

Essent

A Chain of Power



Essent Energy Trading

A leading merchant company

PJWG Schouwenberg

VP Biofuels Commodities

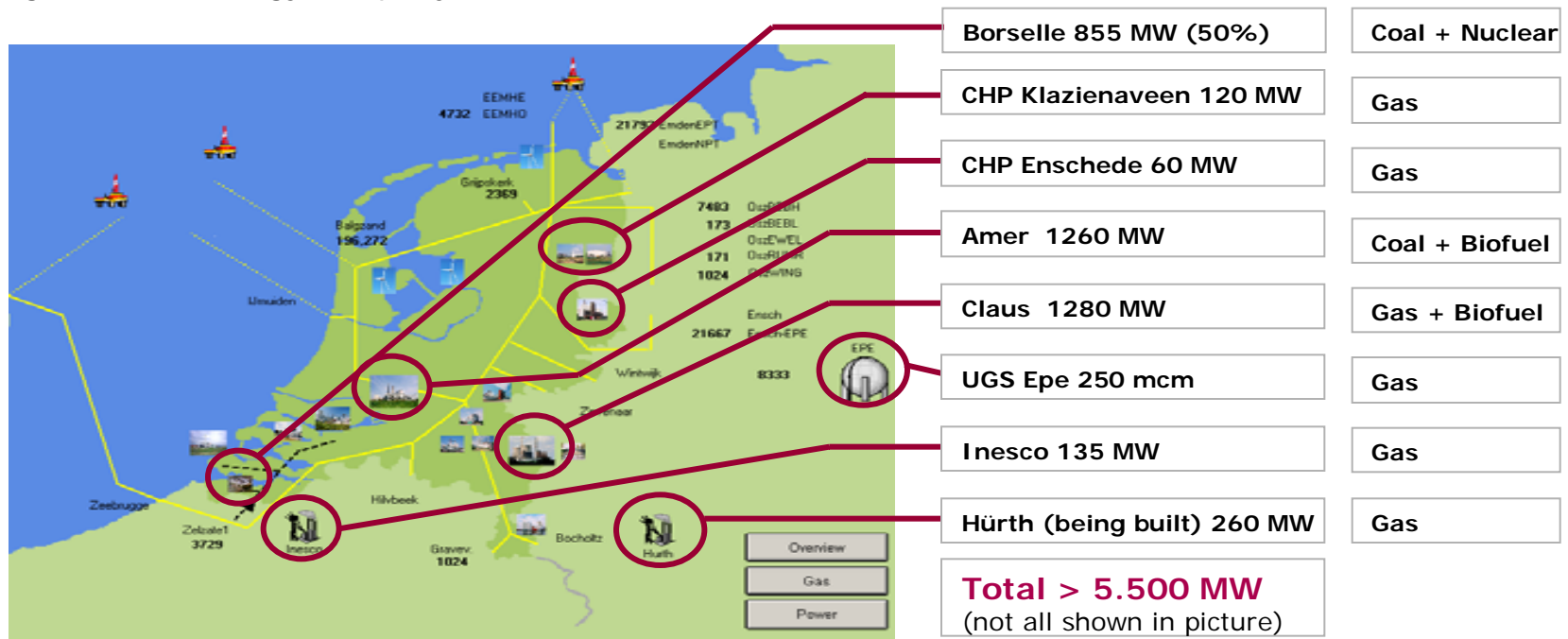
Essent is a vertically integrated company active across the entire energy value chain



Our operations cover the entire length of the energy chain, from the **generation of energy** (excluding exploration and extraction), to the **supply** of products and services to **end-users**.



Essent has **physical assets throughout North Western Europe** totaling over 5500 MW making Essent the largest Dutch energy company



Our Vision and Business Principles are the criteria for a successful implementation of the Merchant Strategy



Vision

- We see competitive global energy markets focused on sustainability.

