



Annual Report of  
Corporate Governance  
2018



**Encevo S.A.**

Registered as a société anonyme  
(public limited company)  
under Luxembourg law with a capital of  
EUR 90,962,900  
Registered office: Esch-sur-Alzette, Luxembourg  
Trade and Companies Register B11.723

**Annual Report of Corporate Governance 2018**

**Encevo S.A.  
May 2019**

Corporate Governance represents an area of  
major importance for the Encevo Group. The  
Annual Reports of Corporate Governance can  
be downloaded at [www.encevo.eu](http://www.encevo.eu)

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# Encevo S.A.

## Corporate Governance Bodies

### General Meeting of Shareholders

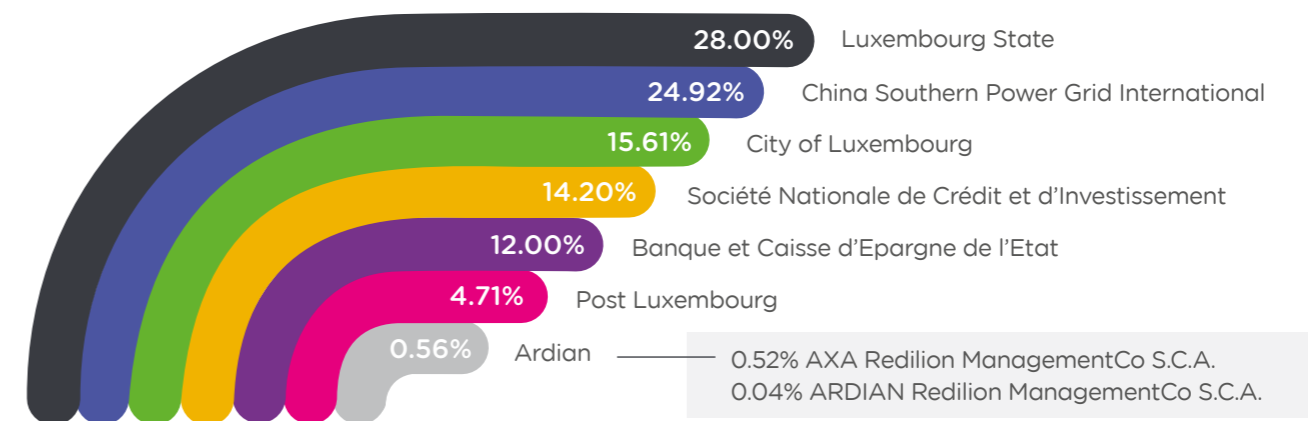
The shareholders of Encevo S.A. met once in 2018.

As of January 1<sup>st</sup>, 2018, the shareholder structure was as follows:

Shareholder Structure		
State of the Grand-Duchy of Luxembourg	254,693 shares	28.00 %
ARDIAN*	231,794 shares	25.48 %
*) AXA Redilion ManagementCo S.C.A.	213,600 shares	23.48 %
ARDIAN Redilion ManagementCo S.C.A.	18,194 shares	2.00 %
BCEE (Banque et Caisse d'Epargne de l'Etat)	109,169 shares	12.00 %
SNCI (Société Nationale de Crédit et d'Investissement)	129,172 shares	14.20 %
Administration communale de la Ville de (City of) Luxembourg	142,001 shares	15.61 %
ENGIE (Electrabel S.A.)	42,800 shares	4.71 %
<b>TOTAL</b>	<b>909,629 shares</b>	<b>100.00 %</b>

On February 21<sup>st</sup>, 2018, ENGIE sold its shares to Post Luxembourg and on October 18<sup>th</sup>, 2018, ARDIAN sold 24.92 % of the share capital to China Southern Power Grid International (Luxembourg) Co. Ltd., S.à r.l. Following these two events, the shareholders register is composed and is still composed as of December 31<sup>st</sup>, 2018 of the following shareholders:

Shareholder Structure		
State of the Grand-Duchy of Luxembourg	254,693 shares	28.00 %
CSPGI (China Southern Power Grid International (Luxembourg) Co. Ltd., S.à r.l)	226,680 shares	24.92 %
BCEE (Banque et Caisse d'Epargne de l'Etat)	109,169 shares	12.00 %
SNCI (Société Nationale de Crédit et d'Investissement)	129,172 shares	14.20 %
Administration communale de la Ville de (City of) Luxembourg	142,001 shares	15.61 %
Post Luxembourg	42,800 shares	4.71 %
ARDIAN*	5,114 shares	0.56 %
*) AXA Redilion ManagementCo S.C.A.	4,713 shares	0.52 %
ARDIAN Redilion ManagementCo S.C.A.	401 shares	0.04 %
<b>TOTAL</b>	<b>909,629 shares</b>	<b>100.00 %</b>



The Ordinary General Meeting of Shareholders took place, as usual and in accordance with Article 15.3 of the by-laws, on the second Tuesday of the month of May, i.e. on May 8<sup>th</sup>, 2018.

