013	2012
Current tax expense	3	1
Movements in deferred taxes	68	49
Adjustment for prior years movements deferred taxes	– 3	–
Income tax	**68**	**50**

The movements in deferred taxes include the increase of € 3 million in the Energy Investment Allowance to be amortised (2012: net nil).

The table below shows the current tax expense:

	2013	2012
Profit before income tax	**314**	**310**
Participation exemption	– 43	– 63
Non tax-deductible expenses	18	6
Depreciation at non-statutory rates	– 164	– 149
Addition to provisions treated differently for tax purposes	– 2	12
Adjustment prior years results	– 10	–
Taxable profit	**113**	**116**
Carry forward of losses	– 100	– 113
Taxable amount	**13**	**3**
Nominal tax rate	25.0%	25.0%
Current tax expense	**3**	**1**

The table below shows the effective tax burden expressed as a percentage of the profit before income tax:

	2013	2012
Nominal tax rate	25.0%	25.0%
Effect of:		
- Participation exemption	–3.4%	–5.1%
- Non tax-deductible expenses	1.5%	0.2%
- Tax incentives (Energy Investment Allowance, EIA scheme)	–1.4%	–1.4%
- Other	0.0%	–2.6%
Effective tax rate	**21.7%**	**16.1%**

11. Result after tax on discontinued operations

Most of the operations that were classified as discontinued at 31 December 2012 were settled in 2013. Operations that were classified as discontinued during 2013 had also been settled by the end of 2013. In total, the impairment and operating results of these operations recognised as results from discontinued operations in 2013 were € 6 million negative, including € 5 million in impairment. In 2013, the revenue from these operations was € 6 million and the expenses were € 7 million. The tax effect was € 2 million positive, leading to a loss after tax of € 4 million. The cash outflows were € 2 million.

12. Government grants

Government grants recognised in the result were as follows:

	2013	2012
Environmental Quality of Electricity Production (MEP scheme)	68	62
Energy Investment Allowance (EIA scheme)	4	1
Stimulation Sustainable Energy Production (SDE scheme)	8	5
Total	**80**	**68**

Notes to the consolidated balance sheet

All amounts in millions of euros unless stated otherwise.

13. Property, plant and equipment

	Land and buildings	Machinery and equipment	Regulated networks	Other operating assets	Assets under construction	Total
Cost						
At 1 January 2012	**69**	**2,153**	**6,820**	**127**	**179**	**9,348**
Investments	8	41	357	15	289	710
Acquisitions	9	32	–	–	6	47
Disposals	– 2	– 8	– 9	– 4	– 7	– 30
Reclassification from / to assets held for sale	43	– 2	–	1	– 2	40
Reclassification other	5	76	–	45	– 126	–
At 31 December 2012	**132**	**2,292**	**7,168**	**184**	**339**	**10,115**
Investments	–	37	422	6	381	846
Acquisitions	–	–	–	–	2	2
Disposals	– 5	– 15	– 14	– 1	– 11	– 46
Reclassification to assets held for sale	– 40	– 2	– 137	–	–	– 179
Reclassification other	– 2	264	8	4	– 273	1
At 31 December 2013	**85**	**2,576**	**7,447**	**193**	**438**	**10,739**
Accumulated depreciation and impairment						
At 1 January 2012	**23**	**606**	**2,306**	**86**	**1**	**3,022**
Annual depreciation and impairment	– 6	184	207	14	–	399
Acquisitions	–	1	–	–	–	1
Disposals	– 1	– 4	– 4	– 3	– 1	– 13
Reclassification from / to assets held for sale	29	– 2	–	1	–	28
Reclassification other	5	–	–	3	–	8
At 31 December 2012	**50**	**785**	**2,509**	**101**	**–**	**3,445**
Annual depreciation and impairment	12	188	213	14	2	429
Disposals	– 5	– 14	– 8	–	–	– 27
Reclassification to assets held for sale	– 33	–	– 53	–	–	– 86
Reclassification other	–	– 1	3	– 3	1	–
At 31 December 2013	**24**	**958**	**2,664**	**112**	**3**	**3,761**
Carrying amount						
At 31 December 2012	82	1,507	4,659	83	339	6,670
At 31 December 2013	**61**	**1,618**	**4,783**	**81**	**435**	**6,978**

Regulated networks

The regulated networks category also includes non-regulated assets required for cash generation in the regulated domain and, therefore, for gas and electricity distribution and transmission activities. Regulated network activities are subject to regulation by the Office of Energy Regulation of the Netherlands Authority for Consumers and Markets (ACM).

Fair value of regulated networks

The information for measuring the regulated networks (some 95% of the total fair value) is covered by 'level 1' in the fair value hierarchy. These measurement models use observable market prices, being Regulated Asset Value tariffs set by the government, and there is a principal market for purchasing and selling these types of assets at Regulated Asset Value tariffs.

At 31 December 2013, the carrying amount of the regulated networks at historical cost was € 3,629 million (2012: € 3,449 million).

Capitalised interest

During the reporting period, € 15 million (2012: € 8 million) of attributable interest was capitalised for property, plant and equipment as required by the relevant reporting standards. The capitalisation rate for interest in 2013 was 4.7% (2012: 4.6%)

Assets under construction

Assets under construction were mainly wind farms, the Gasspeicher gas storage facility and the 'Leiding over Noord' project.

Lease-and-leaseback transactions

Between 1997 and 2000, lease-and-leaseback transactions were entered into for a large part of the gas, electricity and district heating networks. Eneco retained legal and economic ownership of these networks. See Note 30 for further information on these transactions.

Impairment

In 2013, the Electricity cash-generating unit, which includes all electricity-related assets, was subdivided by country into the Netherlands and Belgium (combined), United Kingdom and France, as this new structure is more closely in line with management control and the independence of the cashflows. At year-end 2013, management performed an impairment analysis of the Property, plant and equipment and Intangible assets of the Netherlands and Belgium Electricity cash-generating unit, which includes all the electricity-related operations in these countries, principally because of the deterioration in the relationship between future gas and electricity prices in combination with the low price of CO_2 which continued in 2013. The analysis established that the value in use of these assets was lower than their carrying amount, which was based on expected future cash flows in Eneco's long-term plans. The pre-tax discount rate, which reflects the risks of the activities, was 9% (2012: 9%). No account was taken of long-term growth. Based on this analysis, the management applied impairment of € 60 million and € 8 million proportionately to the Property, plant and equipment and Intangible assets of the Netherlands and Belgium Electricity cash-generating unit. These amounts were recognised in the income statement in Depreciation and impairment of property, plant and equipment and Amortisation and impairment of intangible assets.

The calculation of the value in use of electricity-related assets is most sensitive to the following assumptions: the discount rate, the growth figure applied for extrapolating cash flows beyond the 5-year plan and the average life of the assets. Of these factors, the discount rate is the most sensitive and an adjustment of 0.5 percentage points would change the impairment by some € 38 million.

14. Intangible assets

	Goodwill	Customer databases	Licences and software	Concessions, permits and rights	Development costs	Total
Cost						
At 1 January 2012	**167**	**182**	**72**	**245**	**4**	**670**
Investments	–	–	1	1	–	2
Disposals	–	–	– 3	– 1	–	– 4
Reclassification other	1	–	10	– 1	–	10
At 31 December 2012	**168**	**182**	**80**	**244**	**4**	**678**
Investments	–	–	7	1	–	8
Acquisitions	2	1	3	–	–	6
Disposals	–	– 3	–	–	–	– 3
At 31 December 2013	**170**	**180**	**90**	**245**	**4**	**689**
Accumulated depreciation and impairment						
At 1 January 2012	**–**	**58**	**52**	**106**	**4**	**220**
Annual depreciation and impairment	–	14	8	20	–	42
Disposals	–	–	– 2	–	–	– 2
Reclassification other	–	–	3	– 1	–	2
At 31 December 2012	**–**	**72**	**61**	**125**	**4**	**262**
Annual depreciation and impairment	10	20	7	16	–	53
Disposals	–	– 3	–	–	–	– 3
At 31 December 2013	**10**	**89**	**68**	**141**	**4**	**312**
Carrying amount						
At 31 December 2012	168	110	19	119	–	416
At 31 December 2013	**160**	**91**	**22**	**104**	**–**	**377**

In principle, goodwill is allocated to one or more cash-generating units which independently or in aggregate form a business segment. The structure of the cash-generating units in the Eneco segment was changed in 2013, establishing a separate cash-generating unit for Ecofys. An impairment analysis has shown that the value in use of the related assets is lower than their carrying amount. The value in use of the Ecofys cash-generating unit is based on expected 5-year cash flows as used in Eneco's long-term plans, and thereafter, the 'terminal value'. No account is taken of long-term growth. The pre-tax discount rate, which assumes the same theoretical debt/equity ratio as in 2012 and reflects the risks of the activities, was 9% (2012: 9%). Based on this analysis, impairment of € 10 million of goodwill has been recognised in the income statement in Amortisation and impairment of intangible assets. The remaining goodwill of €160 million at 31 December 2013 was fully attributable to the group of cash-generating units which, in addition to Ecofys, form the Eneco business segment. An impairment analysis was also performed on this goodwill which showed that the value in use of this group of cash-generating units was higher than their book value. The value in use was established using the same criteria as for the impairment analysis for Ecofys as explained above.

See Note 13 (Property, plant and equipment) for information on the impairment analysis and impairment of the intangible electricity-related assets of the Netherlands and Belgium Electricity cash-generating unit.

Customer databases relate mainly to Oxxio, which was acquired in 2011, and to REMU N.V., which was acquired in 2003. A change of estimate was made in 2013 which reduced the expected economic life of part of the customer databases (effect of € 8 million annually).

Concessions, permits and rights consist of € 150 million paid in 2005 to take over an agreement covering the delivery of up to 820 MW of electricity by Rijnmond Energy C.V. There was an addition of € 45 million in 2008 for licences granted for existing and future wind farms in Belgium on the acquisition of Eneco Wind Belgium S.A. (formerly: Air Energy S.A.).

15. Business combinations

Eneco acquired two companies during 2013, including a solar farm under development in England. The total acquisition price of € 5 million for the two companies was paid in full during 2013 and € 2 million of this has been classified as goodwill. In view of the size of these acquisitions, the other disclosures pursuant to IFRS 3 'Business Combinations' are not regarded as material.

16. Associates

Movements in the value of associates were as follows in 2013:

	2013	2012
Carrying amount at 1 January	**39**	**32**
Acquisitions	–	1
Reclassification from assets held for sale	–	42
Share in net profit of associates	10	26
Dividend received	–	– 19
Disposals	–	– 42
Reclassification other	–	– 1
Carrying amount at 31 December	**49**	**39**

The table below summarises the financial data of the associates (100% basis):

	At 31 December 2013	At 31 December 2012
Assets	134	133
Liabilities	112	104

	2013	2012
Revenues	400	354
Profit after income tax	29	34

17. Deferred taxes

The table below shows the net deferred tax assets and liabilities:

	Assets		Liabilities	
	At 31 December 2013	At 31 December 2012	At 31 December 2013	At 31 December 2012
Property, plant and equipment [1]	–	–	398	373
Intangible fixed assets [1]	–	–	24	13
Cash flow hedges	–	–	– 8	– 15
Loss carry forwards [1]	5	6	– 15	– 40
Losses at non-resident participating interests [1]	–	–	26	27
Provisions	–	–	– 12	– 12
Total	**5**	**6**	**413**	**346**

[1] 2012 figures restated for comparative purposes.

Deferred tax assets and liabilities related to cash flow hedges have been recognised through equity. The regulations for preventing double taxation create the deferred tax liability presented for losses at non-resident participating interests.

Movements in deferred taxes during 2013 were as follows:

	Net balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehen sive income	Other	Net balance at 31 December 2013	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	– 373	– 26	–	1	– 398	1	– 399
Intangible fixed assets	– 13	– 11	–	–	– 24	6	– 30
Cash flow hedges	15	–	– 7	–	8	8	–
Loss carry forwards	46	– 26	–	–	20	20	–
Losses at non-resident participating interests	– 27	1	–	–	– 26	–	– 26
Provisions	12	–	–	–	12	12	–
Tax assets (liabilities) before set-off	**– 340**	**– 62**	**– 7**	**1**	**– 408**	**47**	**– 455**
Set-off of tax						– 42	42
Net tax assets (liabilities)						**5**	**– 413**

Movements in deferred taxes during 2012 were as follows:

	Net balance at 1 January 2012	Recognised in profit or loss	Recognised in other comprehen sive income	Other	Net balance at 31 December 2012	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	– 338	– 35	–	–	– 373	1	– 374
Intangible fixed assets	– 12	– 1	–	–	– 13	5	– 18
Cash flow hedges	2	–	15	– 2	15	15	–
Loss carry forwards	67	– 21	–	–	46	46	–
Losses at non-resident participating interests	– 31	4	–	–	– 27	–	– 27
Provisions	7	5	–	–	12	12	–
Receivables	1	– 1	–	–	–	–	–
Tax assets (liabilities) before set-off	**– 304**	**– 49**	**15**	**– 2**	**– 340**	**79**	**– 419**
Set-off of tax						– 73	73
Net tax assets (liabilities)						**6**	**– 346**

The table below shows the expiry periods for temporary differences available for relief at 31 December 2013:

Expiry periods for differences available for relief after 31 December 2013	
Property, plant and equipment	1 - 50 yrs
Intangible assets	1 - 25 yrs
Cash flow hedges	1 - 30 yrs
Losses available for relief	1 - 10 yrs
Provisions	1 - 10 yrs

No deferred tax asset has been recognised on pre-consolidation and other losses of € 5.6 million (2012: € 7.0 million) since it is not certain whether sufficient taxable profits will be available in the future at the associates which are not members of the fiscal unity. The tax regulations state that this relief is only available against profits made in the years 2014 to 2019.