Mission

- We do the extraordinary to create extraordinary value. An international asset backed merchant trading business focused on portfolio optimization and risk management

Strategy

- We focus on developing markets, capturing the intrinsic value of the portfolio and creating value by increasing the flexibility of the portfolio exploiting the extrinsic value

Growth

- We aim to grow along concentric circles in three axes:
 - Geographical growth
 - Value chain growth
 - Growth across commodities

Our Responsibilities

- Our clients can always depend on us
- We provide optimum value growth for our shareholders
- Our employees can count on respect and trust

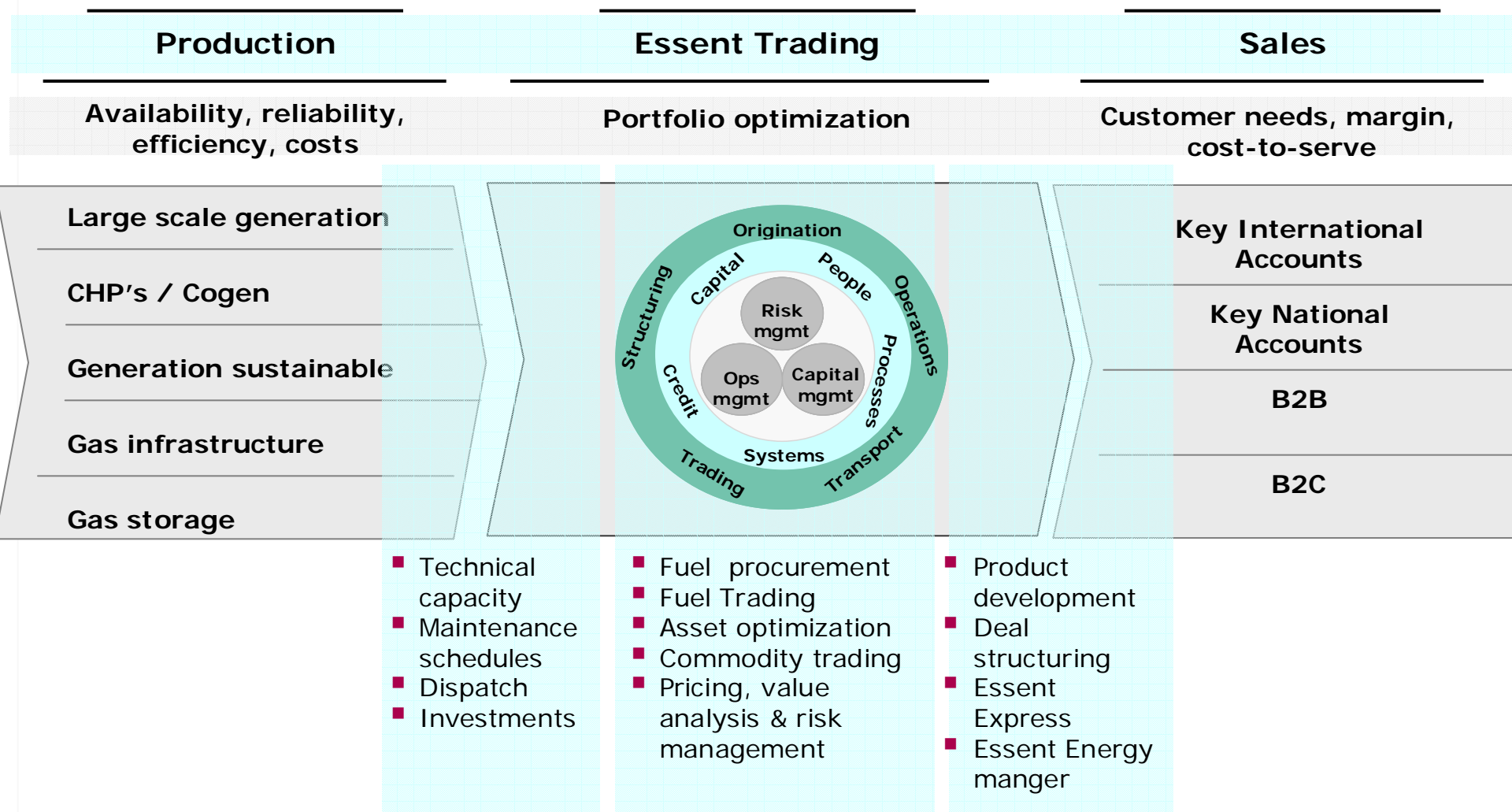
Our Approach

- We operate with integrity and honesty
- We ensure a healthy and safe working environment
- We ensure that the company adheres to well-defined corporate governance practices

