Eneco,
connection and innovation

Annual report 2015 Eneco Holding N.V.

Cover photo:

Toon

With more than 225,000 units sold, this smart thermostat is a familiar sight in many living rooms.

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Management Report

Total revenues

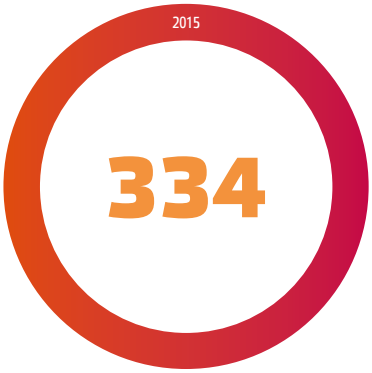
(in millions of euros)

Net profit

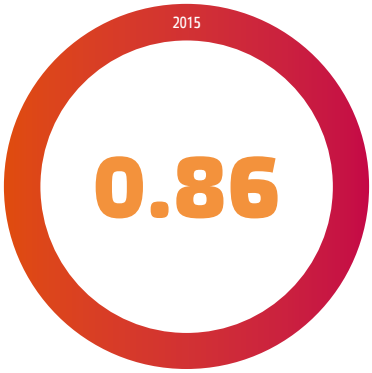
(in millions of euros)

EBIT

(in millions of euros)



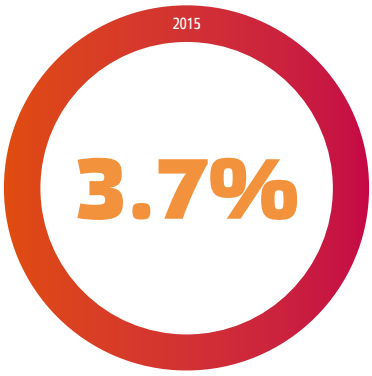
Safety (RIF)



Investments

(in millions of euros)

ROACE



Main developments 2015

Satisfactory result: favourable wind yields offset mild weather conditions

715 million euros invested in energy infrastructure and sustainable energy supply

Cost control programs lead to lower operating costs

Strategy redefined: focus on three growth areas

Ruling Supreme Court in unbundling case; ACM announces unbundling term

225.000th Toon thermostat sold at the end of 2015

Number of consumer contracts stable due to growth in new products and services

Available sustainable production capacity increased by 239 MW

Wind farm Eneco Luchterduinen was put into operation; sustainable electricity for 150,000 households

Start of large-scale rollout smart meters, offer for 500.000th meter sent out in first week of 2016

€ 100 million made available for investment in innovation

Integration Joulz Service Provider in Stedin completed

Average interruption duration electricity decreased

Eneco establishes new business unit aimed at innovation

Ambitions and performance

Strategic KPIs

Sustainable energy for everyone continues to be our mission and making energy fully sustainable in collaboration with our customers is the core of our strategy. In order to quantify the degree to which we achieve our strategic goals, we monitor our progress with strategic key performance indicators (KPIs).

In the overview below, the KPIs are grouped by strategic theme. This ensures consistency in KPI reporting. The results are explained in more detail in the section Progress.[1] In 2015, we have redefined the strategy. We focus on three growth areas: Client Sources, Smart Sustainable Solutions and Energy as a Service. The redefined focus offers maximum support for customers who want to produce energy locally with a focus on integration, increased sustainability and electrification. The strategy adjustment led to fine-tuning of the set of strategic KPIs in 2015 and the formulation of corresponding concrete targets.

Relevant for customers - New products and services

		Result 2015	Our target 2015	Result 2014	Result 2013
1	Number of customer contracts Eneco[2] [in millions]	4.4	-	4.5	-
2	Net Promoter Score (NPS) Eneco [%]	-12	-15	-21	-20
3	Customer satisfaction Stedin[3] [%]	78	77	76	75

Relevant for customers - Uninterrupted access to energy

		Result 2015	Our target 2015	Result 2014	Result 2013
4	Average interruption duration electricity per affected customer[4] [minutes]	82.8	90.0	103.9	103.7
5	Average interruption duration gas [seconds][4]	97	60	124	40

Impact on the planet - One Planet Thinking

		Result 2015	Our target 2015	Result 2014	Result 2013
6	Reduction of effect electricity consumption of customers on climate change compared with 2012 [%]	15	10	21	-
7	Reduction of effect electricity consumption of Eneco Group on climate change compared with 2012 [%][5]	56	40	47	-

Impact on the planete - Investing in sustainable capacity and production

		Result 2015	Our target 2015	Result 2014	Result 2013
8	Share of sustainable electricity production in total supply portfolio [%]	25.0	23.2	20.0	20.0

Employees - Safety

		Result 2015	Our target 2015	Result 2014	Result 2013
9	Lost Time Injury Rate (LTIR) Eneco Group	2.5	1.1	0.9	1.1
10	Recordable Incident Frequency (RIF) Eneco Group[6]	0.86	1.18	1.15	1.30

Employees - Cultural values

		Result 2015	Our target 2015	Result 2014	Result 2013
11	Internal alignment[7] [%]	58.4	58.0	53.0	51.7
12	Employee Motivation Score	7.7	8.0	-	-

FInancial return

		Result 2015	Our target 2015	Result 2014	Result 2013
13	Credit Rating	A-	A-	A-	A-
14	ROACE [%]	3.7	3.3	4.2	4.7

[1] We have asked our accountant to assess if the KPIs are a reliable and adequate reflection of the company policy. The KPI 'Number of customer contracts Eneco' was not included in the assessment by the accountant because it is a new KPI that was introduced in 2015. Further information on the scope of the KPIs can be found in the section Scope strategic KPIs (page 79). The definitions of the KPIs NPS, LTIR, RIF and ROACE can be found in the Glossary (page 167).

[2] This KPI does not include transmission contracts between customers and Stedin.

[3] The percentage of satisfied customers is measured as the average percentage of the customers that awards a 7 or higher for the service provided.

[4] Another term used in the sector for Average interruption duration electricity per affected customer is Customer Average Interruption Duration Index (CAIDI). This KPI relates to the low and medium-voltage grids. Average interruption duration gas is calculated on the basis of the System Average Interruption Duration Index (SAIDI). See Glossary (page 167).

[5] This KPI shows the reduction compared with 2012 of the emissions of the greenhouse gases CO_2, CH_4 and N_2O relating to the electricity consumption of the business premises of the Eneco Group excl. Ecofys as well as grid losses in connection with the transmission of electricity. This KPI does not include emission of the greenhouse gas SF6 and the greenhouse gas emissions in connection with mobility. See the Glossary (page 167) for a description of the greenhouse gas SF6.

[6] The RIF was not included in the audit by the accountant in 2013 and 2014.

[7] A different method was applied in 2015. The score for 2015 is presented as a percentage; the scores for 2013 and 2014 are numbers on a scale from 0 to 100. See the Glossary (page 167) for more information.

Adjustments strategic KPIs 2016

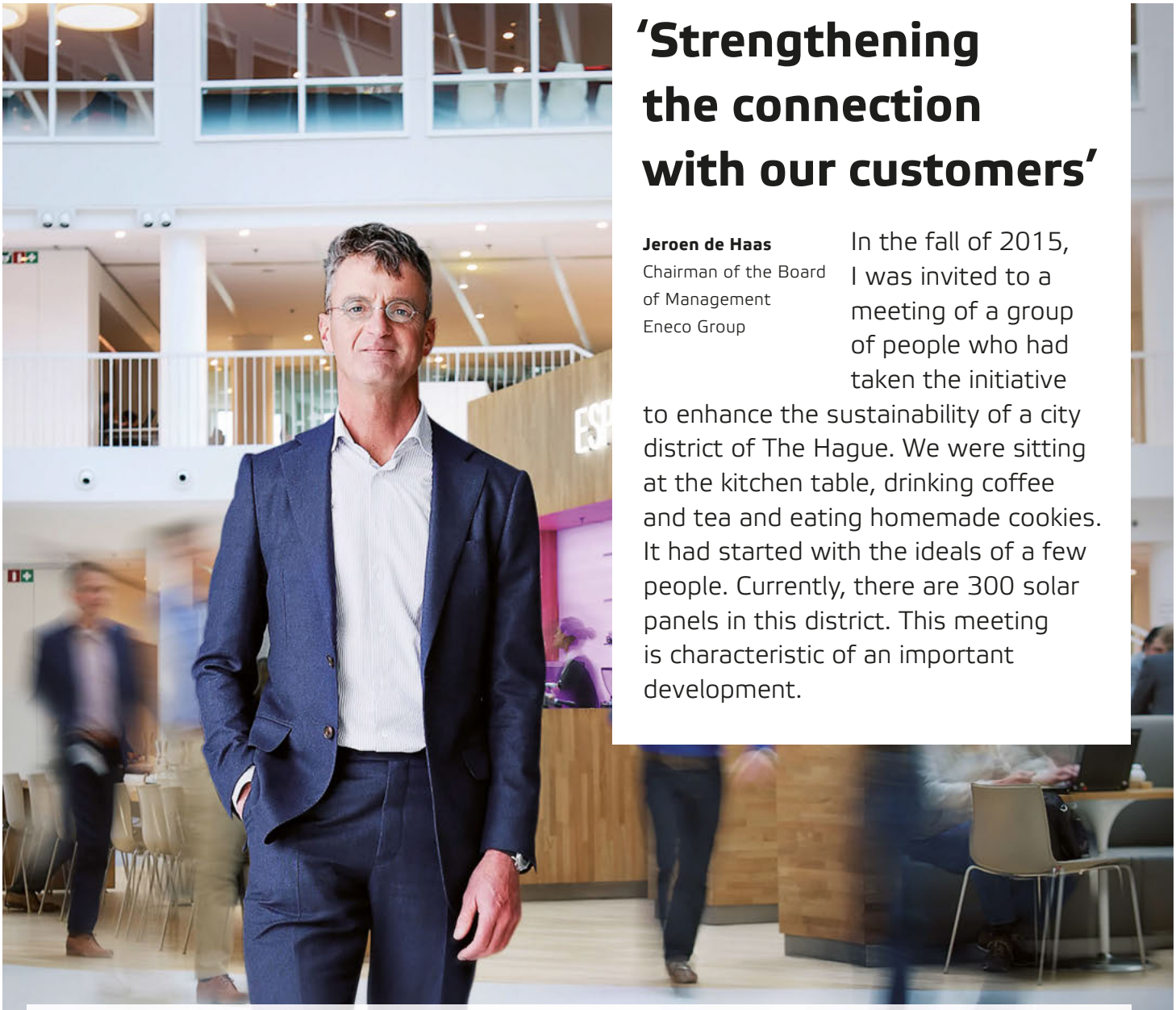
The following changes will be implemented in the 2016 annual report: the Net Promoter Score Eneco will be replaced by Customer satisfaction Eneco ; the KPI Reduction of effect gas and heat consumption of customers on climate change compared with 2012 will be added; we will no longer report on the KPI Share of sustainable electricity production in total supply portfolio in connection with the shift in focus to reduction of carbon emissions, which is anchored in the One Planet Thinking KPIs; the KPI Active use of smart meter will be added; the Lost Time Injury Rate (LTIR) Eneco Group will no longer be reported separately in addition to the Recordable Incident Frequency (RIF) Eneco Group.

Financial key figures

(amounts in millions of euros)	2015	2014	2013	2012	2011
Results					
Total revenues [1]	4,282	4,590	5,251	5,256	5,007
Revenues from energy and energy-related	4,054	4,343	5,026	5,082	4,839
Gross margin	1,637	1,577	1,749	1,620	1,442
Operating income before depreciation (EBITDA)	829	708	877	776	711
Operating profit (EBIT)	334	363	395	335	388
Net profit	208	206	242	233	204
Cash flow from operating activities	689	830	792	727	1,117
Capital					
Equity	5,350	5,188	4,593	4,447	4,353
Interest-bearing debt	1,843	1,900	1,893	1,800	1,859
Balance sheet total	9,901	10,088	9,185	8,804	8,645
Investments in property, plant and equipment	706	839	846	710	734
Ratios					
Equity/total assets	54.0%	51.4%	50.0%	50.5%	50.4%
Interest coverage ratio [2]	11.2	7.1	9.3	8.8	8.8

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

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



‘Strengthening the connection with our customers’

Jeroen de Haas
Chairman of the Board of Management
Eneco Group

In the fall of 2015, I was invited to a meeting of a group of people who had taken the initiative to enhance the sustainability of a city district of The Hague. We were sitting at the kitchen table, drinking coffee and tea and eating homemade cookies. It had started with the ideals of a few people. Currently, there are 300 solar panels in this district. This meeting is characteristic of an important development.

More and more similar initiatives, aimed at autonomy with respect to the local energy supply, are emerging. And it is the discussions of the people who take these initiatives that we wish to join, because we believe we can make a meaningful contribution. Not only through the services that we provide, but also in the form of knowledge based on our comprehensive view of the energy system.

Connecting with our customers is a major challenge. We are convinced that the transition to a world where all energy is generated in a sustainable manner can only be achieved in collaboration with them. Our current and potential customers are smart people who care about their energy supply and try to find like-minded others who share their values and ambitions. And when they gather around the table, they go through the whole process: from generating ideas to the production, consumption, exchange and storage of energy. It is this process that we wish to be part of.

This is why it is important to understand what motivates our customers. What do they need? How can we support them? During the meeting with the city district cooperative, I pointed out that the connection of 300 solar panels to the electricity grid could lead to a grid overload on sunny days. Together, we discussed solutions, such as the installation of batteries to store excess energy during certain parts of the day. Eneco has the expertise and skills to deal with issues like this.

Redfined strategy

To be asked to join the discussion, we must be relevant to our customers. Simply selling energy as merchandise no longer suffices. Our products and services must provide additional value. This is why it is important that we know what our customers think and feel, prior to developing and marketing products and services. This is a matter of carrying out research, of recognising needs and anticipating possible issues they may be faced with in connection with local initiatives. However, there must also be a fundamental link between new products and services and what our company aims to achieve for our customers. In this respect, our mission forms the starting point: sustainable energy for everyone. To ensure that

we continue to be relevant for current customers and to be able to attract new ones, we have redefined our strategy with a focus on innovation, collaboration and acceleration.

Innovation for our customers

Greater emphasis is placed on the development of innovative products and services for our customers.
From a technical point of view, the fundamental energy revolution shall mainly take place 'behind the meter': in homes, businesses and factories.
In our new role, we will work inside the premises of our customers, behind the meter. We make a connection with the ambitions of the growing number of people who start their own initiatives.
We innovate with a focus on technology. We add new products to our portfolio such as smart solutions for charging electric cars, apps for smart energy management and batteries for energy storage. We offer more and more digital and mobile solutions.

A good example of this kind of innovation is our Toon smart thermostat. In order to meet the needs of our customers, we continue to add new functionalities, such as the possibility to control home lighting, a smoke detector that sends a signal to a smartphone, and ToonZon, which provides information on the output of solar panels.

Collaboration based on trust and connectedness

Collaboration with external partners is essential for the realisation of the energy transition. This includes using our power and expertise to help local organisations to expand their sustainable energy supply. In November 2015, we became a member of DE Unie, a service provider for a number of local energy cooperatives in the Netherlands. This is a valuable step for us and a vote of confidence. Our ten-year partnership with the Dutch railway company Nederlandse Spoorwegen is aimed at making their train transport operations fully climate neutral by 2018. On our part, we strive to have all our employees travel by public transport. This is also part of the deal for us, based on our connectedness with our partners.

People make the difference

To enable the transition of our company, we continue to focus on improving our performance. Above all, this requires acceleration. And our own people are at the basis of this acceleration. Their adoption of our redefined strategy is crucial. It is important that employees know why products are developed and how this affects them. However, intrinsic motivation is not sufficient, skills are also required. Acceleration can only be achieved with the right people who are committed to our ambition and possess the necessary knowledge and competencies.

Acceleration of our strategy places high demands on the management in charge of supervising this process. For this reason, we are taking a critical look at our leadership capabilities and are assessing the intrinsic values of our employees. If we do not know what drives them, we will not be able to get our message across.

A new world requires speed

Acceleration is necessary. We have entered a new world. With our new products and services, we will be confronted with new sectors and competitors who know how to operate at a fast pace. This requires us to change our product development approach, marketing and partnerships. Examples of this include involving customers and partners in our plans at an early stage, sharing information openly and testing new concepts externally. In order to quickly give shape and substance to these new developments, a new business unit of Eneco Group was launched mid-2015: Eneco Innovation & Ventures. With a dedicated budget of 100 million euros for a period of three years, this team will be the driving force behind the internal transformation and will actively seek to collaborate with innovative start-ups and knowledge institutions in the Netherlands and abroad.

A strong business model

Our business model and strategy give us confidence for the future. At present, Eneco Group consists of three parts: the networks, the production of sustainable energy, and our customers. With respect to the networks, reliability and value retention are central issues, as well as the development of new technologies such as smart grids. The production of sustainable energy involves investment in subsidised sustainable production – the safest form of investment. In relation to our customers, investment 'behind the meter' is the only way that leads to a sustainable earnings model.
The fact that the unbundling of our company is set to go through will not have major consequences for our strategy. Stedin will continue its development towards becoming a grid operator that collaborates with the market and stakeholders to find solutions that are the most relevant for the general public for a network that is guaranteed to be both sustainable and reliable. As an energy company, e will continue to focus on sustainable energy production, connection with our customers, service and innovation.

A new era

We are ending an era of central production of energy from fossil fuels. In 2007, Eneco explicitly opted for sustainability and a focus on local energy supply in close collaboration ith customers and partners and with the support of our shareholders. This year, which marked the ending of the old and the beginning of the new era, was also special for me on a personal level. I have been offered the opportunity to serve a third term to guide this wonderful company into the new future. Before the start of this term, I was able to take a special leave for a period of three months. Time that I have spent on studying, finding new inspiration and being with my family. We face the new world with confidence. A world in which we focus on meaningful relationships and connection with our customers, who will be able to use our innovative and smart services to take a step towards a fully sustainable energy supply.

Message from the Board

Eventful year

Eneco Group looks back on an eventful and busy year. A year in which we redefined our strategy and established the first outlines of our new business model. It is our conviction that we can enhance our relevance with our redefined strategy. At the same time, we have been aware since the end of 2015 that we can no longer give structure to our future as an integrated energy company.

We have redefined our strategy in 2015. Our mission continues to be the central focal point: Sustainable energy for everyone. Our ambition is that Eneco, in its new role as a service provider, will be the preferred company for both its customers and partners in 2020. We are developing cooperative partnerships that offer products and services that enable both customers and companies to generate, use, exchange and store their own energy. More than ever before, we are focusing on collaboration aimed at the best possible local solutions. We work together with our customers and put their interests first. There is a good basis for this customer confidence, as is demonstrated by rising satisfaction figures.

Progress achieved

We set three conditions on the choices we wish to make for the years ahead: what we do is relevant to the customer, it contributes to the energy transition, and we are achieving sufficient acceleration. This latter condition means that we only introduce propositions that can quickly be scaled up and made profitable. Our focus lies on three growth areas: we will only build sustainable production facilities like wind farms at the request of or in collaboration with customers, which we refer to as Client Sources, we are developing Smart Sustainable Solutions, and we offer Energy as a Service. In each of these growth areas we have already achieved promising results this year.

In 2015, we made good progress in the area of Client Sources. Contracts were concluded with large-volume energy users like Google, NS, AkzoNobel and KPN aimed at controlling their sustainable energy consumption. At the request of these types of partners, we build facilities such as wind or solar farms to fulfil their sustainable energy needs. In addition, we are working on a range of Smart Sustainable Solutions. These include smart grids, which enable electricity feed-ins on the existing grid. Another recent example is the Smart Solar Charging project, a residents' initiative in the Utrecht district of Lombok hat involves the installation of solar power plants on the roofs of schools and charging stations for electric (shared) cars that are able to recharge vehicles with solar energy and can also discharge power from the cars' batteries. Stedin is involved closely in this initiative. The smart thermostat Toon is clearly a product that falls within the Energy as a Service growth area. We have now sold 225,000 Toon thermostats, in part through other, indirect channels, thus reaching a wider public.

A new direction

Performance in connection with to the new business model relates to the development of new products and services (page 52). For this area, we are currently developing indicators that will enable us to show our stakeholders what progress we are making. In the meantime, we are accelerating. Setting up the Innovation & Ventures business unit shows that we are convinced that we are moving in the right direction. We have made a budget a € 100 million available for investment in new products and services and participation in start-ups. In November 2015, we combined our activities involving the smart charging of electric cars in the new start-up Jedlix. Tests involving drivers of Tesla cars and the use of the smart charging app SlimLaden, which was developed by Jedlix, were completed successfully. Our intention is to enter the European market with this app. The first steps will be taken in the Netherlands: a public app will be introduced that can be used at 1,700 privately used Eneco charging stations. We are making even more progress with Jedlix. At the climate conference in Paris, we signed an agreement with Renault for the development of a smart charging app for ZOE, the manufacturer's 100% electric car. Jedlix will be responsible for developing this app.

In 2015, we acquired the remaining interest in Quby, developer of the Toon intelligent thermostat with which customers can make their homes increasingly smarter. The software will also be made available to other developers as open source, which will enable us to quickly add new user features and services.

Striving to be the preferred service provider

While we have been applying ourselves to the transition to the new business model, we continued to provide around two million customers with electricity, gas and/or heating. Our challenge is working with both models in parallel. Due to the fact that more and more customers purchase a variety of products and services, we have decided that, from now on, we will report the number of contracts rather than the number of customers. This is a better indicator of how successful we are in the transformation process. Good performance in our provision of basic services continues to be essential if we are to be regarded as the preferred service provider for the group of progressive customers who want more than just buying electricity or gas. Our performance with respect to the quality of our traditional services is measured in terms of customer satisfaction and supply interruption durations, which improved compared with 2014. This demonstrates that we are still strongly committed to focusing on the interests of our customers. Our safety performance is an indicator of the quality of our work in connection with the energy grids and sustainable production facilities. Even though the number of occupational accidents was within our target range, we believe it is still too high. The number of accidents resulting in absence from work in relation to the number of productive hours, was too high in terms of our standard. This figure says something about working in a disciplined manner, the attention devoted to safe working conditions, and the safety awareness among management and employees. We are not satisfied with this year's performance; in some areas there is room for improvement. However, our performance in the collaboration with subcontractors on major, complex projects like the offshore grout project at the Prinses Amalia wind farm was excellent: zero accidents in 350,000 hours worked.

Other non-financial results

Eneco applies the principle of One Planet Thinking: our aim is to keep our own energy consumption and that of our customers within the limits of our planet. This focus is bearing fruit. Although we still impose too much of a burden on the planet, our footprint is getting smaller year by year. Seeking innovative solutions to improve the sustainability of our customers' energy consumption also enables us to make our own supply chain more sustainable. This contributes to the energy system as a whole in the Netherlands and beyond and, thus, to society.

It was agreed during the climate conference in Paris that global warming should stay well below two degrees Celsius. Eneco Group has brought its emissions of greenhouse gases and its targets up to 2020 in line with the path towards the 2 °C objective in 2050. For us, this is a logical objective as it is in line with our mission 'Sustainable energy for everyone' and is monitored by us on the basis of the One Planet Thinking initiative. This makes Eneco one of the first companies in the world that demonstrably contributes to the realisation of the global climate objective across its entire supply chain.

Our employees prove to be enthusiastic advocates of our mission. The resulting dynamics are reflected in better alignment with our strategy and in the motivation figures. It is essential that our employees feel connected and that they want to make the effort to achieve acceleration. In a period in which there is a great deal of uncertainty for them about their jobs or futures with our company, it's encouraging to see how they press ahead and are fully committed to the success of our company. We support them in this by investing in their development and opportunities within our company.

Continuing investment in sustainability

Every year, a number of NGOs, including Greenpeace, the Dutch environmental organisation Natuur en Milieu and the consumer organisation Consumentenbond, rate all the Dutch energy providers. The organisations evaluate the providers on the basis of the environment-friendliness of the power provided, power production assets and investments. With a score of 6.6, Eneco achieved seventh position in 2015, out of the 37 suppliers in the Netherlands. The report from the NGOs notes that there was some confusion in connection with the submission of our data this year. Consequently, several positive figures about the origin of our power were not incorporated, resulting in Eneco's score dropping a tenth of a point this year. Because small suppliers cannot be compared to large energy companies, the NGOs also provide a ranking of the five largest companies, in which Eneco takes top position.

Eneco invested € 715 million in sustainable energy generation and infrastructure in 2015. We realised a number of sustainable production facilities, including the installation of 23,000 solar panels on the roof of the KYOCERA stadium and the completion of the wind farms Luchterduinen and Delfzijl-Noord. Of the total volume of electricity we supplied to customers, 25% (4.4 TWh) was produced sustainably, an increase compared with the 20% of 2014. The wind energy capacity in the Netherlands increased by 535 MW (473,000 households) in 2015, 225 MW of which was installed by Eneco.

Higher acceptance levels for smart meter

Stedin and Joulz Service Provider were combined in a new grid management organisation that was further structured during the course of the year. The merger is intended to yield lower costs and higher productivity and quality on a structural basis. The unit of Stedin Meetbedrijf that serves the private market became part of Stedin Netbeheer in 2015 with the aim to better streamline the project involving the large-scale rollout of smart meters. There is now a well-oiled machine ready for the task of equipping millions of homes with a smart meter in the years ahead. From April 2015, Stedin has made offers for the installation of a smart meter to 238,000 customers in its grid

area. 80% of these customers have accepted the offer. The government is aiming for higher figures. Combined in the sector organisation Netbeheer Nederland, all grid administrators are making an effort to raise the acceptance levels with a new communications initiative.

Financial results

We look back on our financial results with satisfaction and note that the various cost-saving programmes have contributed to the result and have enabled extra investment in innovation. Even though the operating result of € 334 million was 8% lower than in 2014, the net profit of € 208 million is comparable to the previous year (€ 206 million). Eneco maintained its stable A- credit rating in 2015.

Shareholders

We are a company that is rooted in the local environment. This forms a good combination with our group of shareholders, consisting of 53 municipalities. It is also in the interest of our shareholders that Eneco achieves good results. The dividend we pay out often makes up a significant part of the municipal budget. Furthermore, almost all municipalities have a sustainability policy, which is also an area in which we collaborate.

Risks and dilemmas

Eneco is part of a system in which many stakeholders have a role or a voice. Sometimes these interests conflict. Local residents may object to the construction of an onshore or offshore wind farm, while such solutions are essential to making the energy system as a whole sustainable. The call for realistic pricing of polluting substances such as CO_2 may be an advantage to one party and a hindrance to another. Eneco continues its dialogue with the various parties in order to have a voice in the decision-making process. We limit our own risks by making focused choices. This is reflected in the Client Sources growth area. Customer initiated construction means that we will only develop new sustainable production facilities together with or at the request of customers that will purchase the energy produced and if there is sufficient support in the immediate vicinity. An example of such a project is the Delfzijl-Noord wind farm that we constructed for Google.

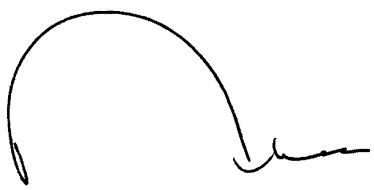
There have also been setbacks in the development projects. The Navitus Bay offshore wind farm (UK), the preparations for which started in 2012, was refused a permit by the British Ministry of Energy and Climate Change. After careful consideration, we decided not to dispute this decision. The Board of Management thanks all the municipalities on the British south coast that were involved, and all the stakeholders, including the potential suppliers, for their efforts towards this project. There was also a setback with respect to the Prinses Amalia wind farm in the form of a fault in the design, which had to be repaired to prevent any future damage or possible hazardous situations. All 60 wind turbines have been repaired. The repair, which was carried out entirely at Eneco's expense and did not result in any production loss, has resolved the problem fundamentally. The Prinses Amalia wind farm has generated a very predictable high production in recent years.

Eneco concluded a renewed contract with the company Air Liquide for the purchase of energy produced by Pergen. This is an efficient, reliable and flexible power plant, which converts gas into electricity and steam for industrial use. This contract formed a satisfying solution for both parties that ended a dispute about guarantees.

The future

The future of our company has changed since regulator ACM announced, by means of an enforcement decree, that Eneco is required to unbundle its production and commercial activities and the grid administration operations, no later than 31 January 2017, in accordance with the Independent Network Management Act. On 13 January 2016, Eneco Holding N.V. submitted a statement of objections regarding this enforcement decree, the result of which is not yet known at the time of publication of this annual report. The procedure referred to the Court of Appeal in Amsterdam is also continuing. As part of this procedure, the Court of Appeal must assess whether the group prohibition is an infringement of the right to the protection of property described in the First Protocol to the European Convention on Human Rights. It is expected that Court of Appeal will issue a ruling in this matter within one to two years, as a result of which the unbundling may still be declared unbinding. Nevertheless, we have to start preparations to effectuate unbundling in accordance with the ACM's enforcement decree. To this end, Eneco is preparing an amended unbundling plan that shall be submitted to the ACM in the first half of 2016.

On behalf of my colleagues in the Board of Management, Guido Dubbeld, Kees-Jan Rameau and Marc van der Linden, I invite you to read about our performance in 2015 in more detail.



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

Trends and developments

Relationship with our strategy

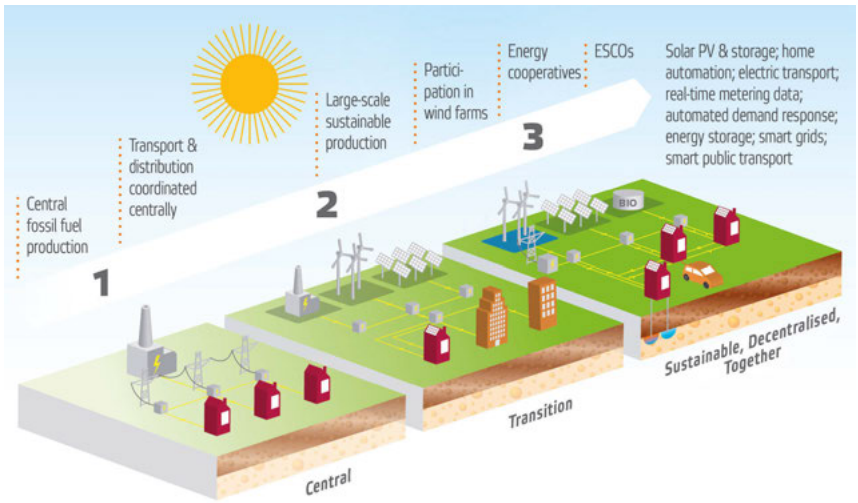
The energy world is changing. We are moving from a centrally and conventionally organised energy system to a system that is decentralised and sustainable. More and more, customers feel the need to take their energy supply into their own hands. Smart technologies increase the possibilities to fulfil specific customer needs.

The energy transition is progressing in line with the expectations shared by Eneco in earlier analyses. We are currently at the second stage (see figure). The share of sustainable energy has increased, in particular as a result of large-scale sustainable projects, and the production of energy is still largely organised centrally. In addition to the plans to achieve a sustainable energy supply by means of big projects, such as the plans for large-scale offshore wind energy included in the Agreement on Energy for Sustainable Growth (Energieakkoord), we now notice a parallel trend involving the decentralisation of energy systems (stage 3). Achieving the goal of a truly sustainable energy supply presents a number of challenges as well as a range of opportunities, the most relevant of which are described below.

Obstacles to sustainability

In 2020, 14% of energy should be generated from sustainable resources, rising to 16% in 2023. According to the most recent calculations in the National Energy Outlook 2015 published by the Energy Research Centre of the Netherlands (ECN), the target of 14% in 2020 will not be met. It is expected that the share of sustainable energy will not exceed 12.4%.

The main obstacles for speeding up the process of increasing sustainability are the complex and lengthy procedures for the construction of onshore wind turbines and the installation of district heating grids. Another factor is the lack of a concrete long-term perspective in the Netherlands, which makes it difficult to make choices about the necessary innovations. Furthermore, the industry sector, the transport sector and households have reduced their energy consumption to a lesser



extent than the additional target set in the Agreement on Energy for Sustainable Growth.

Low electricity price
The economic crisis resulted in a substantial drop in energy demand and, consequently, a lower electricity price. This was to the advantage of customers, but was also reflected in the revenues of energy companies. Although the economy is improving, the price continues to be low. This is due, on the one hand, to the more efficient use of energy by customers and, on the other hand, to the increase in the supply of sustainable energy. The marginal costs for the production of solar and wind energy are relatively low. Therefore, the energy produced by these systems is sold on the market at low prices and replaces the energy produced by conventional energy plants. A large number of, for the main part, gas-fuelled energy plants, were shut down over the past few years.

Cheap coal causes increase in carbon emissions
At the international level, the prices of the resources coal, oil and gas dropped significantly. The price of coal is particularly low. Consequently, the majority of the plants in operation are coal fuelled, while the relatively expensive, but also cleaner, gas-fuelled plants are standing idle. Despite the substantial drop in the price of gas, the spark spreads on gas plants are still mostly negative, as a result of which even new gas plants are taken out of production. Following a decrease in carbon emissions in the Netherlands since 2010, the tide turned when the carbon emissions of energy companies increased in 2014. In the first two quarters of 2015, these emissions were even higher than in the corresponding period in 2014. Total carbon emissions in the Netherlands also increased in this period.

Low carbon price
The Emissions Trading System (ETS) is the European carbon emission rights trading system. Companies are required to pay for their carbon emissions by purchasing carbon emission rights on the market. This stimulates them to invest in production methods that lead to lower carbon emissions. However, at present, ETS does not perform as well as it should. The price of emission rights is far too low, resulting in insufficient stimulation of investment in sustainable energy, energy efficiency and innovation. In fact, the opposite is occurring: lately, the share of polluting coal in the Dutch energy mix has increased due to the low carbon price. According to the National Energy Outlook 2015, the carbon price will not exceed € 15 to € 20 per ton in 2030 if the policy does not change. The carbon price is a given that cannot be influenced by Eneco. As the current low carbon price means that coal will continue to be part of the energy mix, Eneco is lobbying to have coal-fuelled plants closed down earlier than anticipated.

Gas plants still necessary
As long as the amount of sustainable energy produced is not sufficient to meet the energy demand of all customers, it will be necessary to use gas-fuelled plants. Furthermore, to guarantee security of supply, governments and national grid operators are striving for a comprehensive approach at the European level as well as a single European market, for example by expanding the interconnection capacity (grid connections with surrounding countries).

In 2015, the new international Flow-Based market coupling was introduced. Even though Flow-Based market coupling is intended to optimise cross-border capacities across Western European markets, it also leads to more market fluctuations in 'small' countries.

Price continues to be important
Each year, more and more people switch to a different supplier, mainly because of price differences: 13.3% in 2015 and 12.2% in the year before that, according to the ACM. Price comparison websites play an important role in this process, but, increasingly, energy companies also contact customers directly, for example at home or while they are shopping. By offering customers an immediate discount, they try to convince them to switch suppliers.

In addition to this form of price competition, customers negotiate discounts through collective energy purchasing initiatives. This kind of price-driven purchasing of energy does not sufficiently take into account the amount of support provided by the different energy companies to enhance the sustainability of the energy supply of their customers.

Opportunities for sustainability

Despite the fact that, in many cases, a lower energy price is a reason to switch suppliers, more and more customers are willing to invest in generating their own energy. There is a strong increase in local actions taken by cooperatives, crowdfunding initiatives, businesses, households and others choosing to become self-sufficient in their energy supply (prosumers). In particular, there was an exponential growth over the past years in the number of photovoltaic systems (PV systems) installed on roofs, the cost price of which decreased by no less than 70% since 2009. At present, the number of households in the Netherlands with registered solar panels is nearly 280,000.

We are getting closer to the moment where the cost of power generated by sustainable systems equals the cost of conventional energy supplied by the electricity grid. Even though, at present, the transition to sustainable energy is mainly driven by measures taken by the government, price competition could become the leading driver in the future.

Sustainability district heating improved
With the publication of the perspective on district heating (Warmtevisie) in 2015, the cabinet aimed to achieve a breakthrough to improve the sustainability of the supply of district heating. Gas will have a less dominant role. In the future, heating will be generated increasingly by means of sustainable resources such as residual heat, geothermal energy, biomass and thermal storage systems.

More and more households use electric heat pumps in addition to gas and sustainable heating. At many locations, fully electric heat pumps or hybrid versions (electricity in combination with gas) will replace the conventional central heating boiler. All-electric districts, where the houses do not have a connection to the gas grid, already exist in the Netherlands, such as the newly constructed Hoog Dalem district in the municipality of Gorinchem.

Currently, many of the gas pipes in the Netherlands are due to be replaced. It would be preferable to assess what the most appropriate local solution would be for each separate case: reinvesting in gas pipes, replacing gas pipes with sustainable heating pipes, a combination of these two options or all-electric city districts.

Different form of collaboration
The combination of the trends towards decentralisation and electrification results in local differences. In each city district, the energy transition is manifested in another way. The result is a varying combination of local energy production systems in addition to variations in energy demand due to factors such as the use of electric cars and heat pumps and the presence of large industrial companies. These variations in local energy supply and demand within the clusters require a different, customer-oriented approach. Close collaboration between parties should result in the best solutions at the local level.

Electrification stimulates new solutions
The advancement of electrification and local differences in electricity production and consumption lead to an overload in certain parts of the network. To solve this problem, many grid managers assess the electricity flows in their networks and market parties attempt to enhance flexibility in the local supply and demand of electricity in order to maintain the balance.

Tesla took a major step in this direction in 2015 with the introduction of the Powerwall, a home battery that stores power generated by solar panels, which is used for charging electric cars and to provide electricity for homes. At the central level, grid managers are investigating alternatives for dealing with the decrease in conventional flexibility.

Smart technologies also applied in the energy market
The terms 'smart' and 'energy' are becoming more closely associated. This is due mainly to the increase in the production of sustainable energy and the corresponding need for more flexibility and control over the (personal local) energy system. As a result of the introduction of smart meters and the installation of intelligent thermostats in buildings, customers and energy companies gain an increasingly better understanding of energy consumption. This leads to more control and significant energy savings on the part of the customer and a better balance of energy supply and demand.

The possibilities for adding value for customers are increasing. Added value is provided, in particular, in the form of new services that enhance the flexibility and integration of energy systems. Apps are available for smart charging of electric cars and intelligent solutions are used for battery storage of solar energy generated by rooftop panels.

Large companies use energy to achieve business objectives
A growing number of companies link energy to their underlying functional needs and business objectives. Examples include increasing the sustainability of their transport or creating workspaces with a comfortable indoor climate to increase the productivity of their employees. More and more, energy is expected to be sustainable as well as affordable and reliable and to contribute to business objectives by means of smart solutions.

New opportunities, new markets

The described developments create new opportunities and markets. New business models are emerging and old business models are being adapted to be able to follow these trends. However, in addition to the new opportunities presented by these new markets, it also means that new competitors are entering the energy market. To cope with this competition, energy companies all over Europe are changing their strategies and placing more emphasis on sustainable energy and customers.

Eneco has already been focusing on sustainable energy together with its customers for many years. In this respect, Eneco has an advantage over most European energy companies. In order to maintain and widen our lead, we are taking a further step forward on the basis of the developments and trends. At the beginning of 2015, Eneco redefined its strategic direction to place more emphasis on the development of innovative products and services. To ensure that we continue to be relevant for current customers and to be able to attract new ones, we focus on innovation, collaboration and acceleration. The updated and innovative strategy is presented in the section Redefined strategy (page 16).

Redefined strategy

Eneco helps customers to take a leading role in energy transition

Eneco Group adjusted its strategy in 2015. In collaboration with our customers and external partners, we are transforming from an energy supplier into a service provider and a platform for the coordination of the supply of and demand for sustainable energy at the local level. This provides citizens and businesses with the possibility to further increase the sustainability of their own energy supply.

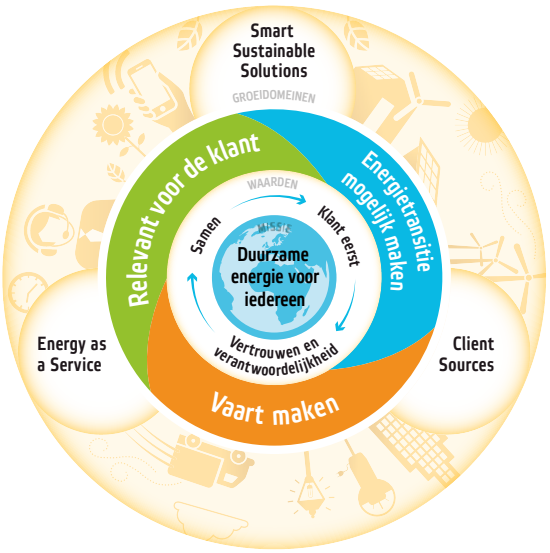
Our mission – Sustainable energy for everyone

Our mission, Sustainable energy for everyone, has not changed since 2007 and still holds true. Only when the amount of energy consumed by our customers and our own organisation is reduced to within the limits of the regenerative capacity of our planet (One Planet Thinking), will we have succeeded.

In view of the trends in the energy market, our mission is more relevant than ever. With our vision Decentralised, Sustainable, Together, we had taken the lead in the energy market. It can be seen that the energy transition is now spreading more and more to the local level. This marks a new phase for our vision. We must adapt our role to meet the expectations of our customers in this new phase. This also requires a redefined strategy.

Our redefined strategy

Up until now, we have concentrated our efforts on increasing the sustainability of our own central energy supply. From this moment onward, we shall sharpen our focus on collaboration and act as a partner in the search for optimal (local) sustainability-enhancing solutions for our customers. As a



company that aims to operate within the spirit of cooperation, we develop products and services that enable our customers to generate, consume, exchange and store their own energy in collaboration with each other and with us. Eneco's aim for 2020 is to become the preferred partner of customers and partners in the area of increasing sustainability.

Our mission, which forms the core of our strategy, determines our direction. It is surrounded by our cultural values: 'Together', 'Instilling trust and taking responsibility' and 'Customer first'. These values steer our daily activities and our conduct and are the success factors for the realisation of our strategy. In combination, the strategic principles 'Customer relevance', 'Contribute to the energy transition' and 'Acceleration' are the motor of our transformation. The choices that we make must be in line with these principles. With our new business model, we focus on three growth areas: 'Client Sources', 'Smart Sustainable Solutions' and 'Energy as a Service'. In this section, our strategy is explained in more detail on the basis of the three strategic principles.