18. Derivative financial instruments

The table below shows the fair value of derivative financial instruments:

	At 31 December 2013		At 31 December 2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap contracts	–	7	–	13
Currency swap contracts	–	107	1	71
Energy commodity contracts	232	162	174	131
CO_2 emission rights	13	5	28	13
Total	**245**	**281**	**203**	**228**
Classification				
Current	147	124	118	109
Non-current	98	157	85	119
Total	**245**	**281**	**203**	**228**

The table below shows the fair value of derivative financial instruments for which movements in fair value have been recognised through the income statement:

	At 31 December 2013		At 31 December 2012	
	Assets	Liabilities	Assets	Liabilities
Currency swap contracts	–	–	1	–
Energy commodity contracts	161	149	119	106
CO_2 emission rights	13	5	28	13
Total	**174**	**154**	**148**	**119**
Classification				
Current	126	115	106	91
Non-current	48	39	42	28
Total	**174**	**154**	**148**	**119**

The table below shows the fair value of derivative financial instruments for which movements in fair value have been recognised in equity through the Cash flow hedge reserve:

	At 31 December 2013		At 31 December 2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap contracts	–	7	–	13
Currency swap contracts	–	107	–	71
Energy commodity contracts	71	13	55	25
Total	**71**	**127**	**55**	**109**
Classification				
Current	21	9	12	18
Non-current	50	118	43	91
Total	**71**	**127**	**55**	**109**

These instruments are used in cash flow hedge transactions to hedge interest rate, currency and energy price risks.

The following hierarchy was used for the measurement of the financial instruments.

Level 1
Level 1 recognises financial instruments whose fair value is measured using unadjusted quoted prices in active markets for identical instruments.

Level 2
Level 2 recognises financial instruments whose fair value is measured using market prices or pricing statements and other available information. Where possible, the measurement method uses observable market prices. Level 2 energy commodity contracts are measured using market prices or pricing statements for periods in which an active market exists for the underlying commodities such as electricity, gas (title transfer facility), oil-related prices and emission rights. Other contracts are measured by agreement with the counterparty, using observable interest rate and foreign currency forward curves.

Level 3
Level 3 recognises financial instruments whose fair value is measured using calculations involving significant inputs that are not based on observable market data.

The hierarchy of derivative financial instruments measured at fair value at 31 December 2013 was as follows:

31 December 2013	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts	41	204	–	245
Interest rate and currency swap contracts	–	–	–	–
	41	**204**	**–**	**245**
Liabilities				
Energy commodity contracts	4	163	–	167
Interest rate and currency swap contracts	–	114	–	114
	4	**277**	**–**	**281**

31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts	43	159	–	202
Interest rate and currency swap contracts	1	–	–	1
	44	**159**	**–**	**203**
Liabilities				
Energy commodity contracts	2	142	–	144
Interest rate and currency swap contracts	–	84	–	84
	2	**226**	**–**	**228**

Note 24 presents the movements in the Cash flow hedge reserve.

The cash flow hedge instruments are derivative financial instruments that are subject to net settlement between parties. The table below shows the periods in which the cash flows from the cash flow hedges are expected to be realised:

	At 31 December 2013	At 31 December 2012
Expected cash flow		
Within 1 year	32	– 37
From 1 to 5 years	260	178
After 5 years	– 27	– 32
Total	**265**	**109**

The total cash flow hedges recognised through the income statement in the future are recognised in the Cash flow hedge reserve after deduction of taxes. The table below shows the periods in which the cash flows from the cash flow hedges are expected to be realised:

	At 31 December 2013	At 31 December 2012[1]
Expected recognition in result after tax		
Within 1 year	– 5	– 3
From 1 to 5 years	– 5	– 9
After 5 years	– 22	– 40
Total	**– 32**	**– 52**

[1] 2012 figures restated for comparative purposes

19. Other financial assets

	At 31 December 2013	At 31 December 2012
Other capital interests	4	8
Related party receivables	10	2
Other receivables	62	54
Total	**76**	**64**

20. Assets / liabilities held for sale

	At 31 December 2013	At 31 December 2012
Buildings	6	–
Assets for disposal	85	7
Total assets	**91**	**7**
Liabilities for disposal	1	3
Total liabilities	**1**	**3**
Total held for sale	**90**	**4**

Various assets/liabilities and operations that were classified as discontinued during 2012 were settled in 2013. The balance at 31 December 2013 mainly comprises high-voltage networks in Zuid-Holland, which are intended to be transferred to TenneT during 2014, as required by law. The lease-and-lease-back transactions relating to these networks were settled during 2013.

This amount also includes the fair value less costs to sell of a property of Joulz that is expected to be sold in 2014. Impairment of € 8 million was recognised for this building in Depreciation and impairment of property, plant and equipment in the income statement. This one-off fair value calculation may be classified as a level 2 calculation within the fair value hierarchy. The 'market approach' used estimated market rates for similar office/commercial spaces.

21. Trade receivables

	At 31 December 2013	At 31 December 2012
Energy receivables	866	852
Other trade receivables	103	75
Less: impairments	– 115	– 102
Total	**854**	**825**

The table below shows the aged analysis of the outstanding receivables:

	At 31 December 2013	At 31 December 2012
Prior to due date	691	662
After due date		
- under 3 months	118	109
- 3 to 6 months	35	30
- 6 to 12 months	43	36
- over 12 months	82	90
Principal amount	**969**	**927**
Less: impairments	– 115	– 102
Total	**854**	**825**

The table below shows the aged analysis of the impaired receivables:

	At 31 December 2013	At 31 December 2012
Prior to due date	12	6
After due date		
- under 3 months	11	9
- 3 to 6 months	13	9
- 6 to 12 months	21	19
- over 12 months	58	59
Totaal	**115**	**102**

Movements in the impairment losses on receivables were as follows:

	2013	2012
At 1 January	**102**	**103**
Additions	45	32
Withdrawals	– 32	– 31
Other movements	–	– 2
At 31 December	**115**	**102**

Trade receivables have a term of less than one year. In view of their short-term nature, the carrying amount of trade receivables is their fair value.

22. Other receivables

	At 31 December 2013	At 31 December 2012
Prepayments and accrued income	83	96
Margin calls	15	31
Other receivables	114	143
Total	**212**	**270**

In view of their short-term nature, the carrying amount of other receivables is their fair value.

23. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of € 238 million at 31 December 2013 (2012: € 220 million). Term deposits and blocked accounts which are not freely available were € 43 million at 31 December 2013 (2012: € 55 million).

24. Equity

	At 31 December 2013	At 31 December 2012
Share capital	497	497
Share premium	381	381
Revaluation reserve	861	903
Translation reserve	4	4
Cash flow hedge reserve	– 32	– 52
Retained earnings	2,636	2,478
Undistributed result for the financial year	241	233
Equity attributable to Eneco Holding N.V. shareholders	**4,588**	**4,444**
Non-controlling interests	5	3
Total equity	**4,593**	**4,447**

Share capital

Eneco Holding N.V.'s authorised share capital is € 2 billion, divided into 20 million shares with a nominal value of € 100 each. At 31 December 2013, 4,970,978 shares had been issued and fully paid. There were no changes in 2013. Eneco Holding N.V. has only issued ordinary shares.

Share premium

Eneco Holding N.V. was incorporated in 2000. Shareholders then holding shares in N.V. Eneco acquired a shareholding in the company by contributing their interests in N.V. Eneco to Eneco Holding N.V. Insofar as the value of that interest exceeded the nominal value of the shares in Eneco Holding N.V. that excess value was taken to share premium. The share premium can be considered as paid-up share capital.

Revaluation reserve

The revaluation reserve relates to the measurement of networks and network-related assets at fair value. The difference between depreciation in 2013 based on the revalued carrying amount and depreciation based on the original historical cost, less deferred tax, has been transferred from the revaluation reserve to retained earnings. The revaluation reserve is not freely at the disposal of the shareholders.

Translation reserve

Assets and liabilities of foreign group companies denominated in foreign currency and foreign-currency funding of those subsidiaries relating to long-term loans denominated in foreign

currency, after tax, are translated into euros at the reporting date at the exchange rate prevailing on the reporting date. Foreign currency exchange differences arising on this are recognised in the translation reserve in equity. The results of foreign group companies are translated into euros at the average rate. The difference between the profit after income tax at the average rate and based on the exchange rate prevailing on the reporting date is recognised through equity in the translation reserve. If an investment in a foreign operation is ended or reduced, the related accumulated translation differences are recognised through the income statement. The translation reserve is not freely at the disposal of the shareholders.

Cash flow hedge reserve

The cash flow hedge reserve recognises gains and losses in the fair value of the effective portion of derivative financial instruments designated as cash flow hedges for which the hedge transaction has not yet been settled. Consequently, Eneco meets the conditions for cash flow hedge accounting. The cash flow hedge instruments are mainly forward and swap contracts agreed with other market parties in order to cover the market price risks of purchasing and selling energy commodities. This reserve also recognises the effective portion of hedging with interest rate and currency swap contracts. The cash flow hedge reserve is not freely at the disposal of the shareholders.

The movements in the cash flow hedge reserve were as follows:

	Energy commodities	Interest rate swap contracts	Currency swap contracts	Total
At 1 January 2012	**35**	**– 5**	**– 42**	**– 12**
Newly defined cash flow hedges in financial year	13	–	–	13
Movements in fair value cash flow hedges	– 11	– 2	– 53	– 66
Deferred income tax liabilities	– 1	1	13	13
Non-effective portion of cash flow hedges	– 2	–	–	– 2
Discontinued cash flow hedges	2	–	–	2
At 31 December 2012	**36**	**– 6**	**– 82**	**– 52**
Newly defined cash flow hedges in financial year	– 4	–	–	– 4
Movements in fair value cash flow hedges	27	4	15	46
Deferred income tax liabilities	– 2	– 1	– 4	– 7
Non-effective portion of cash flow hedges	– 15	–	–	– 15
Discontinued cash flow hedges	1	– 1	–	–
Reclassifications	– 2	– 1	3	–
At 31 December 2013	**41**	**– 5**	**– 68**	**– 32**

Distributable results

A dividend of € 23.44 per share was paid in 2013 (2012: € 20.52). The non-distributable capital was € 983 million at 31 December 2013 (2012: € 1,031 million).

Non-controlling interests

These are third-party shares in the equity of subsidiaries of which Eneco Holding N.V. is not the sole shareholder.

25. Provisions for employee benefits

	Health insurance for pensioners	Long-service benefits	Total
At 1 January 2012	**4**	**27**	**31**
Additions	–	3	3
Withdrawals	– 1	– 1	– 2
Released	–	– 1	– 1
At 31 December 2012	**3**	**28**	**31**
Additions	–	3	3
Withdrawals	– 1	– 2	– 3
At 31 December 2013	**2**	**29**	**31**
Classification			
Current	1	1	2
Non-current	1	28	29
At 31 December 2013	**2**	**29**	**31**

The following actuarial assumptions were used for the provisions:

	2013	2012
Discount rate at reporting date	2.9%	2.5%
Future salary increases	1.0%	1.0%

Expenditures from the provisions for employee benefits are made over the long term. The provisions are remeasured annually using current employee information and properly reflect the expected cash flows.

26. Other provisions

	Decommissioning provision	Onerous contracts	Reorganisation	Other	Total
At 1 January 2012	**34**	**18**	**7**	**12**	**71**
Additions	5	34	21	4	64
Acquisition	4	–	–	–	4
Withdrawals	– 1	– 11	– 6	– 5	– 23
Released	–	– 10	– 1	– 3	– 14
Reclassification	2	– 1	–	– 1	–
At 31 December 2012	**44**	**30**	**21**	**7**	**102**
Additions	12	10	19	16	57
Withdrawals	– 1	– 14	– 17	– 2	– 34
Released	–	–	–	– 2	– 2
At 31 December 2013	**55**	**26**	**23**	**19**	**123**
Classification					
Current	–	16	17	1	34
Non-current	55	10	6	18	89
At 31 December 2013	**55**	**26**	**23**	**19**	**123**

Interest at 4.5% has been added to the provisions in 2013 (2012: 5%).

Decommissioning

The decommissioning provision is of a long-term nature. The cash flows will generally occur after ten years and within twenty years. The amounts are the best estimate and are reviewed annually for expected future movements in the cost of removing assets.

Onerous contracts

Expenditure on onerous contracts will be made within three years. The provision is a good reflection of the cash flows in view of the relatively short remaining term of the contracts.

Restructuring provision

In 2013, € 19 million was added to the restructuring provision, mainly in respect of outsourcing IT services and a further addition for reorganisations already under way at Joulz.

Other

Expenditure on the other provisions is expected to be made over a longer period. This expenditure is difficult to estimate. The current amounts are the best estimate on the reporting date.

27. Interest-bearing debt

Interest-bearing debt was:

	At 31 December 2013	At 31 December 2012
Private loans	1,806	1,792
"Green" loans and subordinated loans	105	8
Total	**1,911**	**1,800**

See Note 32 for details of the repayment periods.

	At 31 December 2013	At 31 December 2012
Classification		
Current	175	74
Non-current	1,736	1,726
Total	**1,911**	**1,800**

No collateral has been issued for the interest-bearing debt.

The private loans are predominantly loans from institutional investors and banks and included € 214 million in US dollars (2012: € 224 million), € 138 million in Japanese yen (2012: € 176 million) and € 90 million in pounds sterling (2012: € 92 million). The "green" loans were borrowed to finance specific sustainable energy infrastructure investments. Investors enjoy tax advantages on green funds and so the interest charges are below the market interest rate. Loans consisted of private loans and issued commercial paper.

The credit facilities are explained in Note 32.

Repayment obligations for the first year after the reporting date are recognised under current liabilities.

Borrowings of € 1,752 million (2012: € 1,552 million) are fixed rate (fair value risk). Variable interest rates that track market rates apply to the other borrowings (cash flow/interest rate risk). Derivative financial instruments (interest rate swap contracts) have been used for certain variable interest rates.