All shareholders were present or validly represented.

No conflict of interest had to be reported to the general meeting of shareholders under Article 25.8 of the articles of association.

The shareholders acknowledged the Management Reports and the Independent Statutory Auditor's Reports of Encevo S.A. as well as Encevo Group consolidated regarding the financial year 2017, and unanimously adopted the following resolutions:

- Ratification of the appointment of the following persons as board members of Encevo S.A. until the AGM to be held in 2020:
  - Mr Daniel Da Cruz
  - Mr Claude Strasser
  - Mr Benoît Gaillochet
- Acknowledgement of Mr Michael Reuther's resignation as director and appointment as permanent representative by the Board Member "AXA Redilion ManagementCo S.C.A."
- Approval of the statutory Annual Accounts 2017, and of their Notes, of Encevo S.A. as well as of the Consolidated Accounts of the Encevo Group;
- Appropriation of the Net Profit 2017 of Encevo S.A. and distribution of a dividend of 27 €/share, totaling 24,559,983.00 €;
- Full and unrestricted discharge given to the directors in office during the financial year 2017.
- Appointment of Ernst & Young as independent statutory auditor for the financial years 2018, 2019 and 2020.



## Board of Directors

The Board of Directors met 6 times in 2018: on April 19<sup>th</sup>, April 27<sup>th</sup>, June 22<sup>nd</sup>, September 28<sup>th</sup>, November 13<sup>th</sup> and December 11<sup>th</sup>.

The average attendance of Board members for all meetings, either physically or by phone conference, reached 92% (proxies not accounted for).

All meetings were chaired by Mr Marco Hoffmann. The Chairman of the Audit Committee regularly reported to the Board. The Secretary of the Board attended all meetings.

The Board meetings were also attended by the members of the Executive Board who presented some of the topics or otherwise contributed to Board discussions.

Minutes of the discussions and decisions of the Board meetings have been systematically kept and approved unanimously by all board members (in principle in the following meeting).

The Board of Directors discussed and passed resolutions in relation to all relevant topics, in particular those set out in Article 20 of the articles of association of the company, in which the powers of the Board are defined.

The Board of Directors was presented reports and was provided recommendations on specific subjects addressed before the Board meetings by the various Board committees. The Board took decisions in relation to:

- annual statutory and consolidated accounts
- budget and midterm business plan,
- succession of the Group CEO and resulting appointments at Executive Board level,
- issuance of a green “Schuldschein” bond.

The Board also adopted a conflict of interest procedure as well as a self-assessment procedure for Board members. Furthermore, it acknowledged the updated Code of Business Conduct.

All resolutions of the Board of Directors were taken by unanimous votes or by majority votes with abstention(s). No vote against a resolution submitted to the Board was recorded.

As of December 31<sup>st</sup>, 2018, the Board of Directors was composed as follows:

Directors elected under the terms of the first paragraph of Article 19.2 of the articles of association:

Marco HOFFMANN	Chairman
Daniel DA CRUZ <sup>1)</sup>	Director
Aloyse KOHLL	Director
Paul KONSBRUCK	Director
Frank REIMEN	Director
Geneviève SCHLINK	Director
Tom THEVES	2 <sup>nd</sup> Vice-Chairman

<sup>1)</sup> Mr Daniel Da Cruz was co-opted on April 27<sup>th</sup>, 2018 to replace Mr Claude Strasser and his appointment was ratified by the annual general meeting of shareholders on May 8<sup>th</sup>, 2018.

Directors elected under the terms of the second paragraph of Article 19.2 of the articles of association:

Li SUN <sup>1)</sup>	1 <sup>st</sup> Vice-Chairman
Changqing JI <sup>2)</sup>	3 <sup>rd</sup> Vice-Chairman
Stefan GRÜTZMACHER <sup>3)</sup>	Director

<sup>1)</sup> Mrs Li Sun was co-opted on November 13<sup>th</sup>, 2018 to replace Mr Benoît Gaillochet, whose resignation took effect as from October 18<sup>th</sup>, 2018.