Our Environment

- At Essent Trading we are working in a dynamic, exciting and highly challenging environment
- We sponsor WWF, our green energy and partnerships with universities for research helps protect our environment

Essent Trading has a key role in the Essent value chain for optimizing and managing the risks



Essent Trading is transforming its business model into hub and satellite model




The hub and satellite model enables Essent Trading to better focus on the European Markets

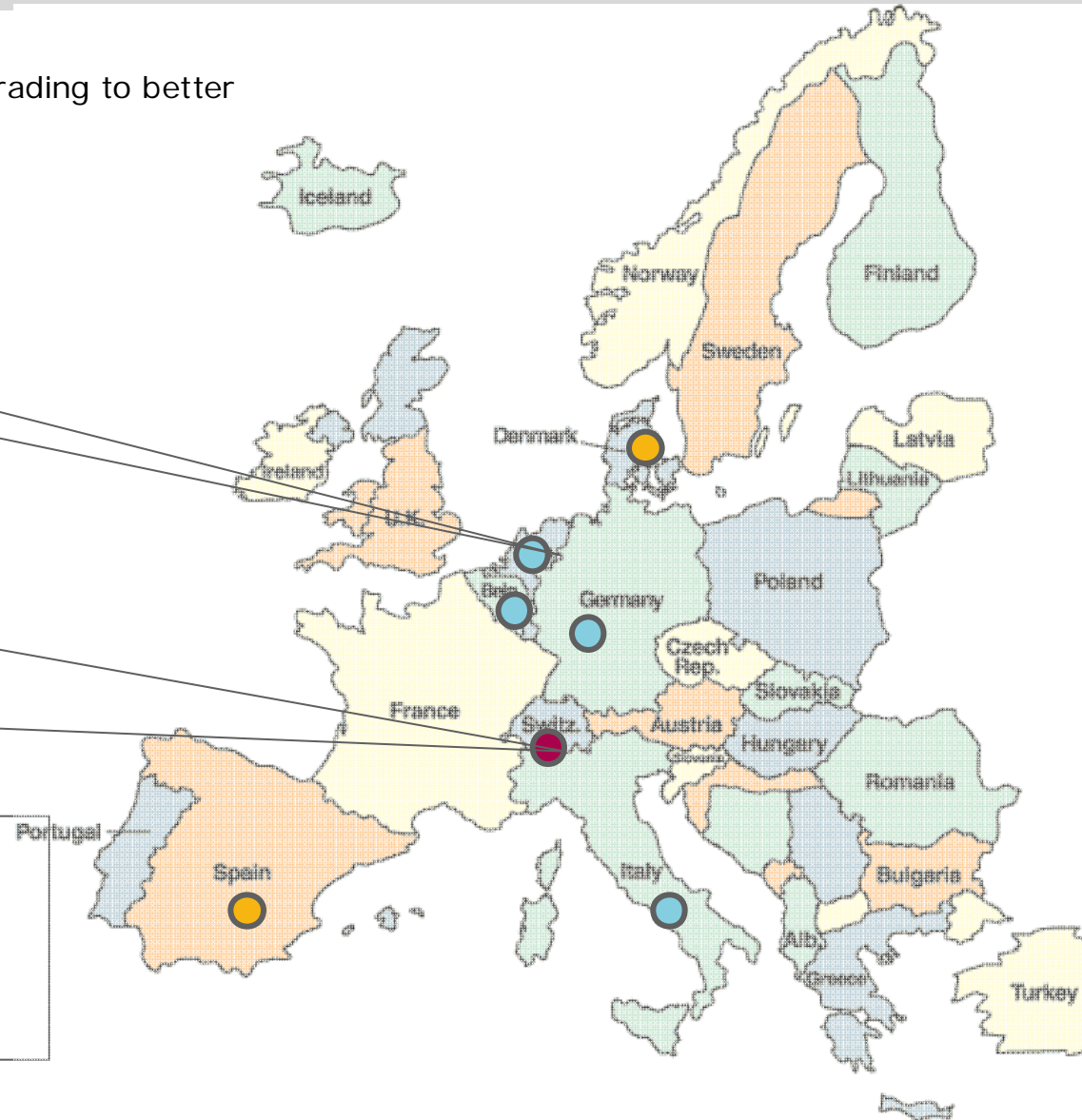
Example satellite activities

- Origination and Operations satellite
- Origination for local industrial companies
 - Operations; intra-day trading, scheduling, dispatch