The table below shows the average interest rate (excluding capitalised interest) and the fair value of the loans:

	2013	2012
Average interest rate	5.7%	5.7%
Fair value of loans	2,092	2,073

The fair value of the loans is estimated using the present value method ('income approach') based on relevant market interest rates for comparable debt. Consequently, the information for establishing value is covered by 'level 2' in the fair value hierarchy

28. Trade and other payables

	At 31 December 2013	At 31 December 2012
Trade creditors	766	839
Accruals and deferred income	434	451
Pension contributions	6	5
Other liabilities	644	552
Total	**1,850**	**1,847**
Classification		
Current	1,495	1,552
Non-current	355	295
Total	**1,850**	**1,847**

In view of their short-term nature, the carrying amount of trade and other payables is their fair value.

29. Operating leases

Costs and liabilities of operating leases

Eneco has operating lease agreements for IT facilities and the vehicle fleet. There are also rental agreements for land and a number of business premises. A cost of € 61 million (2012: € 59 million) has been recognised through the income statement in this respect. The minimum obligations under these agreements fall due as follows:

	At 31 December 2013	At 31 December 2012
Within 1 year	56	61
From 1 to 5 years	168	163
After 5 years	196	185
Total	**420**	**409**

Revenues from operating leases

Equipment and energy installations are leased for periods of 5 to 15 years while the assets concerned remain the property of Eneco. The lease covers making the equipment available to users and maintenance. Revenues of € 41 million (2012: € 40 million) have been recognised through the income statement.

The minimum receivables from non-terminable lease agreements fall due as follows:

	At 31 December 2013	At 31 December 2012
Within 1 year	32	35
From 1 to 5 years	90	108
After 5 years	68	114
Total	**190**	**257**

30. Contingent assets and liabilities

Energy purchase and sale commitments

Eneco has energy purchase commitments of € 7.6 billion (2012: € 9.7 billion) under contracts relating to 2014 and later years. The purchase commitments comprise energy contracts for the company's own use with various energy generators. There are sales commitments of € 2.9 billion (2012: € 3.2 billion) for 2014 and later years.

There are commitments of € 0.9 billion (2012: € 1.0 billion) for the purchase of heat until 2038.

Lease-and-leaseback transactions

Between 1997 and 2000, lease-and-leaseback transactions were entered into for a large part of the gas, electricity and district heating networks.

These assets are leased for a long period to third parties who have leased the same assets back to Eneco. Eneco is entitled to purchase the sub-leasing rights held by third parties at the end of the lease-back periods in 2022.

The table below shows the transactions concluded:

x USD 1 million	Number of transactions	Transaction value	Costs of early termination	Value of investments
Electricity networks	4	502	228	148
Total 31 December 2013	**4**	**502**	**228**	**148**
Total 31 December 2012	12	2,620	1,050	942

The transaction value is the appraised value at the time the lease-and-leaseback transactions were entered into, defined for US fiscal purposes on valuation principles prevailing under US tax regulations. Eight transactions were terminated early during 2013 (2012: 3) and as a result there were no transactions for gas and district heating networks at the end of 2013.

Income from lease-and-leaseback transactions is recognised in the year the transaction occurred less the costs expected at that time to be incurred throughout the remaining term. These expected costs are recognised in the balance sheet as Other non-current liabilities. The lease-and-leaseback transactions may restrict the ability to sell the assets. These assets may be sold (in full or in part) subject to certain conditions. If these conditions are not complied with, termination conditions may come into force.

Conditional and unconditional contractual obligations and rights exist in connection with these lease-and-leaseback transactions. The financial obligations and rights cancel each other out and, as they have been transferred to third parties, are not recognised in the balance sheet.

The company has provided security in respect of these obligations in the form of qualitative obligations on parts of the electricity networks. In connection with the risk of forced early termination of the lease-and-leaseback transactions, the company has also provided additional security in the form of letters of credit to a value of USD 186 million (2012: USD 393 million), which are covered by subordinated collateral rights in respect of the network.

When the lease-and-leaseback transactions were entered into, some of the proceeds received were invested in high quality bonds. These bonds can be used at a later date to purchase the sub-leasing rights. The market value of these investments on the reporting date amounted to USD 148 million (2012: USD 942 million).

The difference between the costs of early termination and the value of the investments, based on current market prices, is expected to develop as follows in the coming years:

x USD 1 million	2014	2015	2016	2021
Costs of early termination	232	235	236	237
Value of investments	155	163	171	219
Difference	**77**	**72**	**65**	**18**

The portion of the costs of early termination that must contractually be covered by letters of credit depends on the corporate credit rating of Eneco, which, at the reporting date, was 'A-' according to Standard & Poor's.

Investment obligations

At 31 December 2013 Eneco had entered into investment obligations with a total amount of € 596 million (2012: € 272 million).

Other obligations and guarantees

At 31 December 2013 there were existing other payment obligations of € 732 million (2012: € 580 million), payable from 2014.

Eneco has issued guarantees of approximately € 34 million (2012: € 31 million).

Eneco has formed fiscal unities for corporate income tax and VAT purposes. Eneco Holding N.V. and the subsidiaries in these fiscal unities are jointly and severally liable for the tax obligations of the fiscal unities. Stedin Netbeheer B.V. and its subsidiaries form a separate fiscal unity for VAT purposes.

31. Related party transactions

Associates, joint ventures and the company's Management and Supervisory Boards are considered as related parties. Shareholders in Eneco with significant influence are also related parties.

Sales to and purchases from related parties are on terms of business normally prevailing with third parties. Receivables and liabilities are not covered by collateral and are paid by bank transactions.

The table below shows the trading transactions with the principal related parties:

	Sales		Purchases	
	2013	2012	2013	2012
Associates	114	94	22	18
Joint ventures	7	3	44	54
Other capital interests (> 20%)	–	1	30	21

	Assets		Liabilities	
	At 31 December 2013	At 31 December 2012	At 31 December 2013	At 31 December 2012
Associates	15	22	3	1
Joint ventures	1	1	6	8
Other capital interests (> 20%)	2	2	–	–

Note 6 provides details of the remuneration of members of the Management and Supervisory Boards.

During the past financial year, Eneco made a non-material acquisition of 52.8% of the shares in Home Automation Europe B.V., a small company which supplies the Toon thermostat. The transaction included the chairman of the Supervisory Board's beneficial interest in this company, which predated him taking office at Eneco. Depositary receipts were issued for his shares when he took office. The Supervisory Board (in the absence of the chairman) ensured that the supervisory director concerned did not take part in the decision. He was also not involved in decisions on the sale, including the evaluation of the selling price of the company in question.

The only other relationship between the members of the Management and Supervisory Boards and Eneco is that of customer and supplier on normal arm's length terms and conditions. Eneco applies the exemption from disclosures on related party transactions with government-related entities. The Municipality of Rotterdam has significant influence. There is no relationship other than the shareholder relationship, except that of customer and supplier on normal arm's length terms and conditions.

32. Financial risk management

Normal business activities involve exposure to credit, commodity market, interest rate and liquidity risk. Eneco's policy is designed to minimise the adverse consequences of unforeseen circumstances on its financial results. The aims formulated to this end are derived from the company's strategic objectives. Procedures and guidelines have been drawn up in accordance with these objectives and are evaluated at least once a year and, if required, adjusted.

The Board of Management is responsible for risk management. In this context, it sets out procedures and guidelines and ensures they are complied with. Authority to commit Eneco is specified in the Corporate Authority Manual. Mandates have also been drawn up for all business units, including Eneco's purchasing and trading department and sales channels, to manage commodity (electricity, gas, heating, emission rights and fuels) risks.

The Board of Management and senior management regularly review the results, key figures such as changes in working capital and the trading position, the principal risks and the measures to manage them. Stress tests are developed for the principal identified risks and incorporated in the long-term financial plan. This clarifies the impact of risk on operations. Senior management reports to the Board of Management by means of an In Control Statement every year.

The internal Audit & Risk Committee, Commodity Risk Committee and Investment Risk Committee are in charge of the formulation and application of the company's risk policy and advise the Board of Management accordingly.

The Supervisory Board exercises supervision over the course of business and risk management by conducting reviews of strategic plans, budgets, critical performance indicators, forecasts and results.

32.1 Credit risk

Credit risk is the risk of a loss if a counterparty or its guarantor cannot or will not meet its obligations. For the purposes of managing this risk, a distinction is drawn between debtor risk and counterparty risk, including the risk Eneco runs on cross-border lease transactions.

Debtor risk

Debtor risk is the risk that a debtor fails to pay a receivable. Most receivables are of limited size and there are a great number of debtors. The Board of Management does not consider this to be a concentration of risk.

Policy is designed not to provide customers with any credit going beyond normal supplier credit as set out in the applicable conditions of supply. Policy is also formulated at a decentralised level within the organisation. The effectiveness of that policy is monitored at the corporate level and adjustments are made as required.

Measures in place to limit debtor risk are:

- an active debt collection policy;
- credit limits, bank guarantees and/or margining (cash collateral) for business customers;
- recourse to debt collection agencies and different collection methods for current and former customers.

The amount of a receivable is adjusted pursuant to a set procedure. The adjustment depends on the time that the receivable has remained outstanding and the probability that it will not be paid in full. There are also individual reviews for business customers.

Counterparty risk

Counterparty risk is the risk that a trading partner cannot or will not meet its delivery or payment obligations. This risk is primarily encountered in trading in energy commodities, emission rights and interest rate and foreign currency hedge transactions. The basis for the management of this risk is set out in the Counterparty Mandate (part of the Eneco Energy Trade commodity mandate) and the Treasury Charter drawn up by the Board of Management.

The size of the counterparty risk is primarily determined by the replacement value of the future deliveries and the commodity delivered which has not yet been paid for. The replacement value is calculated each day for each counterparty based on current market prices for future deliveries. The risk position is measured against the risk tolerance. That tolerance is drawn up for each contract party on the basis of an assessment of the creditworthiness of that counterparty derived from a public or internal rating and/or alternative assessment methods.

Counterparty risk is limited by:

- setting financial limits based on the financial strength of the counterparty;
- setting trading volume restrictions for each counterparty (position management);
- the use of standard agreements, in particular based on EFET and ISDA terms;
- use of third-party margining and clearing;
- use of bilateral margining agreements with counterparties;
- executing risk-reducing transactions with counterparties leading to partly-offsetting positions;
- requiring additional guarantees from counterparties, e.g. bank guarantees;
- credit insurance taken if necessary to cover exposures exceeding the limits.

Third-party margining and clearing is in place for futures. This transfers the counterparty risk of a futures contract to a clearing bank. This bank is linked to a clearing house that facilitates settlement of futures transactions through exchanges such as ICE ENDEX (InterContinental Exchange European Energy Derivatives Exchange N.V.), EEX (European Energy Exchange A.G.) and the ECX (European Climate Exchange). Every day, the clearing house settles interim changes in market value with its clearing banks which in turn settle with the market parties concerned (margin calls). This neutralises counterparty risk for each party to the contract.

Bilateral margining implies similar daily settlement directly with the counterparty to the transaction. The contract with the counterparty sets an initial minimum value (threshold). Bilateral margining is only applied if the threshold is exceeded.

The margining system creates liquidity risk and so risk policy is designed to monitor and match counterparty risk by forward trading and liquidity risk by margining. There is a system for monitoring internal limits using regular (often daily) reports, to manage both risks.

On 31 December 2013, Eneco held positions in the form of deposits at three European banks in connection with the lease-and-leaseback transactions (see Note 30). On the reporting date, these were USD 575 million (2012: USD 1.8 billion). All the banks have investment grade ratings from Standard & Poor's and/or Moody's. The counterparty risk is reviewed frequently and this may result in positions being moved where possible to a different party.

The maximum credit risk is equal to the carrying amount of the financial assets, including derivative financial instruments and receivables under cross-border leases as disclosed in the note on Contingent assets and liabilities.

Where Eneco meets the IFRS criteria for netting, financial assets and financial liabilities are netted and recognised net in the balance sheet. Transactions in derivative financial instruments use standardised terms and conditions and contract types such as the master netting agreements based on ISDA and EFET terms. Most of Eneco's contracts for derivative financial instruments meet the netting criteria since there is a legally enforceable right to set off the recognised amounts and, in addition, since all amounts relating to netted financial assets and financial liabilities are settled as a single sum.

The table below sets out only the financial assets and financial liabilities netted in the balance sheet in accordance with the criteria in IAS 32. As the table does not include all the financial assets and liabilities in the balance sheet, it is not possible to reconcile these figures with the net amounts presented in the balance sheet.

At 31 December 2013	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Assets			
Derivative financial instruments	687	442	245
Cash and cash equivalents	732	610	122
Other financial instruments	742	542	200
	2,161	**1,594**	**567**

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
Liabilities			
Derivative financial instruments	609	442	167
Current liabilities to credit institutions	610	610	–
Other financial instruments	1,055	542	513
	2,274	**1,594**	**680**

At 31 December 2012	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Assets			
Derivative financial instruments	959	757	202
Cash and cash equivalents	856	758	98
Other financial instruments	901	718	183
	2,716	**2,233**	**483**

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
Liabilities			
Derivative financial instruments	901	757	144
Current liabilities to credit institutions	758	758	–
Other financial instruments	1,228	718	510
	2,887	**2,233**	**654**

Financing instruments

Management of financing instruments is set out the Treasury Charter drawn up by the Board of Management and Supervisory Board. Counterparty risk on borrowing money is very limited. The assessment criteria formulated in the Treasury Charter are taken into account when lending money. They call for a counterparty to have a credit rating of at least A+ (Standard & Poor's) or A1 (Moody's). Counterparty risk is further reduced by dispersion across a number of parties, predetermined limits for each counterparty and maximum lending terms.

The counterparty risk for financial instruments (swap contracts) is limited by:

- the use of framework agreements on ISDA terms;
- procedures for regular assessment of counterparty risk;
- margining as a result of the agreed credit support agreements.

The margining system based on credit support agreements creates liquidity risk. The risk policy is designed to monitor this through regular reporting.