Customer relevance
We add value for customers by meeting their needs with innovative products and services. We ensure that the energy supply to our customers is affordable and reliable. The advancement of smart technologies in the energy world allows us to not only provide flexibility, but also add value for our customers in a growing number of ways.

To this end, we focus on the following goals:
- Customers want to have more control over their energy and increasingly see energy as a means that contributes to the achievement of other goals. We aim our attention at fulfilling these underlying needs.
- We strengthen and accelerate the development of an innovative portfolio of products and services for and of our customers.
- We ensure that energy contributes to the business objectives of companies.
- We proactively seek to become stronger and improve in areas in which we wish to understand and support customers.

Enabling the energy transition
We focus on smart sustainable solutions in order to enable the energy transition and to keep the cost to society as low as possible.

Local energy production and the growing use of electric transport result in 'new' peaks in the electricity distribution networks. To safeguard the security of supply – and the corresponding comfort perceived by the customer - we create a good balance in the supply of and demand for energy within and between city districts. Without the use of intelligent (local) flexible solutions, this would require major investments in network upgrades.

We focus on the following goals:
- For each area, we aim for the optimal combination of energy systems at the lowest cost to society.
- We act as an energy platform and work together with stakeholders at the local level in order to achieve this optimal combination.
- We are building strong relationships and strategic partnerships with customers.
- We work together with customers on the basis of the cooperative spirit and equality.
- We do not instantly regard newcomers on the energy market as competitors, but first assess if it is possible to benefit from and give shape to the energy transition by concluding strategic agreements with these parties.

Acceleration
The plans have been made, but increasing sustainability in the countries in which Eneco operates is not progressing as quickly as it should. In addition, the energy market is changing and new competitors are entering the market. We have the capacity to act and need to accelerate in order to stay in the lead in the transition to affordable and reliable sustainable energy.

Acceleration means ensuring that we are able to put our existing knowledge and qualities, our customer base and our activities to use in the energy transition in a relevant manner and as quickly as possible. We accelerate by making propositions available on a large scale and ensuring that they become profitable in a short period of time.

We focus on the following goals:
- We will continue to advocate and emphasise the necessity of the energy transition. This requires persuasive skills and thought leadership.
- We seek partnerships and collaboration with other parties to increase our capacity to act.
- In order to obtain sufficient economies of scale with respect to our services and products, we aim for the expansion of our activities to other countries.
- We take the economies of scale of our products and services into account and seek to develop commercially viable and repeatable projects.

Growth areas
We are going through a transformation from a traditional energy company to being a service provider. We are becoming a developer of smart and innovative solutions. The interests of customers come first, which means that customers determine the direction.

Client Sources: customers drive construction
We will only construct assets and infrastructure at the request of or in collaboration with customers. This way, we enable our business customers to demonstrably increase the sustainability of their business operations in line with their business objectives. With the same financial means, we will expand sustainable production, instil more trust with respect to our investments and share risks with partners.

Important examples are our partnerships with the Dutch railway company NS and with Google, which were concluded in connection with the aim of these companies to increase the sustainability of their energy supply. For a description see New products and services (page 52).

Smart Sustainable Solutions
Within this growth area, we develop smart solutions that result in a better match between supply, demand and backup solutions in order to reduce the impact on the infrastructure and to enable consumers and businesses to make optimal use of sustainable assets.

Together with our business customers, we use available data to optimise processes and utilise the available flexibility. This means that the IT component of our activities is becoming part of our core business. Making systems smarter and the use and analysis of data is something that will be applied in every part of the Eneco organisation. We invest in innovation within our own company as well as through participations in start-ups. We will also join collectives similar to DE Unie.

An area in which we have already implemented smarter control of the energy demand is the horticultural sector. By means of smarter management of the heating buffers of a group of horticulture companies, we were able to lower the system costs for district heating in Rotterdam. For a description see the section New products and services (page 52).

Energy as a Service
The needs of our customers determine the demand for sustainable energy. They do not ask for energy as such; what they want is a comfortable home climate, predictable energy costs and a safe installation. Energy is more than the supply of electricity, gas or district heating. Energy is becoming a service product that is aimed at providing what customers want. By obtaining a better understanding of customer needs, we strengthen and accelerate the development of an innovative portfolio of products and services for and of our customers.

Eneco also focuses on Energy as a service for its business customers. With the use of data and smart technologies, we give our business customers more control over their energy supply. We provide services that ensure that the energy supply contributes to the achievement of the goals set by these companies.

The characteristic product that supports this growth area is our digital platform Toon. Toon was initially a smart thermostat, to which new functionality has been and will continue to be added. For a description see New products and services (page 52).

What do we need to be successful?

Our values 'Together', 'Customer first' and 'Instilling trust and taking responsibility' steer our daily activities. We work together with colleagues, entrepreneurs and experts. We are building strong relationships and partnerships with customers and shareholders. Thus, we increase our knowledge and impact. Trust placed in us by customers forms the basis. We focus on collaboration and offer quality products and services as directed by customers, and support them in achieving a sustainable energy supply. External leadership can only be achieved if we demonstrate internal leadership. New knowledge and skills are acquired at an increasingly higher pace. By instilling trust and taking responsibility, we are keeping each other alert and are transforming into a flexible, performance-driven organisation.

The trust placed in us by our partners and that we place in them forms an important basis for our mutual relationships. Eneco must be a solid partner in order to ensure that sustainable energy will continue to be affordable and reliable in the future. Consequently, profitability is very important, as this ensures that we continue to have sufficient access to the capital that we require. This is why we aim for a short-term return on investment on our activities. We also pay close attention to the economies of scale of the services that we develop on the basis of our strategy. Our focus is shifting from conducting field tests to developing commercially viable and repeatable projects.

To achieve additional acceleration, Eneco aims to expand its activities to other countries. Internationalisation is an important tool for achieving sufficient economies of scale for our products and services. Furthermore, it enables us to realise the desired spreading of risks in relation to regulations and also makes us better prepared to deal with differences between countries with respect to the moment at which customers are involved in innovative solutions.

‘Large and small working together’

Paul Stolte (left)
Co-founder
LochemEnergie

Paul van der Hoeven (right)
Innovaton manager Eneco

LochemEnergie and Eneco

Generating and using sustainable energy locally, and saving energy – these were the objectives of LochemEnergie when it was founded in 2011. And now, five years on? It has four solar generating plants which together supply the energy needs for a hundred households. Residents have also gained a better insight into their consumption, which has produced a behavioural change: 15% of energy usage has been saved from that alone.

Paul Stolte, one of the founders of the LochemEnergie cooperative, is still enthusiastic as he explains how the residents of Lochem itself are at the helm when it comes to their energy provision. That didn't happen on its own. Establishing and growing the local energy company is a story of ups and downs. 'And we learned a huge amount over the years,'he notes. 'In fact we're still learning every day.'

LochemEnergie was one of the twelve smart grid testing areas of the Ministry of Economic Affairs. That certainly helped to get it started. And yet it still took until the beginning of 2016 before the fiscal regulations were modified. 'We and other parties worked hard at creating a better financing model for collective solar farms. Since then, the 'postcode-circle system' prepared as part of the so-called Energy Agreement has been improved significantly. Those participating in a solar plant now actually get back the full energy tax.'

Own meters

LochemEnergie wants the power generated to be able to be metered entirely independently. The cooperative itself wants to benefit from the yields. This requires a separate connection with a separate meter, which can be quite costly. Fortunately, there's now a good alternative, to the relief of Stolte and his cooperative: the Local Sustainable Energy connection, or LDE in its Dutch acronym. 'We are piggybacking on the bulk usage connection of the organisation whose roof accommodates our solar panels, but we do in fact have a separate meter. The first LDE was installed in Lochem as part of the smart grid testing areas. We're still fine-tuning it, because it doesn't yet run flawlessly, but these developments have certainly been extremely important to us; now we can build on this.'

The new world

Eneco, which has been the cooperative's energy provider since 2013, purchases the solar power for a period of fifteen years. This also gives the cooperative financial breathing space over time. 'Such local initiatives are now more common, but in 2013, when we first sat down around the table, LochemEnergie was playing a pioneering role. Generating power locally together with residents was certainly innovative, and in fact it still is,'points out Paul van der Hoeven, Innovation Manager at Eneco. 'We're also supporting other initiatives to create such solar farms together with local stakeholders. That's the new world we're already living in.'

Discount for members

'We believe it's important to have a solid energy provider who shares the same vision. That's why we opted for Eneco,'explains Stolte. 'Eneco offers our members an attractive package. They get an annual discount, so it pays to be a member of our cooperative. 'Eneco also provides practical support. Van der Hoeven: 'Lochem has its own independent clout. But for issues like energy feed-in contracts, energy administration or calculating the power generated, we are the stable party in the background. We use our scale to let a local initiative like LochemEnergy blossom,'notes Van der Hoeven. This is exactly where the power of collaboration lies, Stolte also believes. 'We are the face the client sees, but as a small club you really don't want to have to cope with all that administrative rigmarole.'

Many a little makes a mickle

The cooperative now has seven hundred members, and wants to grow to two thousand in three years. Stolte: 'If we want to be a sustainable cooperative, we want to have a greater scope, so that we can build up a basic organisation with which we can further realise our future plans.'And there are plenty of aspirations. LochemEnergy aims for more solar energy in the municipality, has plans for two hydropower plants, and, together with the cooperatives in the vicinity, is now also developing its first wind farm. 'We're aiming for the best possible mix of sources to be able to balance energy supply and demand and to avoid the peaks, because those are expensive. Hydropower would create the balance over the day, with wind to augment it if there's too little supply – because the sun doesn't always shine, after all.'The solar energy projects currently remain relatively small-scale. More is better, they believe in Lochem, or as the old saying has it, many a little makes a mickle.

In search of the golden formula

From Eneco's point of view, local development simply can't go fast enough. 'Ultimately you don't want to just do things once. You want to learn from them, and introduce improvements, 'suggests Van der Hoeven. 'The golden formula, that's what we're seeking. Then we can scale up and make more of an impact. The danger is that in our haste, we are tempted to overlook local interests. You see that large and small can work well together, but we have to learn to respect each other's roles and positions. Nevertheless, we are aware that we do need each other to realise our shared ambitions.'Stolte agrees that improvements are indeed needed in some aspects, while also indicating that LochemEnergie and Eneco can, in fact, deploy the knowledge and experience they have acquired for the future generations of cooperatives. 'Together this will let us produce an acceleration in the energy transition.'

Issues

What could be improved?

In our day-to-day activities, we are confronted with issues that limit us in achieving our objectives. When this happens, we search for solutions and contact partners in the supply chain to find alternatives together.

Customer satisfaction

Customers take energy for granted and think that it should always be available at the lowest possible price. With its sustainable approach, Eneco has demonstrated that affordability and unquestionable availability of energy can go hand in hand with making a contribution to a cleaner world. These efforts have been rewarded: in the past year, the Net Promoter Score (page 34) rose from -21 to -12. The Net Promoter Score (NPS) is a method used by organisations to measure the degree to which our customers recommend Eneco to others. Traditionally, energy companies have a low NPS. Even though our increased NPS is a definite step in the right direction, the score is still relatively low compared with companies in other sectors. The opposite can be said about the NPS given by customers who have purchased a Toon thermostat, which is a positive number. Toon customers are also more loyal to the company. Eneco considers this to be a vote of confidence for the organisation's strategic course. Customers reward Eneco for the development of a product and related services that provide added value with respect to the manner in which, nowadays, customers wish to handle their energy system.

Acceleration

The energy sector is shifting rapidly from a centrally managed production, distribution and supply model to a decentrally managed model that involves local production, storage and exchange of energy. Customers are more and more in charge of their own energy supply, for which purpose they make optimal use of the available technological innovations. With its sustainability strategy, Eneco is one of the frontrunners in the energy transition. In order to maintain this lead, it is essential that the company accelerates. This is achieved not only by accelerating the development and marketing of new products and services, but also by combining all innovation-related activities into a new business unit, Eneco Innovation & Ventures. At the launch in August, we announced that 100 million euros have been made available for this business unit for investment in innovative products, services, start-ups, acquisitions and partnerships. The actions that have been taken so far give us confidence but, at the same time, they also make us aware that we need to move even faster.

Development of wind energy projects

Experience gained with the Navitus Bay offshore wind energy project in the United Kingdom, has taught us that such projects require us to be even more thorough in our preparations. Following several years of preparation for this project, we were at the verge of being given the green light to get started. Unfortunately, we were not able to obtain a building permission and were forced to cancel the project. The lesson that we have drawn from this, is that the opinions of stakeholders must play an even bigger role in our decision-making and preparation process. In connection with this setback, Eneco now applies a stricter policy for the development of wind farms. From now on, Eneco will take the question of whether the process of obtaining permits and subsidy takes place at a relatively early or late stage into consideration in its careful selection of offshore wind energy development projects. This means that Eneco focuses on minimising development costs in the period prior to the process of obtaining permits and subsidies. The offshore wind farms that are currently being developed by Eneco are compliant with the framework of the stricter policy.

Transparent communication on smart meters

Grid managers have a legal obligation to offer all households in the Netherlands the possibility to have a smart meter installed. This process must be completed by 2020 at the latest. The Agreement on Energy for Sustainable Growth states that smart meters and the energy consumption management devices connected to these meters should contribute substantially to higher energy efficiency. At the end of 2015, Stedin had already made more than 545,000 offers; this is approximately 25% of

the total number of households in the area covered by Stedin. Customers are satisfied with the offer they have received. On 12 January 2016, Stedin installed the 500,000th smart meter. The logistics involved in increasing the number of installations did present a challenge. We have been able to bring the installation team to full strength by employing people with other professional backgrounds. The success of the roll-out of these meters is determined by the degree of acceptance by the general public as well as the possibilities for the development of useful applications.

In general, the degree of acceptance of smart meters is high. To a certain extent, there is also resistance among the public, mainly in connection with privacy and insufficient recognition of the usefulness and necessity of the meters. It is up to all parties involved to provide clear and transparent communication on smart meters.

Absence due to illness

Notwithstanding the high level of motivation of the majority of our employees and their alignment with our mission and strategy, we also notice that some employees find it difficult to deal with the changes within the organisation. This is reflected in a higher than acceptable absence due to illness percentage (see Workforce (page 166)). More attention will be paid to the prevention of absence due to illness by the Board of Management and at all other management levels. Regular discussions between managers and employees on this topic will enable both parties to take preventive measures.

Legislation and regulations

Eneco approaches politicians and participates actively in relevant consultation bodies with the aim to promote the adoption of regulations and measures that stimulate the use of renewable energy and make it more attractive.

Unbundling of energy companies

The Dutch Supreme Court issued a ruling on the forced unbundling of Dutch integrated energy companies on 26 June 2015. The Supreme Court ruled that the articles relating to the mandatory group prohibition in the Electricity and Gas Act, also referred to as the Independent Network Management Act (Wet Onafhankelijk Netbeheer), are not in conflict with European Union legislation on the free movement of capital and freedom of establishment. The Supreme Court referred judgement on whether the forced unbundling is an infringement of the right to the protection of property described in the First Protocol to the European Convention on Human Rights, to the Court of Appeal in Amsterdam. This Court must examine whether the Act is in contravention of that Article of the First Protocol. This procedure was brought before the Court of Appeal in Amsterdam in 2015. It is not known when the Court of Appeal in Amsterdam shall issue a ruling in this matter.

In the meantime, the Authority for Consumers and Markets (ACM) issued an enforcement decree as a consequence of which Eneco Holding N.V. must be unbundled by ultimately 31 January 2017. On 13 January 2016, Eneco Holding N.V. submitted a statement of objections regarding this enforcement decree, the result of which is not yet known. Even so, Eneco has to start preparations to effectuate unbundling in accordance with the ACM's enforcement decree. To this end, Eneco is preparing an amended unbundling plan that shall be submitted to the ACM in the first half of 2016.

Active role in legislation

STROOM, the bill that relates to the implementation of the Agreement on Energy for Sustainable Growth and was supposed to replace the existing Electricity and Gas Act, was adopted by the Dutch House of Representatives in 2015, but was rejected by the Senate. The STROOM bill contained a more detailed specification of the task description of grid operators. Group prohibition, which relates to the unbundling of energy companies, was also part of the bill. The group prohibition was the reason why the bill was rejected by the Senate, as the Senate's aim was that group prohibition would only take effect in the Netherlands when it is also implemented in other European countries to prevent a competitive disadvantage for Dutch companies.

During the preparation of and debate on the bill, Eneco also provided input on other aspects, including specification of the temporary tasks of grid operators and a plea for more transparency with respect to the origin of grey electricity (full disclosure).

Furthermore, the Offshore Wind Energy Act was put into force in 2015. This act is intended to stimulate offshore production of wind energy and includes a bidding system for offshore sites. It is expected that the first site will be auctioned during the course of 2016, after responsibility for the installation of an offshore grid has been assigned to TenneT in a separate Act.

In 2015, Eneco was again strongly committed to the implementation of the Agreement on Energy for Sustainable Growth: the company made many investments in sustainable energy, contributed to energy efficiency, in particular in offices and other business premises, and participated in various work groups of the SER energy agreement.

Conscientious data management

Grid operators are installing smart meters on a large scale. The increased use of these meters means that more and more data is exchanged between grid operators, suppliers and other market players. In addition, the meters enable the provision of flexible services such as demand-side management (switching devices on and off) and variable tariffs. In view of this development, proper sector agreements on the exchange of

data that take into account costs, quality and innovation are becoming increasingly important. Eneco is a driving force for the sector in this area.

This is another area in which privacy is an important issue. Eneco has established an internal Privacy Board that focuses on an active privacy policy. Transparency forms the centre of this policy: customer must be aware of what happens with their data.

Enhancing financial benefits of sustainable energy

In 2015, the government published its vision on district heating in which it states its intention to opt for increasing the sustainability of the supply of district heating, irrespective of the technology that is used to supply the heat (for example gas, electricity, collective heating or individual heat pumps). For the long term, this means that there will be more attention for electrification and smart solutions. In addition, the District Heating Act will be adapted to remove current bottlenecks. One example of this is the fact that suppliers are not responsible the heating facilities in apartment buildings and buildings owned by housing corporations. This stipulation provides more clarity for Eneco in its role as supplier and also limits financial liabilities.

Electrification of the energy supply is also supported by a shift in energy tax in the tax plan for 2016, resulting in lower tax on electricity and higher tax on gas. This has a positive effect on the development of sustainable heating solutions, such as heat pumps and solar boilers. Taking energy saving measures will also become more interesting.

The transmission tariffs for electricity and gas also have an effect on the energy bills of end-users. As the manager of a gas storage facility, Eneco continues to advocate transmission rates that are based on actual costs incurred to prevent unnecessarily high charges for customers. One of the results of our efforts in this respect is the fact that, at the end of 2015, the ACM ruled in favour of Eneco and other companies that transport LNG (liquid natural gas) on the matter of lowering of the rates charged by GTS (Gasunie Transport Services) for the use of the Gate terminal, an import terminal for LNG on the Maasvlakte.

Working together for energy transition

Eneco invested a lot of effort and energy in 2015 in the founding of the Dutch Association for Sustainable Energy (Nederlandse Vereniging voor Duurzame Energie (NVDE)). The association was founded on 15 July 2015 and represents around 1,000 companies and energy cooperatives.

This new organisation aims for an energy supply that is entirely based on renewable energy. NVDE forms the basis that enables sector organisations and companies with operations in the field of sustainable energy to bundle their forces. The business operations of the members of the organisation cover the entire supply chain: production of sustainable energy, grid management, supply of electricity, district heating and gas and the supply of applications and providing services such as energy storage, electric transport and heat pumps.

Eneco believes that the biggest challenges in connection with accelerating the energy transition lie in the interface areas between these different roles and tasks. Consequently, collaboration is an essential requirement, also with respect to representing interests.

United Kingdom

In 2015, the British government concluded the first contracts with producers of renewable energy under the new subsidy scheme. On the basis of these 'contracts for difference', the government pays producers a guaranteed price for their electricity. The first contracts relate to both onshore and offshore wind energy. The government is also investigating possibilities for the stimulation of investments in new technologies in areas such as energy storage, heat pumps and energy efficient lighting.

A number of other measures taken by the British government are aimed at limiting government expenditure on increasing the sustainability of the energy supply. The existing subsidy scheme of certificates for onshore wind energy will be discontinued a year early, in 2016, the subsidy for projects involving carbon recycling and storage has been cancelled and the compensation paid for electricity supplied to the grid by households, such as energy produced by means of solar panels, will be reduced significantly.

Belgium

The year 2015 was dominated by the redistribution of the costs relating to the preparation of the energy policy. Due to changes in the regulatory framework, costs in the form of unpaid invoices and administrative and IT expenses have increased. Eneco Belgium was one of the driving forces behind the development of several policy initiatives in Flanders, Wallonia, Brussels and at the federal level, aimed at redistribution of these costs among suppliers, grid operators and several government bodies. Furthermore, discussions are currently taking place in all regions relating to several public service obligations, restructuring of the social tariff and simplification of the subsidy on green electricity. As far as the government is concerned, the ultimate goal in each of these cases is to lower the total energy costs for end-users.

Eneco Belgium also played an important role in the development of several, for the main part Flemish, initiatives in the areas of solar energy and energy storage. Eneco shall continue to share its progressive views with the Flemish

parliament. Another development initiated by Eneco was the restructuring and further professionalising of the Organisation for Sustainable Energy (Organisatie voor Duurzame Energie (ODE)). Eneco has been asked to assume the chairmanship of this association. Topics addressed by this organisation in 2015 include the issue of spatial planning and flexibility of the energy supply.

Stakeholders

What are the views of our stakeholders?

We attach great importance to establishing if mutual interests are adequately served and promises are met in our regular contact with stakeholders and we provide transparent information on this matter in this annual report.

We believe that it is essential to establish meaningful relationships and work together on making sustainable energy available for everyone. To be able to achieve this mission and, at the same time, continue to be relevant for our customers and society, our company is going through a rapid transformation. Both in this phase and in the future, the support and confidence of our stakeholders is crucial.

For this reason, we maintain frequent contact with our stakeholders to find out what they consider important and to see how we can respond to this. In addition to our regular meetings with stakeholders, we also frequently communicate with industry sector organisations, partners and suppliers, politicians, the Ministry of Economic Affairs and the European parliament.

We carried out a materiality analysis again in 2015 to establish what is relevant for our stakeholders. They have indicated that, in general, they find the information provided in our annual report sufficient, but would welcome more detailed information on some items. These items are summarised by stakeholder group in the table below, with links to the locations in this report where the requested information can be found. The table also shows the types and frequencies of our contacts and dialogues with stakeholders. Additional information on dialogues that took place in 2015 can be found below the table.

Topics that stakeholders want to read about	Material themes	Regular meetings/exchange of information
Customers		
· What is my money invested in? (page 68) · How sustainable is Eneco? (page 43) · Validation sustainability ambitions (page 43) · Demonstrate that customers come first (page 34) · Safety (major accounts) (page 62) · Infrastructure reliability (page 40)	Financial performance Energy and emissions Sustainable electricity Customer satisfaction Safety Security of supply Innovations	Customer panels Round table discussions Account management meetings NPS survey Eneco (continuously) Customer satisfaction survey Stedin (periodically and randomly) Friends of Toon (website) Environmental Dinners (annually)
Shareholders		
· Investment decisions for sustainable production (page 47) · Future dividend (page 65) · Local or regional value · Social safety: see environmental management at Substantial increase in wind energy (page 50) · What is the value of innovations for society? (page 58) · More emphasis on shared interests (page 26) · Collaboration with our shareholders (page 26) · Safety (page 62) · Infrastructure reliability (page 40)	Financial performance Sustainable electricity Safety	Shareholders' meeting (twice a year) Meetings with large shareholders (several times a year)

Topics that stakeholders want to read about	Material themes	Regular meetings/exchange of information
Municipalities / local residents		
This group includes municipalities in the capacity of 'competent authorities' for granting licences for wind energy projects in the municipality concerned and surrounding municipalities as well as residents in the vicinity of such projects in the municipality concerned and surrounding municipalities. Environmental management is described in the section Investment in capacity and production (page 50)	Energy and emissions Sustainable electricity Safety (in connection with the applicable laws and regulations)	Eneco takes residents in the vicinity of wind energy projects seriously and aims to establish a sustainable relationship with them that is based on trust. In connection with this, Eneco has also written a community engagement document for onshore wind energy projects. Meetings take place when relevant in connection with a specific project.
Investors		
· What is the strategic plan? (page 16) · Which choices does Eneco make? (page 16) · Is there an adequate balance between the old and the new business model? (page 68) · Will Eneco continue to fulfil its obligations after unbundling? (page 10) · Is continuity adequately safeguarded? (page 10) · Have the risks been adequately explained? (page 158)	Financial performance Energy and emissions Sustainable electricity	Consultation via Investor relations (annually)
Providers of capital		
· Stability and growth of profitable customer base (page 16) · Risk of and return on investments, including investment in innovation (page 68) · Unbundling issue · Strategy for large-scale wind energy projects (page 16)	Financial performance Sustainable electricity Greening of grid losses Innovation	Reports from rating agencies serve as the main source of information for this target group. Consultations with rating agencies take place at least twice a year.
(new) Employees / Works Council		
· How green is Eneco really? (page 43) · How innovative is Eneco? (page 52) · How well is Eneco doing financially? (page 68) · What will happen after the unbundling? (page 10) · Collaboration within the group (page 60)	Financial performance Energy and emissions Sustainable electricity Innovation Employee development	Works Council meetings (several times a year) Employee motivation survey (annually) Alignment surveys (quarterly)
Environmental organisations / NGOs[1]		
· Sustainable capacity (own generation and PPAs) in the Netherlands and abroad specified in wind, solar and biomass (page 47) · More comparison information (e.g. Eneco wind capacity in the Netherlands in comparison to other producers) (page 47) · Information on progress in efforts towards One Planet Thinking (WWF) (page 43) · Information on compensation of carbon emissions (page 43) · Criteria for biomass in legislation (page 49) · Biodiversity (in relation to the 'No net loss principle': see Reporting policy 2015 (page 72)	Energy and emissions Sustainable electricity Grid losses Innovations	Regular meetings with these organisations via Public Affairs Regular meetings with WWF in connection with Climate Saver

[1] These organisations include: Greenpeace (Netherlands + International), Natuur & Milieu, Friends of the Earth Netherlands, Wadden Association and various energy cooperatives as well as industry sector organisations such as VNO-NCW, Energie Nederland and NVDE.

Eneco Forum

Eneco Forum plays a central role in the dialogue with our consumer customers. With nearly 11,000 members and 7,000 enquiries, 73,000 unique visitors and a total of 204,000 page views per month, it is the biggest forum in the energy sector. Approximately 70% of the topics relate to our smart thermostat Toon. The forum is also used to invite customers to participate in pilot projects, for example to test the use of Toon in combination with an electric car or Toon functionality. Eight co-creation sessions were organised in 2015 through the Eneco Forum.

Other ways in which customers are involved by Eneco include operation 'clean sweep'. For this project, in which we take a close look at the way we communicate with our customers, customers literally join us at the table to provide input on how we communicate with them.

Collaboration with our shareholders

The open nature of the dialogue with our shareholders regarding Eneco and developments affecting Eneco contributes to establishing good relations with our shareholders. We collaborate with shareholding municipalities to achieve common goals and work together on strategic (sustainability-related) issues and issues that affect the general public. This includes

the district heating supply in the province of Zuid Holland, a project in which we collaborate with our shareholders on the development of a Heat Cycle that transports residual heat from the port area to cities and greenhouse horticulture areas. Other examples are the stimulation of the implementation of sustainable energy (island of Ameland and Kyocera in The Hague) and the construction of sustainable residential districts (Couperus in The Hague, Hoog Dalem in Gorinchem).

The collaboration on the island of Goeree-Overflakkee and the Energetic Region are examples of partnerships that we create with the aim to enhance the sustainability of businesses and to establish business cooperatives. We also collaborate in areas such as smart city (Rotterdam, The Hague), tackling the illegal cultivation of hemp and the organisation of informative events (Energy Festival, Sustainability Conference).

Furthermore, we regularly invite civil servants of the shareholding municipalities to visit Eneco Group activities such as Eneco Innovation Day, an event during which we explained Eneco's redefined strategy in concrete terms.

Business customers become partners

More and more often, our relationships with business customers take the form of long-term commitments and partnerships. Our common interest is the ambition to enhance sustainability in our own business activities and in the supply chains in which we operate. This common ground forms a basis for investment, strengthening ties, collaboration and sharing knowledge. There is a continuous dialogue that goes beyond the supply of and demand for services. This is illustrated by Eneco's annual Environmental Dinner, which gives large and smaller companies the possibility to inspire each other and exchange experiences on the basis of the shared objective of creating value for society and companies by applying a strategy aimed at sustainability. In 2015, the ninety participants engaged in dialogues on topics such as innovation, collaboration, interaction and inspiration.

As part of the collaboration with railway company NS, a number of other front-runners and Eneco organised a round table session around the theme 'sustainable door-to-door mobility'. The Port of Amsterdam and Eneco both invited a number of business partners and contacts to attend the opening of our Windlab in Amsterdam. Guests were treated to an interesting programme that included contributions from the municipality of Amsterdam and Tesla.

At events organised by our partners, we presented Eneco's e-charging plaza to create awareness for electric charging. For purchasing officers in the public sector, we organised a seminar on sustainable procurement with keynote speakers from the scientific community. The aim of the seminar was to inform participants about the possibilities for sustainable procurement within the framework of tendering regulations.

Research

Eneco has provided financial and technical support to enable scientific research on new forms of tendering in the field of energy. This includes collaboration with the Technical University Delft on the research programme FLOW (Far Large Offshore Wind) for the dissertation research project 'Smart regulation for far and large offshore wind integration'. Another example is our collaboration with the Technical University Eindhoven and the University of Twente and others on DISPATCH (Distributed Intelligence for Smart Power routing and mATCHing). This research project relates to possibilities to combine the 15-minute schedules of the energy markets with the much shorter time schedules of grid operators. The development of such a method requires a multi-disciplinary approach that encompasses technology and ICT as well as appropriate legal and organisational instruments. The research institutes of the universities of Utrecht and Twente have published a white paper on new forms of tendering in the field of energy, in which government bodies take the lead in sustainable energy and contribute to the objectives of the Netherlands in this area.

Coordination of work activities

Stedin, the municipality of Rotterdam and water company Evides signed a covenant in 2015 regarding a closer coordination of activities relating to the underground installation of sewers, cables and pipelines. Coordinating the planning of activities at an earlier stage results in a higher degree of efficiency and requests of local residents and businesses for specific modifications can be taken into account. The closer collaboration also results in less inconvenience to local residents and businesses and better accessibility of streets and city districts.

During the planning stage of large projects, Stedin involves stakeholders in the vicinity of the project, for example by means of information sessions, as was the case in the municipalities Dordrecht and Zwijndrecht in connection with the installation of a new high-voltage cable. As soon as the plans of the grid operator were clear, they were shared with a large number of stakeholders, even though the final cable route had not yet been determined. At that stage, there was still room for negotiations with all parties, which assured them that they were being heard. Due to the fact that the stakeholders in Dordrecht were different than the ones in Zwijndrecht, this required an approach that was specifically adapted to this situation. Collaboration in combination with utilising the information that was available in the municipalities was the formula for success.

We also started the large-scale rollout of smart meters in 2015. Before sending out offers for installation of a smart meter - per postal code area - Stedin organises information sessions for all customers that will be approached. At these meetings, ample attention is given to privacy aspects and possibilities for customers to reduce their energy consumption.

Grid operator Stedin ensures the reliability and safety of energy supply facilities and energy transmission. Nevertheless, supply interruptions cannot be fully prevented. In order to adequately inform customers in the event of an interruption, our communication lines are open 24/7. Social media are used to provide information on interruptions that affect the surroundings. In addition, customers receive information via a newly developed app for mobile devices, which is also used to send notifications about minor interruptions that have only a slight impact on the surroundings. This information is also available on the Stedin website.

Relevant for customers

Connection with customers

The trust of our customers forms our basis. This is why we provide energy that is reliable and affordable as well as sustainable. We offer high-quality products and services, and fast and excellent support, all designed to meet the actual needs of our customers. Because they are the determining factor. We assess the changing needs of our customers and develop innovative services and products to support them in making their energy supply sustainable.

Marginal decrease in the number of contracts

In view of our changing role from energy supplier to an energy partner with a wider range of products and services, as of now, Eneco reports the number of supply contracts instead of the number of customers. There was a marginal decrease in the number of contracts with customers in 2015 to 4.4 million. There was also a slight drop in the number of customers, but our customers increasingly purchase additional products and services from Eneco, such as a Toon thermostat or a service contract for their central heating system or their solar panels.

Toon is popular

The number of households that have opted for Toon already amounts to 225,000. We know that this is a loyal group. While consumers switch to another energy supplier more and more frequently, customers stay with Eneco for a longer period of time. One of the reasons for this is Toon.
In order to also enable households that do not have an energy contract with Eneco to benefit from the advantages that Toon has to offer, this smart thermostat can also be purchased via other sales channels, such as the web shop Coolblue. We aim to reach an increasingly wider target group in the coming years with our new services.

More services for the business market

In 2015, the focus in the business market has been on defining and expanding our role as service provider. This was achieved by strengthening ties with existing partners, such as railway company NS, and by creating new partnerships with, for example, a number of water boards. Using the Building Manager (Gebouwenmanager) developed by Eneco, we also helped customers to increase the sustainability of their buildings. The Building Manager provides information to customers about the energy consumption, level of comfort provided and performance of the installations in buildings. Another service that we introduced in 2015 was Eneco KeepGrowing (Eneco GroeiDoor™), in which providing services to customers is the focal point and energy is provided at cost price.

Eneco Electric Charging (Elektrisch Laden) enables customers to make their sustainable business operations visible. Via the lease company, we provide a charging station that is installed at the customer's house and a charging card. The electricity provided is 100% HollandseWind. At present, 6,000 customers have been provided with a charging station and/or charging card. The Electric Charging service showed 280% growth in 2015 and we are currently the fifth largest player on the market. This growth has been achieved mainly through collaboration with parties such as Mercedes, Nationale Nederlanden, PON (VW/AUDI), ING and Alphabet. Our customers covered a distance of 17.8 electric kilometres in 2015, which is the equivalent of going around the world 445 times.

A designated contact person has been assigned to each of our small and medium-sized business customers. This person is familiar with the sector and the issues faced by the business owner. In addition, we have expanded our opening hours for the small and medium-sized enterprise sector. On weekdays, customers can now reach us until 9 p.m. for answers to all their energy and sustainability questions.

AgroEnergy

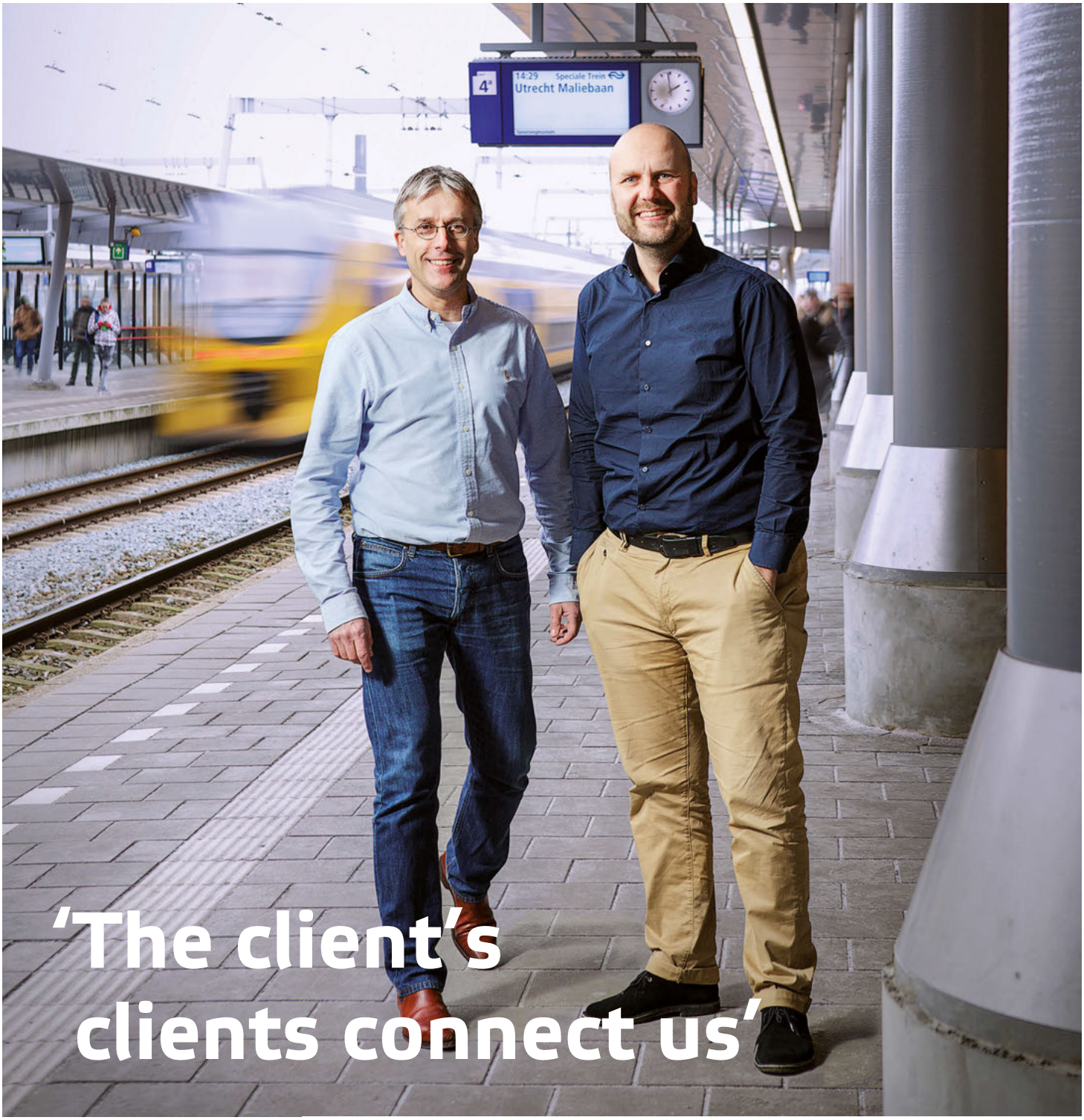
A low churn rate and the acquisition of a number of large new customers resulted in a slight increase in contracted volume and market share in the greenhouse horticulture sector. In 2015, AgroEnergy introduced products for the supply of heating and CO_2 in the market. As of January 2016, the first users will be horticulture customers of Eneco Heating & Cooling with a connection to the RoCa energy plant. Customers in other heating clusters will follow during the course of the year. The number of customers of the service product BiedOptimaal doubled to 65 in 2015. Another product introduced by AgroEnergy in 2015 was the EnergieRadar, which helps customers to determine their energy strategy and optimise their energy cost. In collaboration with Eneco Energy Trade, AgroEnergy launched a pilot project with FlexLive; a product for electricity regulation that enables the Eneco chain to make the electric capacity of business customers in the mid-segment available to the market in a flexible manner. This service is offered not only to customers in the horticulture sector, but also to other business customers of Eneco.

Joulz works together with customers on sustainable energy supply

Joulz Energy Solutions is the leading expert in the area of complex medium and high voltage. Together with customers and partners, Joulz works towards a sustainable and affordable energy supply.

Joulz carried out projects for clients in various sectors in 2015. This included collaboration with energy producers such as Clusius, a joint venture between Eneco and Mitsubishi with which Joulz concluded a five-year contract for the management and maintenance of Luchterduinen Wind Farm. For Stedin, an important client in the grid management sector, Joulz carried out the management and maintenance of high-voltage stations and acted as system integrator for the telecommunications activities. Joulz's first strategic alliance in the energy sector was formed with national grid operator TenneT. TenneT requested Joulz to carry out a number of activities, including work on overhead cables and stations. Activities in the industry sector included the design, construction and maintenance of high-voltage stations for clients such as Total and RWG. In connection with activities in the transport sector, Joulz invested a lot of time and effort in 2015 in obtaining the required qualifications. The most important contacts in this sector were ProRail and RET. For ProRail, Joulz designed and constructed a transformer station in Zevenaar, at the terminus station of the Betuwe railway.

Joulz also measures customer satisfaction. The average score for the fourth quarter was 8.3.



‘The client’s clients connect us’

Michiel van Roozendaal (left)
Member executive comité NS and director NedTrain

Joris Laponder (right)
Director Partnerships and Strategische Allianties Eneco

NS and Eneco

It was a pretty daring idea: wouldn’t it be brilliant if Dutch rail operator NS could run its trains on 100% sustainable energy? This dream will actually become reality, perhaps even by 2017. Energy partner Eneco is supplying the NS with sustainable energy from wind farms, which have been or will be built specially for the rail operator. The energy contract, agreed for ten years with the NS and almost the entire Dutch rail sector, is the second-largest megadeal in worldwide terms.

'NS is setting the trend,'says a passionate Michiel van Roozendaal, responsible in NS for its Sustainability portfolio. 'In the railway world we are well out in front. The UIC (the international sectoral organisation for rail operators) is encouraging rail companies to be climate-neutral by 2050. We will in fact achieve this by 2018, and perhaps even earlier.'Van Roozendaal, a member of the NS executive committee and director of NedTrain, came up with the brilliant plan together with his CSR Manager Carola Wijdoogen. 'As a major company we believe it's also our responsibility to leave behind a better world. If we stick our necks out for this and show that we really are investing for the generations to follow, people will regard us differently.'

Step change

NS is one of the Netherlands' largest energy consumers. Some 1.2 TWh of electricity flows through its overhead lines every year. 'We've been taking energy-saving measures for years. We teach train-drivers to drive more economically, we buy more energy-efficient trains. These are small steps, but we are becoming around five per cent better each year. Not bad, but the car industry is catching up. Their energy consumption and environmental impact are dropping sharply with the introduction of cars which emit steadily decreasing volumes of CO_2 and will ultimately be entirely electric. We really did need a fundamental shift to stay ahead, a 'step change'. The answer is actually clear: ensure that our trains emit zero per cent CO_2.'

