



Powering
triple p



CSR Report 2008
English summary

Ten years of sustainability

The energy companies that joined forces in 1999 to establish Essent were already actively involved in the issue of sustainability. Building on this basis, Essent has spent the past ten years making intensive, structural efforts towards the development of policies to improve the sustainability of its energy production.

The most striking case in point has been the success of Green Electricity. Despite being a mainly trust-based product, Green Electricity has already reached more than 900,000 customers. This was achieved by a green component of 34% in the fuel mix of the electricity supplied by Essent n.v. in 2008.

As a follow-up to Green Electricity, the past few years have also seen the development of Green for Gas (an initiative to offset the carbon dioxide emissions from consumer gas usage) and Green Gas (biogas, landfill gas).

In order to make significant progress, our policy has shifted from a relatively small-scale approach, to the development of sustainable energy on a major scale. Because of our focus on wind energy and biomass, this means large-scale wind farms and extensive use of biomass. And of course, Essent also fully acknowledges the importance of innovation.

to use coffee husks as a new source of biomass. We are also conducting studies to assess the potential for using rice husks and bagasse in the near future.

In order to facilitate the success of such relatively costly developments, the government will have to implement stable, long-term subsidising policies.

Focus on wind energy

Despite relatively small-scale beginnings in the 1980s, Essent is now one of the largest wind energy developers and operators in North West Europe. With 484 turbines, Essent currently operates a total installed wind capacity of 564 megawatts.

Essent is currently building the Westereems wind farm, with 52 turbines and a combined capacity of 156 megawatts. Efforts are also underway to develop the Nordsee-Ost (offshore) wind farm near Helgoland, with a projected capacity of around 288 megawatts. In addition, plans are being developed for wind farms in various (onshore) locations in the Netherlands and Germany.



Focus on biomass

The overwhelming majority of Essent's Green Electricity is generated by means of biomass. This process is conducted in a dedicated, stand-alone, biomass plant located in Cuijk and with solid and liquid biomass co-firing (partially substituting hard coal or natural gas) in the Amer power station in Geertruidenberg and Claus power station in Maasbracht. Essent is aiming to further develop this potential. However, this will require a great deal of prudence in terms of ensuring that the used biomass originates from sustainable sources. For example, Essent is committed to preventing deforestation and the exploitation of indigenous people in the source countries. To this end, the company is currently working hard to develop independent auditing by means of the Green Gold Standard Label.

Naturally, Essent is also experimenting with new biofuels. 2008 saw the start of a trial





travel kilometres, the improvement of bicycle lighting, the Pieterpad walks, volunteer work during office outings, a CSR intranet course and teaching at schools for disadvantaged children during the weekend.

Essent is currently assessing the Cradle to Cradle concept to establish its usefulness as a tool in corporate policy. Cradle to Cradle involves designing products in such a way that they can be fully incorporated into biological or technological cycles at the end of their lifespan. Essent will assess whether the Cradle to Cradle concept can also be applied to energy.

Essent is pursuing various strategies to apply its expertise in developing countries. The possibilities for further harmonisation of these activities are currently under assessment.

Dialogue with the stakeholders

Essent regards CSR as a continuous dialogue with society and, more specifically, with its main stakeholders: customers, employees, shareholders, government agencies, suppliers and NGOs.

In 2007 Essent intensified the dialoguing process, with a primary focus on the various dilemmas the company is faced with. This dialogue is conducted through many channels: both small and large groups, formal and informal discussions, via the mass media and on an individual basis.

For example, Essent organised CSR conferences in Zwolle and Maastricht themed around the concept of 'Energy for tomorrow's world'. Based on its four CSR roles – business operator, market player, employer and corporate citizen – Essent formulated its vision on tomorrow's energy generation and supply. The stakeholders were represented by the World Wide Fund for Nature, the provincial authorities and renowned regional companies. The conclusion of both events can be summed up as follows: if we have the courage to share the dilemmas we are faced with, a sustainable future is within reach.

2008 saw a continuation of the Pieterpad walks. During each walk, participants discussed key CSR themes and, in some cases, spent several hours doing volunteer work.

Over the course of the past year, Essent organised four CSR lunches. These events offered employees the opportunity to examine the company's CSR policy in greater detail. The outcome of the lunches was incorporated into the 'Binnengoed' and 'How on Earth' projects.

In 2008 Essent launched its positioning campaign entitled 'The power of Essent', designed to communicate to both employees and the wider world that we have every reason to take pride in our position as the leading supplier of sustainable energy in the Netherlands. Various external campaigns were also launched, including the 'Leading in Green' advertising campaign and the dialoguing campaign on driving on electricity.

An internal campaign saw employees dialogue on Essent's strengths in relation to our search for a strategic partner. Our core values were also further honed down to: proactive, taking responsibility and working together to deliver on our promises. These new core values were then tested in terms of durability during special experience workshops.