32.2 Market risk

Market risk is the exposure to changes in value in current or future cash flows and financial instruments arising from changes in market prices, market interest rates and exchange rates.

Price risk

Exposure to market price risk on the commodity portfolios for purchasing and supply to customers is initially limited by back-to-back transactions for purchase and sales obligations, for which derivative financial instruments are also used. Structured hedging strategies are used where back-to-back hedging is not possible, or only with excessively high transaction charges. In these cases, positions are hedged temporarily in other countries, commodities and/or periods which have an historically strong correlation with the price risks to be hedged. These instruments are deployed within a conservative mandate and limit structure that includes on-going registration, monitoring and analysis of trading positions and market value.

The market price risk on the company's own generation and long-term structured commodity purchase contracts is also limited through back-to-back transactions and structured hedging strategies as described above. It should be noted that there is no liquid energy trading market for exposures that lie further in the future and they are difficult or impossible to hedge.

Price risks inherent to energy commodity trading portfolios and emission rights are managed using position limits, MtM limits, Value at Risk (VaR) measures and stop-loss limits. The limits that can best be applied to manage risks are determined for each business activity. VaR represents the potential loss on a portfolio in the event of a poor scenario over a 10-day period, at a 95% confidence level. VaR calculations are based on price history and include data such as correlations between products, markets and time periods. Retrospective testing is conducted to check the calculated VaR values and the model used is checked. The risk managers and energy traders are notified each day of the VaR, the MtM and positions in relation to the limit. Limit infringements are reported immediately, in accordance with the EET commodity mandate. The VaR for the proprietary trading portfolio at 31 December 2013 was € 0.8 million (2012: € 0.9 million). The average VaR in 2013 was € 0.9 million (2012: € 1.5 million).

Foreign currency risk

Foreign currency risk is the exposure to changes in value of financial instruments arising from changes in exchange rates. The Treasury department is responsible for managing the group's other foreign currency risk. Companies included in the consolidation are not permitted to maintain open positions in foreign currencies in excess of € 250,000 without the Treasury department's approval. Based upon the aggregate foreign currency position and the associated limit set for open positions, the Treasury department determines whether hedging is desirable and the strategy to be followed. Foreign currency risk attaching to commodity-related financial instruments is managed in accordance with the price risk.

Loans were entered into in 2009 in US dollars, Japanese yen and pounds sterling to meet the group's funding requirements. Eneco has hedged the foreign currency risk for the full term of these loans using cross-currency swap contracts.

Interest rate risk

Interest rate risk is the exposure to changes in value in financial instruments arising from changes in market interest rates. The Treasury department manages interest rate risk. The interest rate risk policy is aimed at managing the net financing liabilities through fluctuations in market interest rates. A specified range for the proportions of loans at fixed and variable interest rates serves as the base tool. Eneco uses derivative financial instruments such as interest rate swap contracts to achieve the desired risk profile. If all other variables remain constant, it is estimated that a general increase of 1% in Euribor (for a period of twelve months) would lead to a decrease in profit before tax of € 0.1 million (at 31 December 2012: € 0.1 million).

32.3 Liquidity risk

Eneco is a capital-intensive business. Its financing policy is aimed at the development and retention of an optimum financing structure taking into account its current asset base and investment programme. The criteria are access to the capital market and flexibility at acceptable financing costs.

Financing is drawn centrally and apportioned internally. Subsidiaries are financed by a combination of equity and intercompany loans.

A specific liquidity risk arises from margining through clearing houses. Risk limits have been set to cover both the outstanding balance and price change sensitivity for the purposes of managing this. This risk is the subject of daily reports to senior management and monthly reports to the Board of Management. The sensitivity of the margin call to a 1% price change was € 0.6 million in 2013 (2012: € 0.1 million). Another liquidity risk arises from the margining of the market value

of the cross-currency swap contracts entered into with a number of banks. If the market value of these contracts exceeds the contractual limits, Eneco has to deposit the excess with these banks. To mitigate this, in 2013 Eneco transferred two cross-currency swap contracts to another party so that there were no further margining obligations for these contracts. At 31 December 2013, Eneco had deposited a total of € 16 million (2012: € 31 million).

Great importance is attached to managing all the above risks to avoid Eneco finding itself in a position in which it could not meet its financial obligations. In addition, liquidity needs are planned on the basis of long, medium and short-term cash flow forecasts. The cash flow forecasts incorporate operating and investing cash flows, dividends, interest payable and debt redemption. The Treasury department sets this capital requirement against available funds. A report is submitted to the Board of Management every month.

Daily callable credit facilities up to € 116 million (2012: € 116 million) have been agreed with a number of banks for overdrafts on current accounts. There is also a committed credit facility available up to an amount of € 1.25 billion up to October 2016 (2012: € 1.25 billion.). An extension to October 2017 for a maximum of € 1.1 billion was agreed in 2012. This facility was not drawn during 2013. Eneco also has a syndicated guarantee and letter of credit facility of € 200 million available to 1 December 2014. Under this facility, Eneco can obtain guarantees to cover counterparty risk on contracts with energy suppliers to the extent that those risks exceed the agreed limit.

The table below shows forecast nominal cash outflows and any interest arising from financial instruments over the coming years. The cash flows from derivatives are based on the prices and volumes in the contracts.

As of 31 December 2013	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	719	501	14	1,234
Interest-bearing debt	262	704	1,792	2,758
Trade and other payables	1,495	115	240	1,850
Total	**2,476**	**1,320**	**2,046**	**5,842**

As of 31 December 2012	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	486	152	35	673
Interest-bearing debt	158	843	1,626	2,627
Trade and other payables	1,552	104	191	1,847
Total	**2,196**	**1,099**	**1,852**	**5,147**

33. Capital management

The primary aim of capital management at Eneco is to maintain good creditworthiness and healthy solvency to support operations and minimise the cost of debt. Eneco regards both capital and net debt as relevant elements of its financing and so of its capital management. Eneco can influence its capital structure by altering the proportions of equity and debt. Net interest-bearing debt (excluding discontinued operations) is defined as long-term and current interest-bearing debt less cash and cash equivalents.

No changes were made to the aims, policy and processes for capital management in 2013 and 2012.

Eneco monitors its capital using the 'Financial Management Framework', which sets out various ratios that have to be regularly monitored by the Board of Management. One of these ratios is equity/total assets. Eneco's policy is to keep this above 45%. At year-end 2013, it was 49.9% (2012: 50.5%).

34. Events after the reporting date

On 21 January 2014, Eneco acquired 90,000 energy customers and 89 employees from DONG Energy Sales B.V. after reaching agreement with DONG S/A of Denmark. The acquisition allows Eneco to move towards its ambition to grow as a supplier of sustainable energy to retail, SME and business customers in the Netherlands. The acquisition is subject to certain advisory and approval processes. Approval from the regulator, the Netherlands Authority for Consumers and Markets (ACM) has already been given. Eneco expects the transaction to be completed in March.

The Heating Supply Act (Warmtewet) came into force on 1 January 2014 and is designed to protect retail heating consumers against excessive charges by regulating prices using the "no more than otherwise" principle (the cost of heating is capped at the price of gas heating). The introduction of the Heating Supply Act has no effect on the measurement of Eneco's district heating networks.

Notes to the consolidated cash flow statement

All amounts in millions of euros unless stated otherwise.

The cash flow statement has been prepared using the indirect method. To reconcile the movement in cash and cash equivalents, the result after tax is adjusted for items in the income statement and movements in balance sheet that did not affect receipts and payments during the year.

The cash flow statement distinguishes between cash flows from operating, investing and financing activities. The cash flow from operating activities includes interest and income tax payments and interest and dividend receipts. Development costs, investments in and disposals of non-current assets (including financial interests) are included in cash flow from investing activities. Dividends paid out are recognised as outgoing cash flow from financing activities.

Movements in working capital

Working capital consists of inventories and current receivables less short-term non-interest-bearing debt. The table below shows movements in working capital recognised in the cash flow from operating activities:

	2013	2012
Movements in intangible current assets	19	4
Movements in inventories	– 13	– 8
Movements in trade receivables	– 29	– 24
Movements in other receivables	21	– 23
Movements in non-interest bearing debt	– 43	– 20
Total	**– 45**	**– 71**

Segment information

All amounts in millions of euros unless stated otherwise.

Segment information

Business segments are based on Eneco's internal organisation and management reporting structure.

Eneco group's business segments are the three core businesses: Eneco, Stedin and Joulz. The Eneco segment purchases, generates, trades and sells electricity, gas and district heating, constructs, maintains and manages district heating networks and offers consultancy services. The Stedin segment is the manager of the gas and electricity networks. The Joulz segment is the infrastructure company which includes consultancy, engineering, construction and management of energy infrastructures and the maintenance of lighting and parking facilities.

Transfer prices for internal products and services are on arm's length prices and terms.

The group accounting policies are also applied in the segment reports.

Revenues and profit by business segment

2013	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Eliminations and non-allocated	Total
Revenues from energy sales and transmission, energy related activities and other operating revenues	3,973	1,158	120	–	5,251
Inter-segment operating revenues	52	6	440	– 498	–
Purchases of energy and energy related and other operating expenses	– 3,735	– 567	– 540	468	– 4,374
Operating profit before depreciation, amortisation and impairment	**290**	**597**	**20**	**– 30**	**877**
Depreciation, amortisation and impairment	– 249	– 206	– 6	– 21	– 482
Operating profit	**41**	**391**	**14**	**– 51**	**395**

2012	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Eliminations and non-allocated	Total
Revenues from energy sales and transmission, energy related activities and other operating revenues	4,067	1,081	108	–	5,256
Inter-segment operating revenues	42	10	399	– 451	–
Purchases of energy and energy related and other operating expenses	– 3,827	– 561	– 516	424	– 4,480
Operating profit before depreciation, amortisation and impairment	**282**	**530**	**– 9**	**– 27**	**776**
Depreciation, amortisation and impairment	– 235	– 199	– 7	–	– 441
Operating profit	**47**	**331**	**– 16**	**– 27**	**335**

Balance sheet by business segment

At 31 december 2013	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Eliminations and non-allocated	Total
Assets					
Assets	4,409	4,867	355	– 477	9,154
Associates	49	–	–	–	49
Total assets	**4,458**	**4,867**	**355**	**– 477**	**9,203**
Liabilities					
Equity and non-current liabilities	3,189	4,484	47	– 348	7,372
Current liabilities	1,269	383	308	– 129	1,831
Total equity and liabilities	**4,458**	**4,867**	**355**	**– 477**	**9,203**

At 31 December 2012	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Eliminations and non-allocated	Total
Assets					
Assets	4,233	4,653	373	– 494	8,765
Associates	39	–	–	–	39
Total assets	**4,272**	**4,653**	**373**	**– 494**	**8,804**
Liabilities					
Equity and non-current liabilities	2,989	4,363	40	– 358	7,034
Current liabilities	1,283	290	333	– 136	1,770
Total equity and liabilities	**4,272**	**4,653**	**373**	**– 494**	**8,804**

Other data by business segment

2013	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Total
Investments in property, plant and equipment and intangible assets	408	438	8	854
Depreciation/amortisation of property, plant and equipment and intangible assets	250	216	16	482

2012	Segment Energy Company Eneco	Segment Stedin	Segment Joulz	Total
Investments in property, plant and equipment and intangible assets	329	374	9	712
Depreciation/amortisation of property, plant and equipment and intangible assets	235	199	7	441

Revenues by country

	2013	2012
Netherlands	4,959	5,076
Belgium	279	169
Other	13	11
Totaal	**5,251**	**5,256**

Overview of principal subsidiaries, joint ventures and associates

Subsidiaries

Name	Seat	Share
AgroPower B.V. *	Delft	100%
BioEnergieCentrale Delfzijl B.V.	Rotterdam	100%
CityTec B.V. *	The Hague	100%
Ecofys Netherlands B.V.	Utrecht	100%
Eneco B.V. *	Rotterdam	100%
Eneco België B.V. *	Rotterdam	100%
Eneco Business B.V. *	Rotterdam	100%
Eneco Energy Trade B.V. *	Rotterdam	100%
Eneco Gasspeicher B.V. *	Rotterdam	100%
Eneco Installatiebedrijven B.V. *	Rotterdam	100%
Eneco International B.V.	Rotterdam	100%
Eneco Retail B.V. *	Rotterdam	100%
Eneco Solar Assets France 1	Roquefort (F)	100%
Eneco Solar Belgium N.V.	Maldegem (B)	100%
Eneco Solar, Bio & Hydro B.V. *	Rotterdam	100%
Eneco Strategic Assets B.V.	Rotterdam	100%
Eneco Supply B.V. *	Rotterdam	100%
Eneco Warmte & Koude B.V. *	Rotterdam	100%
Eneco Wind B.V. *	Rotterdam	100%
Eneco Wind Belgium S.A.	Waver (B)	100%
Eneco Wind UK Ltd.	London (UK)	100%
Eneco Windmolens Offshore B.V.	Rotterdam	100%
Joulz B.V. *	Rotterdam	100%
LZN Ltd.	London (UK)	100%
N.V. Eneco Beheer *	Rotterdam	100%
Offshore Windpark Q7 B.V.	IJmuiden	100%
Oxxio Nederland B.V. *	Leusden	100%
Stedin Meetbedrijf B.V. *	Capelle aan den IJssel	100%
Stedin Netbeheer B.V. *	Rotterdam	100%
Tullo Wind Farm Ltd.	London (UK)	100%
Windpark Afrikahaven B.V.	Utrecht	100%
Windpark de Beemden B.V.	Rotterdam	100%
Windpark De Graaf B.V.	Oosterhout	100%
Windpark Houten B.V.	Rotterdam	100%
Windpark Logistiekweg B.V.	Utrecht	100%
Windpark Martens B.V.	Oosterhout	100%
Windpark Martina Cornelia B.V.	Rotterdam	100%
Windpark Oudenstaart B.V.	Rotterdam	100%
Windpark Romerswaal B.V.	Rotterdam	100%
Windpark Sabina-Henricka B.V.	Rotterdam	100%
Windpark van Luna B.V.	Utrecht	100%
Windpark van Pallandt B.V. *	Rotterdam	100%

* Eneco Holding N.V. has issued a declaration of joint and several liability for the subsidiaries marked with an *, pursuant to Section 403(1f), Part 9, Book 2 of the Dutch Civil Code.