<sup>2)</sup> Mr Changqing Ji was co-opted on November 13<sup>th</sup>, 2018 to replace AXA Redilion ManagementCo S.C.A. (represented by Mr Michael Reuther), the resignation of which took effect on October 18<sup>th</sup>, 2018.

<sup>3)</sup> Mr Stefan Grützmaker was co-opted on November 13<sup>th</sup>, 2018 to replace Mr Werner Brinker whose resignation took effect on October 18<sup>th</sup>, 2018.

Directors elected under the terms of the third paragraph of Article 19.2 of the articles of association:

Charles HUTMACHER	Director
Georges REUTER	Director
Joachim SCHERER	Director

Directors elected under the terms of the fourth paragraph of Article 19.2 of the articles of association:

Uwe LEPRICH <sup>1)</sup>	Director
Marc REDING	Director
Claude STRASSER <sup>2)</sup>	Director

<sup>1)</sup> Prof. Dr. Uwe Leprich is the permanent representative of the director “Administration communale de la Ville de Luxembourg”.

<sup>2)</sup> Mr Claude Strasser was co-opted on April 27<sup>th</sup>, 2018 to replace as from the same date Mr Johan van Bragt who resigned with effect as from February 21<sup>st</sup>, 2018 following the acquisition by Post Luxembourg of the shares formerly held by ENGIE and his appointment was ratified by the annual general meeting of shareholders on May 8<sup>th</sup> 2018. Consequently, Mr Strasser ceased to be a director appointed pursuant to the first paragraph of Article 19.2 of the articles of association as from April 27<sup>th</sup>, 2018.

## Committees

In order to ensure that the Board is in a position to take decisions in the interest of the company in the most optimal manner, the Board of Directors of Encevo S.A. set up several committees which assist the Board in the preparation of the decision-making process.

### The Audit Committee

The Audit Committee met 5 times in 2018:

on March 16<sup>th</sup>, April 12<sup>th</sup>, June 14<sup>th</sup>, September 12<sup>th</sup>, and November 22<sup>nd</sup>.

All meetings were chaired by Mr Stephan Fedrigo with the exception of the last one, where he supported the new Chairman, Mr Vafa Moayed.

The average physical attendance of committee members at all meetings reached 84%, either physically or by phone conference. The Committee was supported by the presence of the members of the Executive Board and several members of the senior management of the group companies who provided detailed information on the subjects of the agenda. The statutory independent external auditor was invited to, and attended several meetings of, the Audit Committee as well.

All meetings were attended by the Head of Group Internal Audit, who also fulfilled the function of Secretary of the Audit Committee.

As of December 31<sup>st</sup>, 2018, the Audit Committee was composed as follows:

Vafa MOAYED <sup>1)</sup>	Chairman
Marco HOFFMANN	Member
Charles HUTMACHER	Member
Changqing JI <sup>1)</sup>	Member
Aloyse KOHLL	Member
Uwe LEPRICH	Member
Geneviève SCHLINK	Member
Claude STRASSER	Member

<sup>1)</sup> Mr Vafa Moayed and Mr Changqing Ji were appointed members of the Audit Committee on November 13<sup>th</sup>, 2018 following the resignations of Mr Stephan Fedrigo and Mr Michael Reuther

### The Group Strategy Committee

The Group Strategy Committee met 3 times in 2018: on February 14<sup>th</sup>, June 21<sup>st</sup> and November 16<sup>th</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 83 %, either physically

or by phone conference. The Committee was supported by the members of the Executive Board and in some cases by several other senior managers who provided detailed information on the agenda topics.

As of December 31<sup>st</sup>, 2018, the Group Strategy Committee was composed as follows:

Marco HOFFMANN	Chairman
Stefan GRÜTZMACHER <sup>1)</sup>	Member
Changqing JI <sup>1)</sup>	Member
Aloyse KOHLL	Member
Uwe LEPRICH	Member
Marc REIFFERS	Member
Geneviève SCHLINK	Member
Claude SEYWERT	Member
Claude STRASSER	Member
Erik VON SCHOLZ	Member
Guy WEICHERDING	Member

<sup>1)</sup> Mr Stefan Grützmaker and Mr Changqing Ji were appointed members of the Group Strategy Committee on November 13<sup>th</sup>, 2018 following the resignations of Mr Werner Brinker and Mr Benoît Gaillochet.