Hub

- LT and ST trading for all commodities
- Origination
- Portfolio Analysis and optimization
- Structuring
- Gas and other fuel procurement
- Pricing
- Mid-office and support functions
- Operations; intra-day trading, scheduling, dispatch

-  Planned Essent Trading satellite office
-  Essent Trading satellite office
-  **Essent Trading Hub - Geneva**



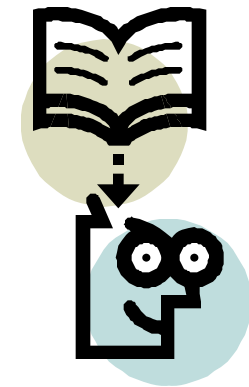
Findings Sustainable Palmoil Audits (based on RSPO/CieCramer/EGGL) in Azia

Peter – Paul (PJWG)
Schouwenberg

10th May 2007
Berlin

The practical facts

- It is apparent that there is considerable confusion over the accreditation, audit and certification processes.
- It is important to clarify the processes that are involved.



The “standard”

- **The RSPO** is an excellent example of a round table organisation that has developed its own generic standard for oil palm management and then allows for the development of national interpretations.

Why be certified?

- Driven by the end user:
- Better access to markets.
- Verification of sustainable management.
- Independent re-assurance for stakeholders of responsible management.
- Indicator of good corporate governance.
- Good management tool.

A journey.....



- The first step is the development of the standard with full support of all stakeholders.
- Beware: it can never be perfect!
- The ‘owners’ of that standard then decide who is able to carry out an audit against that standard and eventually issue a certificate. “Accreditation”.

The certification process

- Self assessment and application.
- (Pre-assessment).
- Main assessment.
- Assessment report.
- Certification decision.
- Annual inspections.
- Continuous improvement.

The audit

- Opening meeting.
- Comprehensive maps.
- Sight of and review standard operating procedures. Contracts etc.
- Supporting documents and surveys.
- Field visits and interviews with managers.
- Local stakeholder consultation.
- Processing plant.
- Closing meeting.

RSPO audits. Objectives:

- To develop system plans and checklists.
- To gain a sound understanding of the agronomy of growing oil palm.
- To understand the production processes.

Background

- CUC has carried out audit assessments against the following standards:
- Cramer Principles;
- The Green Gold Label and
- The RSPO principles and criteria.

Perception

- **Perception:**
- **Primary rainforest is being cleared.**
- The whole of Indonesia and Malaysia has been converted to oil palm.
- Oil palm companies are responsible for all the smog and haze problems.
- Wildlife habitats are being destroyed.
- Basic human rights are ignored.

RSPO

- 8 principles.
- 39 criteria.
- Economic.
- Social and
- Environmental imperatives.

Audit statistics

- 592,000 ha. (224,000 of planted and 368,000 ha of future development).
- 43 individual plantations.
- 24 plantation mills.
- 4 refineries.
- Over 450 plantation staff.
- Over 100 local stakeholders.
- 5 local auditors.
- 1 international lead auditor.
- 65 days of audit over a period of 8 months.
- 106 man days of audit time plus research and report preparation.

2005 statistics

Indonesia:	192,000,000 ha.
Oil palm:	5,597,716 ha.
% planted:	2.91%
<u>Projected total:</u>	<u>5.80%</u>

Malaysia:	32,975,000 ha.
Oil palm:	4,200,000 ha.
% planted:	12.7%
<u>Projected total:</u>	<u>15.0%</u>

Conditions raised

- Final reports have included:
- A total of 21 pre-conditions,
- 20 conditions and
- 4 recommendations for improvement.
- They have included aspects from ALL of the RSPO P&C's.
- Two companies have now closed out all of the pre-conditions and about 50% of the conditions.
- The other company is actively addressing the pre-conditions