Joint ventures

Name	Seat	Share
Enecogen v.o.f.	Rotterdam	50%
Navitus Bay Development Limited	London (UK)	50%
Q10 Offshore Wind B.V.	Rotterdam	50%
Warmtetransportbedrijf Amstelland Zuid-Amsterdam (WAZA) B.V.	Rotterdam	39%

Associates

Name	Seat	Share
Groene Energie Administratie B.V.	Rotterdam	30%

A full list of companies has been filed with the trade registry in Rotterdam pursuant to Section 379 of Part 9, Book 2 of the Dutch Civil Code.

Company financial statements

Company income statement

x € 1 million	2013	2012
Share of profit of subsidiaries	259	266
Other results after income tax	– 18	– 33
Profit after income tax	**241**	**233**

Company balance sheet

Before appropriation of profit

x € 1 million	Note	At 31 December 2013	At 31 December 2012
Non-current assets			
Financial assets	2	7,623	7,240
Current assets			
Receivables from associates		194	173
Current income tax assets		25	28
Other receivables		51	32
Cash and cash equivalents		106	96
Total current assets		**376**	**329**
Total assets		**7,999**	**7,569**
Equity			
Share capital		497	497
Share premium		381	381
Revaluation reserve		861	903
Translation reserve		4	4
Cash flow hedge reserve		– 32	– 52
Retained earnings		2,636	2,478
Undistributed profit		241	233
Total equity	3	**4,588**	**4,444**
Non-current liabilities			
Interest-bearing debt	4	1,577	1,531
Other liabilities		113	77
Total non-current liabilities		**1,690**	**1,608**
Current liabilities			
Interest-bearing debt	4	185	208
Liabilities to associates		1,514	1,289
Other liabilities		22	20
Total current liabilities		**1,721**	**1,517**
Total equity and liabilities		**7,999**	**7,569**

Notes to the company financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting policies

The company financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code, and the same accounting policies have been applied as in the consolidated financial statements as permitted by Section 362(8), Part 9, Book 2 of the Dutch Civil Code, except that subsidiaries are carried at net asset value. The descriptions of the activities and structure of the enterprise as stated in the Notes to the consolidated financial statements also apply to the company financial statements.

2. Financial assets

	Subsidiaries	Receivables from subsidiaries	Other receivables	Derivative financial instruments	Deferred income tax assets	Total
At 1 January 2012	**5,350**	**1,537**	**21**	**9**	**60**	**6,977**
Share of profit of subsidiaries	266	–	–	–	–	266
Movements in deferred tax assets	–	–	–	–	– 24	– 24
Movements in loans to subsidiaries	–	29	–	–	–	29
Movements in other loans	–	–	2	–	–	2
Movements in fair value of derivative financial instruments in equity	– 3	–	–	– 9	–	– 12
Translation differences	2	–	–	–	–	2
At 31 December 2012	**5,615**	**1,566**	**23**	**–**	**36**	**7,240**
Share of profit of subsidiaries	259	–	–	–	–	259
Movements in deferred tax assets	–	–	–	–	– 33	– 33
Movements in loans to subsidiaries	–	149	–	–	–	149
Movements in fair value of derivative financial instruments in equity	8	–	–	–	–	8
At 31 December 2013	**5,882**	**1,715**	**23**	**–**	**3**	**7,623**

3. Equity

Details of changes in equity are set out in the Consolidated statement of changes in equity in the consolidated financial statements. The individual components of equity are disclosed in Note 24 to the consolidated financial statements.

4. Interest bearing debt

Interest-bearing debt is mainly the private loans obtained from institutional investors as set out in Note 27 to the consolidated financial statements.

5. Contingent assets and liabilities

Eneco Holding N.V. has issued a declaration of joint and several liability pursuant to Section 403(1)(f), Part 9, Book 2 of the Dutch Civil Code for the principal subsidiaries marked with an * in the list of subsidiaries, joint ventures and associates and those similarly indicated in the full list filed with the trade registry in Rotterdam.

The company is acting as guarantor for the obligations that are related to the lease-and-leaseback transactions as reported in Note 30 to the consolidated financial statements.

Eneco Holding N.V. and almost all its subsidiaries form a fiscal unity for corporate income tax purposes. All companies in this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity. Eneco Holding N.V. is also a member of a fiscal unity for VAT purposes, covering part of the group. All companies in this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

6. Auditor's fees

The fees below were recognised in the 2013 income statements of the company and its subsidiaries for audit and consultancy services by Eneco's external auditor, Deloitte Accountants B.V., as defined in Section 1.1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta), and include those charged by entities associated with the auditor in the Deloitte network.

x € 1,000	2013	2012
Audit of the financial statements [1]	847	961
Other audit engagements	1,066	1,507
Other non-audit services	257	246
Total	**2,170**	**2,714**

[1] 2012 figures restated for comparative purposes.

The fee for the audit of the Eneco Holding N.V. financial statements included audit work on the consolidated and company financial statements of this company.

Other audit engagements are the audit of the statutory financial statements of subsidiaries and related engagements. Other non-audit services are those permitted by Wta and include those charged by entities associated with the auditor in the Deloitte network (2013: € 228,000 and 2012: € 215,000).

Rotterdam, 28 February 2014

Eneco Holding N.V.

Board of Management	Supervisory Board
J.F. (Jeroen) de Haas, chairman	E.H.M. (Edo) van den Assem, chairman
C.J. (Kees-Jan) Rameau	C.P.G. (Kees) van Dongen
G.A.J. (Guido) Dubbeld	H.G. (Henk) Dijkgraaf
M.W.M. (Marc) van der Linden	J.G. (Joop) Drechsel
	M. (Marike) van Lier Lels
	J. (John) Lintjer
	M. (Mirjam) Sijmons
	K.G. (Klaas) de Vries

Other information

1. Events after the reporting date

See Note 34 to the consolidated financial statements for events after the reporting date.

2. Profit appropriation

According to the company's articles of association the Board of Management may, with the approval of the Supervisory Board, increase the reserves by an amount equal to, at most, half of the profit available for distribution. The remaining portion is at the disposal of the General Shareholders' Meeting. The General Shareholders' Meeting can decide to distribute all or part of the remaining portion. Undistributed profit is added to the reserves.

Proposal for appropriation of profit for 2013

At the time of publication of this annual report, a proposal for appropriation of the 2013 profit had not yet been adopted.

3. Independent auditor's report and assurance report

To: the shareholders of Eneco Holding N.V. and all other stakeholders

Report on the financial statements and assurance report on the Key Performance Indicators included in the annual report 2013

We have audited the accompanying financial statements 2013 of Eneco Holding N.V., Rotterdam. The financial statements comprise the consolidated and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

We have also audited the Strategic Key Performance Indicators included in the annual report 2013 on pages 4, 5 and 6 with numbers 1, 2, 3, 7, 8, 10, 11, 12, 13, 14, 15 and 18 ('the kpi's') and we have assessed whether the annual report 2013 has been prepared in accordance with the core requirements of the G4 Guidelines of the Global Reporting Initiative (GRI) with the objective to issue an assurance report that provides reasonable assurance.

The scope of our engagement is limited to the year 2013. We provide limited assurance on the kpi's that were in scope in previous years. We do not provide any assurance on forward-looking information such as targets, ambitions, strategy, plans, expectations and estimates included in the annual report 2013.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 Book 2 of the Dutch Civil Code, and for the preparation of the annual report 2013 in accordance with Part 9 Book 2 of the Dutch Civil Code.

Management is also responsible for the preparation of the annual report 2013 in accordance with the GRI G4 Reporting Guidelines, in accordance with GRI G4 Core level guidelines. The information in the annual report 2013 should be considered in the context of the reporting criteria selected and the scope as indicated on pages 157 and 158.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the annual report 2013 and the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements included in the annual report 2013, the kpi's and on the correct application of the selected reporting guidelines based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and Assurance Standard 3410N, 'Assurance Engagements relating to Sustainability Reports'. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report 2013 and the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our responsibility also includes assessing the suitability of the sustainability reporting policies used by management and the consistent application of such policies, including assessing the suitability of the reporting criteria, the inclusiveness of the responses on the stakeholder dialogue and the overall presentation of the annual report 2013.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Eneco Holding N.V. as per December 31, 2013 and of its result and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion on the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Eneco Holding N.V. as per December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Opinion on the annual report 2013

In our opinion, the kpi's present correctly, in all material respects, the corporate social responsibility policy pursued by Eneco Holding N.V. It is also our opinion that the annual report 2013 has been prepared in accordance with the Reporting Guidelines of the Global Reporting Initiative G4, in accordance with GRI G4 Core level guidelines.

Comparative figures

For 2012 and 2011, we have performed procedures providing limited but not reasonable assurance with respect to the kpi's selected in those years.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the annual report 2013, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the annual report 2013, to the extent we can assess, is

consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, February 28, 2014

Deloitte Accountants B.V.

Signed on the original

K.G. Auw Yang

Profile

Eneco Holding NV ('Eneco Group') is the only integrated energy group in the Netherlands that has the explicit ambition to produce, transport and supply energy in a sustainable manner.

With approximately 7,000 employees, we serve 2.2 million business and domestic customers. The company's shares are held by 55 Dutch municipalities. Eneco's head office is located in Rotterdam.

Customer first

In 2013, we have adapted the operational model of our energy company. From a product-oriented company we developed into a customer-oriented organisation. 'The customer first' means that there is now one single point of contact for all our customers' questions and problems. We have also formed small, independent units, which have full responsibility for a specific group of customers but which, naturally, operate in cooperation with the rest of the company. Their independence enables them to work together very closely with existing and potential customers. The segments Consumers and Business maintain direct contact with customers and are also responsible for product development, marketing trade and supply. In the Netherlands, Joulz, Stedin and Ecofys also provide direct service to customers. In Belgium, this is the responsibility of Eneco Belgium. The other units carry out activities in connection with our sustainability strategy.

Sustainable production, supply and trading

Under the name Eneco, the group engages in the production, trading, purchasing and supply of energy (electricity, gas, heating and cooling), an increasingly large part of which is generated in a sustainable manner. In addition, we develop sustainable and decentralised energy solutions for customers. The energy company also transports and distributes heating and cooling to customers and delivers CO_2 to horticultural businesses. Furthermore, Eneco continuously works on creating its own sustainable portfolio and on sustainable production together with customers. Eneco's aim is to supply its customers 100% sustainable energy. In addition to its own sustainable production, Eneco also purchases sustainable energy by concluding long-term purchase contracts with wind farm, biomass plant and solar energy plant operators. Eneco's activities also include the trading in CO_2 emission rights and the purchase of gas for its own gas plant or gas plants from which it purchases electricity. In its own gas storage facilities, Eneco creates a gas reserve for periods when there is an increased demand for gas. Eneco has operations in the Netherlands, Belgium, France and the United Kingdom. The energy company has grouped its activities logically in functional business segments. (http://www.eneco.nl)

Network and engineering activities

Stedin is responsible for the maintenance, management and development of gas and electricity networks located, in particular, in the densely populated areas in the provinces of Utrecht and Zuid-Holland. All of its statutory regulated tasks are performed in-house. The free, not statutory regulated activities, are carried out by Stedin Services (Stedin Diensten). Stedin not only bears responsibility for the safety and optimal functioning of the energy grid, it also develops infrastructures for the transport of waste flows such as CO_2, steam and biogas Joulz is a specialist in the safe design, installation and management of sustainable energy infrastructure. It offers a complete package of consulting and engineering services relating to the energy grids and associated installations. Joulz offers its experience of more than a hundred years to a wide range of customers and, in particular, to national, regional and

private grid administrators as well as road authorities, utility companies and the industry sector.

Independent consultancy Ecofys

Ecofys has both in-depth and extensive knowledge across the entire spectrum of energy and CO_2 efficiency, sustainable energy, energy systems and markets and energy and climate policy. Ecofys provides advice in these areas and has an independent position within the group.(www.ecofys.com/nl)

Corporate governance

Eneco complies with the Dutch Corporate Governance Code. As Eneco is not listed on the stock exchange, some stipulations are not applicable. In cases where no specific decree applies –see http://www.eneco.com/en/organisation/management/#tab3-, Eneco applies the relevant best practice criteria are implemented.

Governance roles

Board of Management

The Board of Management is ultimately responsible for the performance of Eneco Group and its subsidiaries (Personal information Board of Management (page xx). The Board of Management is appointed by the Supervisory Board and is accountable to the General Shareholders" Meeting.

Eneco's Board of Management consists of four members. See Personal information Board of Management (page 154).

Supervisory Board

The Supervisory Board of Eneco Holding N.V. provides advice to the Board of Management and supervises the policy of the Board of Management and the general performance of Eneco Group and its subsidiaries.

At present, the Supervisory Board of Eneco consists of eight members (see Personal information Supervisory Board (page 155)) and has appointed three committees:

- The members of the Remuneration Committee, Kees van Dongen (chairman), Edo van den Assem and Mirjam Sijmons, provide advice with respect to the remuneration of the members of the Board of Management.
- The members of the Selection and Appointments Committee Klaas de Vries (chairman), Edo van den Assem, Mirjam Sijmons and Kees van Dongen provide advice with respect to the selection and appointment of members of the Board of Management.
- The members of the Audit Committee, John Lintjer (chairman), Joop Drechsel and Henk Dijkgraaf, monitor the integrity of financial reporting, internal control and risk management. The Audit Committee also supervises the internal and external audit process.