Innovative contracting

Exploratory discussions with energy providers followed. This laid the foundation for a unique European tender procedure. Eneco came top of the class. Joris Laponder, Director of Partnerships and Strategic Alliances at Eneco was involved closely in the tender: 'The innovation lies not only in the contract's ultimate execution, but was already part of the tender procedure. NS sought a new way to make the connection with a potential partner. This gave us a platform to present our vision and solutions, and to challenge the requirements the NS had set.'

Van Roozendaal adds: 'At the forefront were the opportunities we perceived for our combined customers, the travellers, the consumers or the corporate clients if we entered into a partnership contract for ten years. How could we connect Eneco's proposition to the travel product? Or, to put it another way, how could we turn Eneco clients into much greater friends of the NS?'

A second important factor was the risk case: what were the greatest risks, and how could they be managed? Van Roozendaal: 'How, for instance, could we prevent municipalities or the owners of beach pavilions being opponents of wind power? One of our requirements was that we only wanted to take power from new wind farms. Otherwise we would be using up a quarter of the current wind capacity, which we didn't believe would be socially responsible.'

Customer first, second and third

'One of the success factors is that we both believe in focusing on the customers,'adds Laponder. 'How do we increase customer satisfaction, what are the customers' needs? 'Van Roozendaal: 'For us, the customer comes first, second and third. Eneco said initially that it wasn't really looking for such a major corporate client. What caused the breakthrough was the large number of customers that use our service, 1.2 million travellers a day. That's also Eneco's target group. The client's clients are what connects us.'

Both sustainable

There's no question of a traditional client-supplier relationship. Van Roozendaal: 'It's the responsibility of major concerns to invest in a better world. If we want to be 100 per cent sustainable, then that's what our partner also has to be. Eneco is the only credible major energy company really working on this transformation. It's also wonderful that we make up a purely Dutch combination, and we're proud of that.'It's particularly the shared sustainability vision which appeals to him. 'We both believe that energy will become sustainable and local. That we can push the buttons ourselves as users. Exactly what the NS also wants.'The rail operator will have to pay a little more for its energy purchases, Van Roozendaal acknowledges. 'But the positive social impact is considerable. With our contract, and because travellers will be undertaking climate-neutral journeys with the NS more often, we are making a significant contribution – around a quarter – to the mobility aspirations of the Energy Agreement. Increasing the sustainability of the corporate and commuting traffic of large employers that, like Eneco, encourage their employees to travel by train, makes the positive impact of the contract even greater.'

Boost for the acceleration agenda

The innovation is also in the contract agreements: Eneco is building wind farms for the NS, and the NS commits to purchase the generated power for a period of ten years. That's unique in the energy world. This makes Eneco's risk profile so solid that it can attract investors for the construction of the new wind farms. Laponder: 'The business case is conclusive. We will only build new wind farms if we can connect them with a client. This contract is certainly a boost to our acceleration agenda. We are seeing that growing numbers of parties are interested in a similar agreement. We stand for something, which is why clients want to do business with us.'

Encouraging

NS and Eneco would like to persuade more parties to take the leap. Laponder: 'The NS has very many suppliers, including SME companies. Our challenge is how we can encourage these companies to join in. Eneco is going to do this by creating a match between the supply and the situation of the SME's.'The NS is going to tackle it all: inspiring, spurring innovation, addressing conferences, convincing chain partners to use 'HollandseWind'. 'Our travellers know that the train is sustainable, but inveterate car drivers and the SMEs also need to know this.'

Customer satisfaction at Eneco

It is very important for us to have satisfied customers, because satisfied customers are also loyal customers. This is why service improvement is a continuous process at Eneco and Stedin. In combination with more favourable market conditions, our efforts in this area have resulted in an increase in customer loyalty over the past year. Customers indicate that they attach importance to the level of service that we provide.

Higher customer satisfaction

Measures that we have taken to improve customer satisfaction, and which have proven to be effective, include:

- A comprehensive programme designed for Customer Service employees aimed at answering the customer's questions and resolving complaints instantly. This results in a higher NPS, both immediately following the contact between the customer and Eneco and in general.
- The 'Day out together' in Rotterdam Zoo, which was organised for the sixth time in a row. The wonderful day at the zoo organised by Eneco was attended by 10,000 customers and their families in 2015 and a total of 60,000 customers over the past years. The NPS of customers who have attended this event is significantly higher than the scores of other customers.
- The large-scale rollout of Toon. The number of installed Toon thermostats now stands at 225,000. Customers with a Toon thermostat are more satisfied with Eneco than other customers. Their NPS with respect to Toon is +10 and 0 with respect to Eneco (the overall NPS for Eneco is -12).

External conditions play a role

In addition to the measures described above, customer satisfaction also improved as a result of a number of external conditions. These include a general increase in consumer confidence and mild weather conditions. The latter resulted in lower annual energy bills and lower differences between prepayments and actual costs. The large-scale use of Toon also prevents surprises with respect to the annual energy bill, because the thermostat provides information on energy consumption.

What did we aim to achieve in 2015?

The Net Promoter Score is used to determine to what extent our customers would recommend Eneco to others. Eneco's NPS target for 2015 was -15.

What have we achieved?

With an improvement from -21 to -12 in 2015, our NPS result was well above target.

What actions have we taken?

Despite the improvement of customer satisfaction over the past year, the result is not yet good enough. This is why we continue to focus on improving our customer service and on providing smart energy solutions. Examples include the website mijneneco.nl, were customers can easily manage more and more of their own affairs. Together with our customers, we also try to find ways to further improve the way they experience Eneco. This includes making it easier for them when they move to a new house: they only have to inform Eneco of their new address once, after which Eneco takes care of the rest and keeps them informed of the status of the process via email.

More practical services

Eneco is changing from an energy supplier into an energy partner. In the role of partner, we not only supply electricity, gas and district heating to our customers, but we also provide services that make their lives a lot easier in and around the house.

One of these services is Ketelcomfort, which was introduced in 2015 and which provides support for customers with respect to the maintenance of their central heating boiler. The number of customers with a subscription to this service already amounts to nearly 30,000.

2016: high-quality service and innovation

Eneco continues to invest in sustainable energy for everyone. We are making fast progress with smart and innovative solutions. We do this, because we believe in a world in which everybody will be able to generate their own energy and the traditional energy supplier will no longer exist. Eneco's aim is to be a partner to its customers in this process. To this end, we invest in the development and supply of smart services such as Toon and Ketelcomfort. Stedin is developing smart grids that will make the supply of energy by customers to the grid or to their neighbours common practice. Furthermore, we have made an amount of 100 million euros available to the business unit Innovation & Ventures for investment in start-ups involved in the development of sustainable and smart energy solutions.

Our mission will continue to be the focal point of our operations in 2106, because we believe in a future in which all energy is sustainable. Consequently, it is no surprise that the result of a study carried out by environmental organisation Natuur & Milieu (Nature & Environment) show that Eneco is, by far, the most sustainable large energy company. We hope that this is a reason for customers to continue to choose for Eneco.

We cannot ignore the fact that the price of energy shall continue to play an important role in 2016. For this reason, we will continue to participate in the low-price end of the market with our brand Oxxio. At the same time, we will expand the functionality of the Oxxio app. This app is used by more than 7,500 people a day and provides both customers and non-customers with a better understanding of their energy consumption and enables them to easily implement changes or find an answer to their questions.

We will also continue to provide high-quality service in 2016. Many people contacted Eneco in 2015 with questions that we answered by telephone, email, Twitter and Facebook. We will continue to improve our customer service this year. We will invest, in particular, in further digitisation of our services, not only because this will save time and money, but primarily because it is what our customers want. The website mijneneco.nl will be improved and letters by post will be replaced more and more by digital forms of communication with customers. The biggest steps in this direction will be taken by the brand Oxxio. The Oxxio app will make it very easy to take care of all energy-related matters, ranging from entering into a contract to contacting the customer service department.

Customer satisfaction at Stedin

We aim to achieve customer satisfaction by providing enthusiastic and sustainable service. Our starting point is to solve the customer's problem first. Through continuous measurement, we assess if we are doing well enough in the perception of our customers.

Satisfied customers are essential

Despite the major organisational changes in our company, our aim is to continue the upward trend with respect to customer satisfaction that started in 2014.

Enthusiastic service means that customers perceive us as being friendly and polite and that our employees are enthusiastic about working for Stedin and Eneco Group. This is why we have included questions on the friendliness and politeness of our employees in our customer satisfaction survey.

What did we aim to achieve in 2015?

Stedin's target for 2015 was that the customer satisfaction score with respect to service of at least 77% of our customers would be 7 or higher. This score is calculated on the basis of ten separate assessments. In general, nine of these assessments are carried out after some form of contact between a customer and our organisation, for example in the form of making an appointment, a visit by one of our technicians or a phone call to our customer service department, but they can also relate to customer satisfaction in connection with the smart meter. In the tenth assessment, which is an ongoing process, we ask a number of randomly selected large customers to tell us what they think about our invoicing procedure.

What have we achieved?

The customer satisfaction score in 2015 was 78%. We are very pleased with this result. Our employees have lived up to our promises and have provided services to our customers enthusiastically. Despite all the changes, they continued to focus on the customer. This is clearly reflected in the results of the customer satisfaction survey. In all the separate assessments, technicians and employees received high scores with respect to politeness and friendliness. The customer satisfaction score with respect to the smart meter and related services was 82%.

Room for improvement in some areas

Customers indicate that they are less satisfied with our service in relation to new connection requests and requests for changes to existing connections. This can be attributed to the recent restructuring of the organisation. In the first half of 2015, the restructuring of the teams, processes and systems had not yet been sufficiently completed to be able to provide excellent service in this area. This had an effect on customers, which is reflected in a score that was more than 13% lower than the score in the previous year (2014: 71%). Priority is being given to bringing this part of the service to a higher level as soon as possible and considerable attention has been paid to this issue in 2015. We hope that the slight improvement in customer satisfaction that was visible in the fourth quarter is the beginning of a trend that will continue in 2016.

What actions have we taken?

Sustainable service refers to our ongoing effort towards improvement, which ultimately leads to enthusiastic customers and positive reactions from our surroundings. We are noticing an increase in interaction with our customers and stakeholders and with our surroundings and are adapting our working methods and organisation accordingly.

We grouped all our first-line customer contact activities in a single customer department in 2105. This gives customers easier access to the different disciplines in our company and enables us to respond more promptly to customer questions relating to increasing the sustainability of the energy supply. All signals that enter our organisation through the customer service, account management, complaints management and customer research departments, now come together at a single

location. The insights that this provides can be used to accelerate and expand the learning ability of our organisation.

More customer self-service
Customers are making more and more use of digital and online methods to contact us in search of answers to their questions. We are increasingly better able to respond to that development. The web care team was expanded in 2015 and we continuously monitor and actively respond to statements by customers on social media.

Our online environment has been upgraded. Stedin.net is now a responsive website, which means that it can also easily be viewed on mobile phones and tablets. The website provides a lot of information as well as several self-service tools that enable customers to manage various basic aspects. The interruptions overview, which provides real-time information to customers on interruptions in their area, has also been improved. Furthermore, customers have been given the opportunity to reschedule their appointment for the installation of a smart meter. All these improvements enable customers to take matters into their own hands instead of being dependent on our schedule.

As customers can find the answers to many of their questions on our website, our customer service and complaints management departments only have to deal with the more complex issues. Despite problems with the staffing of these departments in 2015, solving the customer's problem first continued to be the starting point throughout the year.

Strong improvement complaints management
The customer satisfaction surveys generate useful starting points for further improvement of our service. A good example of this is the sharp increase of 14% (2014: 59%) in customer satisfaction with respect to complaints handling due to a more customer-oriented approach. Our new working method is based on five pillars for excellent complaint management and has been thoroughly explained to our employees. A personal approach and personal attention are the focal points. Customers are contacted within one working day by a dedicated person in charge of handling their complaint.

Regional account management
More and more often, large organisations and municipalities contact us in connection with their wish to increase the sustainability of their energy supply. As we wish to become the expert discussion partner in this noticeable trend, we have restructured our account management from a customer group approach to a regional approach with account managers who are well informed about the developments in their area. They proactively support municipalities in achieving their sustainable energy ambitions and initiate partnerships aimed at exploring the energy transition together within the framework of existing legislation.

Regional account management is also in line with the regional structure of our operational activities. This results in more efficient and effective internal alignment on current and future projects and activities. As account managers are aware of any issues at an early stage, we are now able to discuss these situations with the parties involved sooner than before. It is expected that this proactive and committed approach will have a positive effect on customer satisfaction.

Outlook for 2016

We aim to provide immediate feedback to our employees on the results of the customer service surveys. On a daily basis, customers who have had some form of contact with our organisation will be asked to share their experience with us. This feedback is then immediately shared with the employees concerned, to provide them with a clearer understanding of the customer experience and show them how they can improve their performance. This approach will first be implemented at the customer service department and is expected to be applied on a wider scale during the course of the year.

In addition to customer surveys, outings with customers will be used on a structural basis for the purpose of continuous assessment and improvement of our contacts with customers. All forms of communication with customers will be evaluated, adapted and monitored, including the digital communication channels. We wish to make even better use of the channels preferred by customers, such as WhatsApp, taking into account clear guidelines on how we communicate via these channels and how to protect the privacy of our customers.

‘Joining forces for a sustainable neighbourhood’

Robin Berg (left)
Director
Smart Solar Charging

Marko Kruithof (right)
Manager Duurzaamheid & Vernieuwing
Stedin

Smart Solar Charging and Stedin

Solar energy, electric cars and smart charging stations: three ingredients for a revolutionary energy system in the Utrecht city district of Lombok. There, the Smart Solar Charging consortium is going to set up local energy system in a radically different way.

The core of the concept is highly promising: using the yield from solar panels to the fullest by also drafting in the storage capacity of electric cars for household use. So far, twenty smart charging stations which can both charge and discharge have been installed. This number will eventually be expanded to a thousand in and around the municipality of Utrecht.

The answer to the problem

Robin Berg is the Director of the consortium in which LomboXnet, Stedin, General Electric, the municipality of Utrecht, the Economic Board Utrecht, the Vidyn installation company and the specialist in charging stations Last Mile Solutions are participating. With his company LomboXnet, he had already laid a fibre-optic network in the Utrecht neighbourhood at his own initiative, giving four thousand owners fast internet. 'We then started investing in solar panels on the roofs of schools. But the financial returns were disappointing. That was the trigger for this concept.'

The answer to the problem was an electric car which could be charged with solar power. 'We did literally start in our back yard: we used our own micro-grid to connect two solar roofs on schools with a charging station in front of our door. And it worked. It also worked financially. Power we could sell to a driver yielded more than selling it to a school.'

A perfect match

A perfect match appeared to be possible between the generated solar energy and the quantity of energy the cars could take on board. Berg: 'A solar installation like that produces around 30,000 watts, a quantity an electric car's battery can comfortably load. It also balanced the peaks on the network: the supply peak in the middle of the day when there's a lot of solar power and the demand peak in the evening hours, when everyone's at home and people recharge their electric cars. So with this we resolved a problem for grid operator Stedin.' Marko Kruithof, Manager Sustainability and Innovation at Stedin, confirms that. 'If we don't control supply and demand more intelligently, Stedin will have to invest substantially in modifying the existing infrastructure. Certainly in old neighbourhoods like Lombok this causes a lot of disruption: the streets have to be dug up. We can avoid this inconvenience to the public.'

Battery power for households

Consumers want sustainable energy, but they don't want to be bothered with the technology this needs. So the issue is: how do you set that up in a neighbourhood like Lombok? 'Our idea was to also use the battery capacity to provide electricity to the residents,' explains Berg. 'A full Tesla battery can deliver around ten days' electricity to an average household. In a district like Lombok, three hundred electric cars would be enough to make the entire neighbourhood self-sustaining.'

Scoop

The consortium developed a unique charging station which could charge from both wind and solar power, and which could then extract the sustainable power again from the battery. 'This was a European scoop,' notes Berg. The charging stations, produced by GE in Haaksbergen, were approved by the Elaad institution, and are suitable for public spaces. Stedin has already installed twenty in Lombok and the plan is to bring that number up to a thousand in Utrecht and the surrounding municipalities. 'The Municipality of Utrecht has been a significant driving force,' explains Berg. 'Utrecht wants clean mobility, clean air and sustainable energy in the city, and aims to be climate-neutral by 2030. Ideally the municipality would only like to see electric cars in the city. Our concept fits in perfectly with those objectives.'

Thousand electric cars needed

To bring the concept to maturity, enough electric cars are needed with a battery capacity corresponding to a distance of three hundred kilometres. Tesla has set the tone for this type of car. Over the next two years, other manufacturers will unveil something similar in a lower price class. 'We don't want to be dependent on the speed with which the market develops, which is why we are also introducing electric share-cars,' notes Berg. The calculation is simple: an electric car with a range of three hundred kilometres is used on average for a hundred kilometres a day, meaning that two-thirds of the battery's capacity remains. And that can be deployed for household use.

Living lab

Kruithof is enthusiastic. 'We're proud of this. The strength of this solution is that it has been created by and for the local community. We are working on a sustainable neighbourhood together. Smart Solar Charging is now one of the three pilot projects Stedin has set up for electric driving. Kruithof: 'We are very curious as to how these models will work. That's why we want to get around the table. These types of initiatives come from the bottom-up, and help us to look at our network another way. It needs a different way of thinking.'

Kruithof emphasises that, over the next two decades, the normal grid will be sorely needed to accelerate the energy transition. 'Stedin is connected to this local initiative on a number of fronts. We're helping the acceleration by making our infrastructure available and by providing our knowledge of charging infrastructures. This living lab also helps in being able to conduct a good discussion with the Ministry of Economic Affairs on what shape the regulation of the future should take.'

Testing ground for Europe

The objective is to gain better understanding per neighbourhood, of what effect locally-generated solar power and the increase in electric cars will have on the quality of the grid. 'We want to make smarter use of our networks and make smart investments that correspond to the situation in an area. We are building up that knowledge here,' says Kruithof. Berg adds: 'We need scale to really be able to learn how the system can work in different locations. So Utrecht is the testing ground for the Netherlands, and even for Europe.'

Reliable energy supply

Eneco's aim is that customers always have access to clean, reliable and affordable energy. To keep their households and businesses running smoothly, our customers must be able to rely on the availability of the energy that they need, anytime and anyplace, at home and at work.

Interruption duration

We do everything that we can to ensure continuous availability of energy for our customers and any interruptions in the energy supply must be resolved quickly. These are our goals and the reasons why we continuously work on decreasing interruption duration. This is also a theme that is relevant for our stakeholders.

What did we aim to achieve in 2015?

Our target for 2015 was to limit the interruption duration for electricity to 25 minutes or less, to limit the interruption duration for gas to 60 seconds or less and to limit the interruption duration for heating to 49.5 minutes or less.

What have we achieved?

The table below shows the actual interruption duration of our energy networks in 2015, calculated on the basis of the System Average Interruption Duration Index (SAIDI). Notifications of interruptions in the supply of electricity and gas are published on the Stedin website and customers are informed of any developments via social media. Notifications of interruptions in the supply of district heating are published on the Eneco website.

		Target	Actual results			
	number of customers in millions	2015	2015	2014	2013	2012
Electricity (in minutes)	2.1	<25.0	24.3	21.1	21.2	35.6
Gas (in seconds)	2.0	<60	97	124	40	77
Heating (in minutes)		<49.5	24.6	45.0	38.8	26.0

Interruption duration electricity increased but within target

With a result of 24.3 minutes, we achieved our target for 2015 with respect to the interruption duration for electricity, which represented an average power outage duration per household of 25 minutes or less. The number of medium-voltage outages resulting in an interruption in the supply of electricity was 393 (2014: 414). In 2015, there was a further drop in the average interruption duration in Stedin's medium-voltage grid to 72.9 minutes from 86.5 minutes in 2014 and 93.2 minutes in 2013.

Lower interruption duration gas despite a few complicated outages but still within target

The average interruption duration of the supply of gas per household was 97 seconds. This was due to a number of complicated outages in the municipalities of Rhenen and Rotterdam that had a significant impact on Stedin's customers. In Rhenen, the outage was caused by the presence of water in the gas pipeline, which took a few days to resolve. In Rotterdam, the interruption was due to an incident caused by an external contractor who drove a pile through an 8 Bar gas pipeline.

Interruption duration heating well within target

No special incidents occurred in 2015 in connection with the supply of heating. The average interruption duration of 24.6 minutes was well within the target of 49.5 minutes.

Drop in average interruption duration electricity

Eneco uses the Customer Average Interruption Duration Index (CAIDI) to measure and manage the security of the supply of electricity. This indicator provides insight into the average time it takes to resolve outages in the low and medium-voltage grid and the average interruption duration for customers affected by the outage. As such, this is a fitting indicator that is in line with our goal to resolve outages that cannot be prevented as quickly as possible.

	Target	Actual results	
	2015	2015	2014
CAIDI (in minutes)	90.0	82.8	103.9

Further reduction response and resolve times gas outages

Our average response time in 2015 was 26 minutes, which is well within our target of being on site within 30 minutes. On average, it took 13 minutes to resolve the problem and restore the safety of people and objects, which is well within our target of a maximum of 20 minutes.

	Target	Actual results	
	2015	2015	2014
Response time (in minutes)	<30	26	28
Resolve time (in minutes)	<20	13	14

Risk management: preventing interruptions

Our highest priority with respect to the electricity grids is preventing interruptions in supply through measures such as station automation for grid control, replacement of fault-sensitive components and preventing damages resulting from excavation. In addition, we replace components that will no longer be available in the near future and we ensure the reliability of public lighting networks. With respect to our gas grids, maintenance has the highest priority in order to avoid gas leaks and guarantee the supply of gas. To avoid inconvenience and significantly reduce total costs, activities are carried out simultaneously with other work on infrastructure (roads, railways, sewers), where possible.

Automation and smarter grids lead to fewer interruptions

The implementation of the Distribution Management System (DMS) was continued in 2015. This system enables us to obtain a lot of information on the performance of the grids and to take corrective measures remotely. As was the case in 2014, further steps were also taken in the area of station automation for the remote control of distribution facilities. In 2015, the DMS system was implemented in the city of Utrecht and the surrounding area, the large part of the district Rotterdam Zuid and the surrounding area and a small region to the northwest of Rotterdam.

Preventing damage resulting from excavation

Damage resulting from excavation was again a frequent cause of supply interruptions in 2015. Stedin allocated an even higher priority to this issue, by setting up a new department that is dedicated to the prevention of damage resulting from excavations. This department also includes the Klic Desk, which handles requests for cable and pipeline drawings and connection sketches from companies that carry out excavation work. The good results of the many visits to contractors by Stedin employees specialised in excavation damage prevention, demonstrate that direct communication with contractors on site is also very effective in preventing this kind of damage. This also includes situations where these specialists in excavation damage prevention alert contractors to incorrectly installed cables and pipelines, which could lead to interruptions in the electricity and/or gas grid in the future.

Security of the supply of heating

Customers were not, or only to a very limited extent, confronted with interruptions in their heating supply. The interruptions that did occur were caused by small leakages and defects in installation components and, as such, part of normal business operations. The efforts of our own service and maintenance department contributed to keeping the duration of interruptions to a minimum.

The structure of our service and maintenance department enables us to respond to notifications quickly, resulting in minimal duration of interruptions. Naturally, the prevention of interruptions is also taken into account in the design, for example in the form of built-in redundancy of all heating production resources, most of the transmission networks and, where possible, the main transmission networks.

In addition to the permanent monitoring of the operation of our heating networks, quality is also measured frequently. In 2014, an aeroplane with thermographic cameras on board was used to make thermal images of the district heating network in Rotterdam. Analysis of these images showed where repair was needed, which was carried out in 2015. Such actions contribute to reducing the number and duration of supply interruptions.

Rollout of smart meters

Stedin launched the Large-Scale Rollout (Grootschalige Aanbieding, GSA) of smart meters on 2 March 2015. This rollout entails the obligation for grid operators to contact customers proactively and make them an offer for the installation of a smart electricity and/or gas meter.

By the end of 2020, all customers with a small-volume connection must have received an offer for the installation of a smart meter. The government's aim is that, by then, at least 80 percent of households have a smart meter installed. Customer satisfaction, company image, safety and efficiency are important conditions for achieving this goal.

What did we aim to achieve in 2015?
Following a test phase in the years before, our goal for 2015 was to make an offer to 315,000 customers for the installation of a smart meter. Due to a shortage of smart meters in the sector, this number was reduced in May to 290,000. Our target was again adjusted in September to 225,000. The installation of such a large number of smart meters is an exceptional and complex operation. In order to be able to deal with this challenge, the team of mechanics, which now also includes people from other professional backgrounds, has been expanded for a longer period of time, which means that we now have a stable basis for the coming years. The current backlog compared with the original planning of 315,000 smart meters will be cleared in stages over the period 2016-2019.

What have we achieved?
In 2015, we approached 237,816 customers with an offer for the installation of a smart meter, which means that we exceeded the planning as revised in September. This resulted in the installation of a smart meter at the premises of 76 percent of these customers. At the beginning of January 2016, Stedin sent out the 500,000th offer for the installation of a smart meter, which means it has already fulfilled 25%t of its obligation.

Impact on the planet

One Planet

Our mission is ‘Sustainable energy for everyone’. We strive to bring our customers’ and our own energy consumption to within the limits of a habitable planet for the sake of our own generation and generations to come. The results that we achieve with respect to our One Planet Thinking ambition show exactly how sustainable Eneco really is, which is what our stakeholders want to know.

One Planet Thinking

One Planet Thinking (www.oneplanetthinking.com) is a strategic framework that we are developing in collaboration with Ecofys and the World Wildlife Fund (WWF). The objective of One Planet Thinking is to enable companies to develop and implement strategies, objectives and actions in order to be able to operate within the absolute local, regional and global limits of the planet's systems. An example of this, is the fact that Eneco has brought its own carbon emissions and objectives up to 2020 in line with the path towards the 2 ° C goal for 2050.

Eneco also wishes to help other companies to bring the impact of their activities within the limits of the planet's capability to recover. A number of companies is now conducting experiments with the use of One Planet Thinking to determine whether their efforts are sufficient.

We intend to place the One Planet Thinking concepts and ideas with an independent organisation that will be responsible for further development of the initiative and will help companies all over the world to increase the sustainability of their supply chains in order to operate within the limits of our planet. As the founding father of this initiative, Eneco will continue to participate and monitor its own sustainable development by applying the One Planet Thinking framework.

What did we aim to achieve in 2015?

Our ultimate goal is to bring the energy consumption of our customers and our organisation within the limits of a liveable planet. In connection with this goal, we strive to further reduce the impact of our own and our customers' electricity consumption on the climate. Our target for 2015 was a 10% reduction of the impact of the electricity consumption of our customers on climate change and a 40% reduction of the impact of our own electricity consumption compared with 2012. Another goal was to formulate a KPI relating to our customers' consumption of gas and heating.

Eneco Group operations in line with the 2 ° C scenario for greenhouse gas emissions

During the climate conference in Paris, it was agreed that global warming must remain well below two degrees Celsius. Eneco Group has brought its own greenhouse gas emissions and objectives up to 2020 in line with the path towards the 2 ° C goal for 2050. This relates to the greenhouse gas emissions resulting from the production and supply of electricity for all of our customers as well as the supply of gas and heat to about two million households in the Netherlands and Belgium. The objective to limit global warming to 2 ° C, and preferably less, is a logical objective for Eneco as it is in line with our mission ‘Sustainable energy for everyone’ and is monitored by us on the basis of the One Planet Thinking initiative. This makes Eneco one of the first companies in the world that demonstrably contributes to the realisation of the global climate objective in its entire supply chain. This is achieved by substantial annual investment in sustainable energy, including offshore and onshore wind farms and enhancement of the sustainability of our district heating by means of waste plants, as well as the reduction of the energy consumption of our customers resulting from the use of the smart Toon thermostat.

What have we achieved?

The impact of the electricity consumption of our customers on climate change was reduced by 15% in 2015 compared with 2012, which is well above our target. The same applies for the impact of our own electricity consumption on climate change, which was reduced by 56% compared with 2012. Furthermore, we have formulated a KPI and specified a target relating to the consumption of gas and heating by our two million customers in the Netherlands and Belgium in line with the 2 ° C scenario. A target for the gas and heat consumption of business customers will be specified as soon as a suitable method is available.

The figure below depicts the latest insights in relation to our electricity portfolio. Climate change is, by far, the most important impact category in the electricity sector.

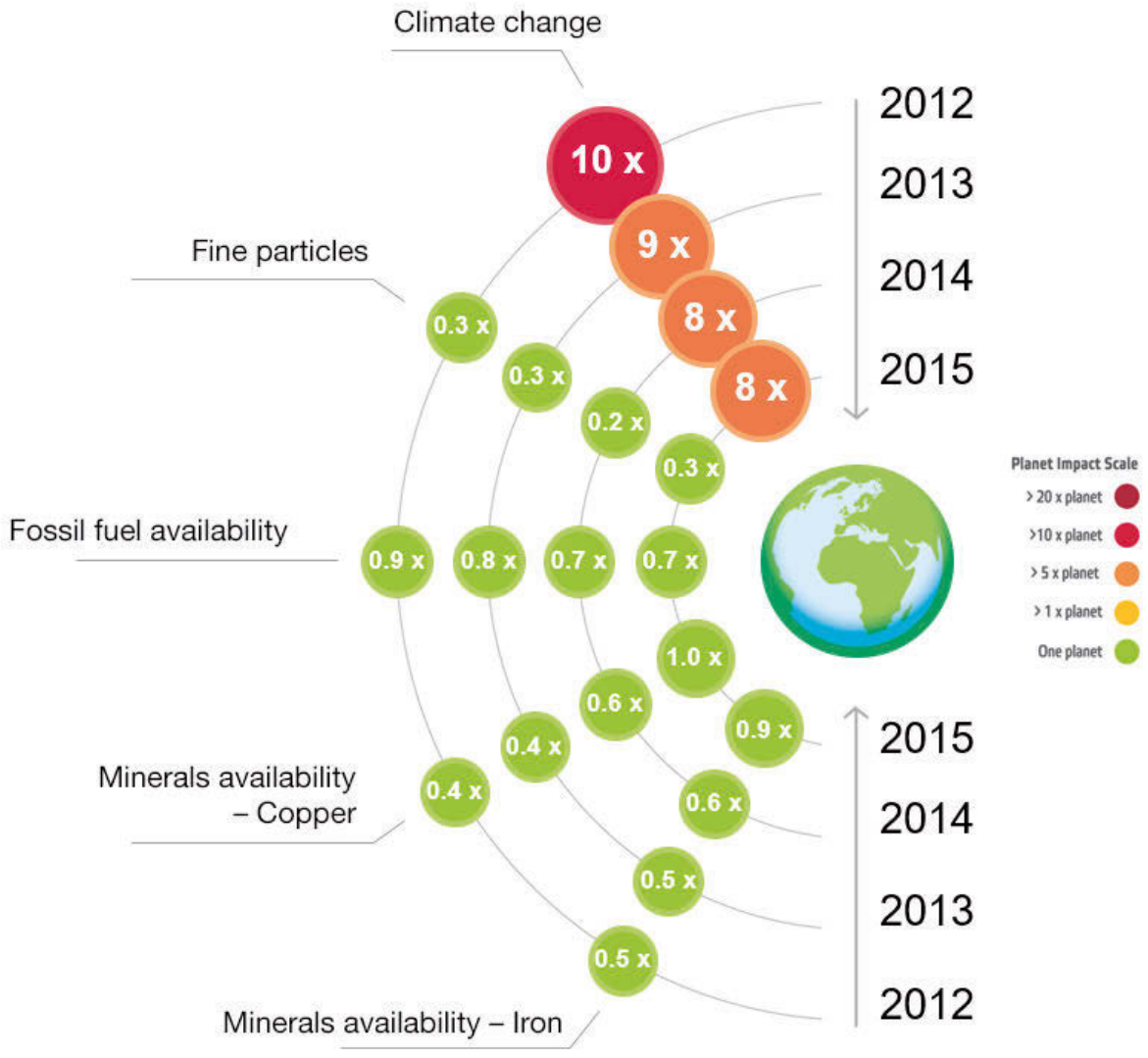
The indexes for 'Climate change' and 'Fossil fuel availability' are lower than previously reported, while the results for 'Particular matter' and 'Mineral availability – Copper' are slightly higher. The limits for each of these categories have been adjusted on the basis of the latest scientific information. These types of adjustments cannot be prevented, because One Planet Thinking is still in the development stage.

The One Planet Index shows the extent to which a particular limit is exceeded. At present, we exceed the limit for climate change in connection with achieving the ultimate goal of a sustainable energy supply in 2050 by a factor eight. However, the line graph shows that we are on track with respect to the 2 ° C scenario for the electricity sector in Europe and that we have surpassed our agreements with WWF on this point. Despite the slight, anticipated increase in 2015, we expect that we will continue to operate within the limits of the 2 ° C scenario in the coming years.

Our impact on fine particles and the availability of fossil fuels and minerals are within the limits of the planet. Therefore, we focus our attention mainly on climate change. There is an increase in the use of minerals due to an increase in the use of sustainable energy in general and wind energy in particular. Sustainable energy requires the use of more minerals per produced unit. In connection with this, circularity requires further development and we also wish to assess our impact on biodiversity in more detail.

Sustainability of own electricity consumption further enhanced

Obviously, Eneco also uses electricity for its own operations. For the past years, we have been using HollandseWind® wind energy as the source of electricity for our lighting, computers, heating and cooling via heat pumps and such. However, the largest portion of our electricity consumption relates to grid



losses in the electricity networks of our grid operator Stedin. Green electricity generated by wind turbines is gradually being supplied to these networks. This has resulted in a 56% reduction of the impact of our own electricity consumption on climate change compared with 2012.

Reducing the electricity consumption of our customers

Our One Planet explanatory document 2015 includes a pie chart with the main categories of our supply-chain footprint. This chart shows that two-thirds of our supply-chain footprint relates to the supply chains for natural gas and district heating. In 2015, we have made clear to what extent the emissions per household in our gas and heating supply chains are compliant with the 2 ˚C objective.

In view of the importance to also bring our natural gas and district heating related operations within the 2 ˚C scenario, we have formulated a KPI that measures whether we achieve our energy saving objective together with our customers. This KPI is included in our Climate Savers agreements with WWF and will be included as a strategic KPI as of 2016.

The demand for natural gas and district heating is influenced strongly by the outside temperature and the number of hours of sunshine. For this reason, we normalise the actual consumption on the basis of degree days. However, there are also a number of other influencing factors such as the wind, home insulation and customer behaviour. Correction on the basis of grade days, therefore, results in a reasonably good but not an exact comparison between different years.

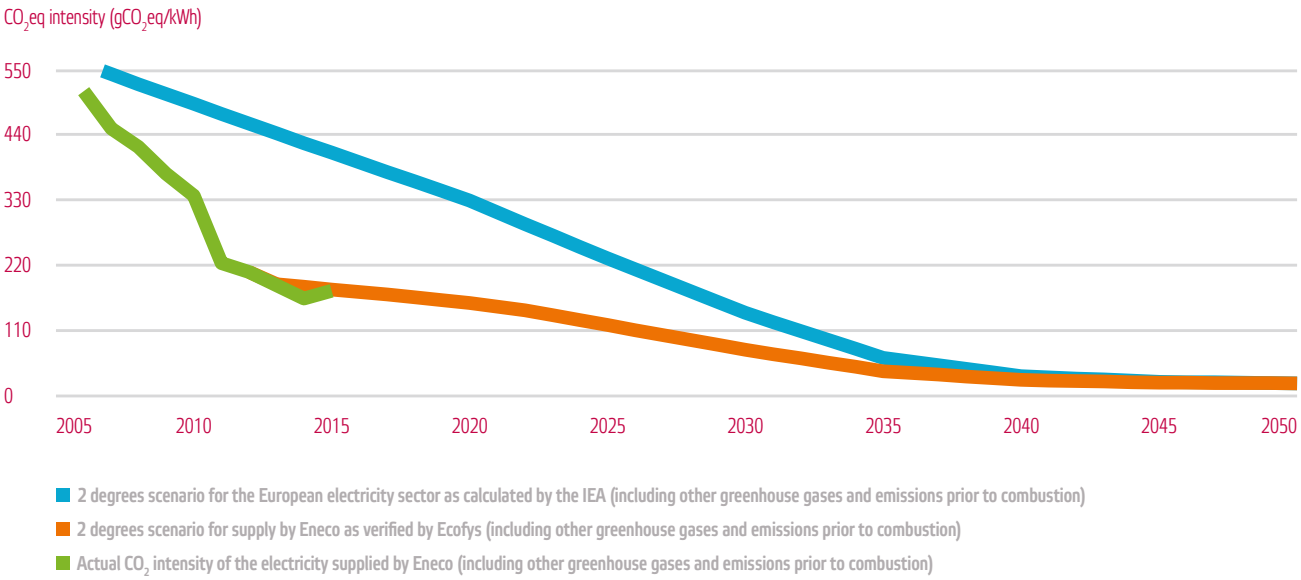
We are on schedule in relation to the 2 ˚C scenario for households in Europe. Continuing to operate within the limits of this scenario in the future will prove to be a challenge due to the limited availability of alternatives for natural gas. Innovations such as Nerdalize and Toon are very important in connection with our aim to meet the demand for heating in a sustainable manner and to reduce customer demand.

Further reductions of own carbon emissions

Eneco also continues to monitor its internal footprint. The reduction of carbon emissions compared with 2007 has been stable for quite some time at around 40%. Mobility is the main cause of the emissions. In 2015, we developed our Mobility Vision 2020, which is aimed at facilitating the use of public transport and electric transport. In the coming years, we will take measures to further reduce our impact step-by-step and to strengthen our electric transport business as well as our collaboration with the Dutch railway company NS.

We plan to provide public transport passes to a large group of employees in 2016. Other options that we are considering include a lower mileage allowance, more electric company cars (or other sustainable alternatives), more car sharing and car-pooling, personal budgets in combination with public transport passes instead of lease cars or an attractive (environment-friendly) private lease offer for all employees.

Measures that will affect our employees will be implemented in areas ranging from commuting to work-related trips and from company cars to lease cars. The Mobility Vision 2020 is not intended as a cost-saving measure – the link between what we



say and what we do comes first. This way, all employees will be able to contribute to this objective.

Offsetting carbon emissions of internal operations

Since 2008, Eneco's business operations are climate neutral with respect to our offices, vehicles and employees (excluding grid losses in connection with the transmission of electricity). Unavoidable carbon emissions are offset by means of investment in sustainability in other countries, see Background information (page 157), in the form of purchasing CO_2 certificates relating to the preservation of valuable natural areas, REDD (Reducing Emissions from Deforestation and Forest Degradation), or Gold Standard CO_2-certificates.

Investing in sustainable capacity and production

Eneco invests in the expansion of sustainable electricity production by means of wind farms, solar power and biomass installations, Our focus is on developing assets in which our customers play a central role and on obtaining maximum value from all realised assets,

We have decided to develop our production assets in direct cooperation with local stakeholders and customers, Where possible, they are involved in the development process in the role of consumers, co-developers, shareholders and participants,

Some stakeholders are interested in knowing how much sustainable energy Eneco's own portfolio includes, We would like to provide these stakeholders with more information on our progress in connection with the realisation of our mission 'Sustainable energy for everyone',

Sustainable electricity production

Our target for 2015 was that 23,2% of our total supply portfolio should consist of sustainable electricity produced and purchased by Eneco, This target was 15% higher than the targets for previous years and is, therefore, in line with our ambitious objectives,

What have we achieved?

In 2015, we produced and purchased 4,6 TWh of sustainable electricity, of which 4,4 TWh was used for our supply portfolio, and we supplied in total 17,6 TWh of electricity, This means that the share of sustainable electricity produced and purchased by Eneco in our total supply portfolio was 25% in 2015 and that we have thus achieved our target, Wind farm Luchterduinen, which was put into operation during the course of the year, contributed significantly to this result,

The average wind speed in the Netherlands in 2015 was high: 5,4 meters/second, The wind was especially strong in November and December, The combination of higher wind speeds and expansion of the production capacity in the Netherlands resulted in an increase of 0,6 TWh in production from wind farms to 2,2 TWh (the equivalent of the electricity consumption of 700,000 households),

More sustainable production capacity

We have achieved our ambition for 2015, which was to significantly expand our sustainable production capacity, With an increase of 239 MW, our total capacity is now 1,1919 MW, This increase was mainly the result of investments in offshore wind energy (Luchterduinen), but we have also invested in onshore wind projects in the Netherlands and the United Kingdom, The increase in biomass capacity is attributable to an increase in power purchase contracts,

	Production (GWh) *)		Capacity (MW) **)		Capacity (MW) per country**)							
Technology	Total		Total		NL		B		UK		F	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Biomass	795	624	142	101	132	97	10	4	0	0	0	0
Solar	66	57	76	72	3	3	49	47	10	10	14	12
Hydro	2	3	1	1	0	0	0	0	0	0	1	1
Onshore wind	2,390	1,888	1,273	1,208	852	808	287	289	134	111	0	0
Offshore wind	1,374	969	427	298	249	120	178	178	0	0	0	0
Subtotal sustainable	**4,627**	**3,541**	**1,919**	**1,680**	**1,236**	**1,028**	**524**	**518**	**144**	**121**	**15**	**13**
Conventional	2,606	3,501	435	1,275	435	1,275	0	0	0	0	0	0
Combined heat and power	1,600	149	622	33	622	33	0	0	0	0	0	0
Total	**8,833**	**7,191**	**2,976**	**2,988**	**2,293**	**2,336**	**524**	**518**	**144**	**121**	**15**	**13**

*) including purchased production
**) including controlled capacity third parties

Risk: uncertainty with respect to future government policy on energy transition

The energy market is dominated by government interventions relating mainly to the profitability of assets and the market model (pricing). These interventions could lead to relatively abrupt changes in the profitability of these and other activities. An example of such interventions is the policy with respect to increasing the sustainability of coal-fuelled plants by means of a subsidy for the co-firing of biomass. Investments in increasing the sustainability of coal-fuelled plants form a risk for the achievement of Eneco's strategy. This is partly due to the fact that subsidisation of the co-firing of biomass makes it possible to operate coal-fuelled plants at a profit more frequently at the expense of modern, less carbon-intensive gas-fuelled plants. As a result, these gas plants continue to be loss-making for a long period of time. This could have a domino effect in the form of low energy prices and less room for investment in alternative sustainable sources such as wind energy.