Mr Johan van Bragt ceased to be a member following his resignation as a Board member on February 21<sup>st</sup>, 2018.

Mr Jean Lucius and Mr Michel Schaus ceased to be members following the changes at Executive Board level which took effect on September 15<sup>th</sup>, 2018.

Mr Mario Grotz, Chairman of the Board of Directors of Creos Luxembourg S.A., was invited to attend all meetings of the Group Strategy Committee.

### The Remuneration and Nomination Committee

The Remuneration and Nomination Committee met 5 times in 2018:

on March 13<sup>th</sup>, March 29<sup>th</sup>, May 8<sup>th</sup>, September 20<sup>th</sup> and November 27<sup>th</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 89%. The Committee was supported by an external counsel, who provided

expertise and was in charge of the minutes of the Committee.

As of December 31<sup>st</sup>, 2018, the Remuneration and Nomination Committee was composed as follows:

Marco HOFFMANN	Chairman
Mario GROTZ	Member
Changqing JI <sup>1)</sup>	Member
Aloyse KOHLL	Member
Vafa MOAYED <sup>1)</sup>	Member
Christiane SCHAUL	Member

<sup>1)</sup> Mr Changqing Ji and Mr Vafa Moayed were appointed members on November 13<sup>th</sup>, 2018 following the resignations of Mr Benoît Gaillochet and AXA Redilion ManagementCo S.C.A. (represented by Mr Michael Reuther).

## Investment Committee

An Investment Committee was set up following an Encevo Board decision taken on September 30<sup>th</sup>, 2016.

The Investment Committee's mission is to assist Encevo S.A., Enovos Luxembourg S.A. and Creos Luxembourg S.A. Boards in its investment decisions.

More specifically, all investments above EUR 25 million as well as any investment above EUR 1 million which has not been included in the business plan are submitted to the Investment Committee for review.

The Investment Committee also reviews, on a regular basis, investments which have been made or are in the process of being implemented.

The Investment Committee met 3 times in 2018, on: June 12<sup>th</sup>, August 10<sup>th</sup> and November 15<sup>th</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members was 83%, either physically or by phone conference. The Committee was supported by three

members of the Executive Board and in some cases by several other senior managers who provided detailed information on the agenda topics.

As of December 31<sup>st</sup>, 2018, the Investment Committee was composed of the following members:

Marco HOFFMANN	Chairman
Sun JINGQIANG <sup>1)</sup>	Member
Aloyse KOHLL	Member
Paul POON <sup>1)</sup>	Member
Marc REDING	Member
Geneviève SCHLINK	Member
Tom THEVES	Member
Michael TOMASZEWSKI	Member
Guy WEICHERDING	Member

<sup>1)</sup> Mr Sun Jingqiang and Mr Paul Poon were appointed members on November 13<sup>th</sup>, 2018 following the resignations of Mr Simo Santavirta and AXA Redilion ManagementCo S.C.A. (represented by Mr Michael Reuther).

## Executive Board

In accordance with Article 20.8 of the articles of association, the daily management of Encevo S.A. is delegated to an Executive Board.

The Executive Board of Encevo S.A. held 46 meetings in 2018.

Meetings are held in principle on a weekly basis, usually on Tuesdays. In addition to the Executive Board members and the Secretary General, a wide range of senior managers, in particular Business Unit Heads, are also invited to present specific topics which have been put on the agenda. The minutes of the meetings are drafted by the Secretary General and excerpts of the decisions are forwarded to the relevant management lines in order to ensure that the decisions are properly implemented and that follow-up requests are duly met.

Furthermore, the Executive Board had a few extraordinary meetings which related mainly to the budget and business plan.

Following the decision taken by the Board of directors on April 19<sup>th</sup>, 2018 in relation to the succession of the former Group CEO, who retired at the end of the third quarter of 2018, the Members of the Executive Board were as from September 15<sup>th</sup>, 2018.

### Claude SEYWERT

CEO of Encevo S.A.