Shareholders

The shares of Eneco Holding N.V. are held by 55 municipalities. Within six months after the closing of the financial year, or more frequently if deemed necessary by the Supervisory Board or Board of Management, Eneco organises a General Shareholders' Meeting. During this annual Meeting, the annual report is discussed and the financial statements are adopted. The General Shareholders' Meeting is also responsible for appointing the members of the Supervisory Board, the remuneration policy and changes to the articles of association. See Shareholders (page 153).

Code of Conduct

The conduct and integrity standards that Eneco has published on its website apply to all its employees. Employees in each of the business segments can contact a confidential counsellor to report issues relating to integrity. See Integrity and compliance (page 167).

Shareholders

Eneco's shares are held by 55 Dutch municipalities.

Municipality	Percentage of shares
Rotterdam	31.69%
The Hague	16.55%
Dordrecht	9.05%
Leidschendam-Voorburg	3.44%
Lansingerland	3.38%
Delft	2.44%
Zoetermeer	2.34%
Pijnacker-Nootdorp	2.10%

Municipalities holding less than 2% of the shares

Aalsmeer	Giessenlanden	Ouderkerk
Achtkarspelen	Goeree-Overflakkee [1]	Papendrecht
Alblasserdam	Gorinchem	Ridderkerk
Albrandswaard	Haarlemmerliede & Spaarnwoude	Rijswijk
Ameland	Hardinxveld-Giessendam	Schiedam
Amstelveen	Heemstede	Schiermonnikoog
Barendrecht	Hellevoetsluis	Sliedrecht
Bernisse	Hendrik-Ido-Ambacht	Spijkenisse
Binnenmaas	Kollumerland c.a.	Strijen
Bloemendaal	Korendijk	Uithoorn
Brielle	Krimpen aan den IJssel	Vianen
Capelle aan den IJssel	Leerdam	Westvoorne
Castricum	Lingewaal	Zandvoort
Cromstrijen	Molenwaard [2]	Zederik
Dongeradeel	Nederlek	Zwijndrecht
Ferwerderadiel	Oud-Beijerland	

[1] Municipality since 1 January 2013 following the merger of the municipalaties Dirksland, Goedereede, Middelharnis en Oostflakkee

[2] Municipality since 1 January 2013 following the merger of the municipalaties Graafstroom, Liesveld en Nieuw-Lekkerland.

Personal information Board of Management

J.F. (Jeroen) De Haas (1959)

Chairman of the Board of Management Eneco Holding N.V.

Jeroen de Haas was appointed chairman of the Board of Management on 1 January 2007. He has been a member of the Board of Management since July 2000 and held the position of vice-chairman since 2006. Since 1996, he was General Manager of the Enercom energy company cooperative, six members of which merged with Eneco in July 2000. Prior to this Mr De Haas was General Manager of RCCIVEV, a unit of Roccade. He studied Dutch Law in Utrecht.

Additional functions

- Member of the Supervisory Board of Movares Group B.V.
- Member of the Supervisory Board Port of Amsterdam
- Member of the Royal Holland Society of Sciences and Humanities
- Member of the Advisory Board Executive MBA in European Utility Management by Jacobs University in Bremen (Germany)
- Member of the Fundraising Board Utrecht University
- Clean Energy Ambassador of WWF
- Associate member of the Council for the Environment and Infrastructure
- Member of the Advisory Board of De Baak

A.J. (Guido) Dubbeld (1971)

Member of the Board of Management Eneco Holding N.V.

Guido Dubbeld was appointed member of the Board of Management as Chief Financial Officer of Eneco Holding N.V. on 1 April 2011. He joined Eneco in 2002 and held the positions of Risk Manager and Manager Finance & Control. As from 2007, he has been working as the Director of Eneco Energy Trade. Before Guido joined Eneco, he worked for several financial institutions, including MeesPierson, HypoVereinsbank (Munich) and UBS AG (Zurich). He holds a degree in Economics from Erasmus University Rotterdam with a specialisation in International Finance.

Additional function

- Member of the Supervisory Board Stedin Netbeheer B.V.

C.J. (Kees-Jan) Rameau (1962)

Member of the Board of Management Eneco Holding N.V.

Kees-Jan Rameau was appointed a member of the Board of Management on 1 April 2008. He started his career at Eneco as Strategy Director at the beginning of 2004. At the beginning of 2007, he was appointed Business to Business Director. Before Rameau joined Eneco, he worked at the Boston Consulting Group, TPG (now TNT) and McKinsey & Company, where he was active in the fields of strategy, finance and operations. He studied Applied Physics at Delft University of Technology and holds an MBA from INSEAD, Fontainebleau.

Additional functions

- Member of the Advisory Board Agro Energy
- Member of the Advisory Board Energy MBA Nyenrode
- Member of the Board of Management Koninklijke Vereniging van Gasfabrikanten in Nederland (KVGN)
- Member of the Board of De Groene Zaak

M.W.M. (Marc) van der Linden (1972)

Member of the Board of Management Eneco Holding N.V.

Marc van der Linden was appointed member of the Board of Management on 1 December 2012. He joined Eneco in 1997 and held the positions of business analyst, product manager at Eneco Warmte (Heating), director of Eneco Energy Projects, director of Eneco Installatiebedrijven (Installation Companies) and director of the Business Unit Wind. Prior to joining Eneco Marc worked at Van Gansewinkel Groep. He holds a degree in Economics from Tilburg University.

Personal information Supervisory Board

E.H.M. (Edo) van den Assem (1949)

- Chairman of the Supervisory Board since 18 April 2012
- Member of the Selection and appointment committee
- Member of the Remuneration Committee
- Chairman of the Supervisory Board MCB International B.V.
- Chairman of the Supervisory Board of the Eindhoven Venture Capital Fund (EVCF)
- Member of the Supervisory Board TBI Holdings B.V.
- Member of the Supervisory Board Flight Simulation Company
- Member of the Advisory Board DAS Rechtsbijstand
- Member of the Advisory Board Mentha Capital
- Member of the Board metal industry employers' association FME-CWM
- Industrial advisor IK Investment Partners Limited

Previous main positions:
Chairman of the Board of Management TBI Holdings B.V., Chairman of the Board of Management and CEO of Cofely Nederland B.V., member of the Boards of Management of Hagemeyer N.V. and DAF Trucks N.V. and various top management positions at ITT, Alcatel Nederland B.V. and Fokker Aircraft B.V.

C.P.G. (Kees) van Dongen (1940)

- Member of the Supervisory Board since 1 May 2003
- Chairman of the Remuneration Committee
- Member of the Selection and Nomination Committee

- Member of the Policy Committee for social and legal affairs Uneto-VNI

Previous main position:
Entrepreneur

H.G. (Henk) Dijkgraaf (1946)

- Member of the Supervisory Board since 25 April 2007
- Member of the Audit Committee
- Director of Sasol Limited in Johannesburg (South Africa), member of the Audit Committee and chairman of the Remuneration Committee and the Risk, Safety, Health and Environment Committee
- Vice-chairman and treasurer of the Board of Governors of the Netherlands Institute for the Near East (NINO)
- Member of the Board, Southern African-Netherlands Chamber of Commerce

Previous main positions:
President-Director Shell Nederland B.V., CEO N.V. Nederlandse Gasunie, CEO GasTerra B.V.

J.G. (Joop) Drechsel (1955)

- Member of the Supervisory Board since 14 July 2000
- Member of the Audit Committee
- Member of the Supervisory Board Telegraaf Media Groep N.V.
- Member of the Supervisory Board Fleura Metz B.V.
- Chairman of the Supervisory Board Travix N.V.
- Chairman of the Supervisory Board Park 'N Fly Inc.
- Chairman of the Supervisory Board Park Mobile International B.V.
- Member of the Advisory Board Rare Diseases Association

Present main position:
Chairman of the Board of Management BCD N.V.

M. (Marike) van Lier Lels (1959)

- Member of the Supervisory Board since 11 September 2013
- Member of the Supervisory Board Koninklijke KPN N.V.
- Member of the Supervisory Board USG People N.V.
- Member of the Supervisory Board TKH Group N.V.
- Member of the Supervisory Board Reed Elsevier N.V.
- Chairman of the Supervisory Board Stichting Natuur en Milieu
- Member of the Council for the Environment and Infrastructure
- Member of the Advisory Committee Havenstrategie Moerdijk
- Member of the Central Planning Committee CPB Netherlands Bureau for Economic Policy Analysis
- Member of the Board Vereniging Aegon
- Member of the Critical Review Team Lange Termijn Spooragenda

Previous main positions:
Executive Vice President & Chief Operating Officer Schiphol Group, Member of the Executive Board Deutsche Post Euro Express, Member of Nedlloyd's Executive Committee European Transport & Distribution, Managing Director Van Gend & Loos Benelux.

J. (John) Lintjer (1943)

- Vice-chairman of the Supervisory Board since 20 May 2005
- Chairman of the Audit Committee
- Executive Director K.G. Holding N.V.
- Member of the Supervisory Board COVRA
- Chairman Philippine Netherlands Business Council
- Member of the Advisory Board Plan Nederland
- Member of the Advisory Board Allseas

Previous main position:
Vice-President Asian Development Bank

DM. (Mirjam) Sijmons (1960)

- Member of the Supervisory Board since 25 April 2007
- Member of the Selection and Appointment Committee
- Member of the Remuneration Committee
- Member of the Supervisory Board University of Leiden
- Member of the Board De Volkskrant Foundation
- Member of the Supervisory Board Promotie Den Haag Marketing & Events

Present main position:
General Manager ArboNed (2013: member of the general management ANWB)

K.G. (Klaas) de Vries (1943)

- Member of the Supervisory Board since 25 April 2007
- Chairman of the Selection and Appointment Committee
- Member of the Senate of the Dutch Parliament
- Member of the Parliamentary Assembly of the Council of Europe
- Member of the Supervisory Board Koninklijke Haskoning
- Chairman of the Board Centrum Arbeidsverhoudingen Overheidspersoneel

Previous main positions:
Member of the Dutch House of Representatives, Minister of the Interior and Kingdom Relations, Minister of Social Affairs and Employment, Chairman of the Social and Economic Council and General Manager of the Association of Netherlands Municipalities (VNG)

O. (Olga) Kolenburg (1966)

Company Secretary

Policy, codes and guidelines

Reporting policy

How is the annual report prepared?

Eneco has given its annual report quite a quality impulse over the past decade. Using the classic financial report as a basis, we have step-by-step worked on an integrated report that meets all statutory and accounting guidelines for financial reporting and internationally accepted guidelines for sustainable and social performance. In the annual report, Eneco accounts for its financial and non-financial performance. With our integrated annual report, we are preparing to apply the Integrated Reporting Framework that was published at year-end 2013. We publish our annual report online and also offer visitors the same content in a PDF file. We have not had our annual report printed since 2010. Online publication improves accessibility and affords the opportunity to create more cohesion between the topics.

Development model

In 2012, a development model was made that gives direction to the central theme per financial year for the coming three years. The central themes for the half-yearly report and the annual report were determined and discussed with the Board of Management. The development of the strategy was the guiding principle in this respect.

- Central theme of the 2012 half-yearly report: Introduction new strategy: Customer first
- Central theme of 2012 annual report: Our customers are key and we will make our strategy measurable based on the following axes: Saving, generating energy together, purchasing
- Central theme of the 2013 half-yearly report: We show that we are on course in terms of realising our mission: sustainable energy for everyone.
- Central theme of the 2013 annual report: We involve our customers in our mission by giving concrete form to our strategic ambitions.

Determining the content

The Board of Management determines the strategy. The content of the annual report is created based on a content model that is based on the strategic framework. The premise is that the return and risk must be in balance and that we properly serve the interests of the parties involved in our business. For each KPI linked to our strategic themes, responsibility, definition, scope, calculation, sources and systems needed, process and quality assurance are among the aspects laid down. Agreements have also been reached with regard to reports. The development per PKI is reported periodically and discussed with the boards of the Eneco entities concerned. Where necessary, we make adjustments. With the most important parties involved in our business we discuss the relevance of our strategy and how we can make the chain more sustainable together with our customers, employees, government, partners, suppliers and NGOs. In 2012 we assessed who the most important parties involved in our business were. Based on that assessment, we made a grouping which affords us the opportunity to introduce focus and to choose the right working method. Customers, employees, shareholders, the government and NGOs are the groups that have the greatest impact on our strategy and on whom our strategy has the greatest impact. Suppliers and subcontractors follow closely, because they play an important role in the primary chains in which we are active and for which we want to accept our responsibility (project development, generating, distributing, supplying, and underlying secondary processes).

In 2013, we started up the internal analysis of the materiality of the issues on which we report. Based on the strategic themes, we determined the issues on which we must report. In that respect, we determined the impact on our business (e.g. continuity of the enterprise, reputation and license to operate) and on our direct interested parties (e.g. lower energy costs and availability of energy). G4 indicators have been linked to these topics. We are going to study that analysis more in depth in 2014, both internally and externally by putting this topic on the agenda in the regular dialogues and meetings with the parties concerned. We will subsequently determine the themes on which we will continue to report or on which we will start reporting.

Collecting information and accountability

The Board of Management is the owner of the integrated annual report. He delegates the preparation of the annual report to the process manager who manages a multi-disciplinary team. The responsibility for the content of the annual report is divided between the financial department, corporate communications and public affairs.

The financial and non-financial KPIs are an integral part of the planning and control cycle. To that end, we have designed a management system in which we collect the data underlying the KPIs during the year. We discuss the results during the regular business reviews. Risk management is well developed at Eneco and is discussed at length in the annual report.

Based on an accountability index, topic owners from the business and the staff are linked to specific topics. They provide information about the issues discussed in the content model and approve the texts after the final editing. The Board of Management passes on comments in two rounds and approves the final version before it is sent to the Supervisory Board.