This risk is limited for Eneco's new products and services, which are less vulnerable to government policy since they are profitable without the need for government support in the form of, for example, subsidies relating to sustainability. Government policy in other areas, such as data and privacy, do have an effect on these new products and services, but these types of government interventions are of a different order of magnitude than those relating to more traditional activities.

Risk: low carbon prices

The current carbon price of around 6 euros/ton is too low to lead to a significant reduction of carbon emissions or to stimulate sustainable production. In part in connection with the introduction of the Market Stability Reserve in 2019, experts expect that the carbon price will rise to around 20 euros/ton in 2020. However, as the carbon price depends primarily on

political decisions, it is unpredictable. An example of this, is the wish of a number of parties in Europe to completely move away from carbon emission trading (EU ETS). Due to the connection with the electricity price, in the long term Eneco is exposed to fluctuations in de carbon price; a lower carbon price has a negative effect on the price of electricity. We are cautious in our expectations with respect to the development of the carbon price and approach governments to raise the argument that a substantial increase of the carbon price is necessary for the EU ETS system to be effective.

Risk: lower energy prices

Eneco is active in the area of developing and contracting sustainable electricity producing assets. In connection with this core activity, Eneco is exposed to the potential risk of lower electricity prices.

This risk is partly mitigated by the structure of the subsidy scheme for the stimulation of sustainable energy (Stimulering Duurzame Energie (SDE+)), as a result of which higher subsidies are granted when the electricity price is low. This means that a substantial part of the income related to sustainable production assets is steady. Eneco further mitigates this risk by monitoring the long-term electricity positions by means of stringent position management under the supervision of an independent Eneco Risk Management department. In addition, risk analyses are carried out before entering into sustainable energy contracts and prior to new investments in sustainable assets. This risk is also monitored by means of periodic risk analyses with respect to the financial ratios of Eneco Group as a whole.

Guarantees of Origin

Eneco obtains Guarantees of Origin (GOs) in connection with the sustainable electricity it produces for its customers. These GOs are proof that the electricity has been generated in a sustainable manner. Eneco obtains GOs for the production of sustainable electricity from wind and solar power and biomass in the Netherlands, Belgium and the United Kingdom. Eneco also frequently obtains GOs in connection with the purchase of sustainable electricity directly from another producer under a Power Purchase Agreement (PPA). Public authority CertiQ, which is part of TenneT, is in charge of monitoring these GOs and supplying them to producers. Suppliers such as Eneco submit obtained GOs to CertiQ to demonstrate that the electricity they have supplied has been generated in a sustainable manner. CertiQ is part of the Association of Issuing Bodies, which has the task of developing, applying and promoting the standardised European Energy Certificate System.

In addition to GOs obtained in connection with its own production and electricity purchased under PPAs, Eneco also purchases GOs related to other products on the market in order to enable the supply of sustainable electricity. These GOs are purchased in countries such as Denmark (European Wind GOs) and Norway (European Water GOs). Eneco exclusively uses Dutch Wind GOs for its product HollandseWind.

Also see Carbon emissions compensation and GOs (page 157) for more information about the countries where Eneco obtains GOs and the number of GOs obtained in 2015.

More and more solar energy

Eneco expects that it will own and manage more and more solar energy projects in the coming years. Expected growth regions are the Netherlands (in connection with the more favourable Sustainable Energy Stimulation scheme), France, Belgium and the United Kingdom. In France, we concluded a partnership agreement with Ophiliam specifically for this purpose.

To a growing extent, customers are directly involved in these types of projects by means of integration with energy storage and customer driven demand, for example when prices are low. More and more, these projects are also developed and financed in collaboration with local partners. Furthermore, we notice that an increasing number of customers are interested in purchasing location-specific solar energy. In collaboration with the municipality of Ameland and the Amelander energy cooperative we are working on the construction of Solar Park Ameland, which has a capacity of 6 MWp and is currently the largest solar system in the Netherlands. The solar park is expected to come on stream at the end of January 2016. The construction of the 0.8 MWp solar park on the roof of the Kyocera Stadium of soccer club ADO Den Haag was completed in 2015. These projects fall within the growth area Client Sources.

More sustainable energy from biomass

A good example of how Eneco is strengthening the connection with its customers is the agreement that was concluded in 2015 for the Bio Golden Raand energy plant in the municipality of Delfzijl. At present, the plant only supplies electricity. As of 2017, it will also produce steam that will be supplied to various nearby business including AkzoNobel. As a result, the lifespan of the plant has been extended to 2029.

Eneco is also investigating possibilities to further enhance the sustainability of the district heating network in the municipality of Utrecht by means of a biomass boiler. A decision on this subject is expected during the course of 2016.

The possibilities for further improvement of the sustainability of the electricity supply of customers in the industrial sector by means of biomass boilers are also being investigated.

Sustainable biomass

The discussion in the Dutch Social Economic Council between energy companies (in particular energy companies with biomass

co-firing activities) and NGOs on the sustainability of solid biomass was continued in 2015. As one of the largest producers of bioenergy in the Netherlands, Eneco actively participated in this discussion. Eneco's starting points in this matter are the company's Biomass Sustainability Charter and the agreements that have been made with WWF relating to the sustainability of biomass. These steps taken by Eneco go further than what is being done by the sector. The agreements with WWF are recorded in a separate module of the collaboration agreement between Eneco and WWF and specify Eneco's ambitions with respect to sustainability and certification, which are NTA 8080 (Sustainably produced biomass for bioenergy and bio-based products) and, in connection with sustainable forestry management, FSC or equivalent.

In 2015, around 300,000 tons of biomass were converted into energy in our bioenergy plant Bio Golden Raand. This biomass originates from the Netherlands (39%) and North-West Europe (in particular the United Kingdom) and consists of B-grade wood (waste wood from construction and demolition and waste collection facilities). Eneco has reported the amount and origin of the biomass used by the company in 2015 in accordance with the sector agreement 'Green Deal Sustainability Solid Biomass'.

In connection with certification for the entire supply chain, certification in accordance with the NTA 8080 criteria was obtained for the Bio Golden Raand plant in May 2015. Certification for Eneco Energy Trade had already been obtained at an earlier stage. Bio Golden Raand is the first organisation to obtain this certificate under the new name 'Better Biomass'. Certification of the entire supply chain is not a requirement; Eneco has decided to do this voluntarily. The process of obtaining certification for the suppliers of biomass for Bio Golden Raand was started in the second half of 2015. Since then, certification has been obtained for 17% of the total volume.

2015 was also the year in which the revision of NTA 8080 (Sustainably produced biomass for bioenergy and bio-based products) was completed. Eneco participated in the project group involved in this revision and also contributed as member of the NTA 8081 Committee of Experts. Similar to the original version of 2009, the revised version is based on stakeholder consultations in which NGOs, the sector and the government participated.

Substantial increase in wind energy

Eneco expanded its onshore wind energy portfolio substantially in 2015. Wind farms that were put into operation were Moy and Loch Luichart in the United Kingdom and, in the Netherlands, Delfzijl-Noord; the largest onshore wind farm in the Netherlands with a capacity of 63 MW. All the sustainable energy generated by wind farm Delfzijl-Noord is purchased by Google. Offshore wind farm Luchterduinen, which is currently the largest wind farm in the Netherlands, was also put into operation. Luchterduinen is a joint venture between Mitsubishi and Eneco and has a total capacity of 129 MW.

Slight delay in onshore wind energy investments

Due to a slight delay in the construction of one onshore wind farm, which was completed in January 2016, the total capacity of onshore wind farms that were put into operation in 2015 amounted to 120 MW instead of the 132 MW that we had aimed for.

Not being able to obtain a permit for the wind farm Navitus Bay in the United Kingdom (a joint development with the French company EDF) was a setback in 2015 in the development of offshore wind energy projects outside the Netherlands.

We expect that we will be able to make positive decisions in 2016 with respect to onshore wind energy projects in Belgium and the Netherlands. We are also working on the development of offshore wind projects in these countries.

Management of local stakeholders

Eneco aims to maintain a good relationship with people living and working in the vicinity of its operations. We strive to be a 'good neighbour' in order to build mutual trust and generate better results. This is why we involve local stakeholders in the development, construction and management of our energy projects at an early stage. Together, we fill in various details of a project by discussing how they wish to be involved, where they see possibilities for improvement and how they wish to be kept informed. We also assess if they are interested in participating in the project, for example, in the form of purchasing the energy supplied by that particular project. This way, these people become participants in the project and collaboration partners.

Risk: development capital-intensive projects

The development of energy production facilities, such as offshore wind farms, can be a lengthy process. It can take years before a project is implemented. There is a risk that a lot of time and money are spent on a development that, in the end, will not be implemented.

In the past years, Eneco has applied the Decision-Gate method to mitigate development risks. This means that, prior to each next step of the development process, it is assessed whether continuation of the development would be reasonable on the basis of estimated costs and benefits and risk analyses. If the result of the cost/benefit/risk-assessment is negative, Eneco will stop the further development of the project.

Despite the use of this method, Eneco was confronted with a setback in 2015 during the course of the development of the offshore wind farm Navitus Bay in the United Kingdom. After years of development, unexpectedly, a permit could not be obtained for this project and the development costs had to be written off. This experience underlines the necessity of a sound development policy.

Eneco is very thorough in the selection and development of large, capital-intensive projects. Eneco will not start any development projects in which major decisions that determine whether a project will definitely go ahead take place at a relatively late stage in the process.

Risk: changes in subsidy regimes

Government policy, for example in the form of changes in subsidy and (energy) tax regimes, may delay the implementation of our sustainable strategy. Investments in wind energy, biomass and geothermal energy projects have long lead times. Changes in subsidy regimes and permit requirements, as well as changes in government policy in general, cause additional uncertainty, especially in relation to new investment decisions. These factors slow down the development of and investment in sustainable energy.

Eneco seeks to convince government bodies in various ways of the importance of a stable investment and funding climate, with a level playing field for different (sustainable and fossil) technologies. In addition, Eneco spreads its sustainable investments across several countries, subsidy regimes and sustainable technologies (such as wind energy, solar energy and biomass).

In line with the aim of our strategy, from now on, we will only construct sustainable energy production facilities together with customers (Client Sources). A good example is our collaboration with Fujifilm, a company that produces photo paper and offset printing plates. Since 1 January 2016, Fujifilm's production process is powered entirely by wind energy. Fujifilm requires around 100 gigawatt hours of electricity per year for its operations. This is the equivalent of the average electricity consumption of around 30,000 households. The necessary green power is produced by wind turbines owned by Eneco.

Production-related carbon emissions

Carbon emissions of Eneco's electricity production in 2015:

CO_2eq emissions 2015 (in kg/MWh)[1]	Direct[2]	Indirect[3]
Biomass	0	86
Solar	0	77
Hydro	0	5
Onshore wind energy	0	12
Offshore wind energy	0	15
Conventional	427	37
Combined heat and power	286	37

[1] CO_2eq: CO_2, CH_4 and N_2O emissions released during and prior to the generation of electricity

[2] Direct: emissions from combustion during generation (source: ACM, version 2014)

[3] Indirect: emissions prior to generation, for example in connection with the construction of a wind turbine, also referred to as 'upstream' (source: Defra, CE Delft or Ecofys)

Innovation

New products and services

The next three to five years are a crucial period in the process of making the energy transition possible for our customers. Innovation is a decisive factor in this transition. This is why, in the coming years, we will invest 100 million euro in start-ups, innovative energy projects and strategic partnerships that will accelerate the transition. By 2025, new innovations should be generating half of Eneco's revenues.

A growing number of smart technologies are being implemented in the energy world and more and more customers are taking their energy supply into their own hands by working together in cooperatives and partnerships. Eneco responds to these trends by offering its customers new products and services. In the development of these products and services, we seek to collaborate with start-ups and companies with other strengths and competencies. This approach helps us to accelerate the realisation of our strategy. Shareholders and investors monitor our activities in this area with great interest.

New at Eneco: Innovation & Ventures

In order to further accelerate innovation within Eneco, a new business unit was established on 1 April 2015: Eneco Innovation & Ventures. The task assigned to Innovation & Ventures is to focus and structure current initiatives within Eneco Group and to seek collaboration with high-potential initiatives outside the organisation. The aim is to assess, field test and ultimately market promising and innovative ideas existing within and outside of Eneco Group. Innovation & Ventures also investigates international opportunities for growth.

In view of Eneco Group's strong starting position in these fields and the extensive possibilities for growth that they offer, we are focusing on the following areas:

- the home of the future: smart solutions and services that create awareness and provide comfort and convenience in the personal living environment;
- mobility;
- solar energy and energy storage;
- smart solutions for public outdoor spaces.[1]

We are also working on the following themes:

- communities, such as a sports club investing in sustainable lighting;
- smart buildings[2], for example, energy-efficient office buildings;
- one planet heating, which encompasses sustainable and/or energy-neutral heating of buildings;
- flexibele & smart grids[3], which relates to balancing the supply of and demand for locally produced sustainable energy in order to prevent grid overloads resulting from too much electricity being fed into or drawn from the grid.

Home of the future

Intelligent thermostat

Quby is the company that developed the intelligent Toon thermostat, which makes consumers aware of and helps them to reduce their energy consumption. Eneco acquired an interest in Quby in 2013, which was then expanded to 100% ownership in 2015. Collaboration with technology start-ups helps us to accelerate our innovative process. It is our ambition to make

1 Smart Home, Mobility, Solar & Storage and Smart Outdoor
2 Smart buildings
3 Flex & smart grid

Toon the heart of the house, with smart solutions that make life easier. In 2015, new Toon functionality was added, such a Toon Solar (Toon Zon) and a smart smoke detector, which sends a warning to the user's smartphone when smoke is detected in the house. Eneco also introduced a new user interface, which makes Toon even simpler to use than before, and ToonCoach helps customers to easily reduce their energy consumption. In addition to providing customers with a better understanding of their energy consumption, Toon will also provide advice and (energy saving) tips on smarter use of Toon and smarter use of energy.

In order to make the smart thermostat interesting for a larger group of customers, the Toon software has been made available to external developers. Eneco expects that this will result in a rapid increase in Toon functionality, thus creating an appealing device for an even larger group of customers. In order to further speed up the national and international expansion of Toon, we are working together with a growing number of distribution partners, including (web) shops such as Coolblue, Karwei and Bol.com. All consumers, including those who do not have an energy contract with Eneco, have been able to obtain a Toon thermostat at these shops since the end of 2015.

Sustainer Homes

Eneco also invests in promising and innovative ideas outside the Eneco Group. An example of this is Sustainer Homes, a company that builds sustainable, fully self-sufficient and comfortable container homes. A Sustainer Home, with its self-sufficient techniques for water, electricity, heating and electricity storage, forms the perfect environment for innovation experiments. In the next two years, we will work together with Sustainer Homes in this interactive house. This provides us with knowledge for the home of the future.

Nerdalize and the e-radiator

Another company in which we have invested is Nerdalize, the developer of the e-Radiator; a computer server that is used to provide heating for a home. With this solution, consumers require less energy for heating purposes and it also results in a reduction with respect to the cooling of data centres: lower energy consumption on both ends. This collaboration teaches us more about new forms of sustainable energy supply and ways to make them available to consumers.

Mobility

Electric transport expands

Electric mileage in the Netherlands is increasing. At present, there are around 30,000 electric vehicles and this number is increasing rapidly. Based on market estimates, there will be 200,000 electric cars in 2020 and by 2025 this number will have risen to one million. These hybrid and fully electric vehicles require a lot of electricity which, unless changes are made to the current policy, will result in peaks in the electricity net in connection with the charging of these cars. In addition to further expansion of the charging infrastructure, the use of smart technology in future grid management is, therefore, essential.

Charging station within one day

In 2015, the e-laad association was split into two new organisations: ElaadNL and EVnetNL. ElaadNL is the knowledge and innovation centre for charging infrastructure. EVnetNL manages the existing network of public charging stations from within the grid operators, to ensure that it continues to function properly.

Six of the ten types of most frequently used EVnetNL charging stations are located in the Stedin area. It is expected that the majority of the 'fill ups' of car batteries will permanently take place in the Randstad region. However, the process of installing a charging station and getting it to work is still time consuming, labour-intensive and cumbersome and takes three weeks to complete. Stedin is working on a more efficient process. The ideal situation would be if the service provider contracted by the municipality would be in charge of all the planning, work preparation and implementation activities, and Stedin's role would be limited to obtaining the property rights from the landowner, carrying out the grid test and, possibly, selecting the cables. Stedin's aim is that, in the future, this process will only take one day. The first experiments will be conducted by the grid operator in 2016.

Smart electric charging

Eneco offers an innovative service in the field of electric driving: the first app that not only controls the charging station, but also provides an up-to-date estimate of the electricity price. The app selects the most favourable charging moments within the charging time frame selected by the consumer. These are the moments when a lot of green electricity is available and the market price is low. The consumer automatically receives the benefit, which means this app has advantages both from an economic and sustainability perspective. Tesla was the first partner at the launch of this product, which was developed by our subsidiary Jedlix. Before long, this service will also be available for other car brands, including Renault.

Solar energy and storage

ZonIQ – convenient solar energy

Eneco makes the production of solar energy easier and more transparent for its customers. We have invested in ZonIQ, a company that provides support for consumers who are interested in solar panels. ZonIQ provides advice, installation services and transparency. Since 2015, ToonZon enables customers to read the amount of energy generated by their solar panels from their Toon thermostat. This makes it clear which part of their energy consumption is covered by their own production. Since September, we provide support for

ZonplusStroom, a community of owners of solar panels that aims to optimise the production of their solar power installations.

Solutions for the public space

Saving energy with smart public lighting

In 2014, Eneco acquired Luminext, a leading company in the field of intelligent public lighting systems. By providing smart solutions, we offer municipalities and provinces the possibility to reduce the public lighting-related energy and management costs significantly and, at the same time, enhance the sense of safety and comfort. These smart solutions include remote dimming and control of public lighting, real-time notification of defects and a range of defect and other types of analyses and control features. This enables our customers to provide comfort for residents and users in the form of lighting that is attractive and pleasant in places where this is possible and lighting that provides safety where this is required.

The acquisition of Luminext also offers the possibility to further expand our services to customers by making the public space smarter with the aid of dynamic outdoor lighting. The brightness of this lighting can be adjusted as and when necessary in connection with road, weather or traffic conditions or calamities. These types of innovations are important to both Eneco and its customers because of their high energy efficiency.

Smart buildings

Coordination of energy demand to save money

Together with start-up company Peeeks, we help companies to align their energy consumption with the availability of cheap power. As soon as the price of electricity goes up, their installations are switched off. This form of coordination of supply and demand enables us to deal with peaks in the production of sustainable solar or wind energy by means of immediate conversion into energy consumption. This results in lower energy costs for companies, provides room to expand the share of sustainable energy on the electricity grid and also prevents the need for investment in expansion of the capacity of electricity distribution networks.

Collaboration with external partners

In 2015, Eneco entered into a partnership with the Cambridge Innovation Institute (CIC), the world's largest innovation centre for start-ups. Operating from seven offices in the United States, the CIC collaborates with over 800 start-ups. The institute's first European office is located in Rotterdam. Eneco is one of the first large companies to be associated with the CIC Rotterdam. This makes us part of this international innovation ecosystem in which the innovation centres YesDelft and Erasmus Centre for Entrepreneurship also participate. In the future, Eneco will place start-ups at the CIC.

We also started a partnership with Stroomversnelling, a close collaboration between municipalities, businesses and housing corporations aimed at the realisation of 111,000 zero-energy homes over the coming years. These zero-energy homes are existing houses that are renovated in such a way that the amount of energy produced is equal to the amount of energy consumed. Eneco is determined to develop and implement new and innovative earnings models in relation to these zero-energy homes, in collaboration with the other Stroomversnelling partners. Improvement of the sustainability of the built environment is playing an increasingly important role in the realisation of a climate-neutral society and is fully in line with Eneco's mission: Sustainable energy for everyone.

These zero-energy homes do not have a gas connection. A new outer 'shell' is installed to make them draught-free, installations are replaced and new components such a solar panels are installed. When the renovation is completed, these houses produce the same amount of energy as they need, which, based on the annual energy consumption of an average household, results in zero energy costs. After the renovation, the houses are as good as new and provide a higher level of comfort. The financing required for the renovation is equal to the amount that homeowners would normally spend on their energy bills. Homeowners will continue to pay the same amount as their current energy bill for a period of about thirty years. The exact number of years depends on the amount of their current energy bill and the type of house.

Innovation Day

In order to increase our relevance for our two million customers, innovation is an ongoing process at Eneco. The available technology and the possibilities for innovation are becoming increasingly complex. In connection with this development, we seek to connect with other parties, such as customers, start-ups, investors and universities. Innovation Day is an event expressly aimed at looking outside the organisation and welcoming a wide variety of guests ranging from customers, members of the Supervisory Board, start-ups and colleagues to students and suppliers. These are the people that we wish to connect with. Attendance was high; around 30 start-ups and other partners introduced their innovations in an interactive manner. This included experiencing 'the internet of things' in a practical manner, taking a look inside a Sustainer Home and workshops on topics such as the future of the Toon thermostat and enhancing the effectiveness of innovation in combination with co-creation with customers.

Outlook

We have made good progress in the area of innovation in 2015 and we will make even faster progress in 2016. The relevance of the Toon thermostat for our customers will be enhanced by adding new services. The thermostat and other successful concepts, such as smart charging of electric cars, will also be introduced on the international market. Economies of scale is essential for many concepts, which is why we will seize the opportunities that we see in other countries. This means that we will support a growing number of people with our smart and sustainable solutions.

‘Together in the customer’s home’

Hans Valk (left)
Director Innovation
& Ventures Eneco

Ivo de la Rive Box (right)
CEO Quby

Quby and Eneco

Quby wants to offer households an insight into their energy consumption. Eneco wants to help customers to use sustainable energy more economically. The two came together in Toon, the smart thermostat. This gave them both an ‘in’ with the customers. At the end of 2013 Eneco acquired an interest in Quby, and expanded that to 100 per cent in 2015. Having Eneco as a shareholder gave Quby the financial elbow-room to be able to carry out its ambitious plans with Toon.

It was never a foregone conclusion that Quby and Eneco would join forces. Quby, a technical start-up, developed technology which could automate a variety of household functions. Lights, curtains, devices, locks, central heating – it could control them all. Ivo de la Rive Box, one of the founders and CEO of Quby: 'Our challenge was for people to let us into their homes.' But Quby was a small firm and the barriers were significant. 'So we looked for an entry: a company which had the scale and marketing clout to tackle the mass market. Above all, a company which already had a monthly payment relationship with its customers. Our technology can do a lot, but we concentrated first on people's most important needs: energy-savings, resulting in an immediate financial benefit. This quickly led to the link with an energy company, and, subsequently, with Eneco.'

Making vision concrete

Eneco's interest is that Toon is developed as a home energy platform. Hans Valk, Director Innovation & Ventures at Eneco: 'With Toon we could make our vision concrete. Instead of just delivering electricity and gas, we would stand alongside our customers with new products and services. First and foremost, Toon helps our customers to gain more insight into their energy consumption. This information enables them to save energy. By then adding all sorts of new functions to Toon, we were then able to enhance their home comfort, make their house safer or see how much power their solar panels were generating. These types of products and services completely change our relationship with our customers.'

More robust product

The collaboration began in 2009, with the forerunner of Toon. The project to prepare Toon for commercial use began in 2011. The basic agreements were clear: Eneco would ensure that Quby had no financial worries for a period of one year. Quby promised to do its utmost to get the product ready for the market, explains De la Rive Box. 'This produced more peace of mind in and accelerated the development process. We could concentrate on making the product ready for the mass market. The product became more robust, the cost-price dropped and the interface was improved.'

200,000 Toons installed

The market introduction in 2012 was exciting, Valk recalls. 'At that time, it wasn't customary to ask for a monthly subscription payment. Nevertheless we did it, and now it's widely accepted. We ran a big campaign to increase brand awareness. Now, four years on, we are one of the European market leaders with this platform: we've installed 200,000 Toons for our customers. The brand awareness is fantastic. And even nicer: customers are hugely satisfied. The Net Promoter Score is positive: happy customers who recommend Toon to others. This is what's driving the acceleration now. We are able to attract new customers with a new proposition.'

In-house energy assistant

Toon was specifically put on the market as a smart thermostat. 'To reach a large market, it's easier to replace the old thermostat and to then offer a platform to introduce new services. Toon has now evolved into an in-house assistant for all energy-related matters,' explains De la Rive Box. And that 'assistant' can do a lot, as Valk describes: 'Before, people had a central heating boiler to provide hot water and heating, and they had lighting. Now, sustainable solutions have been added: solar panels on roofs, a battery to store the solar energy, an electric car, a heat pump. People want to know how much energy their devices are using and when. This creates other needs, and we interlink these in Toon. Take solar panels: you want to use solar power at the time when the price is favourable; if the price rises, you want to sell it to the energy company. Or you want to store energy in your battery. You need built-in intelligence for this. That's exactly what Toon does for you. Coincidentally it also includes a smart thermostat.'

The customer decides

Naturally, a great deal of thought has been given to privacy and information security, emphasise both De la Rive Box and Valk. 'By definition, our relationship with customers is built on trust. We ensure that keep their homes warm, and they must be able to rely on that. They must be able to trust that we keep their data safe. A primary starting point is that the data stays in-house, unless the user releases it in order to be able to use one of our other services. With comparable products their data goes straight into the cloud. With us, customers are in control of their data.'

National and international expansion

Around 15 per cent of Eneco's customers in the Netherlands now have Toon in their homes – mostly home-owners. Together they are already saving an average of 5 per cent in energy. The next step: the rental market. Eneco is negotiating with housing corporations that want to make their properties sustainable. Another option is to link partners to the platform. Insurers, for instance, are looking at Toon with interest, because adding a smoke detector and soon a burglar alarm or moisture sensors could prevent or limit damage.

Opportunities abroad are also being explored seriously. De la Rive Box: 'We've created a wonderful Dutch solution. Now we want to go international. That means we have to get things properly sorted out technically for the different countries. In the Netherlands we have standardised meter cupboards, but many other countries don't. We are investigating what appeals to people there. So we have also opened up the platform – to other software makers and for partners that possess this specific client or market knowledge.'

Infrastructural footprint

The transition to locally produced and sustainable energy has a big impact on the energy infrastructure. We aim to implement these changes in the current system in a socially responsible and logical manner.

More and more people produce their electricity at home with the aid of solar panels. They use this electricity to light their homes, charge their cars and to generate heating by means of heat pumps. In some cases, a gas connection is no longer required or requested, which leaves the question if the house will heated via a heating network or a heat pump.

Changes in our energy consumption change the infrastructure

When customers make their own choices with respect to sustainability, the question is what the associated costs are to ensure that the infrastructure continues to be suitable and whether the energy supply will remain affordable. Consequently, it is becoming more and more important to apply a comprehensive approach to the local energy supply. What are the possibilities for increasing the sustainability of our energy at socially acceptable costs? Is residual heat available locally? How well are homes insulated? How large is the roof area and how many cars are there in the neighbourhood? These and other variables determine the best ways to save energy, how it can be used efficiently, how it can be produced in a sustainable manner and what infrastructure is needed to store and transport this energy.

Comprehensive mapping of energy costs

The current model is designed for a central energy supply: electricity is produced at central locations and used locally for the purpose of lighting and to operate appliances. Gas is used to provide heating. Customers pay for the supply as well as the transmission of electricity, gas and heat. Energy companies and grid operators each concentrate on their own line of work, while customers see the complete picture. At this moment, the capacity tariff is applied in the Netherlands: the size of the connection and the transmission costs are determined by the peak in consumption. Customers receive a single total bill. Virtually all domestic customers have the same electricity connection (3 x 25 amps) and gas connection (<= 10 m^3(n)/hour (>= 500 - < 4000 m^3/year). For the large part, the costs for electricity, gas and heating are dependent on the amount of energy consumed. As a result of technological developments, the production, supply, storage and transmission of energy are becoming more and more integrated. This is why Eneco looks at energy from a comprehensive perspective, which makes it possible to, for example, properly assess the chances of success of new technologies.

What did we aim to achieve in 2015?

In 2015, Eneco developed the Infrastructural Footprint project. This is a method that we use to map the total energy costs for homes in different districts, based on the local circumstances. This assessment provides information that we use to keep the costs of the transition to the local production of energy as low as possible for society. The aim for 2015 was to carry out an assessment for six districts and calculate the costs of a number of scenarios based on a variety of technologies such as heat pumps and solar panels.

What have we achieved?

We have learned a lot about local differences and the impact of different choices on costs and carbon emissions. Reducing carbon emissions could generate money in one district, but could cost money in another district. Some choices made by customers lead to grid overloads in one district, but not in others. These assessments give our grid operator Stedin a clearer picture of future developments and required investments. Naturally, insulation plays an important role in this: electrification of the heating of existing buildings without proper insulation will sooner result in the need to expand the capacity of the electricity network than would be the case if buildings are well-insulated.

Taking local differences into account

The above demonstrates that there are substantial local differences in the consequences of the energy transition. Current regulations do not take this into account. It would be a good thing if this would change in the future. In addition, energy companies can respond to customer needs and local differences more efficiently by applying more variety and flexibility with respect to tariffs (both for the supply of energy and for transmission over the grid). In the event of large-scale

electrification of a district, it may seem logical to remove the gas grid, but it could also be useful to maintain it. Application of current regulations will not always result in the selection of the option with the lowest costs to society for two reasons. To start with, gas continues to be the most attractive option for customers, despite the recent energy tax amendments. The second reason is that, at present, there is no clear legal framework in place to make binding agreements with respect to local choices relating to the optimal energy infrastructure.

In 2016, we will continue with the development of the Infrastructural Footprint method and test it in collaboration with a number of municipalities to ensure that it becomes a tool with which Eneco will be able to actually contribute to realisation of the energy transition at the lowest costs to society.

Employees

Dynamic employer

Our mission 'Sustainable energy for everyone' is at the top of the minds of our employees. It is a mission that we are committed to, that guides our actions and that we hold each other accountable for. A mission that binds and connects.

Working together in the interest of our customers

Our employees have energy, talents and inner strengths. They have the need to contribute to a mission that really matters, to develop and to reinforce each other.

The energy market is in the middle of a major transition and is characterised by a high level of dynamics and innovation. At Eneco Group, we aim for increasingly better performance and acceleration of the transformation. This is supported by our modern work environment and a high degree of freedom and responsibility at every level of the organisation. One aspect of the 'New way of working' that we introduced a number of years ago, is that nobody has their own office. We are flexible and work together with and in the interest of our customers.

In addition, Eneco Group is changing its philosophy from Employment for Life to Enjoyment for Life and Grow & Go. When all employees enjoy working for the company, act in accordance with the strategy and develop their knowledge and skills, we are doing a good job.

Alignment and motivation

Why is this important?

Alignment with our mission and strategy as well as well-motivated employees are essential to the success of our company. The better our employees are aligned with our mission and strategy, the more ambassadors we have and the better we will be able to implement our strategy. Motivation, which is a good indicator of how much enthusiasm our employees invest in their work and how much they enjoy it, is also important.

A new, integrated method for measuring alignment and motivation has been implemented in 2015. This unique assessment has the form of a survey among a representative sample consisting of a quarter of our employees. The results of this survey give us a good picture of where we stand and provide valuable information for further improvement.

Where are we now?

From the stable motivation score of 7.7, both at the beginning and the end of the year, we can conclude that, in general, our employees were well motivated in 2015. A pleasing result, especially in view of the expected decline in motivation in connection with major restructurings in 2014 and 2015.

The alignment score improved from 54% in the first quarter to 58.4% at the end of 2015. This score indicates that a growing majority of our employees is, to a moderate or greater extent, familiar with our mission and strategy and puts them into practice in their daily work.

We are not yet satisfied with these results. Activities in this area that were initiated in 2015 will be continued in 2016, with a focus on internalisation of our strategy and the role of management.

Risk: recruiting insufficient numbers of people with the right competencies and limited focus on High Performance culture

The success of the transformation, which is needed to achieve the strategy, depends largely on the quality of individual employees and the shared culture. A lack of capable managers and employees forms a risk for the speed at which the transformation proceeds and the company's capability to adapt.

In connection with this risk, Eneco has implemented a number of High Performance Management tools that focus on alignment, feedback, assessment and new training courses. Central aspects are openness, action oriented, innovation and adapting to change. This way, Eneco creates a High Performance culture with agile employees who continue to develop and have the potential to grow. The quality of leaders and managers plays a crucial role in this respect. Management must stimulate values, performance, possibilities for growth, connection with stakeholders and long-term development. These components are specifically addressed and developed as part of personal and career development programmes for

managers. In addition, Eneco's High Potentials programme encompasses focused and effective talent management that guarantees the continuity of the recruitment, development, hiring and retention of (internal and external) talents.

Talent development

Development is an important theme for us. The world of energy is changing significantly and so are the needs of our customers. In connection with this development, Eneco Group places more emphasis on innovative products and services. At the same time, we continue to further improve our performance with respect to our existing activities. In order to ensure that our employees are sufficiently equipped for this, we stimulate their development in a number of ways.

Learning agility, the will and ability to continue to learn and develop, is an important starting point that requires self-awareness – what am I good at and how can I improve myself? Online assessments and 360-degree feedback are methods that we use to improve self-awareness. Learning agility is also a component of recruitment activities and management development.

We stimulate development on the basis of the 70/20/10-model (70% of development is the result of doing new things, 20% is the result of learning from others and 10% is the result of studying, for example from a book). The setup of our online platform, the Campus, is in line with the 70/20/10-model and offers a wide variety of development possibilities. We also have company schools that provide programmes for the development of technical knowledge and skills. The Career Development Centre supports the development of employees by providing them with the possibility to carry out temporary assignments or to take on a new role within Eneco Group.

Performance management

The purpose of performance management is to ensure that our employees contribute to our mission, vision, strategy and plans to their best ability. Since 2014, we apply a modern approach. Annual five-point scale performance reviews have been replaced by 'constructive conversations' between managers and employees, which focus on five central questions: am I doing the right things?; am I doing them well?; in what ways should I improve myself?; what are my strengths?; am I still in the right place?. Acknowledgement is also an important item in these regular conversations.

The ability to conduct a 'constructive conversation' is an important skill. A training programme aimed at helping the 600 managers at Eneco Group to improve their conversational skills was started in 2015.

Diversity and inclusiveness

Eneco Group has over 7000 employees as well as external temporary employees and people with other types of employment contracts. In order to achieve our mission, we need well-balanced teams that are able to make a connection with our customers and stakeholders, make the best possible decisions and implement them in a well-balanced manner, taking into account all implementation aspects. This not only requires a good balance between men and women, but also means that there is a place in the organisation for people with a different view, background or personality, and for the challenged. For these teams to be successful, it is important that differences are respected and that we enter into a constructive dialogue to achieve the best results in collaboration. It is this constructive dialogue that enables us to shape our strategy from all possible angles.

Eneco Group strives for diversity at all levels, including the Supervisory Board and Board of Management. In consultation with the central works council, we have set ourselves the target of appointing women to 30% of the management positions. At present, the share is approximately 25 percent (2014: 26 percent, 2013: 23%).

The percentage of female employees at Eneco Group was 24% in 2015 (2014: 25%; 2013: 22%). The percentage of female employees at Eneco was 30% in 2015, and at Stedin 17%.

In order to further improve the balance between men and women within the group, we agreed in 2014 that we would strive for an equal number of men and women in the external recruitment for management positions of department head and upwards. 94 new employees joined the Group at this level in 2015, 38 of which were women (40%; 2014: 36%).

For more information about the composition of our workforce and other details on this topic see Workforce (page 166).

Safety

Many of our people carry out work on the energy infrastructure; a working environment with relatively high risks. Their safety and the safety of customers and citizens are our priority. This is why we invest in knowledge and expertise and strive for a proactive 'safety culture'.

Not safe? Don't do it!

Ongoing attention for increasing safety awareness at our company includes providing instructions, identifying and addressing safety risks and stimulating safe conduct, in particular within departments that carry out activities in areas that present the highest risks. Our starting point is: ' if it's not safe, we won't do it '. Risks and safety awareness are topics that are being discussed on site by managers and operational staff more and more frequently. This will continue to be an important focal point in the coming years. The members of the board, executives and line managers are aware that all employees should be actively concerned with safety in all aspects of their work. Safety is a standard agenda item at work and management team meetings and reports on this topic are submitted to the Board of Management on a monthly basis. Eneco's safety management system Alerta provides procedures and work instructions and is used for incident registration and follow-up.

Safety culture

Management spent more time in 2015 on visiting work sites and discussing safety risks. These on-site visits play an important role in the development of a good, open and transparent safety culture.

In addition to general knowledge, safety instructions for managers also address conduct and skills in order to further enhance the safety culture.

Collaboration within the Group

Collaboration between the different safety departments within the group was further intensified in 2015, in part by giving a number of managers responsibility for Eneco Group as a whole. As a result, we were able to improve collaboration with respect to reporting, the supply of information and sharing experiences in the area of safety.

What did we aim to achieve in 2015?

The target for 2015 was to reduce the number of occupational accidents to 61 or lower. This target is based on the number of accidents in previous years and an estimate of the best possible result. Occupational accidents are accidents that require medical attention and may or may not result in absence from work or the need for temporary alternative work. This translates into a maximum Recordable Incident Frequency (RIF, number of occupational accidents per 200,000 hours worked) of 1.18.

Another aim was to reduce the number of occupational accidents resulting in absence from work (Lost Time Injury, LTI) to 11 or lower. The ultimate goal is to reduce the number of occupational accidents to zero.

Contractors carry out a large portion of our civil engineering and installation work. For this reason, we also wanted to obtain more detailed information on their performance in the area of safety. Our aim was to discuss our findings based on observations and incident reports with our contractors periodically, in order to further improve the safety of the work.

In addition, we strived to enhance the safety awareness of managers by means of safety training courses and by encouraging work site visits.

What have we achieved?

The number of occupational accidents was reduced to 45 in 2015, well within the target range. The RIF was down to 0.86

Due to an increase in the number of accidents resulting in absence from work, we did not meet our target on this aspect. Even though they did result in absence from work, most of the accidents were relatively minor in nature. The total number of registered accidents resulting in absence from work was 26. The number of occupational accidents resulting in absence from

work per one million hours worked (LTIR) thus amounted to 2.49.

The severity rate expressed in the number of lost work days was 4.08 days, which is an improvement compared with the 15.5 days in 2014.

Our contractors registered 26 accidents in 2015, 23 less than in the previous year. This is due to a better safety performance and a reduction in the number of activities outsourced by Stedin.

Safety of complex projects

During the implementation of large projects, our supervisors and safety experts always strive to guarantee the safety of our own personnel, the personnel of contractors and the environment. A good example is the excellent safety performance of zero accidents resulting in absence from work during the 350,000 hours that our employees worked to complete the offshore grout project at the Amalia wind farm, despite the difficult and potentially risky working conditions.

Reported incidents

Despite the fact that the number of 3,869 reported incidents is slightly below the target of 4,000, there was a measurable improvement in the speed with which the handling of these reports was completed: 15% of all incident reports were fully processed within a period of four weeks.

We will continue to encourage employees to report incidents. Careful analysis of these reports enables us to identify the cause of incidents and to take measures to prevent repetition, such as improvement of work instructions and communication lines.

Challenges

Incident reporting and the timely implementation of adequate measures continue to be important in order to achieve a significant reduction in occupational accidents in the coming years. In addition to existing risks, we are also alert to new security risks that arise as a result of innovation. Examples include local energy storage and 'smart home' applications such as the Sustainer Homes: self-sufficient, sustainable, mobile container homes. The new business unit Eneco Innovation & Ventures supports smart developments that accelerate the transition to a sustainable and local energy supply. The challenge is to control the corresponding safety risks without imposing unnecessary restrictions or hindering the further development of promising ideas.

New safety risks

Reduction of the number of occupational accidents is closely related to safety in connection with the construction of and maintenance on production facilities and energy infrastructure. We have extensive experience in the area of safety with respect to energy infrastructure and technical installations. However, major projects for which the available capacity needs to be expanded in a short period of time require us to be especially alert and new forms of sustainable production, such as biomass installations and offshore wind farms, lead to new safety risks.

Carbon monoxide incidents

Ventless open combustion boiler systems that are used in the consumer market, obtain the oxygen that is necessary for combustion from the space in which the boiler is installed. Gasses produced in the combustion process are released in this space. As the combination of inadequate ventilation and incomplete combustion can lead to carbon monoxide poisoning, such boiler systems may only be installed in spaces that are sufficiently ventilated in accordance with the building code.

Eneco carries out periodic inspections at its customers to check their boiler systems and the spaces in which these appliances are installed. In case of an unsafe situation, we proactively offer our customers alternative solutions. We install carbon monoxide detectors in homes with ventless boilers. The structured reduction of the number of (ventless) kitchen boilers is taking place in collaboration with home owners and residents.

Business continuity & ICT/cyber security

Safety also applies to the continuity of our business operations. Interruptions in ICT systems may affect our customers in the form of an interruption in the supply of energy, incorrect invoices or a lower level of service due to unavailability of buildings or employees or incorrectly functioning ICT systems. This could result in reputational damage. ICT issues in the form of cyber-attacks or interruptions in the systems that we use for energy trading could result in financial damage.

To mitigate these risks, energy trade and business operation centre related activities are run on a separate, duplicated ICT platform and periodic recovery tests are carried out for critical systems. A Cyber Security Task Force is in place to monitor the adequacy of ICT security. We actively collaborate with external organisations such as the NCSC and EDSN and specialised companies are used for assessments and operational monitoring of the IT systems. Awareness of Eneco employees with respect to the importance of information security has our ongoing attention. In 2015, we implemented the Security Incident & Event Monitoring (SIEM) system and also set up the Eneco Privacy Board. The activities of this Board include providing advice and ensuring compliance with our privacy standards in connection with new cases. Furthermore, ICT security incidents are discussed during security meetings with other grid operators. Additional assurance with respect to the effectiveness of implemented measures is obtained by means of audits and certification.

Modern employee participation

Employee participation is important at Eneco Group. This is also something that we do together and in a modern way. Modern employee participation means that the works councils have a limited number of members and that members can only serve a limited number of terms. We use specific role profiles that specify what is expected from works council members and stimulate their development. For consultation processes, we create theme groups consisting of a few works council members in combination with a number of employees with a specific expertise.