Focus on innovation

In view of the importance of sustainability issues and the economic benefits of leading the field, Essent regards innovation as a key activity to which it devotes a great deal of time and resources.

Rather than acting as an 'inventor', Essent focuses on its role as a 'facilitator'. Responsibility for our innovation policy has been allocated to the newly established New Energy business unit. Example projects resulting from Essent's innovation policy include:

- driving on electricity;
- algae as a bio fuel;
- fuel cells in high-yield boilers to generate electricity (next to heat) in the home.

2008 in review

2008 saw Essent further bolster its sustainability activities through various measures, including the development of a new climate strategy. A 2007 benchmarking effort, conducted on the basis of the Dow Jones Sustainability Index, had shown Essent to be somewhat lagging in this area. The new climate strategy focuses on the energy source. The less we need to make use of scarce resources, the better. This will require phasing out fossil fuels and replacing them with sustainable energy sources. Through an intensive programme for wind energy and clean biomass, Essent is striving to triple the amount of sustainably generated energy by 2020. Efforts are also underway to improve energy efficiency through the use of high-yield combined cycle gas turbines.

Essent will also be actively assessing the potential for carbon dioxide capture and storage in combination with the gasification of coal and biomass.

The issue of energy saving will also remain an important area of focus. The Essent BespaarPlan (Essent SavingsPlan) is one example of an initiative developed in collaboration with our shareholders, aimed at achieving significant energy savings in households and businesses. Eighty-two shareholding municipalities and all six shareholding provinces have now committed themselves to the BespaarPlan.

In addition to a broad range of practical plans, we have also developed the 'Save your energy' educational programme for primary schools.

In 2008, the CSR ambassadors – Essent employees who on a voluntary basis form the vanguard of CSR within Essent – appointed in 2007, designated several target areas on the basis of Essent's four CSR P's: People, Planet, Profit and Power. Formulating these target areas will allow them to develop expertise in order to initiate concrete, feasible projects. The CSR ambassadors also acted as organisers and discussion leaders at CSR meetings.

As a part of the 'Binnengoed' project, aimed at further improving sustainability in Essent's offices, 2008 saw the development of the Carbon Management Plan.

Over a period of five years, Essent strives to reduce its carbon dioxide emissions by 5% a year. The project focuses mainly on our own buildings and company fleet. The 'Binnengoed' project also focused on the reuse of old computers in African schools (Close the Gap), the introduction of CSR requirements for the cleaning of Essent offices and the introduction of organic lunches.

We are also striving to improve the sustainability of our IT systems by saving energy through energy-efficient equipment and more efficient cooling technology in our data centres. In an effort to take stock of our current performance, we commissioned the Gartner research agency to conduct a 'Green benchmark'.

The 'How on Earth' employee programme focused on the practical application of various CSR-related activities within Essent. Activities ranged from carbon dioxide offsetting of holiday



Dialoguing as a market player

Improving the sustainability of our society is all about demonstrably taking responsibility for the supply chain. This is all the more apt when it comes to the development of sustainable energy management. Essent should take responsibility for all the raw materials and processes needed to create and market a product. This leads us to consider a great many issues, such as: will the production of biomass involve the felling of unique forests? Does the mining of coal involve the exploitation of workers?

Answering these questions effectively will require an objective and controlled system of rules of conduct. For example, Essent applies its Supplier Code of Conduct to its purchasing activities, as part of its standard purchasing conditions. The purchasing of solid biomass is subject to the Green Gold Standard.

However, no adequate certification system has been put in place for certain products and fuels, such as coal. Nevertheless, coal is a form of fuel that Essent will have to deal with for some time to come. The material is fired in Essent's existing coal power plants, and may have to be used as a supplementary fuel during the transition to a fully sustainable form of energy supply. However, this will require the capture and storage of carbon dioxide in combination with the gasification of coal and biomass. Essent is currently assessing the potential for these solutions in collaboration with Shell.

Essent also aims to address the issue of coal through dialogue. The central question in this regard should be the practical implementation of responsibility for the supply chain. To this end, Essent invited all energy companies with activities in the Netherlands that operate a coal-fired plant or are planning to build one, to take part in a roundtable conference.

Over the course of the discussions, it became clear that all participants acknowledged the importance of some form of responsibility for the supply chain. However, the parties also recognised that the introduction of requirements on an individual scale would have little effect on the global market for coal. All participants agreed on the need to further examine the potential for developing a joint position for the entire sector. Essent will take the first steps towards such an initiative in 2009.

Dialoguing as a corporate citizen

As an energy company with its roots in the old utilities sector and a century and a half of history in the region, Essent is highly interwoven with society. As a result, the company has an obligation to act as a good corporate citizen. In addition to running its core business, Essent must do its part to make this world a little better to live in and take its social responsibility. Current efforts to this end include the company's sponsorship policy and the voluntary deployment of its employees to charitable causes. However, we must ask ourselves whether Essent is still on the right track. Are our efforts still in step with the perceptions and needs of today's society?