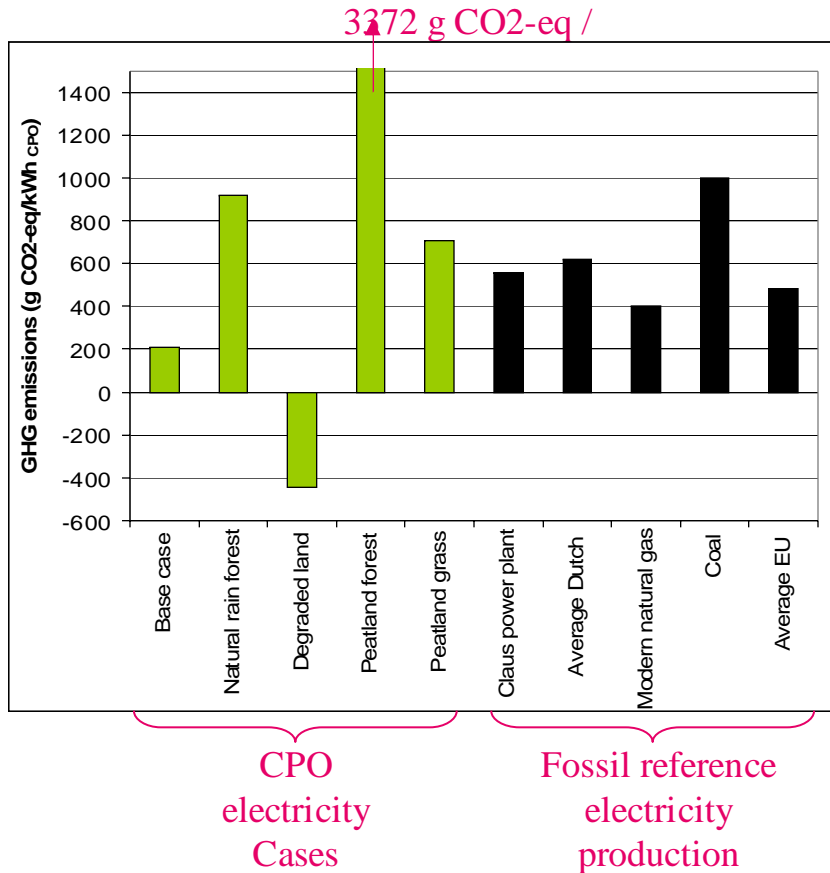
Bad practice

- We have only audited a fraction of the total oil palm area. Approximately 5%.
- If the findings are extrapolated across the industry, then there is much room for improvement.
- Soil erosion.
- Herbicides.
- Fertilisers etc., etc.
- Too many palms!

Cramer 1

- Utrecht University have carried out a study and findings are as follow:

GHG Balance of CPO-Based Electricity vs. Fossil Electricity: *Land conversion issues*



Forested peatland:
extremely high emissions

Natural rainforest: high
emissions

Base case - Logged over
forest: emissions about
half of modern natural gas
power

Degraded land: CO₂
uptake

Burning by whom?

- Burning of land in Indonesia is primarily carried out by farmers for the following reasons:
- Clearance for cultivation.
- Farmers believe that burning improves the fertility of the soil.
- Hunting: to drive the animals out of hiding.
- Sand mining. Silica and gold.
- To claim ownership of degraded land by burning every year.

Issues

Issue	Malaysia	Indonesia
Land title	Clear land title.	No land control.
Land use rights	Easy to identify and negotiate.	Evidence on the ground.
Forest management	Retained forest.	Illegal logging. FSC or PEFC?
Burning	Not an issue anymore.	Farmers burn land indiscriminately.
Wildlife	Protected.	Shot for sport.
Illegal land use	Not a problem.	No government support.

Audit findings in brief

- The establishment of oil palm, creates a new and stable environment.
- This prevents the further burning of large areas of land by farmers and
- Has a significant beneficial effect with the re-colonisation by wildlife.

Audit findings in brief

- No companies allow any burning.
- Only degraded, bare, ex rubber or ex coconut / cocoa areas planted in study areas.
- Audited companies have banned the use of paraquat.
- Definite desire to increase the conservation value of plantations.

A desire to comply

- Audited companies demonstrated a desire to comply with RSPO.
- Managers are being appointed to ensure compliance.
- Conservation enhancement is becoming a priority.
- Unplantable areas are being re-defined.