Better and faster employee participation processes

The key to modern employee participation is for the board to involve employees in participation processes at an early stage in order to establish a common basis for assessing the issue or opportunity. Weighing the different options and choices together, results in a faster participation process, better decisions and wider support for the ultimate outcome. Employee participation bodies were involved in all of the important themes in 2015, including major investments, organisational changes and labour conditions.

The Central Works Council works together with management on the implementation of ongoing changes in the company. More and more, we apply a gradual approach instead of major restructurings, which place a high demand on the organisation and, in general, take a long time to complete. This approach enables us to focus on what really matters: our customers and the achievement of our strategy.

Financial policy

Transformation and return on investment

Eneco wishes to be relevant to its customers and society, now and in the future. In connection with this, we provide information on our performance in the following three areas: the financial health of our company, our contribution to the climate and the environment and the way in which we involve our staff in our mission and vision.

Reaching a balance between risk and return and preserving the financial health of the company are essential for the realisation of our ambitions and for the transformation of Eneco. We have selected a number of key indicators that represent our achievements in this respect. Value creation is also expressed in terms of the reduction in carbon emissions realised in collaboration with our customers and partners. Furthermore, it is important that we create wide support for our strategy within the company. Our employees' commitment to and involvement with our vision for the future - the degree in which they can relate to this vision and their willingness to contribute – are very important to us, because these are the people who implement our mission: Sustainable energy for everyone. This paragraph relates to the financial component.

Financial

What did we aim to achieve in 2015?

Our target for 2015 was a credit rating of at least A- and a 3.3% Return On Average Capital Employed (ROACE).

What have we achieved?

In 2015, we maintained our A- credit rating, which is a good result in view of the financial pressure on the energy sector.

In 2015, our ROACE amounted to 3.7 percent, which is 0.5 percentage points lower than in 2014 (4.2%) and 0.4 percentage points above our 3.3% target for 2015.

Credit rating: stable A- status

Creditworthiness is one of the key indicators on which we base our financial policy. In 2015, Standard & Poor's again awarded Eneco the status A- with a stable outlook. The credit rating differs from the other strategic KPIs in the sense that it is not influenced by Eneco. A report published by Standard & Poor's that explains how the credit rating was established can be found on our corporate website.

ROACE under pressure

Return on Average Capital Employed (ROACE) is the key indicator that we use to provide transparency with respect to our return on investments in assets such as wind farms and grids. It is a widely-used ratio in capital-intensive industries like ours and a clear indicator of our ability to make money from our assets (such as our wind farms, gas plant, biomass plant and grids) in relation to the capital that we have invested in these assets.

The meaning of ROACE

One of the components in the calculation of ROACE is the operating result (EBIT[4]). The operating result of Eneco Group is influenced by external as well as internal factors.

External factors include the weather conditions and legislation and regulations (see the risks described elsewhere in this section). The weather in 2015 was relatively mild, but 10% less warm than in 2014. Weather-related fluctuations in customer consumption patterns affect the margin on the supply of energy as well as the difference between advance payments by customers and actual consumption. The tariffs for grid management are regulated by the government. Changes in these tariffs evidently affect the margins on the transmission of energy by the grid operator.

Internal factors that have an impact on EBIT include the introduction of new products and services on the market, investment decisions and cost-control measures. Eneco's focus on innovation in 2015 means that, in order to earn a return, initial costs must be incurred.

4 Earnings Before Interest and Tax; result on regular business activities.

In the calculation of ROACE, the operating result is compared with the average capital employed. Eneco's investments in assets in 2015, which included investments in its electricity, gas and heat transmission grids and assets used for the production of sustainable energy such as wind and solar farms, amounted to €715 million. This has resulted in an increase of the capital employed. Three large wind farms were put into operation: Luchterduinen (offshore, Netherlands, 129 MW), Delfzijl-Noord (onshore, Netherlands, 62.7 MW) and Burn of Whilk (onshore, United Kingdom, 22.5 MW). The successful completion of these long-term projects is a milestone in the pursuit of our sustainability objectives.

In connection with the introduction of the smart meter, the investment programme for small volume meters was expanded significantly from € 31 million in 2014 to € 52 million in 2015.

Eneco invests in projects that are expected to yield sufficient return over their life cycle. Relatively new assets still have a high book value, which means that recently completed investment projects result in a sharp increase in capital employed. If the revenues are constant over the years, the ROACE is lower during the first years of operation of these assets than in the subsequent period in connection with depreciation of the asset over the years. This is a clear illustration of the challenge of combining the realisation of an acceptable financial return with innovation in an environment that is characterised by transformation. ROACE is also under pressure in view of the fact that capital employed encompasses amounts for assets under construction that do not yet contribute to the result. At the same time, working capital (part of capital employed) increased in 2015 in connection with the restitution of unused customer prepayments in connection with the warm weather conditions in 2014.

Outlook

ROACE is under pressure due to the effect on EBIT of the decrease in the permitted return on regulated activities, which is expected to continue, and the increasingly stronger competition resulting in a lower gross margin on energy. In addition, municipal taxes for encroachments on or over public land (precario) are increasing.

Eneco addresses this challenge by investing in production assets that generate a stable return, by developing new products and services to meet the current and future needs of its customers and by streamlining its internal processes to increase the effectiveness and efficiency of its operations.

Furthermore, we expect that the sustainable investment programme for the coming years and the rollout of smart meters will result in a steady increase of capital employed. Eneco will spread its risks by developing plans for investments in collaboration with customers and partners or by selling parts of projects, such as the development of wind farms, to investors.

Risks

Elsewhere in this section, reference is made to risks in connection with legislation, regulations and creditworthiness. Six of these risks are described below.

Risk: Independent Network Management Act and forced unbundling

The Dutch Supreme Court issued a ruling on the forced unbundling of Dutch integrated energy companies on 26 June 2015. The Supreme Court ruled that the articles relating to the mandatory group prohibition in the Electricity and Gas Act, also referred to as the Independent Network Management Act (Wet Onafhankelijk Netbeheer (WON)), are not in conflict with European Union legislation on the free movement of capital and freedom of establishment. The Supreme Court referred judgement on whether the forced unbundling is an infringement of the property right described in the First Protocol to the European Convention on Human Rights, to the Court of Appeal in Amsterdam. This Court must examine whether the Act is in contravention of that Article of the First Protocol. This procedure was brought before the Court of Appeal in Amsterdam in 2015. It is not known when the Court of Appeal in Amsterdam shall issue a ruling in this matter.

In the meantime, the Authority for Consumers and Markets (ACM) issued an enforcement decree as a consequence of which Eneco Holding N.V. must be unbundled by ultimately 31 January 2017. On 13 January 2016, Eneco Holding N.V. submitted a statement of objections regarding this enforcement decree. Although the result of this objection procedure is not yet known, Eneco must start preparations for an unbundling in accordance with the ACM's enforcement decree. In connection with this, Eneco is preparing an amended version of the unbundling plan that was submitted in 2009. The amended plan shall be submitted to the ACM in the first half of 2016.

There is a close relationship between the development of (local) production of sustainable energy by customers and the development of smart energy grids necessary to feed the generated energy into the grid. As an integrated company, Eneco Group can manage both of these factors necessary to increase the sustainability of the energy supply and to stimulate the transformation of the energy sector. Forced unbundling will slow down the development of a sustainable energy supply and the transformation, and will result in higher costs to society due to lack of coordination between production, consumption and the energy grid.

Risk mitigation

Eneco is in favour of the scenario in which either the legal provisions regarding the mandatory group prohibition are

definitely declared non-binding or group prohibition is withdrawn. With this aim in mind, Eneco continues the legal proceedings. In view of the loss of employment and investment power, unfair competition with foreign -unsplit- energy companies and the challenges facing society with regard to ensuring a clean, reliable and affordable energy supply, Eneco also urges politicians to reconsider the points of departure that led to this legislation years ago. To be prepared for potential consequences, Eneco uses its financial framework to simulate the effects of possible unbundling. It is important that the company continues to grow to ensure that a possible unbundling shall result in two viable companies.

Risk: changes in rating method
Eneco's current credit rating has been issued by credit rating agency Standard and Poor's. Eneco runs the risk of a negative adjustment of the credit rating of Eneco Holding N.V. resulting from changes implemented by Standard and Poor's with respect to rating criteria, rating method or assumptions. A lower credit rating could affect Eneco Holding N.V.'s access to capital and money markets, financing costs, and the credit limit provided by parties in the corporate sector. The risk of changes in Eneco's credit rating is mitigated by means of regular scenario planning and stress testing, assessments carried out and advice provided by experts and periodic information exchange with Standard and Poor's.

Risk: tariff regulation in the regulated domain
The rate that we, as a grid operator, are allowed to charge (regulated domain pricing), is essential for financing all the costs and investments associated with a reliable grid. Grid operation activities relate to the long term and require adequate and predictable pricing. Unexpected deviations create an unstable investment climate. The regulatory method is based on a system of yardstick competition that is used to benchmark regional grid operators. The company's management participates proactively in consultation bodies that include the grid managers and the ACM and exchanges ideas on how the regulation should be structured.

Together with a number of other grid operators, Eneco lodged an appeal at the Trade and Industry Appeals Tribunal in connection with the method decision for the regulatory period 2014-2016. In its interim ruling at the beginning of January 2016, the Tribunal instructed the ACM to set a new WACC (an important component in setting the tariffs) for the regulatory period 2014-2016, before 12 February 2016. Current discussions between the grid operators and the ACM relate to the question of how the ruling of the Tribunal should result in adjustment of the WACC. It is not yet clear what the outcome will be.

Risk: profits in the metering domain
The tariffs that we, as grid operator, charge for the rent of small volume meters are based on the ministerial regulation on metering tariffs. This regulation specifies how these tariffs are set by the ACM. The maximum tariffs that the grid operators are currently allowed to charge are based of the tariffs of 2005 plus an annual adjustment for inflation on the basis of the consumer price index. The ACM has been monitoring the costs of carrying out the process of metering since 2011. The aim is to use the revenues from this process to finance the Large-Scale Rollout of smart meters. The ministerial regulation on metering tariffs ensures that the tariffs paid by consumers will not exceed the amount that is necessary to cover the costs and do not result in surpluss profits for the grid operators. It is possible that the ACM will include the revenues from the metering process in its future decisions on tariffs in order to achieve this.
Based on our current assessments, the revenues that we have realised thus far are sufficient to finance the rollout of smart meters without increasing the tariff. We expect that the ACM will offset any remaining surplus profit after completion of the large-scale rollout of smart meters, probably by means of lowering the tariffs.

Risk: large-scale rollout of smart meters
Just like all of the other grid operators, Stedin is required to have presented all of its customers with an offer for the installation of a smart meter and to have installed a smart meter at 80 percent of its customers before 2020. The smart meter is a digital, remotely readable energy meter that offers customers more insight into their energy consumption, thus making it easier for them to save energy. For the timely realisation of the requirement at predictable costs, Stedin is dependent on third parties such as the suppliers of the meters and the legislator as well as the attitude of customers. The uncertainties associated with these dependencies could lead to unforeseen expenditures and negative customer satisfaction. The Large-Scale Rollout programme ensures that the process of presenting customers with an offer for the installation of a smart meter and the installation itself are carried out in a controlled manner and in accordance with the requirements. As part of this programme, customers are informed of the advantages offered by the smart meter. The dependencies have been specified clearly and are being monitored closely.

Risk: claims relating to connection and transmission charges
Our grid operator has received a limited number of claims from customers with private networks demanding restitution of connection and transmission charges. These claims relate to the ruling of the Trade and Industry Appeals Tribunal that, until 1 January 2014, equal voltage grid-to-grid connections did not qualify as a connection according to the legal definition of the term 'connection'. This ruling has led to questions in relation to civil law that have not yet been answered.

Financial results 2015

Management report

2015 results

In 2015 Eneco Group made a net profit of € 208 million, maintaining the 2014 level (€ 206 million), and recorded revenue of € 4,282 million (2014: € 4,590 million), a fall of 7%.

Guido Dubbeld, CFO of Eneco Group: "The financial results were satisfactory. The company is reaping the benefits of several cost-saving programmes started in recent years, while our customers benefited from falling prices and a cut in tariffs for transmission of their energy. We are also seeing a decline in energy consumption by customers as a result of savings. At the same time, we maintained investment to make the energy supply more sustainable in 2015 at a high level of € 715 million. This is lower than in 2014 (€ 842 million) when work was still continuing on a number of large projects, such as the Leiding over Noord and Haringvliet, which are now in use.

By taking Delfzijl-Noord, Luchterduinen and other wind farms into commission, Eneco contributed 225 MW to the 535 MW of new wind energy facilities in the Netherlands in 2015. A new agreement with Air Liquide for the delivery of energy produced by Pergen, a power station that converts gas into electricity and steam for industrial use, had a favourable effect. This agreement solves the dispute that had arisen between the two companies. Furthermore, Eneco invested € 47 million in rectifying a design fault in all 60 wind turbines at the Prinses Amalia wind farm."

Jeroen de Haas, CEO of Eneco Group: "We made progress in the past year on the transition to sustainability and developed new and innovative energy services for our customers. We collaborated with start-up Nerdalize on using computer servers to heat homes. We entered into an agreement with Tesla on supplying its PowerWall battery on the Dutch and Belgian markets and through start-up Jedlix we are now working with several car manufacturers on smarter and cheaper recharging of electric vehicles. We also invested in the start-ups Peeeks and Sustainer Homes. Peeeks has developed a promising system for better balancing customers' usage against fluctuations in wind and solar power. Sustainer Homes converts shipping containers into self-sufficient homes, offering Eneco an ideal alliance for testing new sustainable techniques and smart domestic applications in practice. 225,000 Toon thermostats have now been sold and it is becoming a familiar fixture in sustainability-conscious households. During the year, Eneco also started delivering sustainable electricity to all the railway companies in the Netherlands under a ten-year contract signed in 2014. This means, for example, that all rail journeys by railway company NS passengers will be entirely sustainable in the near future. In June, Stedin started using a new type of charging station for electric cars. These can recharge electric cars' batteries but also supply power from the battery to the grid, allowing a reserve of power to be created that can be used, for example, in the event of a brief power cut. Eneco Belgium launched a group offer of solar panels in the province of West-Vlaanderen, enabling Eneco customers and others to apply, without obligation, for the supply and installation of solar panels. Eneco wants this campaign to reduce reluctance to opting for solar energy. In the past year, Eneco also joined DE Unie, a supplier of and for local sustainable energy co-operatives, to support this rapidly growing movement. I am convinced that local initiatives play a key role in the transition to a fully sustainable energy supply in the Netherlands."

A dominant feature of 2015 for Eneco was the Independent Network Management Act (Wet Onafhankelijk Netbeheer), a law passed in 2006 that requires Dutch energy companies to separate their energy and network businesses. The Dutch Supreme Court ruled in June 2015 that the Act was not in conflict with European Union law and referred the breach of property rights back to the Court of Appeal in Amsterdam for judgement. It is not yet clear when that judgement will be delivered. In the meantime, the regulator ACM has ruled that Eneco must be unbundled by 31 January 2017.

Result development

The gross margin on sales and transmission of gas, electricity and heating and related services rose by € 60 million (4%) to € 1,637 million, mainly as a result of the expansion of wind farms, the purchase of heat production assets in Utrecht, better results on trading activities and the buy-out and restructuring of energy purchase contracts. The weather also had a beneficial effect on margins. Although the final months of 2015 were extremely warm, the average temperature in 2014 was even higher and so more gas was sold in 2015. 2015 was also windier than 2014 and so we were able to generate more of our own electricity. Margins were strongly adversely affected by the further reduction in regulated tariffs for the transmission of energy, while the cost of transmission increased.

Operating expenses excluding depreciation totalled € 1,036 million. Despite the additional costs brought about by growth in our activities and an acceleration in innovation, this was € 80 million (7%) lower than in the previous year, partly as a result of non-recurring charges in 2014, such as the restructuring expenses and the buy-out of cross-border leases. The reduction

is also a result of efficiency improvement programmes started at various business units in 2014 and a reduction in engineering projects for third parties. Amortisation and depreciation expense was € 495 million, an increase of € 150 million of which € 140 million was due to the reversal of impairment in 2014.

Operating profit (EBIT) came out at € 334 million, € 29 million (8%) lower than in 2014 (€ 363 million). Net financial expense fell € 26 million to € 74 million as there were fewer non-recurring items and lower interest-bearing debt.

Our production, trading and supply activities

The weather in the first ten months of 2015 was average. In contrast, November and December were exceptionally warm and, in addition, the wind was stronger than normal during those two months. On average across the year 2015 was not as warm as 2014, and it was windier. Both of these factors had a positive influence on our energy margin as in consequence our customers' gas and heat consumption rose and more electricity was generated by our wind turbines, including by the new wind farms which came on stream in time for the windiest months. The decline in revenue was a result of lower prices to our customers, a fall in average consumption per customer as a result of savings and a smaller customer base for electricity, gas and heating. Our production of sustainable energy increased as new wind farms came on line. Available sustainable production capacity increased from 1,680 MW at the end of 2014 to 1,919 MW (enough to supply over 1,925,000 households) at 31 December 2015. On the other hand, it was disappointing that a permit for the construction of the Navitus Bay offshore wind farm (UK) was not granted.

Operating profit (EBIT) on our production, trading and supply activities was € 82 million (2014: € 75 million[5]).

Our network and engineering activities

The new regulatory period for regional grid operators started in 2014 and the tariffs we are permitted to charge customers for the transmission of electricity and gas will fall each year for three years. This is reflected in the revenue from our network activities, which again fell by € 71 million (6%) compared with the previous year. In contrast, the cost of transmission rose, putting further pressure on the margin on these activities. Operating expenses fell. Our network and engineering activities were combined organisationally in a project known as Revisie from 1 March 2015, so that we can offer our customers an even more effective and efficient service and create greater scope for investing in future-proof energy networks.

The average interruption in electricity supply was 82.8 minutes (2014: 103.9 minutes) and 97 seconds (2014: 124 seconds) in the gas network. The electricity supply figure was a little above target because of a major interruption on 26 June that affected over 130,000 customers in The Hague and Rijswijk.

Operating profit (EBIT) on network and engineering activities fell from € 310 million[1] in 2014 to € 286 million in 2015.

Customers

On 1 January, Eneco started supplying electricity to all the railway companies in the Netherlands under a ten-year contract signed in 2014. Initially, 50% of the electricity supplied is generated from new wind farm in the Netherlands and neighbouring countries and this will rise to 100% from 2018, from which moment passengers will enjoy fully climate-neutral rail travel.

Stedin started using a new type of charging station for electric cars in June. These can recharge electric cars' batteries but also supply power from the battery to the grid, allowing a reserve of power to be created that can be used, for example, in the event of a brief power cut.

Eneco Belgium launched a group offer of solar panels in the province of West-Vlaanderen, enabling Eneco customers and others to apply, without obligation, for the supply and installation of solar panels. Eneco wants this campaign to reduce reluctance to opting for solar energy.

In May, Joulz Energy Solutions started construction of the 150 kV Middenmeer sub-station. Joulz will be responsible for the entire development, including all engineering, procurement, construction and commissioning, and handover of the high voltage station. Joulz faced international competition in the tender stage.

Eneco installed 2,900 solar panels on the roof of the Kyocera stadium in The Hague, contributing to the municipality's ambition to make the city climate-neutral. ADO Den Haag soccer club will use the roughly 600,000 kWh of green energy that the installation will generate annually. This is about 50% of the club's annual consumption. Eneco invested in the development, construction and management of the installation, which is its largest solar power project to date.

We entered into an alliance for making the production process at Fujifilm, manufacturers of photographic paper and offset plates, run entirely on wind energy from 1 January 2016. Fujifilm uses some 100 GWh of electricity in its operations each year, comparable with the average consumption of about

5 As of 1 January 2015, the activities of our (former engineering) companies CityTec and Joulz Energy Solutions are included in our production, trade and supply activities and infrastructure services respectively. The activities of Stedin Operations are included in our network and engineering activities. The comparative figures for 2014 have been restated accordingly.

30,000 households. Since 2011, Fujifilm has received a direct supply of power from five Eneco wind turbines on its own site in Tilburg, meeting 20% of its electricity requirements. The desire to make its entire operation CO_2 neutral led to a new agreement, under which the company has taken all of the power generated by the five wind turbines in Eneco's existing Anna Vosdijkpolder wind farm in Tholen since the start of this year.

Investments

In 2015, we invested € 715 million in continuing to make the energy supply more sustainable. The investment was even greater in 2014 (€ 842 million) when major projects which are now in use were still under construction. These are the Leiding over Noord (transporting residual heat from the Botlek to Rotterdam providing sustainable heating to households and businesses) and Haringvliet (construction of a 19-kilometre high-voltage link between Voorne-Putten and Goeree Overflakkee).

In 2015, Eneco invested € 260 million in the construction of wind farms. A number of large wind farms came on stream during the year, including Delfzijl-Noord (62.7 MW, nearly 50,000 households), which will supply power to Google's new data centre, our second offshore wind farm Luchterduinen (129 MW, 150,000 households, with Mitsubishi Corporation), Aarlen Messancy (6 MW owned by Eneco, 3,800 households) and Burn of Whilk (22.5 MW, 18,500 households) in the United Kingdom. Work is continuing on the Libeccio (Belgium) and Moy (UK) wind farms, which are expected to start production during the course of 2016. We also invested in the improving and expanding district-heating networks (€ 105 million), including the acquisition of heat production facilities in Utrecht. We continue to invest in improving and expanding the gas and electricity networks (in total € 313 million) and the rollout of smart meters was scaled up in 2015 leading to 238,000 offers for the installation of these meters (investment of € 52 million). On 1 January 2015, we disposed of our high-voltage networks in Zuid-Holland and Utrecht to the national network manager TenneT, as required by law. The transaction for the Zuid-Holland network was completed at the end of 2014 and the formalities for the Utrecht network were settled at the end of 2015.

Outlook

We have confidence in the further development of Eneco Group. Nevertheless, market conditions are challenging and are expected to remain so for the time being. Against this background we are unable to present a results forecast for 2016. As it is expected that the budget made available for innovation will be fully utilised this year, we expect to allocate a new, higher budget in the second quarter.

Remuneration 2015

Board of Management remuneration policy

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

Starting point

The Board of Management's primary terms of employment are determined on the basis of the 'Board of Management Remuneration Policy', which was adopted by the Eneco Group General Shareholders' Meeting on 20 May 2005.

The remuneration of the Board of Management must enable Eneco to attract and retain qualified management. This requires a competitive remuneration in proportion 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. In this case, two policy principles are guiding: the market principle and the moderation principle.

Market and moderation principles

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

For the determination of the remuneration policy, the Supervisory Board applies the reference framework of the general employment conditions for senior executives, which is drawn up based on the remuneration data of over 200 senior executives. In order to do justice to the market principle, Eneco Group has opted for a position around the median of the reference framework. We thus focus on the medium-large companies in the reference group and we avoid a comparison with the largest companies.

In view of the moderation principle, we apply a reduction to the median outcome. In accordance with the remuneration policy approved by the General Meeting of Shareholders, Eneco applies a bandwidth of plus or minus 20% around the reference on the median. In practice, this means that the remuneration of the members of the Board of Management of Eneco Group lies at least 20% below the median.

With the salary reference at the beginning of 2015, the actual 'moderation' has risen to nearly 30% compared to the median.

Social results determine remuneration

In 2015 again, the remuneration of members of the Board of Management depended on performance criteria, including socially-relevant results. The five main criteria for the variable remuneration largely corresponded to the strategic themes and were:

- Customer satisfaction (Consumers, Business and Stedin);
- Financial result (EBIT);
- Performance (cost-reduction measures);
- Eneco's long-term growth (strong growth of Toon);
- Innovation and long-term objectives (new propositions, partners, innovation structure).

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

Reporting policy 2015

Concise and transparent

In this integrated annual report Eneco accounts for its financial and non-financial performance. Eneco has opted for a concise and transparent report that fulfils the information needs of stakeholders. The content of the report is determined on the basis of a materiality analysis that is used to establish the most relevant topics for the stakeholders and for Eneco itself.

Reporting in accordance with GRI

As in previous years, we report in accordance with the guidelines of the Global Reporting Initiative (GRI). We have consciously opted for the G4 Core version, including application of the EU Sector Supplement for the energy sector. This version corresponds to our aim and the aim of our stakeholders, to provide concise reporting on our financial and non-financial performance. We have applied GRI G4 from the basis of the company's control framework, which is leading. The control framework is derived from the strategy: we use it to demonstrate our progress and whether we have achieved our ambitions. Stakeholders are contacted to determine if the control framework is sufficiently material. The Core version means that for each relevant aspect (topic) arising from the materiality analysis, we report on at least one G4 or EU indicator corresponds best with our control framework; also see the section Strategic KPIs (page 4). With respect to four indicators, we do not comply fully with the requirements of GRI G4. These are the indicators G4-10 and LA-6 (itemising all workforce information with all the requested details), G4-EU3 (type of customers) and G4-EU4 (more details on cables and pipelines). If it transpires that stakeholders or Eneco do believe it is relevant that these details will be recorded and reported, this will be considered. With respect to GRI reporting on the management approach, Eneco shall assess in 2016 for all the material aspects if the inclusion of time-related objectives in the report will result in a better link to GRI G4 requirements.

Integrated reporting

Eneco's annual report has evolved since 2007 into an integrated report on financial and non-financial performance. The framework of the International Integrated Reporting Council (IIRC) provides us with better means to explain the cohesion between the core elements of our policy in our report. We are investigating how we can apply this framework in our annual report in the years ahead.

Materiality analysis

In 2013 we began an analysis of the relevance of the topics in our annual report. Using the strategic themes, we established the topics on which we report. We also determined the impact on our company (e.g. business continuity, reputation and licence to operate) and on stakeholders with direct interests (e.g. lower energy costs and the availability of energy). Based on this analysis and our knowledge of the various groups of stakeholders, in 2014 we made a selection of the topics that are relevant to them. We also used the insights obtained from a brief online questionnaire among stakeholders, and of course from the ongoing dialogue we conduct with them.

Redefining of the strategy at the start of 2015 constituted the motivation to review the material topics in the annual report again, and to discuss them with the internal contacts of our stakeholders. We propose to make this topic a structural component of our governance. In other words, every year the topic of materiality will be on the agenda of customer panels and meetings with corporate clients, shareholders and the works council and regular consultations with rating agencies and NGOs.

Stakeholder dialogue

We distinguish between the following groups of stakeholders: clients (private and business), shareholders, municipalities/local residents, investors, providers of capital, employees/works council and environmental organisations/NGOs. This selection is based on our analysis that they have the greatest influence on our strategy and operations, and experience the greatest impact from our activities and the choices we make for the future.

As a follow-up to the materiality analyses we performed in 2013 and 2014, in 2015 we conducted interviews with those Eneco colleagues who are in contact with these target groups. There were also discussions with one or more representatives of shareholders, providers of capital, employees/works council and environmental organisations/NGOs. The most important questions in these interviews were how the stakeholders would rate the relevance and transparency of the 2014 annual report, and whether the material themes were covered sufficiently. We did not opt to present stakeholders with the entire set of G4 indicators.

Most of the stakeholders indicated that the annual report provided sufficient information on the subjects they felt were important. From the conversations it appeared that there was, however, a need for more in-depth coverage of some aspects. This is shown in more detail in the table in the section 'What are the views of our stakeholders? (page 26)'. As a consequence of

this we have extended the information provided, or have added more clarification. Municipalities, for instance, attach importance as shareholders in gaining insight into the future yields of the new Eneco Group business model, and into sustainable local initiatives. Shareholders, providers of capital and investors are interested in the risk profile and the company's continuity, and how we substantiate that in the report. Employees want to read more about Eneco's green profile, and whether the company is financially sound.

From Eneco's perspective, topics which have a direct link to the strategic objectives we have set, and the related strategic KPIs (page 4), take priority. This resulted in a shortlist determined by the Board of Management. The degree of importance would be expressed in the high-priority quadrant for both stakeholders and Eneco in a materiality matrix. Given that we have not yet fully implemented the external materiality analysis, it is not possible to include a materiality matrix this year that sufficiently reflects the ranking. The combination of topics which are designated as important to stakeholders as well as Eneco form the scope of this report.

The discussions confirmed the seven material topics of last year's report, while also inducing us to add two new topics in light of the redefined strategy. These topics are Innovation and Employee Development.

Material topics

The scope with the nine material topics for the 2015 annual report which are important to the stakeholders and to Eneco itself, is as follows:

- Financial performance
- Energy and emissions
- Sustainable electricity
- Customer satisfaction
- Safety
- Grid losses
- Security of supply
- Innovation
- Employee development

The following section includes a table explaining the materiality of the nine relevant topics that form the scope of this annual report. This overview also shows where the impact of a topic lies both inside and outside the organisation. In the section Progress (page 30) we devote significant attention to the concrete objectives we have set for the relevant topics, in the form targets for the specified KPIs. It also describes what we have done, and what we intend to do, to achieve our objectives. In the GRI index (page 80) we have included an overview of the GRI indicators which have been used in writing this reportand also explain the relationship between the strategic KPIs and the material topics.

Topics which were less material in the views of our stakeholders, but which we do believe to be important, are Supply chain, Sustainable procurement and Biodiversity. Also in these fields we take our responsibility very seriously. More information on how we handle our supply chain responsibility and the way we have shaped our sustainable purchasing policy can be found in the section on Supply chain responsibility (page 155).

Biodiversity

It is unavoidable that we sometimes impose a burden on the environment. Biodiversity is under pressure and people play a significant role in this. In last year's report we indicated that it is difficult to establish just what role Eneco and its customers play in this. We also wrote that there is no scientific consensus on the limits of what the planet can sustain and stated that more research would be needed to gain proper insight into this matter, and that we were working on this.

In 2015, researchers from the consultancy 'De Gemeynt' published their report 'To No Net Loss of Biodiversity' based on an investigation commissioned by Eneco. In the report they concluded that Eneco is already doing a great deal to reduce its impact on the environment. However, this is frequently based on statutory legislation and regulations. If the aim is No Net Loss, meaning that our activities do not have a negative impact on biodiversity and ecosystems, then we need to take further steps to reduce Eneco's 'biodiversity footprint'. The researchers based this conclusion on two quick scans of Eneco projects.

Eneco has shared the results of the investigation with its partner WWF and has made the theme of Biodiversity part of the collaborative agreement between both parties. The objective is to collect more knowledge together on the impact of Eneco's sustainable energy projects on vulnerable environments. The first step is to assess how these projects are situated in relation to important nature-protection areas.

Reporting process

We have evaluated the method by which the content of last year's annual report was determined and concluded that this occurred with sufficient structure and efficiency. Possibilities for improvement were taken to heart in preparing the 2015 annual report. The starting point for this preparation was the strategy including strategic themes and key performance indicators (KPIs) as established by the Board of Management. In this strategy, there must be a balance between risk and return. We also want to take the interests of our company's stakeholders into account as much as possible. The content of the annual report is based on a materiality analysis of these interests. For each material topic, we also determine which activities and which components of the organisation they relate to, as well as which national and international stakeholders. We conduct an ongoing dialogue with the most significant stakeholders on the

relevance of our strategy and ways in which we can collaborate with them in the supply chain to achieve further sustainability.

We have made agreements with respect to the reporting process. For each strategic KPI linked to a strategic theme, the responsibilities, definition, scope, calculation, required sources and systems, quality control and the process have all been established. The progress for each strategic KPI is reported regularly and is discussed with the managements of the relevant Eneco entities and adjustments are made where necessary.

Information collection and accountability

The Board of Management bears ultimate responsibility for the integrated annual report. It has delegated the preparation of the report to a process manager in charge of a multidisciplinary team. Responsibility for the content was distributed between the departments of Finance & Risk, Strategy and Communication & Public Affairs. The financial and non-financial strategic KPIs are an integral part of the planning and control cycle. We have set up a management system that is used to collect the KPI-related data throughout the year and the results are discussed in the regular business reviews. The strategic KPIs are linked to G4 indicators.

For each topic, a specific individual is assigned responsibility on the basis of an accountability index. These people provide information on the topics, as established in the model, and approve the texts following final editing. The Board of Management issues comments in two rounds, and approves the final version before it is forwarded to the Supervisory Board.

Assurance of non-financial information

Eneco engages an external accountant to assess the reliability of the most relevant non-financial information in the annual report, and to confirm this reliability by means of an assurance report. Since the 2011 financial year, we have asked Deloitte Accountants B.V. to assess the strategic KPIs and compliance with GRI guidelines at the level applied[1] in addition to auditing the financial statements.[1]

Eneco first reported in accordance with the GRI G4 guidelines at the Core level in 2013. This was also the first year in which we requested that the assessment of the strategic KPIs and of the correct application of G4 Core level guidelines would be carried out to provide assurance at the highest level, which is 'reasonable assurance'. This advanced standard for the strategic KPIs[1] and the GRI application level was also applied for the 2015 annual report.

1 We have not asked Deloitte Accountants B.V. to assess the KPI 'Number of customer contracts Eneco', because this is a new KPI that was introduced during the course of 2015, nor did we ask them to provide assurance with respect to the other information in the annual report, including comparative information on previous years. The full text of the Assurance Report can be found in the section Other information.

Materiality analysis

Topics of material importance addressed by Eneco in this annual report have an impact on the organisation and on aspects outside the organisation. Themes that are considered to be of material importance have been linked to strategic KPIs in order to be able to measure our progress. Strategic KPIs have not yet been specified for two themes: we are still in the process of developing (some of the) KPIs for the new themes 'Innovation' and 'Employee development'.

The table below shows the internal and external impact, insofar as measurement data is available. Customer satisfaction, for example, is only measured in the Netherlands. Safety in connection with our operational activities is a topic that we explicitly wish to report on. However, we do realise that the procurement phase is not yet fully included in this scope, as we are still working on a complete overview of this domain. The table does not include a list of the countries in which we compensate our carbon emissions. More information on this can be found in the section Carbon emissions compensation (page 157). The table only indicates to which of the countries in which Eneco operates a particular material aspect applies and which stakeholders are affected (external impact). Information is also provided on the relevance of each topic in the different stages of the supply chain and the components of Eneco Group to which it applies (internal impact). For an overview of the components of Eneco Group, see the sections Profile (page 151) and the List of principal subsidiaries, joint operations, joint ventures, and associates (page 136). Our supply chain encompasses purchasing, production, distribution and supply (within the organisation) and consumption (outside of the organisation). This is reflected in the table below.

Financial performance

A solid financial basis is essential for continued investment in innovations, infrastructure and energy production facilities necessary for the transition to a sustainable energy supply. This investment is important for society, in terms of the guaranteed availability of energy, for Eneco, in terms of future financial performance, and for stakeholders that have a long-term relationship with Eneco.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK	V	V	V	V	

Main stakeholders	Scope KPI	KPI
Customers, shareholders, investors, providers of capital, employees	Eneco Group	#13 Credit rating
	Eneco Group	#14 ROACE

Energy and emissions

Our aim is to reduce the impact on the planet of the emissions generated by the electricity consumption of our customers. Various climate objectives indicate that emissions reduction is in the interest of society and future generations.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK (and countries in which carbon emissions are compensated (page 157))	V	V	V	V	V

Main stakeholders	Scope KPI	KPI
Customers, investors, employees, environmental organisations, governments	Energy company Eneco excl. Ecofys	#6 Reduction of the effect of the electricity consumption of our customers on climate change, compared with 2012

Sustainable electricity

In order to ensure that the planet remains habitable for future generations, the aim of society is to generate more electricity from sustainable sources. This aim is in line with Eneco's strategic ambitions.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK	V	V		V	V

Main stakeholders	Scope KPI	KPI
Customers, shareholders, investors, providers of capital, employees, environmental organisations, governments	Energy company Eneco excl. Ecofys	#8 Share of sustainable electricity production in total supply portfolio

Customer satisfaction

Customer first is the central theme in our daily activities. In 2014, this resulted in a number of organisational changes, such as the one-stop service counter principle. Customer retention, which starts with creating customer satisfaction, is important for Eneco's financial performance.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands			V	V	V

Main stakeholders	Scope KPI	KPI
Customers	Energy company Eneco	#1 Number of customer contracts Eneco
	Energy company Eneco Consumers Netherlands excl. Oxxio and Woonenergie	#2 Net Promoter Score Eneco
	Stedin	#3 Customer satisfaction Stedin

Safety

Safety, in the form of a safe working environment for our employees and safety for the people around us, is Eneco's number one priority. Safety relates to all aspects of our internal organisation as well as to the environment in which we operate.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK		V	V	V	

Main stakeholders	Scope KPI	KPI
Customers, shareholders, governments, local residents	Eneco Group	#9 Lost Time Injury Rate (LTIR) Group
	Eneco Group	#10 Recordable Incident Frequency (RIF) Group

Grid losses

The reduction of grid losses contributes to two strategic objectives: reduction of harmful emissions and cost control.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands			V		

Main stakeholders	Scope KPI	KPI
Providers of capital, environmental organisations	Eneco Group excl. Ecofys	#7 Reduction of the effect of the electricity consumption of Eneco Group on climate change, compared with 2012

Security of supply

Continuous availability is essential for our customers. This is why Eneco makes targeted investments aimed at minimising the interruption duration. Security of supply is a contributing factor to Eneco's strategic success.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands			V		

Main stakeholders	Scope KPI	KPI
Customers	Stedin	#4 Average interruption duration per affected customer (electricity)
	Stedin	#5 Average interruption duration (gas)

Innovation

The coming years are a crucial period in the process of enabling the transition to a sustainable local energy supply for our customers. Innovation is a decisive factor in this transition. We are working on the development of a KPI that will enable us to measure our progress with respect to innovation.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK		V	V	V	V

Main stakeholders	Scope KPI	KPI
Customers, providers of capital, employees, environmental organisations	Eneco Group	In development

Employee development

Alignment with our mission and strategy as well as well-motivated employees are essential to Eneco's success. We invest in the development of our employees to ensure that they are sufficiently equipped. We are working on the development of a KPI that will enable us to measure our progress with respect to the development of our employees.

Where	Purchasing	Production	Distribution	Supply	Consumption
Netherlands, Belgium, France, UK	V	V	V	V	

Main stakeholders	Scope KPI	KPI
Employees	Eneco Group excl. Ecofys	#11 Internal alignment
	Eneco Group excl. Ecofys	#12 Employee motivation

Scope strategic KPIs

Eneco Group consists of the energy company Eneco and grid operator Stedin. The Group companies (see List of principal subsidiaries, joint operations, joint ventures, and associates (page 136)) are included in the scope of the strategic KPIs as indicated in the table below.

