



# Eneco, at the heart of society

Annual Report 2012 Eneco Holding N.V.



### Sustainable purchasing primary process case studies Solar panels from China

Some product categories have a higher than average risk profile. One example is the purchase of solar panels. Our suppliers (Astronergy, CSUN and Yingli) have been carefully selected by Eneco and are seen as progressive organisations within the sector. Although Eneco is a relatively small customer for these vendors, we were able to negotiate warranties and supply conditions. All of our suppliers have now agreed to our conditions and score sufficiently high on our sustainability scan. The large distance makes it difficult to carry out regular checks to determine if the conditions are complied with. In our pursuit of a sustainable supply chain, we have guaranteed compliance by engaging the services of a local agency and by making use of the purchasing power of wholesale companies (IBC Solar and Energiebau).

### Purchase of energy flows

Where relevant, Eneco develops Codes of Conduct for the purchase of energy flows. An example is the Code of Conduct for REDD + that we have developed this year in collaboration with IUCN and WWF. The Board of Management has adopted this code. This year, Eneco also adopted the renewed Sustainability Charter for biomass that it developed in close collaboration with WWF. The Charter is a statement in which we describe how we assess the sustainability of our biomass projects and trade deals.

Biomass involves sustainability risks, such as displacement effects (i.e., the use of agricultural land for biomass production) and social issues, in particular with respect to imported biomass. The Charter contains clear standards with which our biomass projects and trade deals must comply.

### Examples own business operations

Together with Alphabet, Eneco is improving the sustainability of the personal lease car fleet. Employees who qualify for a lease car can now select cars with maximum standard emissions of 120 g CO<sub>2</sub>/km. In 2012, Eneco and Stedin relocated to sustainable offices. The catering in these offices is also as organic and healthy as possible.

## A company in perfect financial health

Our strategy and a financially healthy company go hand in hand. This is necessary for the realisation of our ambitious plans for investment in sustainable energy and energy efficiency concepts. The reverse also applies: with our strategy, we aim to guarantee the long-term strong financial health of our company.

For Eneco, financially sound means having a credit rating of A- and achieving our target with respect to the return on average capital employed (ROACE). The first requirement has been met, because, just like in 2011, our creditworthiness was rated A- by external parties. In the past, we calculated RO(A)CE by dividing earnings before interest and tax (EBIT) by capital employed at 31 December. However, as of 2012, we calculate ROACE by deducting a 25% tax rate from EBIT and dividing the result by the average capital employed for the year. As a result, the comparative figure for 2011 dropped from 6.4 to 5.0%. This adjustment further improves the transparency and control of this KPI. In 2012, we realised a ROACE of 4.1% (excluding impairments on electricity-related fixed assets: 5.1%) while the target was 5.4%. The main reasons for not achieving our goal were the operating results of Eneco and Joulz, which were below expectation. Consequently, cost saving programmes have been initiated during the past year to bring ROACE back to the desired level. The main effects of these programmes are expected to be noticeable as of 2013.

### ROACE