Assurance non-financial information

Eneco has for several years been reporting on CSR with assurance. For the 2011 and 2012 financial years, we requested Deloitte Accountant B.V. to assess the strategic KPIs and the GRI application level (GRI G3.1 - B). For the year 2013, Eneco will for the first time report according to the GRI G4 guidelines at Core level, while applying the Electric Utilities Sector Disclosures. This year we have furthermore requested for reasonable assurance (instead of limited assurance as in earlier years) for the strategic KPIs (with the exception of the KPI credit rating) and the application of the reporting guidelines chosen.

Initial results of One Planet Thinking

The initial results of One Planet Thinking (OPT) reveal that, relatively speaking, the electricity supply to our customers has the most environmental effect on climate change. This is due, in part, to the very strict One Planet boundary of approximately 10 gr $CO_{2\ eq}$ per kWh of supplied electricity, whereas, in 2010, the European average was still 429 gr CO_2 per kWh (source: International Energy Agency). This boundary is related to the global agreement to keep global warming to less than two degrees Celsius. This is assuming that Western countries should reduce their emissions substantially and allow developing countries options for growth. In 2007, our electricity supply exceeded the One Planet boundary by a factor of approximately 32. By 2012 and 2013, we had reduced this boundary index to approximately 16 and 15 respectively because we are generating and supplying increasingly more sustainable energy.

The initial results of One Planet Thinking focus on our electricity supply. In the future, it is important to learn more about the impact of our gas and heating supply too. To determine the full impact of our own and our customers' consumption on climate change, we calculate our footprint in the value chains in which we operate according to the GHG protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. In 2007, the absolute emissions of greenhouse gasses in our value chain were 22.1 Mton CO_2 equivalents. In 2013, we managed to reduce these emissions to 15.3 Mton CO_2eq. For more information about our value chain footprint, we refer to the section One Planet Thinking - Impact on climate change (page 160).

Particulate matter

The impact of our electricity on particulate matter still exceeded the One Planet boundary in 2007. Since 2012, we managed to remain within the One Planet boundary as far as our electricity is concerned. This is due to the fact that Eneco produces relatively large quantaties of electricity using wind, solar energy and gas. Power plants that generate electricity from coal well exceed the One Planet boundary (factor 5).

Fossil energy

As regards saving fossil materials for future generations, Eneco's electricity still exceeds the One Planet boundary, but we have succeeded in cutting it back by about half since 2007. As we are generating increasingly more power sustainably, we will be able to further reduce this impact until we are within the One Planet boundary.

One Planet Thinking in our strategy

Eneco will continue its strategy to produce sustainable energy, including sustainable electricity. We are striving to reduce the energy consumption of our customers and our own organisation to within the One Planet boundaries in all relevant impact categories. Only then can we say that we have truly accomplished our mission to produce 'Sustainable energy for everyone'.

One Planet Thinking - Impact on climate change

To make our mission measurable, we have launched One Planet Thinking (OPT). OPT is a joint development process set up by Eneco, WWF and Ecofys with the intention of learning how companies can make their value chains more sustainable so that, in the long term, their operations will have a less detrimental impact on human health, the quality of ecosystems and the availability of resources. This will help us to determine whether we are progressing as we should on our path to a habitable planet.

The environmental impact on climate change

The initial results of OPT reveal that, relatively speaking, electricity supply to our customers has the most environmental effect on climate change, which is partly due to the very stringent One Planet boundary. This boundary is related to the global agreement to keep global warming to less than two degrees Celsius. This is assuming that Western countries should reduce their emissions substantially and allow developing countries options for growth.

The relatively large environmental impact of the electricity supply is yet another reason to determine the calculations of these greenhouse gasses throughout the entire energy supply accurately in accordance with the GHG protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. In addition, Ecofys has granted assurance for this value chain footprint on the basis of 'limited assurance'. In 2013, Deloitte granted us the highest audit status of 'reasonable assurance' for the emissions produced by our internal operations.

The One Planet Thinking project and the calculation of footprints is a relatively new activity for companies and is still very much under development. These developments may lead to adjustments of the calculation methods in the coming years.

Ambitions and targets

It is our ambition to reduce the energy consumption of our customers and our own organisation to within the boundaries of a habitable planet, not just for our own sakes, but also for future generations. Only then will we have achieved our mission: 'Sustainable energy for everyone'. To determine our environmental impact on climate change, we have defined a number of indicators (Key Performance Indicators, KPIs) which we use for guidance. See also the section on Strategic KPIs (page 4).

- Reduction of the environmental impact of our customer's electricity consumption on climate change
- Reduction of the environmental impact of Eneco Group's electricity consumption on climate change
- Maintaining the reduction in CO_2 emissions achieved per employee

The reduction of the environmental impact is determined by comparing the current boundary index with the boundary index of the baseline measurement (2012). In turn, the boundary index is determined by comparing the emissions per energy unit in the period in question with the target value.

Emissions and key indicators

		2013	2012	2007
Absolute greenhouse gas emissions	kton CO_2eq	15,303	15,326	22,085
Scope 1: direct emissions	kton CO_2eq	635	1,576	2,222
Scope 2: indirect emissions	kton CO_2eq	551	559	639
Scope 3: indirect emissions, upstream & downstream	kton CO_2eq	14,117	13,192	19,224
Absolute greenhouse gas emissions corrected for degree days[1] in the baseline yearr	kton CO_2eq	14,015	14,115	22,085
Relative greenhouse gas emissions	kton CO_2eq/PJ	59	60	79
Relative greenhouse gas emissions corrected for degree days in the baseline year	kton CO_2eq/PJ	59	60	79
Electricity label Supply including indirect emissions	kg CO_2eq/MWh	191	210	414
Electricity label Consumption including indirect emissions	kg CO_2eq/MWh	499	478	462
One Planet Power on Climate Change - Boundary Index - Supply	#	15	16	32
One Planet Power on Climate Change - Boundary Index - Consumption	#	38	37	36
Reduction of the environmental impact of our customer's electricity consumption on climate change (compared to 2012)	%	9		
Reduction of the environmental impact of Eneco Group's electricity consumption on climate change (compared to 2012)	%	-4		

[1] A degree day is defined as the reference temperature (18ºC) minus the average temperature of the whole day, minimised to 0. If the average temperature on a certain day was 10 degrees Celsius, that day has an equivalent of 8 degree days. If the average temperature is higher than the reference temperature (e.g. 20 degrees), no heating is necessary, in theory, and the number of grade days is 0.

For a more detailed description of the aforementioned emissions and key indicators, please see <http://www.eneco.com/en/vision/making-our-mission-measurable >

The overview above reveals the importance of helping our customers to save energy. Approximately 70 per cent of the chain footprint consists of the natural gas we supply to our customers. We intend to specify a KPI for this aspect in 2014.

Reduction of the environmental impact of Eneco Group's electricity consumption seems to have dropped, but this is in fact due to several assumptions as we do not yet know the electricity label of the supplier of the grid losses. Starting in 2014, we will make part of the grid losses more sustainable, preferably using Dutch wind energy. We use 100% HollandseWind wind energy for our internal operations.

The environmental impact of our customers' electricity consumption was further reduced due to our investments in sustainable energy and a growing demand for green power generated from wind energy.

Risk management

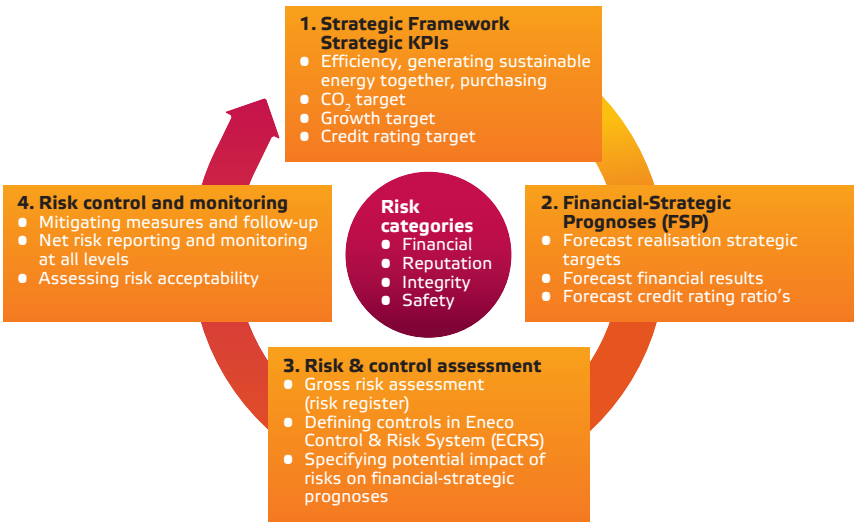
Risk management Eneco Group

Risk management is essential for the realisation of our strategic ambitions. We identify and mitigate the risks that may impede the achievement of our goals, which enhances our chances for success.

Risk management is an important element of our operations. Our risk policy includes the careful weighing of the risks that Eneco runs and the guarantees that we give to counter these risks. We specify how risks are monitored, the control measures that we implement and the manner in which we monitor the effectiveness of and compliance with our internal rules. The Board of Management is responsible for the risk management of the company as a whole. It has delegated this responsibility to each of the business management teams of the underlying segments. The managers concerned are supported in this responsibility by functions such as safety and compliance ("second line"). The overall coordination lies with the Internal Control department. Internal audit carries out additional audits ("third line") to obtain a reasonable degree of certainty with respect to the control of risks. Internal Audit reports the results to the Board of Management and the Audit Committee of the Supervisory Board.

Risk and performance management framework

1. The Strategic Framework (SFW) for Eneco Group gives direction to all the business activities aimed at realising our company's mission.
2. Financial strategic forecasts help the Board of Management to weigh strategic and financial goals and risks.
3. The possible impact of significant risks on the financial strategic forecasts is assessed, as well as their impact on our financial control framework, which specifies the main financial restrictions on the strategy. These restrictions include minimum requirements for the ratios for solvency and cash flow in relation to net debt, using a credit rating of around A (Standard and Poor's) as the guideline. Sensitivity analyses, including single event stress tests and scenario analyses are used for this purpose.
4. Risk control systems specified for each level encompass specific mitigating measures. The 'heat chart' is used for internal communication with respect to risks.



ECRS

The COSO-ERM is the worldwide standard for Enterprise Risk Management. Therefore, this model has been selected as the basis for Eneco's internal risk management and control system, which goes by the name Eneco Control & Risk System (ECRS). The first version of the ECRS was introduced in 2005. Each year, the ECRS is adapted to keep up with the latest developments with respect to risks, business developments and external influences. The ECRS consists of a risk assessment methodology, a set of control measures and a methodology that management can use to determine the effectiveness of the control measures (see In Control statement).

Audit Risk Committee

Each management level has its own Audit Risk Committee: at Board of Management level and at segment level (senior management teams). The risk assessments and the status of control measures and mitigating activities are discussed periodically by these ARCs. The Audit Committee of the Supervisory Board monitors the adequate functioning of the risk management activities as a whole.

Enterprise-level risk limits have been translated into various specific policy principles and guidelines that apply within Eneco in areas such as safety, trade mandates, authorisations and the code of conduct.

Risk tolerance

Our risk tolerance is categorised by the types of risk distinguished by Eneco:

Safety

The construction and operation of production facilities is a central aspect of our strategy. These activities lead to safety risks. In this respect, we apply the principle of 'zero tolerance'. Accidents resulting in absence from work are considered to be significant incidents and more serious incidents (hospitalisation, fatal accident) are regarded as critical or unacceptable.

Financial

Eneco pursues a growth and transformation strategy that includes substantial investments in new and existing activities. The strategy is translated into a ten-year strategic financial rolling forecast that is updated each quarter on the basis of the latest insights. Our financial risk tolerance is derived from the financial control framework. Risks that can result in exceeding or not meeting limits defined in the financial control framework form an important part of the risk management framework. Limits are exceeded or not met when the annual profit or cash flow are € 20 million or more above forecast or when the annual balance sheet total is € 100 million or more below forecast.

Integrity

An important risk, in the form of unethical or fraudulent behaviour of employees, is the integrity risk. Eneco can only play its part properly if the highest standards of conduct are applied. The Eneco Code of Conduct and the underlying guidelines define desired conduct and how to act with integrity. Considerable attention is paid to integrity awareness of employees during work meetings and workshops. There is an integrity reporting centre and employees can also contact one of the confidential counsellors for the adequate and confidential handling of integrity incidents.

Reputation

A good and reliable reputation is essential to our existence. The risk of not achieving our strategic goal, which is the realisation of a sustainable and reliable energy supply, is also classified as a reputation risk. Not meeting the reliability requirements with respect to our network management activities or supply activities is ranked as a top risk. This also applies to the inability to fulfil our sustainability commitments to WWF in connection with the Climate Savers initiative.

In Control-statement

Since 2007, the Board of Management of Eneco Holding N.V. issues an In control statement. This is also the case for 2013. As a company with social responsibility, we adhere to the initial scope of the Dutch Corporate Governance code relating to internal control; in other words, an adequate and effective implementation of all the objectives of the Eneco Control & Risk System (ECRS).

The Board of Management is aware of its responsibility for the internal control of Eneco. The Board of Management has applied the Eneco Control & Risk System as an instrument to guarantee that the realisation of strategic, operational and financial objectives is monitored, reporting with respect to financial and other KPIs is reliable and legislation and regulations are complied with.

Risk reports are prepared each quarter per business segment and at group level. These are discussed by the Board of Management and subsequent action is taken where necessary. Every year, the different business segments carry out self-assessments, which are subjected to random inspections by the Internal Audit department. On the basis of the self-assessments, the Board of Management has identified a number of points for improvement in the area of information security and business continuity management. Taking into account the combined measures taken, the Board of Management is of the opinion that the internal control system is adequate and functioned effectively in 2013. The inherent limitations of each risk management and control system must, however, be taken into account. We will therefore never be able to absolutely guarantee that we will achieve our company objectives or that no material errors, losses, fraud or breaches of legislation and regulations will occur.

Forward looking statement

The Board of Management will incorporate Enterprise Risk Management in greater detail in 2014 using the Eneco Control & Risk System. As in previous years, we expect that the ECRS will be developed and improved further in 2014. In 2014, special attention will be given to strategic risk management. The Board of Management has no reason to assume that the Eneco Control & Risk System will not function properly in 2014.