Number	Description	Scope
1	Number of customer contracts Eneco	Energy company Eneco
2	Net Promoter Score Eneco	Energy company Eneco Consumers Netherlands excl. Oxxio and Woonenergie
3	Customer satisfaction Stedin	Stedin
4	Average interruption duration electricity per affected customer	Stedin
5	Average interruption duration gas	Stedin
6	Reduction of effect electricity consumption of customers on climate change compared with 2012	Energy company Eneco excl. Ecofys
7	Reduction of effect electricity consumption of Eneco Group on climate change compared with 2012	Eneco Group excl. Ecofys
8	Share of sustainable electricity production in total supply portfolio	Energy company Eneco excl. Ecofys
9	Lost Time Injury Rate (LTIR) Group	Eneco Group
10	Recordable Incident Frequency (RIF) Group	Eneco Group
11	Internal alignment	Eneco Group excl. Ecofys
12	Employee Motivation Score	Eneco Group excl. Ecofys
13	Credit Rating	Eneco Group
14	ROACE	Eneco Group

GRI index

GRI reference	Description	Explanation	Reference
Strategy and analysis			
G4-01	CEO statement		Interview Jeroen de Haas (page 8), Message from the Board (page 10)
Organisation profile			
G4-03	Organisation name	Eneco Holding N.V.	Profile (page 151)
G4-04	Main products and services		Profile (page 151)
G4-05	Location head office	Rotterdam	Profile (page 151)
G4-06	Countries in which the organisation operates		Profile (page 151) Materiality analysis (page 75)
G4-07	Ownership structure and legal form	Accounting policies for financial reporting-General information	Financial statements, Notes to the consolidated financial statements (page 95), List of principal subsidiaries (page 136) Local connection (page 154)
G4-08	Sales markets, types of customers		Profile (page 151)
G4-09	Organisation size	In 2015, 17.9 TWh electricity (2014: 17.5), 4,625 MCM gas (2014: 4,432) and 10,240 TJ heat (2014: 10,093) was supplied.	Facts and figures (page 7), Workforce (page 166)
G4-10	Number of employees	We do not fully comply with GRI requirements. See Reporting policy (page 72)	Workforce (page 166), Financial statements, Note 5, Headcount (page 106). Dynamic employer (page 60)
G4-11	Number of employees covered by collective employment agreement		Workforce (page 166)
G4-12	Description supply chain		Supply chain responsibility (page 155) and Materiality analysis (page 75)
G4-13	Significant changes relating to the size, structure, ownership or supply chain during the reporting period	Joulz Projects, business unit of the former Joulz, has been positioned within Energy Company Eneco under the name Joulz Energy Solutions (tradename Joulz) as of 1 January 2015. CityTec, formerly part of Joulz, is also part of Energy Company Eneco since 1 January 2015. The business unit Service Provider and the staff departments of the former Joulz merged with Stedin on 1 March 2015. Acquisition of a number of electricity/district heating production sites in Utrecht and the related district heating transmission grid per 1 January 2015. Eneco Innovation & ventures B.V. was established on 5 June 2015. 50% of the shares of Peeeks B.V. were acquired on 18 June 2015 Remaining interests inQuby Products B.V. and Quby International IE B.V. were acquired on 9 July 2015. Jedlix B.V. was established on 19 November 2015	Profile (page 151)

GRI reference	Description	Explanation	Reference
G4-14	Precautionary principle		Risk management (page 158) Reliable energy supply (page 40): Risk control, Prevention of excavation damages Investing in sustainable capacity and production: (page 50) Risks Safety: (page 63) New safety risks Transformation and return on investment: (page 65) Risks
G4-15	Codes and principles	Eneco has operations in foreign 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. Eneco has co-signed the Agreement on Energy for Sustainable Growth.	-
G4-16	Memberships	Memberships include Nederlandse Vereniging Duurzame Energie, Nederlandse Wind Energie Associatie, De Brede Stroomversnelling, DE Unie, Netbeheer Nederland, UNETO/VNI, Energie Nederland, de Groene Zaak and Eurelectric.	-
Materiality and scope			
G4-17	Organisational scope		Financial statements, List of main subsidiaries
G4-18	Process for defining report content		Reporting policy (page 72)
G4-19	Material aspects		Materiality analysis (page 75)
G4-20	Scope material aspects within the organisation		Materiality analysis (page 75) Scope bij strategische kpi's (page 79)
G4-21	Scope material aspects outside the organisation		Materiality analysis (page 75)
G4-22	Restatements compared with previous reporting periods	We no longer report the number of customers but, instead, the number of contracts (excluding transmission)	Connection with customers (page 30)
G4-23	Significant changes from previous reporting periods	Two additional themes of material importance: Innovation and Employee development Scope strategic KPIs brought in line with changes in organisation and new KPIs	Strategic KPIs (page 4) Scope strategic KPIs (page 79) Reporting policy (page 72)
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organisation		Stakeholders (page 26), Reporting policy (page 72)
G4-25	Basis for identification and selection of stakeholders with whom to engage		Stakeholders (page 26) Reporting policy (page 72)
G4-26	Approaches to stakeholder engagement		Stakeholders (page 26), Reporting policy (page 72)
G4-27	Key topics for discussion		Stakeholders (page 26) Reporting policy (page 72)

GRI reference	Description	Explanation	Reference
Reporting parameters			
G4-28	Reporting period	1 January 2015 to 31 December 2015	-
G4-29	Date of most recent previous report	20 February 2015 relating to financial year 2014	-
G4-30	Reporting cycle	Calendar year	-
G4-31	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.	-
G4-32	In accordance option	Reasonable assurance has been obtained with respect to the strategic KPIs and the application of GR4 Core	Financial statements, Other information, Assurance report
			-
G4-33	Assurance policy		Reporting policy (page 72)
Governance			
G4-34	Governance structure		Corporate governance (page 153)
Ethics and integrity			
G4-56	Organisational values, principles, standards and standards of conduct		Integrity and compliance management (page 164) Code of Conduct Compliance with Code of Conduct statement (page 163)

Indicators

Specific Standard Disclosures

Aspect	GRI reference	Material theme	Explanation	Reference
Financial				
Financial performance	DMA	Financial performance	See KPIs 13 and 14 in Strategic KPIs (page 4)	Redefined strategy (page 16) Financieel rendement (page 65)
	G4-EC1		See Revenues from energy sales and transmission and energy-related activities, Other revenues, Employee benefits, Other operating expenses, Government grants, Share of profit of associates and joint ventures, Financial income and expenses, Income tax, Profit after income tax and Profit distribution in the Consolidated income statement, Consolidated cash flow statement and Consolidated statement of changes in equity and the associated notes. See also Financial result 2015 and Financial return. See the Segment information note for Revenues by country. Eneco reports income taxes at group level and not by country.	Progress (page 30), Financial statements (page 89), Geographical breakdown of revenues (page 133), Financial result 2015 (page 65), Financial (page 65)
Reserch & Development	DMA	Innovation	KPI in development	Redefined strategy (page 16), Innovation (page 52) (introduction) Materiality analysis (page 75)
Transmission and distribution efficiency	EU-12	Grid losses	The total grid loss for electricity amounts to 4.8% of the distribution (3.7% technical and 1.1% administrative)	Materiality analysis (page 75) (Grid losses)
Environment				
Emissions	DMA	Energy and emissions	See KPI 6 in Strategic KPIs (page 4)	Materiality analysis (page 75) Production-related carbon emissions (page 51) One Planet (page 43)

Aspect	GRI reference	Material theme	Explanation	Reference
	G4-EN18		See KPI 6 in Strategic KPIs (page 4) Concerns the greenhouse gas emissions intensity of the electricity consumed by our customers. The ratio is gram per kWh. It includes all emissions prior to and during production. The emissions consist largely of CO_2. CH_4 and N_2O are included in the calculation (converted to CO_2). See KPI 7 in Strategic KPIs (page 4) This KPI shows the reduction compared with 2012 of the emissions of the greenhouse gases CO_2, CH_4 and N_2O related to the electricity consumption of the buildings of Eneco Group excl. Ecofys and to the grid losses associated with the transmission of electricity. This KPI does not include emissions of the greenhouse gas SF6 and the greenhouse gas emissions in connection with mobility.	Production-related carbon emissions (page 51) One Planet (page 43)
Products and services	DMA	Sustainable electricity	See KPI 8 in Strategic KPIs (page 4)	Investing in sustainable capacity and production (page 47) One Planet (page 43) Materiality analysis (page 75)
	G4-EN27		See KPI 8 in Strategic KPIs (page 4)	Sustainable capacity and production (page 47)
Social: subcategory employer				
Safety and health	DMA	Safety	See KPIs 9 and 10 in Strategic KPIs (page 4)	Materiality analysis (page 75) Safety (page 62)
	G4-LA06		See KPIs 9 and 10 in Strategic KPIs (page 4) We do not fully comply with GRI requirements, see Reporting policy (page 72)	Safety (page 62),
Training and development	DMA	Employee development		Message from the Board (page 10)
	G4-LA10		See KPIs 11 and 12 in Strategic KPIs (page 4) relating to Employee alignment and Employee motivation. KPI for Employee development is in development.	Dynamic employer (page 60)
Social: subcategory product responsibility				
Offering products and services	DMA	Customer satisfaction	See KPIs 2 and 3 in Strategic KPIs (page 4)	Materiality analysis (page 75) Customer satisfaction Eneco (page 34), Customer satisfaction Stedin (page 36)
	G4-PR5		See KPIs 2 and 3 in Strategic KPIs (page 4)	Customer satisfaction Eneco (page 34), Customer satisfaction Stedin (page 36)
Access to energy	DMA	Security of supply	See KPIs 4 and 5 in Strategic KPIs (page 4)	Materiality analysis (page 75) (Security of supply).
	EU29			Reliable energy supply (page 40)

Sector Supplement Electric Utilities

Aspect	GRI reference	Material theme	Explanation	Reference
Mandatory indicators				
Installed electricity production capacity	EU1		See KPI 8 in Strategic KPIs (page 4)	Investing in sustainable capacity and production (page 47)
Installed production capacity				Investing in sustainable capacity and production (page 47)
Electricity production	EU2		See KPI 8 in Strategic KPIs (page 4)	Investing in sustainable capacity and production (page 47)
Number of customers	EU3		See KPI 1 in Strategic KPIs (page 4) We no longer report the number of customers but, instead, the number of contracts (excluding transmission). Since we specified this new kpi only recently, we make no distinction in this report by type of contract. Consequently, We do not fully comply with GRI requirements. Also see Reporting policy (page 72)	Connection with customers (page 30) (number of contracts remains the same)
Length of cables and pipelines of energy distribution grids	EU4		We only report the total length of electricity cables and gas pipelines. Consequently, We do not fully comply with GRI requirements. Also see Reporting policy (page 72)	See stedin annual report, http://www.stedin.net/over-stedin/jaarverslagen-en-publicaties
CO_2-compensation	EU5		With regard to the mandatory emissions trading (EU-ETS) all right are purchased via ICE (trading platform). The number of emission rights submitted by Eneco to the Dutch Emissions Authority in 2015 is equal to the number of verified emissions for the compensation of carbon emissions from Eneco's own production facilities and purchased production that we are required to compensate. The preliminary estimate of carbon emissions from plants and the production of heating is 1.7 million tonnes, 10% of which was obtained for free by means of allocation. At the end of March, these numbers will be finalised in the form of the verified emissions report and the emission rights will be submitted on 30 April 2016 at the latest.	See Investing in sustainable capacity and production (page 47): Guarantees of Origin Carbon emissions compensation and GOs (page 157)

Report of the Supervisory Board

Sights set on the future

The Supervisory Board hereby presents the 2015 Annual Report and Financial Statements for Eneco Holding N.V., as prepared by the Board of Management.

Redefined strategy Eneco

In order to remain relevant for current customers and to be able to attract new customers, Eneco redefined its strategy in 2015. The central aspect of this strategy is to strengthen the relationship with society, citizens and businesses with the aim to work together on creating a sustainable and local energy supply. To achieve this, Eneco places a strong emphasis on innovation, collaboration and acceleration. The Supervisory Board supports, and is closely involved in, the development of this approach and monitors the progress that is being made with interest.

Themes in 2015

The Supervisory Board is aware of and pays attention to the high level of intensity required from the management of the company with respect to the different focus areas. This intensity stems from controlling the operations of the company and the development and implementation of the strategy against the background of the unbundling issue, which also demands a lot of attention from the Board of Management.

During the meetings of the Supervisory Board in 2015, extensive attention was paid to the abovementioned development of the strategy. Topics discussed by the Supervisory Board include the future profile of the company, the related activities and partners or partnerships and the structure of new earnings models. In connection with this, the Board also discussed the required internal organisational and cultural changes. The strategy was firmly anchored in the organisation in the past year, including the specification of strategic KPIs and milestones. Another important theme in 2015 related to the proceedings in connection with the group prohibition, the ruling of the Supreme Court on June 26, and the way in which the company is preparing for unbundling. Other items that were addressed by the Supervisory Board were the improvement of performance, Eneco's business plan, the financial results and (the mitigation of) company-related risks.

Supervisory Board composition and working method

Consultations and attendance

The Supervisory Board held seven regular meetings in 2015, one of which was attended by Deloitte Accountants. Management representatives frequently participated in discussions on a variety of topics. Two Board members took part in rotation in the consultation meetings of the Central Works Council.

The Chairman of the Supervisory Board and the Chairman of the Board of Management met once a month and members of both boards discussed matters regularly either in person or by telephone. During the period that the chairman of the Board of Management was on special leave, the chairman of the Supervisory Board (and, on one occasion, the vice-chairman of the Supervisory Board) met with the other three members of the Board of Management every two weeks. In addition to attending the regular meetings, the chairman of the Supervisory Board was also actively and closely involved in the important themes in 2015.

Committees

Selection and Appointment Committee

The Selection and Appointment Committee (S&A Committee) met twice in 2015. In addition, the S&A Committee (or, in some cases, a delegation of this committee) met several times with a delegation of the shareholders in connection with the selection and appointment of a new member with management experience in the public sector who would succeed Klaas de Vries.

Under the lead of the S&A Committee, the Supervisory Board selected and appointed two Supervisory Board members in 2015, Rob Zandbergen and Atzo Nicolaï, and discussed the reappointment of Mirjam Sijmons. Mirjam Sijmons was reappointed and Rob Zandbergen was appointed as member of the Supervisory Board on 23 March 2015. Rob Zandbergen has a broad financial background and will also be a member of the Audit Committee. Atzo Nicolaï was appointed as member of the Supervisory Board on 18 September 2015. Mr Nicolaï has ample experience in the domain of public administration and will

succeed Klaas de Vries, who will step down in March 2016. In connection with the wish of the shareholders to appoint someone with experience in, and affinity with, public administration in the Supervisory Board, a delegation of the shareholders was closely involved in the process of his selection and appointment. At present, the Supervisory Board temporarily consists of eight members.

Audit committee
The Audit Committee held eight meetings, one of which by telephone, all of which with the participation of Deloitte Accountants and, occasionally, in the presence of the internal auditor. The chairman of the Supervisory Board also attended the meetings regularly to provide support.

In the presence of Deloitte Accountants, the Audit Committee discussed and assessed annually recurring topics such as the 2014 annual report, the independent auditor's report for 2014, the 2015 half-year report, the audit plan and the 2015 management letter. The reports of the Internal Audit department were discussed and attention was paid to the follow-up of the findings. The Treasury Charter was updated at the end of 2015. Particular attention was paid in 2015 to the first financial analyses of the consequences of the possible unbundling of the company. Other specific topics were cyber security and compliance and integrity.

Remuneration committee
The Remuneration Committee met four times. Under the lead of the Remuneration Committee, the Supervisory Board met with a delegation of the shareholders to discuss the wish of the shareholders to update the remuneration policy for the Board of Management of Eneco Holding. The revised remuneration policy, as adjusted by the Supervisory Board in the past period using input provided by the shareholders, will be presented to the General Shareholders' Meeting for adoption in March 2016. The Remuneration Report is available on Eneco's corporate website. The remuneration of the members of the Board of Management and the Supervisory Board is detailed further in the section Remuneration 2015 (page 71) of this Annual Report.

Strategic Committee
A Strategic Committee was set up at the end of 2015. This committee discusses and makes preparations for meetings on all aspects relating to the unbundling of the organisation and met once, by telephone, in 2015.

Theme groups

Members of the Supervisory Board participated in an extensive and open dialogue with the organisation in 2015, in various theme groups (strategy, customers and financial strategy). This has added an extra dimension to the role of the Supervisory Board as sounding board for the Board of Management.

Internal and external connections

To properly perform its task as Eneco's Supervisory Board, the Supervisory Board maintains direct contact with the business. The agenda of a working visit by the Supervisory Board to the province of Groningen in 2015 included a tour of Eneco's bioenergy plant Bio Golden Raand, the collaboration with AkzoNobel and the relationship with Groningen Seaports. Furthermore, the Supervisory Board paid visits to parts of Eneco Group and participated in Eneco's Innovation Day as well as the Environmental Dinner, which was attended by Eneco's major stakeholders and partners. The Supervisory Board also met with the members of Stedin's Supervisory Board in 2015.

Members of the Supervisory Board and the Board of Management held regular consultations with the Shareholders Committee and the Rotterdam, The Hague and Dordrecht shareholders. Topics addressed included the transformation of Eneco, local and international developments and the proceedings in connection with group prohibition.

The constructive and open nature of the dialogue with the shareholders, in which the Supervisory Board also took part, contributed to the good relations. The shareholders' support with respect to Eneco's strategy and the unbundling issue is widely appreciated.

Self-assessment

The Supervisory Board also critically monitors its own performance. Collaboration between members and with the Board of Management is a regular topic of discussion. In addition, the members of the Supervisory Board discussed the results of their self-assessments among themselves in the first half of 2015.

Advice

Eneco concluded 2015 with a satisfactory result. The Supervisory Board would like to thank the management, employees and all Eneco's external partners for their dedication, commitment and efforts.

The Supervisory Board views the future of the company with confidence and fully supports Eneco's sustainable course. The Supervisory Board would advise the shareholders to adopt the 2015 Financial Statements.

On behalf of the Supervisory Board Eneco Holding N.V.

E.H.M. van den Assem

Rotterdam, 19 February 2016

Attendance overview Supervisory Board Eneco

Vergaderdatum[1]	Edo van den Assem	Mirjam Sijmons	Klaas de Vries	Henk Dijkgraaf	Marike van Lier Lels	Marco Keim	Rob Zandbergen	Atzo Nicolaï
23 January	_	x	x	x	x	x	0	0
20 February	_	x	x	x	x	x	0	0
20 March	x	x	x	_	x	x	0	0
22 Nay	x	x	x	x	x	x	x	0
3 July	_	_	x	x	x	x	x	0
18 September	x	x	x	x	x	x	x	0
12 and 13 November	x	x	x	x	x	x	x	x
0 not yet appointed, x present, - not present								

[1] In addition to attending the regular Supervisory Board meetings, members of the Supervisory Board also frequently met with various stakeholders of the organisation (also see the paragraph on Supervisory Board composition and working method).

Financial statements

Consolidated financial statements 2015

Consolidated income statement

x € 1 million	Note	2015	2014
Revenues from energy sales and transmission and energy related activities	3	4,054	4,343
Purchases of energy and transmission and energy related activities		2,417	2,766
Gross margin		**1,637**	**1,577**
Other revenues	4	228	247
Gross margin and other operating revenues		**1,865**	**1,824**
Employee benefit expenses	5	394	414
Cost of contracted work and other external costs		616	653
Depreciation and impairment of property, plant and equipment	13	461	289
Amortisation and impairment of intangible assets	14	34	56
Other operating expenses		26	49
Operating expenses		**1,531**	**1,461**
Operating profit		**334**	**363**
Share of profit of associates and joint ventures	7	9	14
Financial income	8	6	14
Financial expenses	9	–80	–114
Profit before income tax		**269**	**277**
Income tax	10	–61	–71
Profit after income tax from continued operations		**208**	**206**
Profit after income tax from discontinued operations	11	-	-
Profit after income tax		**208**	**206**
Profit distribution:			
Profit after income tax attributable to holders of Eneco Holding N.V. perpetual subordinated bonds		12	1
Profit (loss) after income tax attributable to non-controlling interests		-	-
Profit after income tax attributable to shareholders of Eneco Holding N.V.		196	205
Profit after income tax		**208**	**206**

Consolidated balance sheet

x € 1 million	Note	At 31 December 2015	At 31 December 2014
Non-current assets			
Property, plant and equipment	13	7,487	7,526
Intangible assets	14	315	338
Associates and joint ventures	16	61	58
Deferred income tax assets	17	5	4
Financial assets			
- Derivative financial instruments	18	184	144
- Other financial assets	19	42	62
Total non-current assets		**8,094**	**8,132**
Current assets			
Assets held for sale	20	325	121
Intangible assets		23	11
Inventories		71	59
Trade receivables	21	604	747
Other receivables [1]	22	196	164
Derivative financial instruments	18	221	248
Cash and cash equivalents	23	367	606
Total current assets [1]		**1,807**	**1,956**
TOTAL ASSETS [1]		**9,901**	**10,088**
Equity			
Equity attributable to Eneco Holding N.V. shareholders	24	4,845	4,683
Perpetual subordinated bonds	24	501	501
Non-controlling interests	24	4	4
Total equity		**5,350**	**5,188**
Non-current liabilities			
Provisions for employee benefits	25	34	32
Other provisions	26	82	86
Deferred income tax liabilities	17	431	424
Derivative financial instruments	18	141	176
Interest-bearing debt	27	1,789	1,785
Other liabilities	28	438	419
Total non-current liabilities		**2,915**	**2,922**
Current liabilities			
Liabilities held for sale	20	18	1
Provisions for employee benefits	25	8	3
Other provisions	26	5	30
Derivative financial instruments	18	164	225
Interest-bearing debt	27	54	115
Current income tax liabilities		87	42
Trade and other liabilities [1]	28	1,300	1,562
Total current liabilities [1]		**1,636**	**1,978**
TOTAL EQUITY AND LIABILITIES [1]		**9,901**	**10,088**

[1] 2014 figures restated for comparative purposes.

Consolidated statement of comprehensive income

x € 1 million	2015	2014
Profit after income tax	**208**	**206**
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 rate differences	22	20
Unrealised gains and losses on cash flow hedges	72	–4
Deferred tax liabilities on cash flow hedges and hedge of net investment in foreign operations	–18	1
Total other comprehensive income	**76**	**17**
Total comprehensive income	**284**	**223**
Profit distribution:		
Holders of Eneco Holding N.V. perpetual subordinated bonds (after income tax)	12	1
Non-controlling interests	-	-
Shareholders of Eneco Holding N.V.	272	222
Total comprehensive income	**284**	**223**

Consolidated cash flow statement

x € 1 million	2015	2014
Profit after income tax	**208**	**206**
Adjusted for:		
· Financial income and expense recognised in profit or loss	74	100
· Income tax recognised in profit or loss	61	71
· Share of profit of associates and joint ventures	–9	–14
· Depreciation, amortisation and impairment	495	345
· Result from sale of tangible and intangible assets	5	10
· Movements in working capital	–88	141
· Movements in provisions, derivative financial instruments and other	34	57
Cash flow from business operations	**780**	**916**
Dividend received from associates and joint ventures	2	1
Interest paid	–75	–96
Interest received	7	7
Other financial income received	-	5
Income tax paid / received	–25	–3
Cash flow from operating activities	**689**	**830**
Issued loans granted	–18	–5
Repayments of loans granted	27	50
Acquisition of subsidiaries	–50	–31
Acquisition of joint operations, joint ventures and associates	–1	–4
Disposal of joint operations, joint ventures and associates	3	-
Investments in property, plant and equipment	–706	–839
Disposal of property, plant and equipment	21	3
Investments in intangible assets	–9	–3
Disposal of assets held for sale	34	85
Cash flow from investing activities	**–699**	**–744**
Dividend payments	–104	–120
Issue of perpetual subordinated bonds	-	493
Coupon on perpetual subordinated bonds	–16	-
Repayment of non-current interest-bearing debt	–37	–178
Repayment of current interest-bearing debt [1]	–70	–11
Non-current interest-bearing debt issued	6	9
Current interest-bearing debt issued [1]	-	70
Acquisition of non-controlling interests	–8	-
Cash flow from financing activities	**–229**	**263**
Movements in cash and cash equivalents:	**–239**	**349**
Balance of cash and cash equivalents at 1 January	606	238
Balance of cash and cash equivalents in acquired subsidiaries	-	23
Balance of cash and cash equivalents on disposed subsidiaries and disposal of consolidated entities	-	–4
Balance of cash and cash equivalents at 31 December	**367**	**606**

[1] 2014 figures restated for comparative purposes.

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	Perpetual subordinated bonds	Non-controlling interests	Total equity
At 1 January 2014	**497**	**381**	**861**	**4**	**–32**	**2,636**	**241**	**4,588**	**-**	**5**	**4,593**
Reclassification depreciation regulated networks (after tax)	-	-	–40	-	-	40	-	-	-	-	-
Translation result	-	-	-	20	-	-	-	20	-	-	20
Unrealised gains and losses on cash flow hedges	-	-	-	-	–4	-	-	–4	-	-	–4
Deferred tax liabilities on cash flow hedges	-	-	-	-	1	-	-	1	-	-	1
Total other comprehensive income	**-**	**-**	**–40**	**20**	**–3**	**40**	**-**	**17**	**-**	**-**	**17**
Profit after income tax 2014	-	-	-	-	-	-	205	205	1	-	206
Total comprehensive income	**-**	**-**	**–40**	**20**	**–3**	**40**	**205**	**222**	**1**	**-**	**223**
Profit appropriation 2013	-	-	-	-	-	121	–121	-	-	-	-
Dividend payments relating to 2013	-	-	-	-	-	-	–120	–120	-	–1	–121
Discount and issue costs of perpetual subordinated bonds	-	-	-	-	-	–8	-	–8	-	-	–8
Tax on coupon and issue costs of perpetual subordinated bonds	-	-	-	-	-	1	-	1	-	-	1
Issue of perpetual subordinated bonds	-	-	-	-	-	-	-	-	500	-	500
Reclassification	-	-	-	–1	-	1	-	-	-	-	-
At 31 December 2014	**497**	**381**	**821**	**23**	**–35**	**2,791**	**205**	**4,683**	**501**	**4**	**5,188**
Reclassification depreciation regulated networks (after tax)	-	-	–42	-	-	42	-	-	-	-	-
Translation result	-	-	-	22	-	-	-	22	-	-	22
Unrealised gains and losses on cash flow hedges	-	-	-	-	72	-	-	72	-	-	72
Deferred tax liabilities on cash flow hedges	-	-	-	-	–18	-	-	–18	-	-	–18
Total other comprehensive income	**-**	**-**	**–42**	**22**	**54**	**42**	**-**	**76**	**-**	**-**	**76**
Profit after income tax 2015	-	-	-	-	-	-	196	196	12	-	208
Total comprehensive income	**-**	**-**	**–42**	**22**	**54**	**42**	**196**	**272**	**12**	**-**	**284**
Profit appropriation 2014	-	-	-	-	-	102	–102	-	-	-	-
Dividend payments relating to 2014	-	-	-	-	-	-	–103	–103	-	-	–103
Capital contribution	-	-	-	-	-	-	-	-	-	1	1
Coupon on perpetual subordinated bonds	-	-	-	-	-	-	-	-	–16	-	–16
Tax on coupon on perpetual subordinated bonds	-	-	-	-	-	-	-	-	4	-	4
Acquisition of non-controlling interests	-	-	-	-	-	–8	-	–8	-	-	–8
Reclassification	-	-	-	-	-	1	-	1	-	–1	-
At 31 December 2015	**497**	**381**	**779**	**45**	**19**	**2,928**	**196**	**4,845**	**501**	**4**	**5,350**

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, interests in joint operations and joint ventures and associates (referred to as a group as 'Eneco', 'Eneco Group' or the 'Group').

Eneco Group focuses on innovative energy services and products that allow customers to save energy or generate sustainable energy, jointly or alone, and feed it in to the energy network. Eneco also transmits energy (electricity, gas and heating). In line with its mission of 'sustainable energy for everyone', the Eneco Group is investing in making the supply chain more sustainable with the aim of keeping energy clean, available and affordable for customers into the future. In addition to the Netherlands, Eneco operates in Belgium, Germany, France and the United Kingdom.

Eneco's main strategic alliances are its investments and participating interests in onshore and offshore wind farms and start-ups, and memberships of co-operatives. Eneco is also a member of the Enecogen VOF power station partnership and has an interest in Groene Energie Administratie B.V. (Greenchoice).

There is more information on the composition of the Group and the classification under IFRS in the 'Segment information' and 'List of principal subsidiaries, joint operations, joint ventures and associates' sections.

The consolidated financial statements have been prepared by the company's Board of Management for publication on 9 March 2016. The 2015 financial statements were signed by the Supervisory Board during its meeting on 19 February 2016 and will be presented for adoption by the General Shareholders' Meeting on 23 March 2016.

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

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in force at 31 December 2015, 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 operations, 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

Effective from 1 January 2015, the European Commission has adopted the following new or amended IFRS standards that are relevant to Eneco and they have been applied to the 2015 financial statements:

- IFRIC 21 'Levies' addresses the issue of when to recognise a liability for a levy. It covers liabilities imposed on an entity by local, national or international governments by law or regulations, other than taxes covered by another standard (e.g. income taxes under IAS 12 'Income Taxes') and fines and other penalties arising from failure to comply with laws or regulations. A key concept in IFRIC 21 is an 'obligating event': this is an event or activity that triggers the tax or levy. Eneco has assessed the main categories of taxes and levies, including municipal property tax (OZB) and municipal tax for encroachments on or over public land, in this context. This does not require changes to existing accounting procedures. Consequently, this new interpretation does not have consequences for the 2015 figures.

- Annual Improvements: 2010-2012 Cycle: these are minor adjustments and improvements to existing standards. The main points for Eneco are:

  - IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': these changes set detailed rules for the measurement of an item of property, plant and equipment or an intangible asset at fair value ('revaluation model') with regard to revaluation of the asset's gross carrying amount and accumulated depreciation/amortisation; these changes do not have consequences for the 2015 figures since these assets have not been revalued during the year;

  - IFRS 3 'Business Combinations': this change clarifies that contingent consideration on a reporting date must always be established at fair value, regardless of whether this amount can or cannot be classified as a financial instrument according to IAS 39 'Financial Instruments: Recognition and Measurement'. Changes in fair value are recognised in profit or loss unless they occur within the one-year period ('measurement period'); the change does not have consequences for the 2015 figures;

  - IFRS 8 'Operating Segments': the changes require management to disclose the judgements made when applying the aggregation criteria to segments, including a description of those segments and economic indicators that have been assessed when determining that the aggregated business segments share similar economic characteristics. The reconciliation of the assets of each business segment and the total assets only has to be disclosed if the assets of these segments are reported periodically to the 'chief operating decision-maker' (in Eneco's case, the Board of Management). Eneco does not apply these aggregation criteria but does aggregate certain business segments that are not regarded separately as "reporting segments". In addition, Eneco already discloses the reconciliation of assets in the notes to the segment information.

The following amendments to existing IFRS standards are relevant to Eneco and have been adopted by the European Commission but are not mandatory for 2015. They will be applied from 1 January 2016.

- IFRS 11 'Joint Arrangements': this is an amendment that states that if a joint operation constitutes a 'business', the investment in that joint operation must be treated as a business combination applying the principles of IFRS 3 'Business Combinations'. This means that all assets and liabilities must be measured at fair value and, if applicable, goodwill must be recognised.

- IAS 1 'Presentation of financial statements': this is the first amendment to this standard as part of the IASB 'Disclosure Initiative' project and addresses revisions to notes to the financial statements, including:

  - Materiality and aggregation: an entity may not obscure significant information in the financial statements by, for example, aggregating material and non-material information or by aggregating certain material items that differ by nature or function. It is not necessary to present a specific note on an item if the information in this note is not material even if another IFRS standard requires a note on that item;

  - Clarification in the standard of the inclusion or omission of a separate line item in the balance sheet and income statement (and the statement of comprehensive income);

  - Statement of comprehensive income: clearer presentation of the share of equity-accounted joint ventures and associates in the statement of comprehensive income;

  - Notes: entities have flexibility in setting the order of the notes in the financial statements and these amendments demonstrate how a systematic order for the notes should be determined.

Other amendments and interpretations that are not relevant to Eneco or that have not yet been adopted by the European Commission are not addressed further.

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 operations, non-consolidated joint ventures, 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. 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. 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. Intercompany balance sheet positions, 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 operations / Joint ventures

Joint operations and joint ventures are entities for alliances in respect of which there are contractual undertakings with one or more parties under which they have joint decisive control over that entity. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint operations are recognised using the 'proportional recognition method' while joint ventures are recognised using the equity method in accordance with the accounting policies of the Eneco Group from the date on which joint control is obtained until the date on which that joint control no longer exists. Under the proportional recognition method, Eneco's assets, liabilities, income and expenses of joint operations are recognised in the consolidated financial statements along with a proportionate amount of those of the interest in these joint operations.

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 significant 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 2015 financial statements are summarised below. The accounting policies used in these financial statements are consistent with the accounting policies applied in the 2014 financial statements, except for the effect of new and amended standards as set out in 1.2 'New and amended IFRS standards'.

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 operation, 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 operation, 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 terms. The group accounting policies are also applied in the segment reports. The results of individual segments do not include financial income and expense, share of profit of associates and joint ventures or the tax charge.

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.

Regulated sales of electricity, gas and metering services to large-volume consumers are billed monthly based on meter readings. The mandatory suppliers model for retail consumers has been in place since 1 August 2013. Transmission revenues are billed to the grid operator by energy suppliers with a one month delay.

Actual costings under the applicable regulatory method settled through regulated tariff decisions are recognised as revenue in the year in which the tariff is actually generated on the basis of the service provided in that year.

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 reasonably 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.

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 from other capital interests, 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

Stedin's 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.

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 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.

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 operations is recognised in the balance sheet as intangible assets. Goodwill paid to acquire an interest in a joint venture or associate is included in the cost of acquisition.

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. The residual value of these assets is nil.

The following useful lives are applied:

Categorie	Useful life in years
Customer databases	5 - 20
Licences	3 - 30
Software	3 - 5
Concessions, permits and rights	3 - 30
Development costs	5 - 15

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.

Deferred tax assets are recognised for temporary differences available for relief, tax losses carried forward and 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 assets for all temporary differences available for relief relating to investments in subsidiaries, joint operations and interests in associates and joint ventures are only recognised if it is probable that the temporary difference will be settled in the near future and that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, joint operations and interests in associates and joint ventures, unless Eneco can determine the time at which the temporary difference will be settled 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.

Net investment hedge accounting is applied to mitigate translation differences on foreign non-euro operations. Application of this type of hedge accounting means that foreign currency exchange differences arising from translation of foreign operations and those on financial instruments (such as loans) allocated to them are recognised through the translation reserve (taking into account deferred tax) until the end of the hedging relationship or earlier termination.

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 Perpetual subordinated bonds

The perpetual subordinated bonds are measured at face value. The discount and transaction costs relating to the issue of the bonds, the annual coupon interest and associated tax effects are recognised through equity.

2.19 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). A limited number of employees have individual plans insured with various insurance companies.

The amount of the pension depends on age, salary and years of service. Employees may opt to retire earlier or later than the state retirement age (ABP - between 60 and the state retirement age plus 5 years; PMT - between 62 and the state retirement age), in which case their pension is adjusted accordingly.

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 pay out amounts related to long-service benefits and on the retirement of employees. A provision is also recognised for the obligation to contribute towards the health insurance premiums of retired employees, salary payments in the event of illness and the employer's risk under the Unemployment Act. Where appropriate, 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 assessment of the time value of money.

2.20 Other provisions

A provision is recognised when, due to a past event, there is a present legal or 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 assessment 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 formal plan for the restructuring has been approved and its main features have been announced to those affected by it and there is a valid expectation that the restructuring will be carried out. A restructuring provision only includes the expenditures necessarily entailed by the restructuring and not those relating to continuing activities.

2.21 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.

2.22 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.

2.23 Trade and other payables

Trade payables and other financial liabilities are initially recognised at fair value and subsequently at amortised cost. Due to the usually short-term of these liabilities, fair value and amortised cost are generally virtually equal to the face value.

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

	2015	2014
Electricity	2,066	2,207
Gas	1,662	1,793
District heat	220	247
Energy-related activities	106	96
Total	**4,054**	**4,343**

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

	2015	2014
Operation of street lighting	52	60
Infrastructural works	69	99
Government grants and payment collection services	13	10
Other	94	78
Total	**228**	**247**

5. Employee benefits

	2015	2014
Wages and salaries	285	293
Social security contributions	40	42
Pension contributions	34	41
Other employee benefits	35	38
Total	**394**	**414**

Employee benefits of € 20 million (2014: € 23 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 € 517 million (2014: € 526 million).

Headcount

The table below shows headcount by business segment expressed in full-time equivalents (FTE) at year-end. See 'Segment information' for further information on the composition of the segments.

FTE	At 31 December 2015	At 31 December 2014[1]
Energy company Eneco	2,997	3,282
Stedin	2,826	2,956
Other	766	669
Total	**6,589**	**6,907**
• of whom, working outside the Netherlands	303	324

[1] 2014 figures restated for comparative purposes following changes to segmentation.

In 2015, average headcount expressed in FTEs was 6,711 (2014: 7,023).

6. Remuneration of the Board of Management and Supervisory Board

The remuneration policy for the Board of Management (see 'Remuneration 2015' in the annual report) 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 2015 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 20% of the total salary. In 2015, the variable salary was again dependent on performance criteria including socially-relevant results. The main criteria for the variable salary were:

- Customer satisfaction (Consumers, Business and Stedin);
- Financial results (EBIT);
- Performance (cost measures);
- Eneco's long-term growth (strong growth in Toon thermostat); and
- Innovation and long-term targets (new prospects, partners, innovation structure).

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.

Total remuneration was as follows:

Remuneration of the Board of Management

x € 1,000	Gross salary	Variable remuneration	Pension contributions	Other	Total 2015
J.F. de Haas [1]	424	96	28	51	599
C.J. Rameau	377	71	23	35	506
G.A.J. Dubbeld	377	71	23	35	506
M.W.M. van der Linden	337	58	21	26	442
Total	**1,515**	**296**	**95**	**147**	**2,053**

[1] Remuneration adjusted in connection with special leave during 2015.

Since 1 January 2015, tax facilities for accrual of pension entitlements have been limited to a maximum gross annual salary of € 100,000. As a result, the short-term contribution to pensions for the part of the gross salary over € 100,000 has taken a different form and is presented in the 'Other' column.

x € 1,000	Gross salary	Variable remuneration	Pension contributions	Total 2014
J.F. de Haas	491	118	84	693
C.J. Rameau	366	89	63	518
G.A.J. Dubbeld	361	82	60	503
M.W.M. van der Linden	294	66	46	406
Total	**1,512**	**355**	**253**	**2,120**

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 joint ventures

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

	2015	2014
Share in net profit	7	11
Result on disposal	3	3
Impairment	–1	-
Total	**9**	**14**

8. Financial income

	2015	2014
Interest income	6	7
Result on disposal of other capital interests	-	5
Other	-	2
Total	**6**	**14**

9. Financial expenses

	2015	2014
Interest expense	74	87
Interest added to provisions	4	5
Impairment of financial fixed assets	1	12
Other	1	10
Total	**80**	**114**

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:

	2015	2014
Current tax expense	77	47
Movements in deferred taxes	–15	28
Adjustment for prior years movements deferred taxes	–1	– 4
Income tax	**61**	**71**

The movements in deferred taxes include a reduction of € 4 million in the Energy Investment Allowance to be amortised (2014: increase of € 7 million).

The table below shows the current tax expense:

	2015	2014
Profit before income tax	**269**	**277**
Participation exemption	–9	–12
Non tax-deductible expenses	6	36
Depreciation at non-statutory rates	48	–15
Addition to provisions treated differently for tax purposes	–4	–18
Disallowable losses	1	29
Adjustment prior years results	–4	–15
Taxable profit	**307**	**282**
Carry forward of losses	-	–96
Taxable amount	**307**	**186**
Nominal tax rate	25.0%	25.0%
Current tax expense	**77**	**47**

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

	2015	2014
Nominal tax rate	25.0%	25.0%
Effect of:		
- Participation exemption	–0.9%	–1.1%
- Non tax-deductible expenses	0.6%	3.2%
- Tax incentives (Energy Investment Allowance, EIA scheme)	–2.1%	–1.8%
- Other	0.1%	0.3%
Effective tax rate	**22.7%**	**25.6%**

11. Result after tax on discontinued operations

No operations previously classified as discontinued operations were settled during 2015 and no new operations have been classified as such. A few discontinued operations (of a limited size) still had to be settled at year-end 2015.

12. Government grants

Government grants recognised in the result were as follows:

	2015	2014
Environmental Quality of Electricity Production (MEP scheme)	93	92
Energy Investment Allowance (EIA scheme)	6	4
Stimulation Sustainable Energy Production (SDE scheme)	46	12
Other government grants	1	–
Total	**146**	**108**

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 2014	**85**	**2,576**	**7,447**	**193**	**438**	**10,739**
Investments	-	36	439	2	362	839
Acquisitions	-	29	-	-	2	31
Disposals	-	–9	–17	–12	–1	–39
Reclassification from / to assets held for sale	-	–23	–61	-	-	–84
Reclassification other	5	333	44	–1	–389	–8
Translation differences	-	11	-	-	8	19
At 31 December 2014	**90**	**2,953**	**7,852**	**182**	**420**	**11,497**
Investments	1	37	350	4	314	706
Acquisitions	20	27	-	-	-	47
Disposals	-	–19	–33	–21	-	–73
Reclassification from / to assets held for sale	-	-	–516	–1	–4	–521
Reclassification other	3	611	–87	–1	–528	–2
Translation differences	-	12	-	-	7	19
At 31 December 2015	**114**	**3,621**	**7,566**	**163**	**209**	**11,673**
Accumulated depreciation and impairment						
At 1 January 2014	**24**	**958**	**2,664**	**112**	**3**	**3,761**
Annual depreciation and impairment	1	54	217	12	-	284
Acquisitions	-	2	-	-	-	2
Disposals	-	–11	–8	–8	-	–27
Reclassification from / to assets held for sale	-	–20	–25	-	-	–45
Reclassification other	-	–14	19	–7	–2	–4
At 31 December 2014	**25**	**969**	**2,867**	**109**	**1**	**3,971**
Annual depreciation and impairment	3	194	223	14	27	461
Disposals	-	–5	–22	–21	–1	–49
Reclassification from / to assets held for sale	-	-	–196	–1	-	–197
Reclassification other	1	38	–37	–2	-	-
At 31 December 2015	**29**	**1,196**	**2,835**	**99**	**27**	**4,186**
Carrying amount						
At 31 December 2014	65	1,984	4,985	73	419	7,526
At 31 December 2015	**85**	**2,425**	**4,731**	**64**	**182**	**7,487**

Regulated networks

The regulated networks category relates to different types of Stedin's assets in the regulated domain such as the electricity and gas networks, gas connections and meters required 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 is covered by 'level 1' in the fair value hierarchy as specified in IFRS 13 'Fair Value Measurement' (see Note 18 Derivative financial instruments). These measurement models use observable market prices, being the Standardised Asset Value tariffs set by the government.

At 31 December 2015, the carrying amount of the regulated networks at historical cost was € 3,685 million (31 December 2014: € 3,884 million).

Capitalised interest

During the reporting period, € 18 million (2014: € 13 million) of attributable interest was capitalised for property, plant and equipment as required by the relevant reporting standards. The capitalisation rate for interest in 2015 was 4.8% (2014: 4.5%).

Assets under construction

Assets under construction were mainly offshore and onshore wind farms, and standard investment in gas, electricity and district heating networks. In September 2015, the United Kingdom government refused consent for the development and construction of the Navitus Bay offshore wind farm in southern England. Consequently management decided to charge the entire amount of capitalised development costs against the 2015 result. This impairment has been recognised in 'Depreciation and impairment of property, plant and equipment'.

14. Intangible assets

	Goodwill	Customer databases	Licences and software	Concessions, permits and rights	Development costs	Total
Cost						
At 1 January 2014	**170**	**180**	**90**	**245**	**4**	**689**
Investments	-	-	2	1	-	3
Acquisitions	-	18	-	3	2	23
Disposal of consolidated entities	-	-	-	–19	-	–19
Translation differences	1	-	-	1	-	2
Disposals	-	-	-	-	–1	–1
Reclassification other	-	-	3	-	–2	1
At 31 December 2014	**171**	**198**	**95**	**231**	**3**	**698**
Investments	-	-	7	1	1	9
Translation differences	1	-	-	1	-	2
Disposals	–10	-	–14	–150	-	–174
Reclassification from / to assets held for sale	-	-	–1	-	-	–1
Reclassification other	–1	1	1	1	-	2
At 31 December 2015	**161**	**199**	**88**	**84**	**4**	**536**
Accumulated depreciation and impairment						
At 1 January 2014	**10**	**89**	**68**	**141**	**4**	**312**
Annual depreciation and impairment	-	14	8	34	-	56
Disposal of consolidated entities	-	-	-	–7	-	–7
Disposals	-	-	-	-	–1	–1
Reclassification other	-	-	-	2	–2	-
At 31 December 2014	**10**	**103**	**76**	**170**	**1**	**360**
Annual depreciation and impairment	-	20	9	5	-	34
Disposals	–10	-	–14	–150	-	–174
Reclassification from / to assets held for sale	-	-	–1	-	-	–1
Reclassification other	-	-	1	1	-	2
At 31 December 2015	**-**	**123**	**71**	**26**	**1**	**221**
Carrying amount						
At 31 December 2014	161	95	19	61	2	338
At 31 December 2015	**161**	**76**	**17**	**58**	**3**	**315**

Goodwill

In principle, goodwill is allocated to one or more cash-generating units which independently or in aggregate form a business segment. The goodwill of € 161 million at 31 December 2015 (2014: € 161 million) was fully attributable to the group of cash-generating units which form the Eneco Energy Company segment. An impairment analysis was performed on this goodwill which showed that the recoverable amount (in this case, value in use) of this group of cash-generating units was higher than their carrying amount. The following assumptions were used to establish the value in use: the value in use of the cash-generating units which make up the Eneco Energy Company segment was based on expected future cash flows for 5 years as in Eneco's long-term plans (based in part on historical figures) and thereafter extrapolated on the expected life of the property, plant and equipment and intangible assets of these cash-generating units, which is generally longer than the five-year period; long-term growth of 1% was taken into account. The pre-tax discount rates, which reflect the risks of the activities of the relevant cash-generating units, were 6%-7% (2014: 6%-7% for all cash-generating units). The discount rates are based on the weighted average cost of capital (WACC), whose parameters are derived from data from a peer group and market information. The calculation of the value in use of these assets is 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 value in use by some € 0.2 billion but would not lead to impairment.