In order to find an answer to this question, Essent decided it was time to enter into a dialogue with society. As a first step, we organised a roundtable conference with a wide range of experts from other companies, government agencies, knowledge institutes and NGOs.

The participants agreed that today's transient society requires companies taking on a

new social responsibility. Citizens expect this from their suppliers, and employees expect it from their employers. The expectation is one of authentic commitment, rather than actions taken under pressure.

In choosing appropriate activities, it is essential to determine a company's strengths, and identify the areas in which efforts are truly required and will yield significant added value for society. These insights will help Essent further develop its activities in this area. The dialogue with society will be continued in a targeted manner.

Essent as a business operator and employer

Despite the fact that in 2008 CSR policies focused on Essent's roles as a market player and corporate citizen, 2008 also saw the development of activities in the company's other two roles.



Essent as a business operator

In an effort to expand its large-scale generating capacity, Essent has opted for new gas-fuelled power plants, which offer a combination of carbon dioxide reduction and optimum yields. A high-yield combined cycle gas turbine (CCGT) plant will be built in both Moerdijk and the Belgian city of Genk, while the gas-fired Claus plant in Maasbracht will be modernised.

In order to strengthen its position as a gas buyer, Essent will participate in the lng terminals at the Maasvlakte and Eemshaven.

However, this does not mean Essent regards coal as a fuel of the past. Despite the fact that the scheduled construction of a hybrid coal and biomass power plant in Geertruidenberg

has been postponed due to the unstable markets for both fuels, Essent is aware that it may have to depend on coal during the transition to fully sustainable energy production. However, this will require a special focus on the issue of carbon dioxide emissions. This is why Essent has collaborated with Shell in initiating an assessment of high-yield hybrid power plants with low carbon-dioxide emissions that gasify coal and biomass while capturing and storing carbon dioxide.

As a part of its efforts to improve energy supply sustainability, Essent is substantially expanding its capacity to generate wind energy. The Westereems wind farm currently under construction in Eemshaven will feature 52 new turbines with a height of almost 100 meters and a combined capacity of 156 megawatts, making it the largest onshore wind farm in the Netherlands.

Essent is also working hard to prepare a tender for the large-scale Nordsee-Ost offshore wind farm, set to be constructed in the vicinity of Helgoland. The wind farm will feature 80 turbines with a combined capacity of approximately 288 megawatts.

Essent does not rule out the possibility that it may have to use nuclear energy during the transition to a more sustainable society. This is why Essent is working with joint shareholder Delta of the existing nuclear power plant in Borssele to assess whether a second nuclear plant would be necessary and viable. No irreversible actions will be taken during this assessment phase, and no investment decisions will be made until the required permits have been obtained. If the nuclear plant is built, it could be operational between 2018 and 2020.



Essent as an employer

2008 saw a great deal of effort towards further improvements in the field of safety. In order to keep track of our progress, we apply the dart rate (an indicator measuring the number of accidents against the number of hours worked). The dart rate for 2008 was considerably better than in 2007. Despite this significant improvement, the target for 2008 was not met.

In view of the unbundling of the network company and planned sale of Essent Milieu, the company will be applying differentiated dart rates over 2009.

In 2008 the hse Award, Essent's annual award, went to Essent's business unit Milieu in recognition of its exemplary performance during the demolition and cleanup of the old Maas power plant in Buggenum. The 2008 Contractor Safety Award went to Stork Industry Services.

hse activities also included the 'Tyre pressure' project, designed to stimulate employees to inflate their cars' tyres to the correct pressure level. This will help save on fuel, reduce wear on tyres, shorten braking distances and improve road handling. Special teams measured employees' cars tyre pressure in parking lots at 24 Essent locations. Tyres were inflated to the correct pressure level where necessary.

2008 saw a promising start to efforts to improve the diversity of Essent's employee base. At all organisation levels - including senior management - women are currently underrepresented.

The first step along the way to achieve this goal was the signing of the 'Talent to the Top' charter, whereby 47 companies committed to appointing more women to senior positions. The second - equally important - step was the appointment of a diversity officer, charged with developing and stimulating the enforcement of a diversity policy. Essent aims to appoint women to 44% of all positions, divided over 30% for technical positions and 50% for all other positions. Efforts to support the internal women's network, 'Women's Energy', will be significantly expanded.

The annual Essent Employee Survey showed that Essent had improved its performance in nearly every area, but had lost ground to the Top Companies due to their even higher rate of improvement. Essent's performance was somewhat lacking in the area of career development, which remained below the Dutch National Standard. Essent will develop supplementary policies to address this issue.

In a more encouraging development, the commitment of our employees was further improved despite the turbulent year that was 2008. Employee commitment includes aspects such as company pride, a sense of loyalty to Essent, willingness to make an extra effort and the intention to stay with Essent.

The greatest gains were made in the area of Image. csr policies also proved popular amongst employees.



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