Code of Conduct Compliance Statement for Suppliers, Metering Companies and Independent Service Suppliers

Code of Conduct Compliance Statement for Suppliers, Metering Companies and Independent Service Suppliers with respect to remotely readable small-volume metering systems.

Names legal entities: Eneco Retail B.V., Eneco Business B.V. and MKB Energie B.V., hereinafter jointly referred to as 'Eneco' and Oxxio Nederland B.V. and CEN B.V., hereinafter jointly referred to as 'Oxxio'

Statutory seats: Rotterdam (Eneco) and Hilversum (Oxxio)

Period: 1 January 2013 to 31 December 2013

For the proper performance of their services, Eneco in Rotterdam and Oxxio in Hilversum use metering data obtained from remotely readable small-volume metering systems. In addition to the provisions in the Personal Data Protection Act, suppliers, metering companies and independent service suppliers have drawn up a code of conduct relating to the use, recording, exchange and storage obtained from a remotely readable small-volume metering system.

Eneco B.V., in this matter represented by its director Marc W.M. van der Linden, in the capacity of director of Eneco Supply B.V., in turn director of CEN B.V., Oxxio Nederland B.V., Eneco Retail B.V., Eneco Business B.V. and MKB Energie B.V., hereby declares that, during the reporting period specified above, Eneco and Oxxio in Rotterdam (Eneco) and Hilversum (Oxxio) have complied with the rules and stipulations contained in the Smart Meters Suppliers Code of Conduct 2012.

Rotterdam, 2 January 2014

M.W.M. van der Linden, member of the Board of Management Eneco Holding N.V.

Integrity and compliance management

Eneco strives to apply an honest working method. We have an active compliance policy, intended to ensure that we comply with legislation and regulations, and with regulatory guidelines.

Integrity

The Eneco Code of Conduct, a whistle-blower regulation and underlying guidelines constitute the framework in which we operate. Eneco can only fulfil its leading sustainability role well if it operates to the highest standards of conduct. A good relationship of trust between Eneco and its clients is based partly on honest conduct, after all. So we not only aim to avoid undesirable conduct such as fraud or discrimination, but we also devote considerable attention to aiming for desirable conduct, such as involvement with customers, or employees holding each other to account.

In 2013 we organised many workshops with managers and staff to this end. These workshops allowed plenty of scope for the intrinsic discussion of desirable and undesirable conduct. We will continue this in 2014. We also devoted ongoing attention to fraud detection and dealing with integrity issues. There is an integrity complaints desk, and there are four confidential counsellors within the Eneco Group. Employees who have been the victims of unacceptable psychosocial working conditions such as bullying, discrimination or sexual intimidation may also approach these confidantes.

In 2013, the number of reports submitted to the integrity complaints desk and the confidantes was 197. This number represents an increase over 2012. The minor difference can be explained by the increased familiarity with the complaints desk and the confidential counsellors, emanating from the various workshops.

Eneco has a Compliance Officer representing the integrity complaints desk and assisting the organisation in applying the code of conduct.

Compliance with legislation and regulations

Not complying with legislation and regulations, and with regulatory guidelines like those from the Office of Energy Regulation and the Markets in Financial Instruments Directive (known as 'MiFID'), all entail risks to our 'licence to operate' and our client reputation. Eneco has a compliance policy, conducts an annual compliance programme, and has a Compliance Officer in support of this. The Compliance Officer works towards internal encouragement to comply with legislation and regulations in close collaboration with the Legal and Regulatory Affairs departments. Compliance desks are also active in each business segment. Assurance is obtained through the 'In Control' statement and audits. External audits are conducted by the Office of Energy Regulation in accordance with its policy. No major compliance incidents occurred within Eneco in 2013.

Personnel

NUMBER OF EMPLOYEES

Average in FTEs	2013	2012	2011
Total number of employees Eneco Group	7,018	6,839	6,596

PERCENTAGE MEN AND WOMEN

Percentage of men and women in relation to total number of employees in FTEs	2013	2012	2011
Men	78	78	79
Women	22	22	21

AGE GROUPS

Number of FTEs per age group / total FTEs (%)	2013	2012	2011
ages 15-24	4	5	5
ages 25-34	26	25	23
ages 35-44	24	24	25
ages 45-54	25	26	27
ages 55 and up	21	21	20

DIVERSITY

Percentage of women in management positions	2013	2012	2011
	23	20	16

EMPLOYMENT AGREEMENT

Percentage	2013	2012	2011
Indefinite duration contract	89	89	-
Employees in collective employment agreement	86	85	-

Definitions

Allocation
The administrative determination of which portion of the supplied energy will be charged to which supplier. It is not possible to determine which supplier has supplied the energy by means of metering (in the network or of the customer's meter). Allocation rules have been drawn up for the settlement of supply and transmission costs. The allocation method has been used since 1 January 2002.

Audit Committee
A committee comprising members of the Supervisory Board which supervises the Company's important financial matters.

Biomass
Organic material originating from plants. The biomass used for energy purposes comprises cultivated vegetation and waste.

Business Review
The periodical reporting to the Board of Management.

Capacity tariff
The tariff whereby the costs of transmitting gas and electricity charged by the grid administrator are not dependent on the actual consumption but on the type of connection

CO_2
Greenhouse gas which is regarded as one of the causes of climate change.

CO_2 prices
Cost that industrial companies are required to pay for the emission of CO_2. The price is charged per ton.

CO_2 rights
Rights that are allocated to industrial companies in Europe. These rights correspond to the standard that has been set for the emission of CO_2. This standard was determined by the European Committee. Companies which emit less CO_2 by investing in cleaner processes, can trade the CO_2 rights which they do not use on the CO_2 market. Companies which have an above standard emission are required to purchase additional CO_2 rights on the CO_2 market.

Compliance
Complying with the rules laid down by legislation or by the company and any supervisory bodies. Also used for departments of companies or commodity exchanges that ascertain whether trade is being conducted in accordance with the regulations.

Corporate Governance
Company management in the broadest sense. The system of responsibilities of all the parties (that can be) involved in the management of a company, such as the Board of Management, Supervisory Board, shareholders, banks and any other parties which have provided capital to the company.

COSO
A model for the establishment and maintenance of an internal control structure.

Counterparty risk
The risk that a business with which an agreement has been made cannot fulfil its (financial) obligations.

Covenant
Agreement between different parties.

Credit rating
This rating represents an assessment of the credit risk of an organisation. The rating is determined by specialised agencies that award ratings such as AAA, AA, A, BBB, etc. depending on the creditworthiness of a company.

Dark green
Dark green energy is energy that is generated from new sustainable resources which contributes to further enhancing the sustainability of the energy supply. Examples of sustainable resources include wind and solar energy and biomass. Hydropower is usually not dark green, because this form of energy generation already exists for quite some time and therefore does not contribute to further enhancing the sustainability of the energy supply. Dark green energy supplied by Eneco includes energy generated by its own energy production facilities and the sustainable production of partners with which it has long-term Power Purchase Agereements (PPAs).

Degree day
A degree day is a calculation unit that is applied to exclude the varying outdoor temperatuur from energy consumption calculations.

Disputes Commission
Virtually all consumers'/households' complaints can be put before this Commission in The Hague. The decision of the Commission is binding.

EFET
European Federation of Energy Traders.

EFET or ISDA contracts
A (standard) framework contract under which trading partners can close deals. Reciprocal guarantees, rights and obligations as well as rules for calculation, or netting principles, are defined in these framework contracts.

Energie Nederland
The branch organisation for all the companies in the Netherlands active in the field of the generation, transmission and trade in or supply of gas, electricity and/or heat. The federation promotes the interests of the associated companies and is the contact point for the authorities, politicians and interest groups. EnergieNed carries out the dialogue with these parties at a national and international level on behalf of its members. www.energiened.nl.

Energy Service Company (ESCO)
A new form of contract with agreements relating to guaranteed energy saving measures. Through ESCO's, Eneco coordinates the entire chain of sales, advice, financing, production, operation, warranty management and monitoring.

Enterprise Risk Management (ERM)
The process of planning, organising, managing and controlling the activities of an organisation to minimise the chances of financial, strategic and operational risks.

Green gas
Gas that is generated from biomass and that is supplied at natural gas quality.

Hedging
The covering of a price or exchange rate risk of a particular investment position.

Imbalance
Electricity imbalance occurs due to differences between programmes submitted in advance and the actual consumption or generation of electricity. TenneT corrects this and passes the imbalance costs on to the company that caused the imbalance.

In control statement
A declaration by the Board of Management stating that the achievement of targets is being monitored, that the reporting is reliable and that legislation and regulations are being complied with.

Independent Network Management Act (Wet Onafhankelijk Netbeheer, WON)
The Independent Network Management Act (Wet Onafhankelijk Netbeheer, WON) was passed in November 2006. This act stipulates that energy companies separate their networks and the management thereof from their commercial activities, and that the energy infrastructure remains in the hands of the government.

Interconnection
The connection of the Dutch gas and electricity networks to foreign networks for the importing and exporting of energy.

Internal Alignment Monitor
The Internal Alignment Monitor provides information about the degree to which employees actually support the group's mission in their daily behaviour and about which management efforts do or do not contribute positively to stimulation of this behaviour. The minimum score is 0 and the maximum score is 100. The average score of about 10,000 respondents from more than 50 countries is around 55. Scores of 60 and up are considered to be strong and scores of 70 and up are considered to be excellent.

ISDA
International Swaps and Derivatives Association.

ISO
Non-governmental organization established in 1947 to promote international quality standards. ISO stands for International Organisation for Standardization.

Kyoto protocol
The Kyoto protocol, or Kyoto Accord, was established in the Japanese city of Kyoto in 1997 and regulates the reduction of greenhouse gas emissions.

Lease-and-leaseback
The leasing, for a fixed period of time, of property, plant and equipment to foreign parties that are then leassed back from the same parties for own use.

LTIR
Lost Time Injury Rate. This is the unit of measurement of the safety performance of an organisation. It is calculated by comparing the number of accidents resulting in absence per one million hours with the actual number of productive hours.

Margining and clearing
Methods to neutralize reciprocal counter-party risks. In margining the change in value of the underlying contracts is revised and calculated financially against bank accounts intended for this purpose on a regular basis (generally daily). Clearing involves a similar process but then via a third party appointed for this purpose – the so-called clearing member.

Marked-to-market value
Indicates the net present value of a contract or collection of contracts.

MiFID
MiFID stands for Markets in Financial Instruments Directive. The aim of this European guideline is to stimulate competition on the European market and to offer private investor throughout Europe the same level of protection.

MWe
Unit for electric power.

MWp
Unit for electric power from solar energy.

MWt
Unit for thermal power.

Net Promotor Score (NPS)
The degree to which customers recommend a supplier to friends and acquaintances. The number is calculated by subtracting the percentage of detractors from the percentage of promoters.

Netbeheer Nederland
Dutch association that looks after the interests of national and regional electricity and gas grid administrators.

One Planet Thinking
One Planet Thinking (OPT) is a joint development project of Eneco, WWF and Ecofys. The aim is to gain insight into what companies can do to enhance the sustainability of their value chains in such a way that, in the long term, their activities will have a less detrimental effect on human health, the quality of ecosystems and the availability of resources.

Operational Excellence
The strategy of optimising processes at the lowest costs.

Power Purchase Agreement (PPA)
A long-term contract with a producer for the purchase of electricity.

Programme responsible parties
Parties with programme responsibility match the demand for electricity to the supply for the following day so as to prevent underutilization/overloading of the transmission network and contribute to the balance of the supply system. This is a consequence of the statutory obligation of programme responsibility applicable to everybody connected to the electricity network.

Reconciliation
A system for calculating the planned and used quantities of energy between the parties with programme responsibility. Energy companies with programme responsibility must plan the consumption of their customers for the following day and submit this plan to the network manager. The companies base their estimates on consumption profiles. Deviations from the pattern cause imbalance and that incurs costs. Reconciliation is the settlement of the difference between the expected and actual consumption.

Remuneration Committee
Committee comprising members of the Supervisory Board that is responsible for developing and monitoring the remuneration policy for Board of Management members within the company.

ROACE
Return on Average Capital Employed. An important indicator of the profitability of a company. Is calculated by subtracting a 25% tax ratio from the EBIT and dividing this number by the average capital invested.

Rotterdam Climate Initiative (RCI)
The Rotterdam Climate Initiative is a platform for government, institutions, companies and citizens to cooperate in reducing the CO_2 emission by 50% and strengthening the economy in the Rotterdam area.

Shipping
The responsibility of everyone connected to the Dutch gas network to plan the daily production, distribution and consumption of gas. This planning must be submitted to the national grid administrator in the form of programmes. The supplier performs the shipping responsibility task on behalf of the customer.

Sparkspread
The difference in development between the electricity prices and the gas price, which determines the profitability of an electricity plant.

Stimulation scheme sustainable energy generation (SDE)
Subsidy scheme effective since 2008 for producers of sustainable energy.

Suppliers model
In the suppliers model the supplier is the only contact point for the retail energy customer. In this model the supplier's bill also includes the costs of energy transmission.

Swap constructions
Constructions whereby two parties take over each others obligations/liabilities. Used in foreign currency trading to indicate that it involves the discounted purchase or sale of foreign currencies while, at the same time, a similar amount is bought or sold via a foreign exchange forward contract.

TTF
The TTF (Title Transfer Facility) is a virtual trading point for gas.

Unbundling
The separation of the network company from the generating, trading and supply activities of an energy concern.

x-factor
The Office of Energy Regulation, which is part of the Dutch Competition Authority Nma, determines the so-called x-factor. With this effectiveness stimulus the regulator aims to improve the efficiency of the transmission companies, which are by nature monopolists in their areas, by adjusting tariffs each year. The x-factors indicate the percentage by which the transmission tariffs will be reduced or may be increased.

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