Customer databases

Customer databases relate mainly to DONG Energy Sales (acquired in 2014), Oxxio (acquired in 2011) and REMU N.V. (acquired in 2003).

Concessions, permits and rights

Concessions, permits and rights consist mainly of capitalised permits granted for existing and future wind farms in Belgium and the United Kingdom.

15. Business combinations

On 2 January 2015, Eneco acquired a number of electricity/district heating production sites and the associated heat distribution network in Utrecht from NUON/Vattenfall in a business combination subject to the rules of IFRS 3 'Business Combinations'.

The acquisition was effected by purchasing the entire share capital and associated control in a cash transaction completed in 2015. The final purchase price depends on settlement of specific items and had not been determined on the reporting date. The settlement may to some extent affect the allocation of the purchase price of some € 50 million (based on fair value) to the identified assets and liabilities and so the acquisition has been recognised provisionally in these 2015 financial statements. This acquisition fits Eneco's strategy of having the entire supply chain under its control to achieve greater operational efficiency. Eneco will also be able to make innovations to the heating network. The acquisition reinforces Eneco's market position.

The assets and liabilities were recognised on the acquisition date at their provisional fair value and consisted of some € 47 million of property, plant and equipment, € 7 million of inventory and € 4 million of current liabilities. This acquisition is very unlikely to lead to the recognition of goodwill. The costs related to this transaction were some € 0.7 million. The acquisition has been effectively recognised in Eneco's consolidated figures from 2 January 2015. The acquisition has reduced the purchase cost of energy/heating and increased operating expenses. This acquisition is making a positive contribution to the profit after income tax.

16. Associates and joint ventures

Eneco Group participates with one or more parties in businesses in the form of an associate or joint venture to perform shared operations.

Movements in the value of associates and joint ventures[1] were as follows in 2015:

	2015	2014
Carrying amount at 1 January	**58**	**49**
Investments	1	-
Reclassification from assets held for sale	-	–5
Share in net profit of associates	7	11
Dividend received	–2	–1
Impairment	–1	-
Reclassification other	–2	4
Carrying amount at 31 December	**61**	**58**

[1] Non-material joint ventures which have been combined with the associates for presentation purposes.

The table below summarises the financial data of the associates and joint ventures:

	At 31 December 2015[1]	At 31 December 2014[1]
Property, plant and equipment	17	13
Current assets	171	135
Non-current liabilities	2	1
Current liabilities	117	106
Net assets (100%)	**69**	**41**
Eneco's share of net assets	39	36
Carrying amount of interest in associates and joint ventures (incl. acquired goodwill)	**61**	**58**
Revenues (100%)	442	326
Profit after income tax (100%)	27	22
Total other comprehensive income (100%)	–	–
Total comprehensive income (100%)	27	22
Eneco's share of total comprehensive income	**7**	**11**
Eneco's share of profit after income tax and total comprehensive income	**7**	**11**

[1] These figures have been prepared using the most recently published/available financial information of these associates and joint ventures.

17. Deferred taxes

The table below shows the deferred tax assets and liabilities:

	Assets		Liabilities	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
Property, plant and equipment	-	–	413	419
Intangible fixed assets	-	–	15	16
Cash flow hedges	-	–	8	– 10
Loss carry forwards	5	4	– 19	– 15
Losses at non-resident participating interests	-	–	20	21
Provisions	-	–	– 6	– 7
Total	**5**	**4**	**431**	**424**

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 2015 were as follows:

	Net balance at 1 January 2015	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other	Net balance at 31 December 2015	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	– 419	6	–	–	– 413	1	– 414
Intangible fixed assets	– 16	1	–	-	– 15	1	– 16
Cash flow hedges	10	–	– 18	-	– 8	24	– 32
Loss carry forwards	19	5	–	–	24	24	-
Losses at non-resident participating interests	– 21	1	–	–	– 20	-	– 20
Provisions	7	– 1	–	–	6	6	-
Tax assets (liabilities) before set-off	**– 420**	**12**	**– 18**	**–**	**– 426**	**56**	**– 482**
Set-off of tax						– 51	51
Net tax assets (liabilities)						**5**	**– 431**

[1] This amount is included in 'Movements in deferred taxes' as part of 'Income tax'. See Note 10 (Income tax).

Movements in deferred taxes during 2014 were as follows:

	Net balance at 1 January 2014	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other	Net balance at 31 December 2014	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	– 398	– 21	–	–	– 419	2	– 421
Intangible fixed assets	– 24	5	–	3	– 16	2	– 18
Cash flow hedges	8	–	1	1	10	10	–
Loss carry forwards	20	– 1	–	–	19	4	15
Losses at non-resident participating interests	– 26	5	–	–	– 21	–	– 21
Provisions	12	– 5	–	–	7	7	–
Tax assets (liabilities) before set-off	**– 408**	**– 17**	**1**	**4**	**– 420**	**25**	**– 445**
Set-off of tax						– 21	21
Net tax assets (liabilities)						**4**	**– 424**

[1] This amount is included in 'Movements in deferred taxes' as part of 'Income tax'. See Note 10 (Income tax).

The table below shows the expiry periods for temporary differences available for relief at 31 December 2015:

Expiry periods for differences available for relief after 31 December 2015	
Property, plant and equipment	1 - 50 jr
Intangible fixed assets	1 - 25 jr
Cash flow hedges	1 - 30 jr
Losses available for relief	1 - 10 jr
Provisions	1 - 10 jr

No deferred tax asset has been recognised on pre-consolidation and other losses of € 105 million (2014: € 95 million) since it is not certain whether sufficient taxable profits will be available in the future at the participations and permanent establishment, which are not members of the fiscal unity. The tax regulations state that this relief is only available against profits made in the years 2016 to 2021 (there is unlimited carry forward in Belgium). A loss of € 32 million (2014: € 32 million) has been recognised in the Netherlands for losses at non-resident participating interests. No deferred tax liability has been recognised since these losses can only be offset against future profits of those participating interests.

18. Derivative financial instruments

The table below shows the fair value of derivative financial instruments (full statement):

	At 31 December 2015		At 31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap contracts	–	5	–	7
Currency swap contracts	41	73	9	106
Energy commodity contracts	356	226	374	287
CO_2 emission rights	8	1	9	1
Total	**405**	**305**	**392**	**401**
Classification				
Current	221	164	248	225
Non-current	184	141	144	176
Total	**405**	**305**	**392**	**401**

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 2015		At 31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Currency swap contracts	–	–	–	–
Energy commodity contracts	222	222	279	273
CO_2 emission rights	8	1	9	1
Total	**230**	**223**	**288**	**274**
Classification				
Current	165	160	224	212
Non-current	65	63	64	62
Total	**230**	**223**	**288**	**274**

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 2015		At 31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap contracts	–	5	–	7
Currency swap contracts	41	73	9	106
Energy commodity contracts	134	4	95	14
Total	**175**	**82**	**104**	**127**
Classification				
Current	56	4	24	13
Non-current	119	78	80	114
Total	**175**	**82**	**104**	**127**

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 derived financial instruments measured at fair value was as follows:

At 31 December 2015	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts	69	295	–	364
Interest rate and currency swap contracts	–	41	–	41
	69	**336**	**–**	**405**
Liabilities				
Energy commodity contracts	–	227	–	227
Interest rate and currency swap contracts	–	78	–	78
	–	**305**	**–**	**305**

At 31 December 2014	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts	59	324	–	383
Interest rate and currency swap contracts	1	8	–	9
	60	**332**	**–**	**392**
Liabilities				
Energy commodity contracts	1	287	–	288
Interest rate and currency swap contracts	–	113	–	113
	1	**400**	**–**	**401**

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 2015	At 31 December 2014
Expected cash flow		
Within 1 year	132	64
From 1 to 5 years	203	298
After 5 years	– 99	– 61
Total	**236**	**301**

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 2015	At 31 December 2014
Expected recognition in result after tax		
Within 1 year	28	– 1
From 1 to 5 years	27	19
After 5 years	– 36	– 53
Total	**19**	**– 35**

19. Other financial assets

	At 31 December 2015	At 31 December 2014
Other capital interests	1	-
Related party receivables	7	10
Other receivables	34	52
Total	**42**	**62**

20. Assets/liabilities held for sale

	At 31 December 2015	At 31 December 2014
Buildings	7	6
Assets for disposal	318	115
Total assets	**325**	**121**
Liabilities for disposal	18	1
Total liabilities	**18**	**1**
Total held for sale	**307**	**120**

The amount at 1 January 2015 included a property that was sold on 30 December 2015. After renovation, this property will be leased back for an initial period of 15 years.

Beneficial ownership of Stedin's high-voltage networks in Utrecht was transferred to TenneT on 1 January 2015. Legal ownership was transferred on 17 November 2015 with the financial settlement (€ 43 million). A small book profit was realised on this transaction.

The assets for sale (and associated liabilities) at 31 December 2015 relate, on the one hand, to the expected sale of part of the gas and electricity networks of business segment Stedin and, on the other hand, to the expected sale of half of the 50% interest of business segment Energy Company Eneco in the Belgian offshore Norther wind farm (joint operation) under development.

The gas and electricity networks in the Noordoost Friesland, Amstelland, Kennemerland and Midden Limburg regions consist chiefly of property, plant and equipment. Under IFRS, assets held for sale must be measured at the lower of carrying amount and realisable value less cost of disposal. The carrying amount of these networks at 31 December 2015 was € 319 million. No indications of impairment have been identified. The revaluation reserve in equity includes € 39 million for these assets. The sale is expected before the end of 2016.

The Norther assets consist primarily of capitalised development costs for the construction of the wind farm. In January 2016 provisional agreement was reached with a potential investor who will purchase half of this investment. It is expected that this proposed transaction will be completed in 2016. The associated assets and liabilities are recognised at carrying amount in the balance sheet.

21. Trade receivables

	At 31 December 2015	At 31 December 2014
Energy receivables	595	765
Other trade receivables	99	83
Less: impairments	–90	–101
Total	**604**	**747**

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

	At 31 December 2015	At 31 December 2014
Prior to due date	445	584
After due date		
- under 3 months	88	108
- 3 to 6 months	20	26
- 6 to 12 months	43	42
- over 12 months	98	88
Face value	**694**	**848**
Less: impairments	– 90	– 101
Total	**604**	**747**

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

	At 31 December 2015	At 31 December 2014
Prior to due date	3	3
After due date		
- under 3 months	5	10
- 3 to 6 months	6	10
- 6 to 12 months	17	20
- over 12 months	59	58
Total	**90**	**101**

Movements in the impairment losses on receivables were as follows:

	2015	2014
At 1 January	**101**	**115**
Additions	16	26
Withdrawals	–26	– 32
Release	-	– 8
Other movements	–1	-
At 31 December	**90**	**101**

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

22. Other receivables

	At 31 December 2015	At 31 December 2014
Prepayments and accrued income	121	100
Margin calls	25	-
Other receivables [1]	50	64
Total [1]	**196**	**164**

[1] 2014 figures restated for comparative purposes following reclassification of construction contracts.

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 € 367 million at 31 December 2015 (2014: € 606 million). This included an amount of € 50 million at 31 December 2015 (2014: € 43 million) relating to term deposits and blocked accounts which are not freely available.

24. Equity

	At 31 December 2015	At 31 December 2014
Share capital	497	497
Share premium	381	381
Revaluation reserve	779	821
Translation reserve	45	23
Cash flow hedge reserve	19	– 35
Retained earnings	2,928	2,791
Undistributed result for the financial year	196	205
Equity attributable to Eneco Holding N.V. shareholders	**4,845**	**4,683**
Perpetual subordinated bonds	501	501
Non-controlling interests	4	4
Total equity	**5,350**	**5,188**

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 2015, 4,970,978 shares had been issued and fully paid. There were no changes in 2015. 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 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 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. In addition, as a result of the application of net investment hedge accounting from April 2015, foreign currency exchange differences on attributed financial instruments are included with an opposite effect in this reserve. 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 2014	**41**	**– 5**	**– 68**	**– 32**
Newly defined cash flow hedges in financial year	55	–	–	55
Movements in fair value cash flow hedges	24	–	– 30	– 6
Deferred income tax liabilities	– 7	–	8	1
Non-effective portion of cash flow hedges	– 6	–	–	– 6
Discontinued cash flow hedges	– 47	–	–	– 47
At 31 December 2014	**60**	**– 5**	**– 90**	**– 35**
Newly defined cash flow hedges in financial year	26	–	– 1	25
Movements in fair value cash flow hedesg	39	2	25	66
Deferred income tax liabilities	– 11	– 1	– 6	– 18
Non-effective portion of cash flow hedges	– 6	–	–	– 6
Discontinued cash flow hedges	– 12	–	– 1	– 13
At 31 December 2015	**96**	**– 4**	**– 73**	**19**

Perpetual subordinated bonds

On 1 December 2014, Eneco Holding N.V. issued perpetual subordinated bonds ('Perpetual Fixed Rate Reset Securities') with a total nominal amount of € 500 million at an annual interest coupon of 3.25% and an issue price of 99.232% resulting in proceeds of € 496 million. Directly attributable costs of € 3 million were deducted from this, so that € 493 million was added to group equity in 2014. The bonds are listed on the Euro MTF Market of the Luxembourg stock exchange.

The perpetual subordinated bonds are regarded as equity and are subordinated to all of Eneco Group's creditors but have certain preference compared with the shareholders in the event of the company's winding up. Eneco has no contractual obligation to redeem the loan. Any payment of current or deferred coupon interest is conditional and dependent on distributions to shareholders. Consequently, the bondholders cannot force Eneco to pay the coupon interest or to redeem all or part of the loan.

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

	Long-service benefits	Other	Total
At 1 January 2014	**29**	**2**	**31**
Additions	5	–	5
Withdrawals	–	– 1	– 1
At 31 December 2014	**34**	**1**	**35**
Additions	1	7	8
Withdrawals	– 1	– 3	– 4
Reclassification	–	3	3
At 31 December 2015	**34**	**8**	**42**
Classificatiom			
Current	2	6	8
Non-current	32	2	34
At 31 December 2015	**34**	**8**	**42**

Long-service benefits

This provision covers the obligation to pay amounts on achieving a certain number of years of employment and retirement of employees. The following actuarial assumptions were used for the provisions:

	2015	2014
Discount rate at reporting date	1.8%	1.8%
Future salary increases	1.0% - 1.9%	1.0%
Mortality table	GBM & GBV 2005-2010	GBM & GBV 2005-2010

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.

Other employee benefits

The other provisions for employee benefits include the obligations for salary payments in the event of illness and unemployment benefits since Eneco bears this risk under the Unemployment Act. In view of their predominantly short-term nature, these provisions are measured at nominal value.

26. Other provisions

	Decommissioning provision	Onerous contracts	Reorganisation	Other	Total
At 1 January 2014	**55**	**26**	**23**	**19**	**123**
Additions	8	1	20	6	35
Withdrawals	– 1	– 15	– 13	– 4	– 33
Release	–	– 7	– 1	– 3	– 11
Reclassification	–	–	1	1	2
At 31 December 2014	**62**	**5**	**30**	**19**	**116**
Additions	13	–	6	2	21
Withdrawals	–	– 5	– 20	– 3	– 28
Release	– 8	–	– 8	– 3	– 19
Reclassification	–	–	–	– 3	– 3
At 31 December 2015	**67**	**–**	**8**	**12**	**87**
Classification					
Current	–	–	5	–	5
Non-current	67	–	3	12	82
At 31 December 2015	**67**	**–**	**8**	**12**	**87**

Interest in a range of 2.5% to 4.8% has been added to the provisions in 2015 (2014: 4.5%). In view of its normally short-term nature, no interest is added to the restructuring provision.

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.

Restructuring provision

In 2015, € 6 million (2014: € 20 million) was added to the restructuring provision that relates mainly to an earlier restructuring of the now defunct Joulz and a restructuring of the head office departments of the Energy Company Eneco.

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 as follows:

	At 31 December 2015	At 31 December 2014
Private loans	1,625	1,661
Green loans	101	103
Non-recourse / subordinated loans	117	136
Total	**1,843**	**1,900**

See Note 32 for details of the repayment periods.

	At 31 December 2015	At 31 December 2014
Classification		
Current	54	115
Non-current	1,789	1,785
Total	**1,843**	**1,900**

Collateral of € 119 million (2014: € 178 million) has been provided for the interest-bearing debt for financing wind farms in the form of mortgages of wind farms and pledges of shares in the legal entities, energy purchase contracts or grants for the construction of wind farms. No collateral has been provided for the other interest-bearing debt.

The private loans are predominantly loans from institutional investors and banks and included € 338 million in US dollars (2014: € 305 million), € 153 million in Japanese yen (2014: € 138 million) and € 102 million in pounds sterling (2014: € 96 million). The "green" loans were borrowed to finance specific sustainable energy infrastructure investments. Investors enjoy tax advantages on green loans and so the interest charges are below the market interest rate.

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 € 1,726 million (2014: € 1,694 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:

	2015	2014
Average interest rate (excl. money market loans)	4.9%	5.2%
Average interest rate (total interest-bearing debt)	4.8%	4.5%
Fair value of loans	2,083	2,190

The average interest rate in 2015 was calculated as the weighted average monthly interest expense directly related to the interest-bearing debt, excluding other financial expense.

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 2015	At 31 December 2014
Trade creditors	712	863
Accruals and deferred income [1]	348	454
Pension contributions	4	5
Other liabilities	674	659
Total [1]	**1,738**	**1,981**
Classification		
Current [1]	1,300	1,562
Non-current	438	419
Total [1]	**1,738**	**1,981**

[1] 2014 figures restated for comparative purposes following reclassification of construction contracts.

In view of their 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 € 54 million (2014: € 55 million) has been recognised through the income statement in this respect.

The minimum obligations under these agreements fall due as follows:

	At 31 December 2015	At 31 December 2014
Within 1 year	54	54
From 1 to 5 years	176	159
After 5 years	208	167
Total	**438**	**380**

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 € 30 million (2014: € 28 million) have been recognised through the income statement.

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

	At 31 December 2015	At 31 December 2014
Within 1 year	27	31
From 1 to 5 years	91	90
After 5 years	68	60
Total	**186**	**181**

30. Contingent assets and liabilities

Contingent assets and liabilities other than guarantees are measured at present value, calculated using a discount rate that reflects current market assessments of the time value of money.

Energy purchase and sale commitments

Eneco has energy purchase commitments of € 5.9 billion (2014: € 7.4 billion) under contracts relating to 2016 and later years. The purchase commitments comprise energy contracts for the company's own use with various energy generators. There are sales commitments of € 2.6 billion (2014: € 3.0 billion) for 2016 and later years.

There are commitments of € 0.8 billion (2014: € 0.7 billion) for the purchase of heat until 2043. The perpetual commitments for the purchase of heat are € 0.3 billion per year (2014: € 0.3 billion).

Investment obligations

At 31 December 2015 Eneco had entered into investment obligations with a total amount of € 0.2 billion (2014: € 0.3 billion).

Other (contingent) obligations

At 31 December 2015 there were other contractual obligations of € 0.5 billion (2014: € 0.8 billion), mainly maintenance contracts.

Guarantees

Eneco has issued group and bank guarantees of € 0.4 billion (2014: € 0.2 billion) to third parties. Of these, € 0.3 billion (2014: € 0.2 billion) have been issued by Eneco Holding N.V. The remaining group guarantees have been issued by subsidiaries for which 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.

Fiscal unity

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.

Cash pool

Under its participation in the Group cash pool, Eneco Holding N.V., like the other participants, is jointly and severally liable for deficits in the cash pool as a whole.

Legal proceedings

Eneco Group is involved either as plaintiff or defendant in various legal and regulatory claims and proceedings related to its operations. Management ensures proper representation in these matters. The amounts claimed in some of these proceedings may be significant to the consolidated financial statements. Liabilities and contingencies in connection with these claims and proceedings are assessed periodically based on the latest information available, usually with the assistance of lawyers and other specialists. A liability is only recognised if an adverse outcome is probable and the amount of the loss can be reasonably estimated. The actual outcome of proceedings or a claim may differ from the estimated liability and, consequently, could have a material adverse effect on the financial performance and position of the Group.

Supreme Court ruling on unbundling

The Eneco Group includes companies that manage electricity and gas networks and companies that focus on generating, delivering and trading in electricity and gas. This is not permitted under statutory provisions known as the group prohibition (or forced unbundling).

The Dutch Supreme Court issued a ruling on the forced unbundling of Dutch energy companies on 26 June 2015. The Supreme Court ruled that the provisions on the group prohibition in the Electricity and Gas Act, also known as the Independent Network Management Act, do not conflict with European Union legislation on the free movement of capital and freedom of establishment. The Supreme Court referred judgement on whether the forced unbundling is an infringement of the right to the protection of property (Article 1 of the First Protocol to the European Convention on Human Rights), which Eneco (and Delta) also invoked, to the Court of Appeal in Amsterdam. The Court of Appeal in Amsterdam must examine whether the Act is in contravention of that Article of the First Protocol. The referral proceedings commenced during 2015 but it is not known when the Court will deliver its judgement.

Consequently, pending the outcome of the legal proceedings, there is still uncertainty about whether the group prohibition is legally valid.

The Netherlands Authority for Consumers and Markets (ACM) has issued an 'enforcement decree' under which Eneco Holding N.V. must be unbundled by 31 January 2017 subject to a penalty of a default fine of € 4.5 million per week, up to € 90 million. Eneco Holding N.V. submitted an objection against this enforcement decree on 13 January 2016. The outcome of the objection process is not yet known.

At the same time, Eneco Holding N.V. is preparing an unbundling plan which it will submit to the ACM in the first half of 2016. Despite its continuing opposition to the group prohibition, Eneco has been forced to start preparations for an unbundling to meet the ACM's enforcement decree.

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	
	2015	2014	2015	2014
Associates	125	144	17	22
Joint ventures	–	–	4	2

	Assets		Liabilities	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
Associates	14	15	3	3
Joint ventures	2	1	1	6

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

There is no other relationship between the members of the Management and Supervisory Boards and Eneco except 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 the above risks such as commodity (electricity, gas, heating, emission rights and fuels) risks.

The Board of Management and senior business unit management regularly review the results, key figures such as changes in working capital and the trading position, the principal risks (or concentration of certain 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 business unit 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.

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. There is, therefore, no 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 reports, to manage both risks.

The maximum credit risk is equal to the carrying amount of the financial assets, including derivative financial instruments.

Where Eneco meets the IFRS criteria for netting, financial assets and financial liabilities are netted and recognised net in the balance sheet. Transactions in derived 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 netting criteria since there is a legally enforceable right to set off the recognised amounts and in addition 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 2015	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
Activa			
Derivative financial instruments	1,483	1,119	364
Cash and cash equivalents	367	–	367
Other financial instruments	600	439	161
	2,450	**1,558**	**892**

	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
Passiva			
Derivative financial instruments	1,346	1,119	227
Current liabilities to credit institutions	–	–	–
Other financial instruments	813	439	374
	2,159	**1,558**	**601**

At 31 December 2014	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
Activa			
Derivative financial instruments	1,053	690	363
Cash and cash equivalents	695	331	364
Other financial instruments	837	616	221
	2,585	**1,637**	**948**

	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
Passiva			
Derivative financial instruments	971	690	281
Current liabilities to credit institutions	331	331	–
Other financial instruments	1,135	616	519
	2,437	**1,637**	**800**

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 risk tolerance formulated in the Treasury Charter is taken into account when lending money. The risk position of a counterparty is measured against the risk tolerance. Risk tolerance is set for each contracting party using an assessment of the counterparty's creditworthiness according to a public credit rating. 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 Eneco Energy Trade commodity mandate. The VaR in the trading portfolio at 31 December 2015 was € 2.1 million (2014: € 2.3 million). The average VaR in 2015 was € 1.7 million (2014: € 2.2 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 in the dollar and yen loans for their full term using cross-currency swap contracts. Before net investment hedging was applied (see Note 24 'Equity'), the foreign currency risk in the sterling loans was also hedged using cross-currency swap contracts. These were settled during the first half of 2015. As a result of the net investment hedge, the sterling loans (£75 million) have been allocated as a partial ('natural') hedge for the translation differences resulting from the net investment in the United Kingdom.

The sensitivity of the Translation reserve in equity to a 1% movement in the sterling/euro exchange rate in 2015 was € 3.3 million.

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 may use 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 percentage point in Euribor (for a period of twelve months) would lead to a decrease in profit before tax of € 0.1 million (at 31 December 2014: € 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 and contracts with bilateral margin obligations. Risk limits have been set in the Counterparty Mandate to cover both the outstanding balance and price change sensitivity for the purposes of managing this. This risk is the subject of weekly reports to senior management and six-monthly reports to the Commodity Risk Committee, which includes two members of the Board of Management. The sensitivity of the margin call to a 1% price change was € 1.5 million in 2015 (2014: € 1.4 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. At 31 December 2015, Eneco had deposited a total of € 0 million (2014: € 0 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. Uncommitted credit and guarantee facilities totalling € 251 million have been agreed with a number of banks (2014 restated for comparative purposes: € 251 million). There is also a committed credit facility available up to an amount of € 1.25 billion up to October 2018 (2014: € 1.25 billion). This facility was not drawn during 2015.
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.

At 31 December 2015	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	158	50	99	307
Interest-bearing debt	137	1,177	1,119	2,433
Trade and other payables	1,300	91	347	1,738
Total	**1,595**	**1,318**	**1,565**	**4,478**

At 31 December 2014	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	492	251	54	797
Interest-bearing debt	201	1,228	1,190	2,619
Trade and other payables [1]	1,562	130	289	1,981
Total [1]	**2,255**	**1,609**	**1,533**	**5,397**

[1] 2014 figures restated for comparative purposes following reclassification of construction contracts.

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 (including the perpetual subordinated bonds issued in 2014) 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 2015.

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 2015, it was 54.0% (2014: 51.4%). Management within this Framework includes ratios relevant to the credit rating. In this context, the perpetual subordinated bonds issued in 2015 are classified by Standard & Poor's as an instrument with 50% equity credit and a 50% debt component ('intermediate basket'), which is in contrast to IFRS, under which the perpetual subordinated bonds are regarded entirely as equity.

34. Events after the reporting date

There have been no significant events since the reporting date that require further disclosure.

Notes to the consolidated cash flow statement

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:

	2015	2014
Movements in intangible current assets	–12	–2
Movements in inventories	–6	6
Movements in trade receivables	112	129
Movements in other receivables	62	–6
Movements in non-interest bearing debt	–244	14
Total	**–88**	**141**

Segment information

Segment information

Business segments are based on Eneco's internal organisation and management reporting structure. Since 1 January 2015, Eneco's business segments have been the two core businesses: Energy Company Eneco and Stedin. The Energy Company Eneco segment purchases, generates, trades and sells electricity, gas and district heating and constructs, maintains and manages district heating networks and offers consultancy services. The Stedin segment is the manager of the gas and electricity networks.

In the second half of 2015, it was decided to form a new Innovation segment for all activities related to investment in start-ups, innovative energy projects and strategic partnerships. The new Eneco Innovation & Ventures business unit is positioned separately within the Eneco Group and reports directly to the Board of Management ('chief operating decision maker'). As this business unit's revenues and results, and so also its cash flows, will be largely independent of other business units within the Energy Company Eneco, it is regarded as a separate Innovation segment. The energy consultancy activities of Ecofys are also regarded as an separate segment. This also applies to the activities of Joulz Energy Solutions, which is now part of a separate Infrastructure services segment. The new Innovation, Energy consultancy and Infrastructure services segments are non-reportable segments according to the criteria in IFRS 8 'Operating Segments'. Consequently, these three segments are included in the Other activities segment that, since it is not material, is included in the 'Other activities, non-allocated and eliminations' column in the tables below.

The result is two reporting segments, Energy Company Eneco and Stedin, and one non-reporting segment, Other activities. Where applicable, the comparative figures for 2014 have been restated to the new structure at the end of 2015.

The group accounting policies are also applied in the segment reports.

Transfer prices for internal products and services are on arm's length terms.

Revenues and profit by business segment

2015	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Revenues from energy sales and transmission, energy related activities and other operating revenues	3,162	1,053	67	4,282
Inter-segment operating revenues	30	21	– 51	–
Purchases of energy and energy related and other operating expenses	– 2,852	– 564	– 37	– 3,453
Operating profit before depreciation, amortisation and impairment	**340**	**510**	**– 21**	**829**
Depreciation, amortisation and impairment	– 258	– 224	– 13	– 495
Operating profit	**82**	**286**	**– 34**	**334**
Share of profit of associates and joint ventures				9
Financial income and expenses				– 74
Profit before income tax				**269**

2014	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Revenues from energy sales and transmission, energy related activities and other operating revenues	3,384	1,124	82	4,590
Inter-segment operating revenues	40	12	– 52	–
Purchases of energy and energy related and other operating expenses	– 3,241	– 603	– 38	– 3,882
Operating profit before depreciation, amortisation and impairment	**183**	**533**	**– 8**	**708**
Depreciation, amortisation and impairment	– 108	– 223	– 14	– 345
Operating profit	**75**	**310**	**– 22**	**363**
Share of profit of associates and joint ventures				14
Financial income and expenses				– 100
Profit before income tax				**277**

Balance sheet by business segment

At 31 December 2015	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Assets				
Assets	4,679	5,101	60	9,840
Associates and joint ventures	60	–	1	61
Total assets	**4,739**	**5,101**	**61**	**9,901**
Liabilities				
Equity and non-current liabilities	3,506	4,703	56	8,265
Current liabilities	1,233	398	5	1,636
Total liabilities	**4,739**	**5,101**	**61**	**9,901**

At 31 December 2014	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Assets				
Assets	4,786	5,150	95	10,031
Associates and joint ventures	57	–	–	57
Total assets	**4,843**	**5,150**	**95**	**10,088**
Liabilities				
Equity and non-current liabilities	3,400	4,775	– 65	8,110
Current liabilities	1,443	375	160	1,978
Total liabilities	**4,843**	**5,150**	**95**	**10,088**

Other data by business segment

2015	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Investments in property, plant and equipment and intangible assets	347	365	3	715
Depreciation/amortisation of property, plant and equipment and intangible assets	258	235	2	495

2014	Segment Energy Company Eneco	Segment Stedin	Other activities, non-allocated and eliminations	Total
Investments in property, plant and equipment and intangible assets	396	444	2	842
Depreciation/amortisation of property, plant and equipment and intangible assets	107	229	9	345

Revenues by country

	2015	2014
Netherlands	4,046	4,348
Belgium	176	212
United Kingdom	43	17
Other	17	13
Total	**4,282**	**4,590**

Property, plant and equipment by country

	2015	2014
Netherlands	7,046	7,153
Belgium	376	372
United Kingdom	401	353
Other	40	44
Total	**7,863**	**7,922**

List of principal subsidiaries, joint operations, joint ventures and associates

Subsidiaries

Name	Seat	Share
AgroPower B.V. *	Delft	100%
BioEnergieCentrale Delfzijl B.V.	Rotterdam	100%
CityTec B.V. *	Rotterdam	100%
Ecofys Netherlands B.V.	Utrecht	100%
Eneco B.V. *	Rotterdam	100%
Eneco België B.V. *	Rotterdam	100%
Eneco Consumenten B.V. *	Rotterdam	100%
Eneco Energy Trade B.V. *	Rotterdam	100%
Eneco Gasspeicher B.V. *	Rotterdam	100%
Eneco Innovation & Ventures B.V.	Rotterdam	100%
Eneco Installatiebedrijven Groep B.V. *	Rotterdam	100%
Eneco Solar Assets France 1	Avignon (F)	100%
Eneco Solar Belgium N.V.	Gent (B)	100%
Eneco Solar, Bio & Hydro B.V. *	Rotterdam	100%
Eneco Warmte & Koude B.V. *	Rotterdam	100%
Eneco Warmteproductie Utrecht 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 Windenergie Delfzijl Noord v.o.f.	Rotterdam	100%
Eneco Windmolens Offshore B.V.	Rotterdam	100%
Eneco Zakelijk B.V. *	Rotterdam	100%
Jedlix B.V.	Rotterdam	100%
Joulz Energy Solutions B.V.	Rotterdam	100%
Luminext B.V.	Amsterdam	100%
LZN Ltd.	London (UK)	100%
N.V. Eneco Beheer *	Rotterdam	100%
Oxxio Nederland B.V. *	Hilversum	100%
Quby Products B.V.	Amsterdam	100%
Stedin Meetbedrijf B.V. *	Rotterdam	100%
Stedin Netbeheer B.V. *	Rotterdam	100%
Stedin Operations B.V. *	Rotterdam	100%
Tullo Wind Farm Ltd.	London (UK)	100%
Windpark Afrikahaven B.V.	Maasbergen	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-Henrica 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 operations

Name	Seat	Share
CDMA Utilities B.V.	Arnhem	50%
Enecogen v.o.f.	Rotterdam	50%
Navitus Bay Development Limited	London (UK)	50%
Norther S.A.	Brussels (B)	50%
Q10 Offshore Wind B.V.	Rotterdam	50%
Warmtetransportbedrijf Amstelland Zuid-Amsterdam (WAZA) B.V.	Amsterdam	50%
Windpark Sabina-Henricapolder v.o.f.	Rotterdam	50%
Zonnepark Ameland B.V.	Ameland	33.3%

Joint ventures

Name	Seat	Share
PVNED Holding B.V.	Middelburg	50%

Associates

Name	Seat	Share
Groene Energie Administratie B.V.	Rotterdam	30%
Peeeks B.V.	Delft	50%

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	2015	2014
Share of profit of subsidiaries	264	271
Other results after income tax	–56	– 65
Profit after income tax	**208**	**206**
Profit distribution:		
Resultaatverdeling:		
Profit after income tax attributable to holders of Eneco Holding N.V. perpetual subordinated bonds	12	1
Profit after income tax attributable to shareholders of Eneco Holding N.V.	196	205
Profit after income tax	**208**	**206**

Company balance sheet
Before profit appropriation

x € 1 million	Note	At 31 December 2015	At 31 December 2014
Non-current assets			
Financial assets	2	8,622	8,255
Current assets			
Receivables from group companies [1]		42	80
Current income tax assets [1]		–	–
Other receivables		1	1
Cash and cash equivalents		156	521
Total current assets [1]		**199**	**602**
TOTAL ASSETS [1]		**8,821**	**8,857**
Equity			
Share capital		497	497
Share premium		381	381
Revaluation reserve		779	821
Translation reserve		45	23
Cash flow hedge reserve		19	– 35
Reserve for undistributed profit of associates		36	32
Reserve for research and development expenses		2	–
Retained earnings		2,890	2,759
Undistributed profit		196	205
Equity attributable to Eneco Holding N.V. shareholders		**4,845**	**4,683**
Perpetual subordinated bonds		501	501
Total equity	3	**5,346**	**5,184**
Non-current liabilities			
Deferred income tax liabilities		10	–
Interest-bearing debt	4	1,691	1,672
Other liabilities		72	106
Total non-current liabilities		**1,773**	**1,778**
Current liabilities			
Interest-bearing debt [1]	4	35	72
Liabilities to group companies [1]		1,565	1,759
Current tax liabilities [1]		82	41
Other liabilities		20	23
Total current liabilities [1]		**1,702**	**1,895**
TOTAL EQUITY AND LIABILITIES [1]		**8,821**	**8,857**

[1] 2014 figures restated for presentation purposes.

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 determined on the basis of the IFRS accounting policies used in the consolidated financial statements. 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 2014	**5,882**	**1,715**	**23**	**–**	**3**	**7,623**
Share of profit of subsidiaries	271	–	–	–	–	271
Movements in deferred tax assets	–	–	–	–	1	1
Movements in loans to subsidiaries	–	311	–	–	–	311
Movements in other loans	–	–	1	–	–	1
Movements in fair value of derivative financial instruments in equity	20	–	–	8	–	28
Translation differences	4	14	2	–	–	20
At 31 December 2014	**6,177**	**2,040**	**26**	**8**	**4**	**8,255**
Share of profit of subsidiaries	264	–	–	–	–	264
Movements in deferred tax assets	–	–	–	–	– 4	– 4
Movements in loans to subsidiaries	–	50	–	–	–	50
Movements in other loans	–	–	– 26	–	–	– 26
Movements in fair value of derivative financial instruments in equity	35	–	–	45	–	80
Sale of derivative financial instruments	–	–	–	– 13	–	– 13
Acquisition of non-controlling interests	– 8	–	–	–	–	– 8
Translation differences	6	15	3	–	–	24
At 31 December 2015	**6,474**	**2,105**	**3**	**40**	**–**	**8,622**

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.

Legal reserves are recognised pursuant to Part 9, Book 2 of the Dutch Civil Code. Eneco Holding N.V.'s legal reserves are a revaluation reserve, translation reserve, cash flow hedge reserve, reserve for undistributed profit of associates and a reserve for research and development costs.

Distributable results

A dividend of € 20.62 per share was paid in 2015 (2014: € 24.24). In 2015, Eneco made € 102.5 million dividend available to its shareholders (2014: € 120 million). This was distributed in April 2015. The non-distributable capital attributable to Eneco Holding N.V. shareholders was € 1,032 million at 31 December 2015 (2014: € 1,031 million). The individual method was used for the cash flow hedge reserve.

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. The 2014 comparative figures have been restated for presentation purposes, making a transfer within the current liabilities from interest-bearing debt to liabilities to group companies.

5. Contingent assets and liabilities

Assumption of liability

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 subsidiaries marked with an * in the List of principal subsidiaries, joint operations, joint ventures and associates and those similarly indicated in the full list filed with the Trade Registry in Rotterdam.

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.

Under its participation in the Group cash pool, Eneco Holding N.V., like the other participants, is jointly and severally liable for deficits in the cash pool as a whole.

Contingent assets and liabilities

Guarantees

See Note 30 'Contingent assets and liabilities' to the consolidated financial statements for group guarantees issued by Eneco Holding N.V.

Other liabilities

Eneco Holding N.V. had other contingent liabilities at 31 December 2015 of € 15 million (2014: € 9 million). These sums are included in Notes 29 'Operating leases' and 30 'Contingent assets and liabilities' to the consolidated financial statements.

6. Auditor's fees

The fees below relate to 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	2015	2014
Audit of the financial statements	945	912
Other audit engagements	973	851
Other non-audit services	331	155
Total	**2,249**	**1,918**

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 (2015: € 331,000 and 2014: € 155,000).

Rotterdam, 19 February 2016

Eneco Holding N.V.

Board of Management

J.F. (Jeroen) de Haas, chairman
C.J. (Kees-Jan) Rameau
G.A.J. (Guido) Dubbeld
M.W.M. (Marc) van der Linden

Supervisory Board

E.H.M. (Edo) van den Assem, chairman
H.G. (Henk) Dijkgraaf
M.B.A. (Marco) Keim
M. (Marike) van Lier Lels
A. (Atzo) Nicolaï
M. (Mirjam) Sijmons
K.G. (Klaas) de Vries
R. (Rob) Zandbergen

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 2015

A proposal will be put to the General Shareholders' Meeting to pay a dividend of 50% of the profit after income tax attributable to the shareholders of Eneco Holding N.V. This would represent a total distribution of € 98 million for 2015 or € 19.72 per share. The dividend will become payable on the customary date: 21 April 2016.

3. Independent auditor's report and assurance report

To: The shareholders and the Supervisory Board of Eneco Holding N.V. and all other stakeholders

Report on the financial statements 2015 and assurance report on the Strategic Key Performance Indicators included in the annual report 2015

Our opinion

Regarding the financial statements

We have audited the financial statements 2015 of Eneco Holding N.V. (the "Company"), based in Rotterdam. The financial statements include the consolidated and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") and with Part 9 Book 2 of the Dutch Civil Code; and
- the company financial statements give a true and fair view of the financial position of the Company at December 31, 2015 and of its result for the year then ended in accordance with Part 9 Book 2 of the Dutch Civil Code.

Regarding the Strategic Key Performance Indicators

In our opinion:

- the Strategic Key Performance Indicators on pages 4-5, with numbers 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 (the "KPIs") in the Management Report 2015 are, in all material respects, a reliable and adequate reflection of the policies of the Company with respect to Corporate Social Responsibility and the business operations, the events, and the performances in that area during 2015; and
- the Management Report on pages 2-85 and 151-166 (the "Report") has, in all material respects, been prepared in accordance with the Sustainability Reporting guidelines Version 4, level "Core" of the Global Reporting Initiative (the "GRI").

What we have audited

Regarding the financial statements

The consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2015;
- the following statements for the year ended December 31, 2015: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statements of changes in equity; and
- the 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, 2015;
- the company income statement for the year ended December 31, 2015; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

Regarding the Strategic Key Performance Indicators

We have audited the KPIs in the Report and we have established that the G4 Guidelines of the GRI have been applied correctly to the Report. This report includes a description of the policies of the company with respect to Corporate Social Responsibility and the business operations, the events and the performances in that area during 2015.

As regards 2013 and 2014, we have not audited KPI number 10.

Basis for our opinion

General

We are independent of the Company as required under the Regulation on Auditor Independence in Assurance Engagements ("Verordening inzake de onafhankelijkheid van accountants" – ViO) and other relevant independence requirements in the Netherlands relevant to the engagement. Furthermore, we have complied with the Regulation Code of Conduct and Professional Practice Auditors ("Verordening gedrags- en beroepsregels accountants" – VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Regarding the financial statements

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements and the Report" section of our report.

Regarding the Strategic Key Performance Indicators

We conducted our audit in accordance with Dutch law, including the Dutch Standard 3810N, "Assurance engagements regarding reports on corporate social responsibility". Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements and the Report" section of our report.

Our audit approach

Regarding the financial statements

As part of our audit we have determined materiality and used it to assess the risks of material misstatements in the financial statements. We have specifically assessed risks of material misstatement related to account balances, classes of transactions and disclosures associated with a relatively high level of subjectivity, i.e., where significant estimates and judgement is used. We have likewise specifically focused on the risk of management override of controls and the risk of material misstatement due to fraud. In addition, our audit expressly took into account the continuity and reliability of the automated data processing.

Regarding the Strategic Key Performance Indicators

As part of our audit we have determined materiality per KPI and used it to assess the risks of material misstatement in the Report. During our audit we have specifically focused on the KPIs relating to One Planet Thinking (numbers 6 and 7) and we have ascertained whether the Report has, in all material respects, been prepared in accordance with the Sustainability Reporting Guidelines Version 4, level "Core", of the GRI.

Materiality

General

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Regarding the financial statements

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 33 million. This materiality is based on a weighing of several factors, the most significant of which are the following:

- 0.8% of the revenues from energy sales and transmission and energy related activities over the last 3 years; and
- 10% of the profit before tax over the last 3 years.

We also take into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 1.6 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Materiality overview

Materiality for the financial statements as a whole	EUR 33 million
Basis for the materiality	0.8% of revenues 10% of profit before tax
Threshold for reporting uncorrected misstatements	EUR 1,6 million

Regarding the Strategic Key Performance Indicators
We have determined the materiality per KPI. This materiality per KPI is based on 5% of the value realized in 2015.

We also take into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Scope of the group audit

The Company is the head of a group of entities (the "Group"). The financial information of the Group is included in the consolidated financial statements of the Company.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities (i.e., business unites). Decisive were the size and/or the risk profile of the business units. On this basis, we selected business units for which an audit or review had to be carried out on the complete set of financial information or on specific items.

Our audit has particularly focused on significant business units. We have:

- performed a full audit of Stedin's financial information; and
- at other business units we have performed an audit of specific account balances, classes of transactions or disclosures, or we have performed specific audit procedures or review procedures. For Eneco Belgium we used the work of other auditors within the Deloitte network.

Audit coverage

Audit coverage consolidated revenue	84%
Audit coverage aggregate assets	85%

By performing the procedures mentioned above at business units, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation uncertainty related to the energy reconciliation

Description of the key audit matter	How we have audited this key matter
The energy reconciliation for electricity and gas is where purchases and sales are reconciled. The following processes play a key part in preparing the energy reconciliation: allocation, reconciliation, gross margin modelling, reconciliation records, and grid loss estimation. The energy reconciliation thus forms the basis for (the completeness of) the revenues from energy sales. The estimation of revenues within the energy reconciliation was one of our key audit matters, because to some extent the estimation process is complex and subjective and it is based on assumptions, among which the customers' consumption of electricity and gas. In this respect we also refer to Note 3 "Revenues from energy sales and transmission and energy-related activities", where the estimation of revenues is explained in more detail.	We have tested the design and the implementation of the internal control measures of the Company in respect of the process for preparing the energy reconciliation. In addition, we have verified the arithmetic integrity of the energy reconciliation model, we have verified the reliability of the information on which the estimation of revenues has been based and we have assessed the reasonableness, relevance and consistency of the assumptions applied. In this respect we have specifically focused on the standard annual consumption and the estimation of the influence of weather conditions on this consumption. In addition, we have performed audit procedures on the revenues still to be invoiced after year-end, including subsequent review testing in 2016.

Impairment of (in)tangible fixed assets

Description of the key audit matter	How we have audited this key matter
The (in)tangible fixed assets constitute a significant part of the balance sheet of the Company. Regulatory developments and circumstances on the energy markets may lead to impairment of (in)tangible fixed assets. Both (1) the examination of possible impairment triggers relating to the cash flow generating units of the assets, and (2) testing for an impairment - which the Company is obliged to perform under EU IFRS in respect of cash flow generating units to which goodwill has been allocated - are significant to our audit given the volatility of electricity and gas prices and because to some extent the estimation process is complex and subjective and it is based on assumptions, among which the discount rate. The regulated assets form the main part of (in)tangible fixed assets (61%). The regulated networks are valued in accordance with the EU-IFRS revaluation model, in which a periodical reconciliation is made with the standardized assets value ("SAV"). Within the regulation, a grid operator is given the opportunity to recover the SAV through a (regulated) yield. Hence, the risk of impairment for this category of assets is limited. The non-regulated assets mainly comprise sustainable production assets (37%). Since these assets do not generate a cash inflow that is largely independent of other assets, these assets are reviewed for possible impairments together. Capitalization of expenditures on significant projects under construction (2%) takes place in accordance with Eneco's "decision gate" model, in which the decisive factor is the extent in which the expenditures meet the EU-IFRS capitalization criteria.	We have assessed management's examination of impairment triggers relating to the cash flow generating units of the assets. We have performed an impairment test on the goodwill, which is allocated to the group of cash flow generating units (CGUs) that forms the segment 'Energy Company Eneco', using our own valuation experts. We have evaluated the design and tested the implementation of internal control measures focused on the realization of the management's impairment test. We have verified the reliability of the information on which the expectations have been based and assessed the reasonableness, relevance and consistency of the assumptions applied. In this respect we have specifically focused on the weighted average cost of capital (WACC) applied and the forecast of the cash flows in the value-in-use model. Furthermore, we have examined the disclosures regarding the assumptions used in and the outcome of the impairment tests as included in Note 14 "Intangible assets" of the financial statements, which specifically states that the recoverable amount (value in use) of this group of CGUs exceeds the carrying amount.

Reliability and continuity of the automated data processing

Description of the key audit matter	How we have audited this key matter
The Company heavily depends on the IT infrastructure for the continuity of its business operations and for the reliability of its financial reporting. The accounting processes on which the financial reporting is based are fed and supported by a large number of systems, applications and interfaces (the "IT infrastructure"), which to some extent are mutually dependent on each other. The design, implementation and operating effectiveness of the IT controls through which these systems and applications are managed are critical for the reliability and continuity of Eneco's accounting processes and, thus, for the realization of the financial statements. An example of this regards the IT infrastructure supporting the customer processes: this infrastructure processes large volumes of transactions. Impairment of the integrity of customer data or downtime of the systems, applications and interfaces used in respect of customer relatead processes, may lead to the fact that the invoicing of revenues is not being performed accurately, completely and timely. Another critical component regards the IT infrastructure supporting the Company's trade activities. This is due to the large volume and complexity of the transactions and the significance of these transactions for the financial results of the Company. This is why change management and data protection were among the major focus areas when performing our procedures.	We have tested the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the financial statements audit. To this end we have included specialized IT auditors in our audit team. Our procedures comprised the assessment of the IT infrastructure developments and testing the internal control measures regarding IT systems and processes relevant to our financial statements audit. Our management letter to the Board of Management includes various relevant deficiencies that we have identified and recommendations for further improvements. Following additional, substantive procedures we have established that the deficiencies identified have not resulted in material misstatements in the financial statements. We refer to the paragraph "Risk clusters" on pages 159-160.

Responsibilities of the Board of Management and the Supervisory Board for the financial statements and the Report

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Annual Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, The Board of Management is responsible for such internal control as The Board of Management determines is necessary to enable the preparation of the Report and the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

The Board of Management of the Company is also responsible for preparing the Report in accordance with the Sustainability Reporting Guidelines Version 4, level "Core", of Global Reporting Initiative, including the identification of stakeholders and the determination of material topics. The choices regarding the scope of the Report and the reporting policy, made by the Board of Management, are explained in the chapter "Reporting policy".

Our responsibilities for the audit of the financial statements and the Report

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

For an overview of our responsibilities we refer to the appendix of this audit report as included on pages 149-150.

Report on other legal and regulatory requirements

Report on the annual report and the other information

Pursuant to legal requirements of Part 9 Book 2 of the Dutch Civil Code (concerning our obligation to report on the Annual Report and the other information) we report:

- that we have no deficiencies to report as a result of our examination as to whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 Book 2 of the Dutch Civil Code, and whether the other information as required under Part 9 Book 2 of the Dutch Civil Code has been annexed; and
- that the annual report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the general meeting of shareholders as auditor of the Company for the financial year 1997 and have operated as statutory auditor since that year.

Rotterdam, February 19, 2016

Deloitte Accountants B.V.

Signed on the original:

J.A. de Bruin

Appendix: An overview of our responsibilities

Appendix: An overview of our responsibilities

Regarding the financial statements

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Board of Management.
- Concluding on the appropriateness of The Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal controls that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Regarding the Strategic Key Performance Indicators

We have performed our audit on the Report in accordance with Dutch law, including Dutch Standard 3810N, "Assurance engagements regarding reports on corporate social responsibility". This requires us to comply with the applicable ethical regulations and to plan and perform our audit such that reasonable assurance is obtained that the Report does not contain material misstatements.

The procedures selected depend on the auditor's judgment, including an assessment of the risks that the Report contains a material misstatement due to fraud or errors. When assessing these risks the auditor takes into account the internal controls relevant for preparing the Report, aimed at designing audit procedures appropriate under the circumstances. These risk assessments do not, however, aim to provide an opinion on the operating effectiveness of the internal control of the entity. An assurance engagement to issue reasonable assurance likewise includes an evaluation of the appropriateness of the principles applied for the Report and of the reasonableness of the estimations made by the Management Board of the entity, as well as an evaluation of the overall presentation of the Report.

Our main procedures comprised:

- performing an environmental analysis and obtaining an understanding of the relevant social topics and issues, relevant legislation and regulations and the characteristics of the organization;
- evaluating the acceptability of the reporting policy and its consistent application, which includes an evaluation of the reasonableness of estimations made by the The Board of Management;
- evaluating the application level according to the Sustainability Reporting Guidelines Version 4 of GRI;
- evaluating the design and implementation and testing the operating effectiveness of the systems and processes for data collection and processing for the information in the Report;
- conducting interviews with management responsible for the sustainability strategy and policy;
- conducting interviews with relevant employees responsible for providing information for the Report, for performing internal audits in this respect and for consolidating the data in the Report;
- verifying relevant data and internal and external documentation, based on sample tests, to establish the reliability of the information in the Report; and
- performing an analytical evaluation of data and trends with respect to the KPIs.

Profile

Our brands

Eneco Holding NV ('Eneco Group') is the only integrated energy group in the Netherlands that has the specific ambition to produce, transport and supply energy in a sustainable manner for and in collaboration with its customers. The brands of Eneco Group referred to in this annual report are described below in brief.

AgroEnergy

AgroEnergy is the energy specialist for the agricultural sector in the Netherlands and market leader in the greenhouse horticultural sector. More and more horticultural companies wish to increase the sustainability of their operations in view of the growing demand for sustainably grown produce. AgroEnergy uses its specialised knowledge with respect to energy in the agricultural and horticultural sectors to help greenhouse horticultural businesses to achieve good results in energy trading in order to be able to reduce their costs. AgroEnergy is a frontrunner in the development of innovative products and services, such as BiedtOptimaal, the automatic pilot for the APX, and in areas such as geothermal energy, green gas and feeding energy produced by households and businesses into the grid. AgroEnergy has around 60 employees.

CityTec

CityTec specialises in optimisation of the public space in areas such as public lighting, traffic control installations, parking installations and charging stations for electric vehicles. CityTec's 320 employees are responsible for the management and maintenance of 600,000 streetlights, 30,000 traffic lights and 2,000 parking installation in the Netherlands. Clients include municipalities, Rijkswaterstaat, provinces, water boards, port facilities, housing associations and private organisations that have their own infrastructure, such as car parks and hospitals.

Ecofys

Ecofys is a leading consultancy in renewable energy, energy and carbon efficiency, energy systems and markets, and energy and climate policy. For Ecofys, knowledge and innovation are the key factors in turning the ideas of today into viable realities of tomorrow. Ecofys supports public and corporate organisations alike to adapt to changes and identify new opportunities quickly. Together with its clients, Ecofys makes sure that relevant steps are taken and business projects are realised in a practical and sustainable manner.

Eneco

In addition to producing, purchasing, trading and supplying energy, energy company Eneco provides services and advice to its customers. The company supplies more and more sustainable energy and collaborates with customers, businesses, government bodies, shareholders and investors to increase the sustainability of the energy supply. Eneco's practical and tailor-made solutions help customers to save energy, generate and sell their own energy and purchase (sustainable) energy. Eneco is expanding its sustainable energy production capacity to be able to supply sustainable energy to more and more of its customers. To this end, the company invests in onshore and offshore wind energy, energy from biomass, solar energy and hydro-energy projects in the United Kingdom, Germany, France, the Netherlands and Belgium, both independently and together with partners. When insufficient sustainable energy is available due to lack of sunlight or low wind forces, Eneco supplies energy that is, preferably, generated from gas - the cleanest fossil fuel. This gas is obtained from various suppliers and part of it is stored in our gas storage facilities. Eneco also participates on the wholesale market with the aim to balance the energy demand of its customers with supply. Eneco is not active in the field of proprietary trading, which means it does not hold trading positions with the sole aim of generating positive financial results. Eneco has 3,000 employees.

Eneco Belgium

In Belgium, Eneco supplies energy on the consumer market since 2011 and to the business market since 2008. Operations in Belgium also include the construction and management of wind farms. The around 200 employees of Eneco Belgium all strive to increase sustainability.

Eneco United Kingdom

Eneco's sustainable energy portfolio in the United Kingdom has grown steadily since the start of our operations in this country in 2008. The construction of solar parks and onshore and

offshore wind farms is managed from our offices in Warwick and Inverness. Eneco supplies the generated energy to the grid and directly to business customers. With the product Highlands Wind, Eneco also entered the consumer market in the United Kingdom in 2015.

Jedlix

Jedlix aims to fuel all electric cars with sustainable energy. To this end, the company has developed an app that enables owners of electric cars to charge their car using green energy at times when the market prices are most favourable. During the night, for example, when the production of sustainable wind energy exceeds the demand. This is the interest of both customers and the electricity grid. By optimising the supply of and demand for sustainable energy, the app provides customers the benefit of lower energy costs. Use of the app also reduces the demand on the energy grid, which means there are no additional costs for grid operators and energy producers. Jedlix is a subsidiary of Eneco.

Joulz Energy Solutions

Joulz is a specialist in the field of complex middle and high voltage. As an independent unit within Eneco Group, Joulz helps grid operators, energy producers and commercial clients to deal with the challenges in connection with the energy transition, with reliability, continuity and affordability of energy supply being the common denominators. Joulz is one of the few companies in the Netherlands that is able to take all aspects of an energy infrastructure into consideration, assess the risks and make improvements to the network as a whole with the aim to ensure the availability of energy. Joulz has more than 550 employees.

Luminext

Luminext is an innovator and market leader in the management of and the supply of management systems for intelligent outdoor lighting. Luminext has been providing energy-efficient and cost-saving solutions to governments and businesses for more than a decade.

Oxxio

Oxxio is an independent brand within Eneco. Under the Oxxio brand, Eneco supplies gas and green electricity to the consumer market at a very attractive price. Oxxio develops innovative online solutions for these customers, aimed at making energy affordable, simple and accessible. The unique Oxxio app plays a central role in the company's communication with customer and in the services provided. Based on the number of customers, Oxxio is the fourth largest energy supplier in the Netherlands.

Peeeks

The relatively high unpredictability of sustainable energy sources such as sunshine and wind can result in surpluses and shortages on the electricity grid. Start-up company Peeeks has developed a system that contributes to the solution for this problem by switching devices on the user side on or off fully automatically and intelligently, based on the fact that many processes can be started at a slightly earlier or later time without any negative effects. Through better coordination between these processes and real time electricity prices, Peeeks is able to increase the efficiency of devices. Companies that use this system to coordinate the use of their pumps and cooling and heating installations can save up to 40% on their energy bill.

Quby

Quby has been involved in redefining 'smart home' technology since 2004. The company made a commercial breakthrough in 2012, when Eneco started to sell their intelligent thermostat under the brand name Toon. At present, Toon thermostats are installed in 225,000 households. Quby has around 100 employees.

Stedin

Stedin is the independent grid operator in the most urbanised region of Netherlands: the largest portion of the province of Zuid-Holland, including the largest port in Europe, and the province of Utrecht. Stedin facilitates sustainable energy through development, construction, control, maintenance and management of energy networks and (smart) energy meters and thus forms the link between more than two million customers and their energy suppliers. Stedin also makes adjustments to electricity and gas connections for customers who move house, switch suppliers or end their energy contract as well as adjustments in connection with the renovation or demolition of buildings. Furthermore, Stedin invests in new forms of energy infrastructure such as steam and CO_2. All 2,800 employees of the company are committed to the safety, quality and reliability of energy transmission.

Corporate governance

Tasks and responsibilities

Eneco complies with the Dutch Corporate Governance Code. As Eneco has neither shares nor depositary receipts for shares listed on a stock exchange, a number of stipulations of the code are not applicable. In areas where this code does not apply to the company - see eneco.nl/corporate - Eneco applies the relevant best-practice criteria.

Governance roles

Board of Management

The Board of Management is ultimately responsible for the performance of Eneco Group and the Group companies. 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. Personal information on the members of the Board of Management can be found on Eneco's corporate website.

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 the Group companies.

At present, the Supervisory Board of Eneco temporarily consists of eight members and has appointed four committees:

- The Remuneration Committee provides advice with respect to the remuneration of the members of the Board of Management. Chairman of this committee is Mirjam Sijmons. The other members are Edo van den Assem and Marieke van Lier Lels.
- The Selection and Appointment Committee provides advice with respect to the selection and appointment of members of the Board of Management. Chairman of this committee is Klaas de Vries. The other members are Edo van den Assem and Mirjam Sijmons.
- The Audit Committee supervises the integrity of the financial and non-financial reporting, internal control and risk management as well as the internal and external audit process. The members of this committee are Henk Dijkgraaf (Chairman), Marco Keim and Rob Zandbergen.
- The Strategic Committee discusses and makes preparations for meetings on all aspects relating to the unbundling of the organisation. The members of this committee are Edo van den Assem (Chairman), Henk Dijkgraaf and Marco Keim.

Shareholders

The shares of Eneco Group are held by 53 municipalities. Eneco organises a General Shareholders' Meeting within six months after the closing of the financial year, or more frequently if deemed necessary by the Supervisory Board or Board of Management. During this annual General Shareholders' Meeting, the annual report is discussed and the financial statements are adopted. The General Shareholders' Meeting is also responsible for the appointment and dismissal of members of the Supervisory Board, the Supervisory Board and Board of Management remuneration policy and changes to the articles of association (see also Shareholders (page 154)).

Code of conduct

The conduct and integrity standards that Eneco has published on its corporate website apply to all Eneco employees. Employees can contact one of the four confidential counsellors appointed by Eneco Group to report issues relating to integrity (see Integrity and compliance (page 164)).

Shareholders

Local connection

The shareholders of Eneco Holding N.V. are 53 municipalities. The fact that they support our strategy underlines that we operate at the heart of society and that we serve common interests.

Municipalities holding more than 2% of the shares

Rotterdam	31,69%
The Hague	16,55%
Dordrecht	9,05%
Leidschendam-Voorburg	3,44%
Lansingerland	3,38%
Delft	2,44%
Zoetermeer	2,34%
Nissewaard	2,14%
Pijnacker-Nootdorp	2,10%

Municipalities holding less than 2% of the shares

Aalsmeer	Giessenlanden	Oud-Beijerland
Achtkarspelen	Goeree-Overflakkee	Papendrecht
Alblasserdam	Gorinchem	Ridderkerk
Albrandswaard	Haarlemmerliede & Spaarnewoude	Rijswijk
Ameland	Hardinxveld-Giessendam	Schiedam
Amstelveen	Heemstede	Schiermonnikoog
Barendrecht	Hellevoetsluis	Sliedrecht
Binnenmaas	Hendrik Ido Ambacht	Strijen
Bloemendaal	Kollummerland c.a.	Uithoorn
Brielle	Korendijk	Vianen
Capelle aan den IJssel	Krimpen aan den IJssel	Westvoorne
Castricum	Krimpenerwaard	Zandvoort
Cromstrijen	Leerdam	Zederik
Dongeradeel	Lingewaal	Zwijndrecht
Ferwerderadiel	Molenwaard	

Supply chain responsibility

Increasing supply-chain sustainability

Eneco takes its social responsibility very seriously. This is why we strive to make the chain in which we operate to supply products and services to our customers as sustainable as possible from start to finish, in collaboration with our suppliers.

Eneco prefers to do business with suppliers who share our passion in the area of sustainability. We are convinced that a shared focus on quality and sustainability leads to optimisation and innovation.

Eneco's aim is a completely sustainable procurement process. To this end, we strived to purchase at least 90% of our expenditures in 2015 from suppliers who meet our sustainability criteria. The final result was 93%.

Supply chains

Eneco's core activities, the production, supply and distribution of energy and energy-related services, are linked to a number of different product and service supply chains.

In connection with our supply activities, we supplement the sustainable energy produced by our own production facilities with energy that we purchase on the market. In addition, we conclude purchase contracts with the owners of wind farms. The gas that we use for our gas plant is purchased on the market or by means of long-term purchase contracts. Our gas storage facility is used to guarantee the continuity of supply and to have more control over the price at which we purchase the gas.

Origin of our suppliers

Eneco identifies the following procurement categories:

- Assets, Equipment & Services (54%). This includes goods and services for the construction and maintenance of distribution networks and for the construction of wind farms, such as wind turbines, services provided by contractors and parts and materials.
- ICT and CPE&S (16%). This includes all ICT-related purchases and consumer robotics such as Toon and smart meters.
- Services (30%). These are all 'non-product-related' purchases, including marketing and communications, call centres, facilities and professional services.

Selection of sustainable suppliers

Suppliers, and the suppliers of our suppliers, play an important role in the realisation of our mission. In addition to ensuring that our own operations are sustainable, we also strive to guarantee sustainability in the entire supply chain.

Eneco assumes responsibility in the supply chains in which it operates by selecting suppliers on the basis of their performance in the area of sustainability in addition to factors such as quality, service and price. In connection with achieving our ambition, Sustainable energy for everyone, we require a certain level of corporate social responsibility from our suppliers.

This is recorded in the agreements included in our Supplier Code of Conduct, which must be signed by all our suppliers. In addition, we expect companies that supply products and/or services to Eneco to an amount of 10,000 euros or more on an annual basis, to achieve the level of Starter or higher in our Sustainability Scan. This scan is used to establish whether a supplier meets our criteria in areas such as:

- taking into account the product life cycle;
- taking into account recycling possibilities;
- prohibiting child labour;
- reducing the impact of the production process and logistics on the environment as much as possible.

Results in 2015

The instruments for measuring the sustainability of our suppliers have been further optimised in 2015. Our Supplier Code of Conduct was expanded and is now better in line with our One Planet Thinking ambition. Consequently, the

Sustainability Scan will no longer be used in 2016. In order to add substance to the dialogue on sustainability with our suppliers, we have contracted an independent third party that carries out sustainability audits of our strategic suppliers. Based on these audits, we draw up action plans, which are primarily aimed at reducing carbon emissions.

We also carried out a CO_2 Hotspot Analysis in 2015, which was used to determine the procurement category that is likely to generate the highest carbon emissions. The aim is to achieve a significant reduction of carbon emissions, in particular in relation to the identified hotspots. To start with, a pilot sustainability scan of the contracting sector, the largest carbon emissions hotspot, will be carried out in 2016.

Carbon emissions compensation and GOs

The following overview shows the countries in which we compensate carbon emissions or purchase Guarantees of Origin (GOs) in the form of credits and certificates.

Certificates, Guarantees of Origin

Belgium, United Kingdom, Norway, France, Italy, Austria, Finland, Denmark

Source	Number of used GOs (GWh) 2015 (preliminary figures)
Wind	6,285
Solar	9
Biomass	310
Hydro	4,577
Biogas	59

Carbon emission reduction credits

These credits relate to various countries and projects. Our involvement varies from 'purchasing' credits to co-development of projects (for example in the form of prepayment, guaranteed price/ purchase, investing time and/or paying the costs related to registration of the project).

Verified Emission Reductions

Verified Emission Reductions (VERs) are credits for emission reductions achieved with projects that are not certified under the two project-based 'flexible mechanisms' of the Kyoto Protocol (i.e. Clean Development Mechanism (CDM) and Joint Implementation).

Eneco is engaged in a number of activities involving Verified Emission Reductions (VERs). VERs are generally used for voluntarily offsetting CO2 emissions by individuals, households, companies or other entities. Gold Standard, Verified Carbon Standard and Reducing Emissions from Deforestation and forest Degradation (REDD) are different VER-standards/types.

Countries where we obtain CDM credits are South Africa, Colombia, China, Thailand, Sri Lanka, Georgia, India and Bhutan.
Countries where we purchase GS credits are Ghana, China, India, Uganda, Taiwan, Turkey and Nepal.
We purchase VCS credits in Mexico.

Countries where we purchase REDD credits are Papua New Guinea, Zambia, Ghana, Mali, Kenya and Peru.

Risk paragraph

Risk management

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.

For this reason, risk management is an important element in our business operations. Eneco's risk policy encompasses careful assessment of the risks that Eneco runs and specification of mitigating measures and describes how we ensure the effectiveness of these measures.

The Board of Management is responsible for risk management at the level of the organisation as a whole. Risk management is structured according to the 'three lines of defense'-model. The Board of Management has delegated its responsibility for risk management primarily to the directors of the business units ('first line'), who are supported in this matter by functions such as business control, the safety organisation and compliance ('second line'). The Group Risk Management department is responsible for the coordination of the risk management process. The Internal Audit department ('third line') carries out audits and reports the results to the Board of Management and the Audit Committee of the Supervisory Board.

Risk and performance management framework

1. Eneco Group's Strategic Framework specifies the boundaries within which all the business activities aimed at realising the mission of the company are carried out and forms the basis for the specification of the strategic KPIs.
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 risk categories Financial, Reputation, Integrity and Safety is assessed. With respect to financial matters, we use the financial framework to manage 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 that have been specified for each level encompass specific mitigating measures. The 'Risk Heat Chart' is used for internal communication with respect to risks.

Controlling risks with the ECRS

COSO-ERM, the worldwide standard for Enterprise Risk Management, forms 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 includes a risk assessment method, a set of control measures and a method that management can use to determine the effectiveness of the control measures (see In Control statement (page 162)). The Internal Audit department carries out audits with respect to the quality of risk analyses and self-assessments.

Risk management in 2015

- In 2015, a number of departments with activities in the area of risk management were grouped together to form the new Group Risk Management department. The aim of this department is to, in time, apply a comprehensive approach to information and activities relating to all aspects of risk control for all the business segments of Eneco Group and to connect them in order to create an efficient and effective risk control system encompassing the Group and the business segments.
- The Internal Audit department started with the implementation of a supply chain-oriented audit approach in 2015. This approach should result in audits that are more relevant for the business and focus on strategy and transformation.
- Several improvement and control measures have been implemented in connection with the control of complex ICT and transformation projects and programmes.
- Business Continuity Management has been brought to a higher level; integration with regular risk management has been initiated.
- In 2015, special attention was paid to increasing risk awareness with respect to cyber security. Our strategic

policy regarding information security was updated and implemented in 2015.

Audit & Risk Committee

The risk assessments and the status of risk control and mitigating measures are discussed periodically by the senior management teams of the different business segments. The main risks and measures are discussed by the Audit Risk Committee of the Board of Mangement. 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 statements, codes and guidelines for areas such as safety, trade mandates, authorisations and conduct.

Risk clusters

In order to create an overview and be able to keep track of the consolidation and aggregation of the risks and mitigating measures, we have clustered the risks and have specified them in more detail.

The main risks associated with our strategic objectives and the measures we take in order to control these risks are further explained in the section Progress (page 30), including:

- the risk of interruptions in the supply of energy (see Reliable energy supply (page 40)),
- uncertainty with respect to future government policy relating to the energy transition, the low carbon price and falling energy prices (see Investing in sustainable capacity and production (page 47)),

- changing subsidy regimes, risks relating to the development of capital-intensive projects (see Substantial increase in wind energy (page 50)),
- risk associated with recruiting insufficient numbers of people with the right competencies and limited focus on High Performance culture (see Dynamic employer (page 60)),
- safety risks including carbon monoxide incidents (see New saftey risks (page 63)),
- ICT risks, including cyber security and business continuity (see New saftey risks (page 63)),
- the risk of unbundling, changes in S&P's credit rating method, risks related to the regulation of tariffs in the regulated domain, compensation of surplus profits in the measurement domain, risks related to the large-scale roll-out of smart meters and the risk of claims related to connection and transmission rates (see Transformation and return on investment (page 65)).
- Financial risks to which Eneco Group is exposed are discussed in note 32 to the consolidated financial statements: FInancial risk management (page 126).
- The section Integrity and compliance (page 164) contains information on the control of compliance risks.

Sustainable energy for everyone					
Level 1	**Market and financial**	**Strategic**	**Operational**	**Legislation and regulations**	**Safety & health**
Level 2	Price & volume Credit Market liquidity Competition Interest & currencies Investment Liquidity	Macro-economic/ global changes Disruptive technologies Geopolitics Sustainability	Defects Business continuity Transformation Personnel Projects Supply chains Failure systems and/or processes Security	Future laws and regulations (the Hague, Brussels) Existing laws and regulations Governance Legal Integrity	Employee safety Safety of third parties Employee health and wellbeing
Top risks Eneco Group	Change in credit rating method	Low carbon prices Lower energy prices Development capital intensive projects Changing subsidy regimes Future government policy in connection with energy transition Recruiting insufficient numbers of people with the right competencies and limited focus on High Performance culture	Interruptions in the supply of energy The large-scale rollout of smart meters Business continuity & ICT/cyber security	Mandatory unbundling Non Compliance with legislation and regulations, including REMIT, EMIR, MiFiD, IFRS, EB, Chinese Walls and privacy legislation Regulation profits metering domain Tariff regulation regulated domain Claims related to connection and transmission rates	Safety awareness, behaviour, safety at subcontractors, carbon monoxide poisoning, exposure to asbestos

Risk tolerance

Our risk tolerance is categorised by the types of risk distinguished by Eneco:

Safety

The construction and operation of (sustainable) energy production facilities is a central aspect of our strategy. These activities lead to safety risks. We apply the principle of zero tolerance with respect to these risks. Accidents resulting in absence from work are considered to be significant incidents. More serious incidents (hospitalisation, fatal accident) are regarded as critical or unacceptable.

Financial

Eneco pursues a growth and transformation strategy, which encompasses substantial investments in new and existing activities. This strategy is translated into long-term financial-strategic forecasts, which are updated every six months on the basis of the latest insights. Our financial risk tolerance is derived from the financial control framework. Fitting measures are implemented for risks that may result in exceeding or not meeting limits defined in the financial control framework.

Integrity

Unethical or fraudulent behaviour of employees is a major risk. Eneco can only carry out its role 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 management and employees during work meetings and workshops. There is an integrity hotline 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 the existence of our company. 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 in this category. This is also true for not realising our commitments with respect to sustainability as agreed with WWF in the context of the Climate Savers initiative.

In Control statement

In Control statement

Each year since 2007, the Board of Management of Eneco Holding N.V. has issued an In Control statement. The Board of Management declares that is has also been 'In Control' in 2015. 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, 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 adequate and effective implementation of internal control within Eneco Group. 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, that reporting with respect to financial and other KPIs is reliable and that legislation and regulations are complied with.

Risk reports are prepared each quarter per business entity 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 these self-assessments, the Board of Management has identified a number of points for improvement in the areas of business continuity, information security and project 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 2015. 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 violations of legislation and regulations will occur.

Forward looking statement

The Board of Management will implement Enterprise Risk Management in greater detail in 2016 using the Eneco Control & Risk System. As in previous years, we expect that the ECRS will be developed and improved further in 2016. Special attention will be given to measures relating to compliance with European legislation on privacy and the necessary activities in connection with possible unbundling of the organisation. The Board of Management has no reason to assume that the Eneco Control & Risk System will not function properly in 2016

Compliance with Code of Conduct statement

Statement

Suppliers, Metering Companies and Independent Service Suppliers

regarding remotely readable small-volume metering systems.

Names legal entities:
Eneco Consumenten B.V. and Eneco Zakelijk 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 2015 to 31 December 2015

For the proper performance of services, Eneco and Oxxio use metering data obtained from remotely readable small-volume metering systems. In addition to the provisions in the Personal Data Protection Act, suppliers, and metering companies operating under responsibility of these suppliers in the Dutch energy sector, have drawn up a code of conduct relating to the use, recording, exchange and storage of data obtained from remotely readable small-volume metering systems.

Eneco B.V., in this matter represented by its director M.W.M. van der Linden, in the capacity of director of Eneco Consumenten Nederland B.V. and, as such, director of Eneco Consumenten B.V., Oxxio Nederland B.V. and CEN B.V., also in the capacity of director of Eneco Zakelijk Nederland B.V., and, as such, director of Eneco Zakelijk B.V., hereby declares that, during the period specified above, Eneco and Oxxio have complied with the rules and stipulations contained in the Smart Meters Suppliers Code of Conduct 2012.

Rotterdam, 22 January 2016

M.W.M. (Marc) van der Linden, member of the Board of Management, Eneco Holding N.V

Integrity and compliance management

Eneco applies a (pro)active compliance policy to ensure that it complies with the applicable legislation and regulations.

Integrity

Eneco can only play a leading role in the area of sustainability if it operates to the highest standards of conduct. The Eneco Code of Conduct, which describes the rules, standards at values that apply at Eneco, constitutes the framework for our actions.

In addition to ensuring that the standards are complied with, it is also important to ensure that our values are implemented in the organisation. These values are: customer first, collaboration, building trust and taking responsibility. By using the values to guide our behaviour, together, we will be able to accelerate, strengthen and connect, which is exactly what is required for the implementation of our strategy. Through our behaviour we add value for each other, our customers and partners and the organisation in a distinctive manner.

The starting point for Eneco is to always trust in the positive intentions of its employees in all their actions. We believe that this trust encourages taking responsibility and that it creates a pleasant and safe working environment in which our employees can hold each other accountable if necessary.

Mutual trust between Eneco and its customers is also very important: customer trust is the basis on which we operate. Again in 2015, a lot of attention was given to this mutual trust between employees and customers from the perspective of integrity.

Workshops with managers and employees organised in 2015 were aimed at providing room for further development of these values. This means that, in time, each employee will hold a key to our shared success.

At Eneco, integrity not only relates to stimulating desired behaviour, but also to preventing undesired behaviour, such as discrimination and conflicts of interest, and unlawful activities such as competition-restricting agreements and fraud. Ongoing attention is devoted to fraud detection and handling integrity issues that may arise. We have set up an integrity hotline and four confidential counsellors have been appointed within Eneco Group. Employees who have been the victim of unacceptable psychosocial working conditions such as harassment, discrimination or sexual intimidation can also contact these counsellors.

The number of 244 incidents that were reported to the hotline and the confidential counsellors in 2015 was slightly lower than in 2014. Following a period of some years in which the number of reported incidents increased, due to the higher attention for integrity and higher awareness of the existence of the hotline, this number now appears to be stabilising.

Compliance with legislation and regulations

Not complying with legislation and regulations entails risks relating to our 'license to operate' and customer reputation. Eneco has formulated a compliance policy, carries out an annual compliance programme and has a Compliance Officer who provides support in this area. The Compliance Officer strives to stimulate compliance with legislation and regulations in close collaboration with the Legal and Regulatory Affairs departments. Each business entity also has its own compliance contact point.

There were no significant compliance incidents at Eneco in 2015. Internal assurance is obtained through the In Control statement and audits. Externally, compliance with the law is supervised by a number of supervisory bodies, such as the Authority for Consumers and Markets. Furthermore, Eneco declares that customer information is handled with care. This is also evident from the Code of Conduct Compliance Statement for Suppliers, Metering Companies and Independent Service Suppliers. The statement for 2015 is included in this annual report and can also be found on our corporate website.

At Eneco Energy Trade a Know Your Customer assessment process was introduced in 2015., Before we enter into an agreement, this process is used to check that no integrity issues can arise in connection with the customers that we do business with.

Furthermore, a Data Leaks Hotline was introduced at the end of 2015. A data leak exists if personal data inadvertently falls into the hands of third parties. Reported incidents are assessed by the hotline to determine if it is necessary to report the leak to

the Data Protection Authority and if the persons to whom the leaked data relates should be informed.

Reporting data leaks is a new legal obligation as of 1 January 2016. Privacy will also get a lot of attention in 2016 in connection with the new European privacy regulation that will come into effect. This stricter regulation replaces all current privacy regulations.

Workforce

Eneco strives for a balanced composition of the workforce. This not only requires a good balance between men and women, on which we report below. There is a place in the organisation for people with a different view, background or personality, and for the challenged. See also Dynamic employer (page 60). See Note 5 to the Financial Statements for information on the number of employees in countries other than the Netherlands. Further information on absenteism due to illness can be found in the section What could be improved (page 21).

Number of employees

Average in FTE	2015	2014	2013	2012
Total number of employees Eneco Group	6,711	7,023	7,018	6,839

Percentage men and women

Percentage of men and women in relation to total number of employees in FTE	2015	2014	2013	2012
Men	76	75	78	78
Women	24	25	22	22

Age groups

Percentage FTE per age group in relation to total FTE	2015	2014	2013	2012
ages 15-24	2	3	4	5
ages 25-34	24	25	26	25
ages 35-44	25	24	24	24
ages 45-54	25	25	25	26
ages 55 and up	24	23	21	21

Diversity

Percentage	2015	2014	2013	2012
Women in management positions	25	26	23	20

Employment agreement

Percentage	2015	2014	2013	2012
Indefinite duration contract	93	88	89	89
Employees in collective employment	83	85	86	85
Employees on full-time contracts	82	82	-	-

Absence due to illness

Percentage	2015	2014	2013	2012
	4.9	4.1	3.9	4.3

Glossary

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.

CAIDI
The Customer Average Interruption Duration Index shows the average speed at which interruptions in the low and medium-voltage grid are solved.

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.

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.

Customer contracts
This KPI relates to the number of customer contracts within the scope commodity (supply of electricity, gas and heating, excluding transmission contracts Stedin) supplemented with Toon contracts and service & maintenance and boiler rental services contracts with Eneco Installatiebedrijven.

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.

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 Agreement
More than forty organisations, including the government, employers, unions and environmental organisations, have expressed their commitment to the national Energy Agreement for Sustainable Growth. The agreement encompasses topics such as energy efficiency, clean technology and climate policy.

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
Internal alignment is aimed at optimising employee's support for the Group's mission in their daily activities and communication. The Internal Alignment Monitor is used to measure the extent to which the daily behaviour of employees actually supports the Group's mission and which management efforts do or do not contribute positively to stimulating this behaviour. The minimum score is 0 and the maximum score is 100. The average score of about 10,000 respondents in 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.

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 (LTIR) is a number that reflects the performance of an organisation with respect to safety. LTIR is the ratio of the number of occupational accidents resulting in absence from work and the actual number of productive hours per year multiplied by 1,000,000. Our calculation does not include contractors and subcontractors.

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 extent to which customers recommend a supplier to friends and acquaintances. The number is calculated by subtracting the percentage of critics 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.

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.

Public service obligation
Obligation that is imposed on grid operators and energy suppliers in Belgium relating to the socio-economic, ecological and technical aspects of the supply of electricity and natural gas.

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.

RIF
Recordable Incident Frequency (RIF) is a number that reflects the performance of an organisation with respect to safety. RIF is the ratio of the number of occupational accidents and the actual number of productive hours per year multiplied by 200,000. Occupational accidents are accidents that require medical attention and may or may not result in absence from work or the need for temporary alternative work.Our calculation does not include contractors and subcontractors.

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. If the ROACE is higher than the average cost of equity and debt, there is creation of economic value. If the cost at which capital is attracted to acquire assets is higher than the yield achieved on those assets, then value is being destroyed.

SAIDI
System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer per time unit (e.g. seconds).

SF6
SF6 is used for isolation of live switches. Leaks may occur in systems that are not hermatically sealed. SF6 is a powerful greenhouse gas that stays in the atmosphere for a long period of time.

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.

Social tariff
Tariff for electricity and natural gas that is applied in Belgium for customers with low incomes or in a vulnerable situation. This tariff is lower than the commercial tariff and is the same for all energy suppliers and grid operators.

Spark spread
The differcence 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, costs for energy transmission are also included on the supplier's invoice.

Supply chain responsibility
With respect to activities in its entire supply chain, the company assumes responsibility for the social, ecological and economic impact of these activities, reports on this responsibility and conducts dialogues with stakeholders.

Sustainable electricity
Electricity that is generated from renewable, natural sources such as sunshine, wind and water. See also Sustainable energy.

Sustainable energy
Energy that is generated from renewable, natural sources such as sunshine, wind and water. These resources generate electricity, (bio)gas and heating and cooling or a combination thereof. By using renewable energy, the need for energy generated from fossil resources is reduced.

Sustainable procurement
Sustainable procurement, or socially responsible procurement, means taking into account the consequences of the procurement and contracting process for society. This includes the social, environmental and financial consequences (people, planet, profit). Sustainable procurement is more than just the application of criteria in the procurement and contracting process; it also relates to choices in the business operations that are translated to the procurement of works, supplies or services.

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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This annual report contains statements relating to the future. These statements can be recognised by the use of wording such as 'anticipated', 'expected', 'forecasts', 'intends', and similar expressions. These statements are subject to risks and uncertainties and the actual results and events can differ considerably from the current expectations. Factors that could lead to this include, but are not limited to, the general economic situation, the situation in the markets in which Eneco Group operates, the behaviour of customers, suppliers and competitors, technological developments and legal provisions and stipulations of regulatory bodies that affect the activities of Eneco Group. Future results can also be influenced by factors including, but not limited to, financial risks, such as foreign currency risks, interest risks and liquidity and credit risks. Eneco Group does not accept any liability or obligation related to the adjustment or revision of the current forecasts on the basis of new information or future events or for any other reason.

This annual report is only published in Dutch-language and English-language versions. In the case of any discrepancy between language versions, the Dutch version prevails.

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