Claude Seywert was born on July 13<sup>th</sup>, 1971 in Luxembourg. He graduated in physics at the "Eidgenössische Technische Hochschule" in Zürich (Switzerland). He continued his studies in the United States and holds an M.S. and Ph.D. in aeronautics from the "California Institute of Technology". He started his professional career as strategy consultant with McKinsey in Germany. In 2002, he joined the group controlling department of Arcelor (now ArcelorMittal) in its Luxembourg headquarters and subsequently held several senior positions within the ArcelorMittal group before being appointed COO (Chief Operating Officer) Finishing of ArcelorMittal Florange (France). He joined Creos Luxembourg S.A. in 2012 (having previously served in various boards of directors of the Enovos Group). Beginning 2014, he was appointed Deputy CEO of Creos Luxembourg S.A.

As of August 1<sup>st</sup>, 2015, Claude Seywert was appointed CEO and member of the board of directors of Creos Luxembourg S.A. He has also been a member of the Executive Board of Encevo S.A. since that date and exercised this responsibility until September 15<sup>th</sup> 2018, when he took over the position of Chairman of the Executive Board of Encevo S.A. and Group CEO from Mr Jean Lucius. Mr Seywert also took over part of the responsibilities formerly held by Mr Schaus, the former Chief of Operational Support, who left the Group at the end of the third quarter of 2018, and is also in charge of Corporate Development and Strategy, a responsibility formerly held by Mr von Scholz. Finally, he is also in charge of Technical Services.

Claude Seywert can be reached at [claude.seywert@encevo.eu](mailto:claude.seywert@encevo.eu)

### Erik VON SCHOLZ

CEO of Enovos Luxembourg S.A.

Erik von Scholz was born on June 26<sup>th</sup>, 1969 in Brussels.

He has a European baccalaureate from the European School in Brussels. He graduated in Civil Engineering and Economics at Technische Universität Berlin and has an MBA from the Heriot-Watt University from Edinburgh. From 1995 to 1998, Erik worked for PWC in the Audit and Corporate Finance Services departments. From 1998 to 2015, he held several senior manager positions in the Engie group in Brussels and Berlin. Between 2003 and 2015 he was CEO of Engie in Germany and from 2009 Executive Committee Member of the Energy Europe Division. After he joined Encevo in 2016, he was appointed Member of the Executive Committee in September 2016, in charge of Corporate Development and Strategy. He has also been in charge of Renewables since March 1<sup>st</sup>, 2017.

He took over the responsibility of CEO and Member of the Board of directors of Enovos Luxembourg S.A. from Mr Reiffers on September 15<sup>th</sup> 2018. He is still a Member of the Executive Board of Encevo S.A. in this new capacity

Erik von Scholz can be reached at [erik.vonscholz@enovos.eu](mailto:erik.vonscholz@enovos.eu)

**Marc REIFFERS**

CEO of Creos Luxembourg S.A.

Marc Reiffers was born on August 3<sup>rd</sup>, 1960 in Ettelbruck (Luxembourg).

He graduated in mechanical engineering at the “Compiègne University of Technology” (France). He has a Master of Science in offshore engineering from the “Cranfield Institute of Technology” (England) and holds a degree in business administration from the “Institute of Business Administration” in Aix-en-Provence (France). From 1986 to 2009, Marc Reiffers held several senior positions in the steel industry group ARBED, Arcelor and ArcelorMittal. In 2009, he joined Enovos Luxembourg S.A. as Head of Markets Strategy & Controlling and was appointed COO in January 2011.

As of August 1st, 2015, Marc Reiffers was appointed CEO and member of the Board of directors of Enovos Luxembourg S.A. He took over from Mr Claude Seywert the responsibility of CEO and Member of the Board of directors of Creos Luxembourg S.A. on September 15th 2018. He is still a member of the Executive Board of Encevo S.A. in his new capacity.

Marc Reiffers can be reached at  
marc.reiffers@creos.net

**Guy WEICHERDING,**

CFO of Encevo S.A.

Guy Weicherding was born on September 25<sup>th</sup>, 1961 in Luxembourg.

He graduated as a commercial engineer from the “University Catholique de Louvain” in Belgium. Guy Weicherding started his professional career in 1985 in the Finance department of the steel industry group ARBED (today ArcelorMittal) in Luxembourg. Between 1989 and 2006, he held various senior positions in the financial management of the wire drawing division and of the long carbon sector within the ARBED/Arcelor Group. In July 2006, Guy Weicherding joined the tooling and machine manufacturer Husky Injection Molding Systems S.A. in Luxembourg as Director of Finance Europe.

Finally, he joined Enovos Group in August 2010 as Deputy CFO of Enovos International S.A. before being appointed to his current position in July 2012 as Chief Financial Officer (CFO) and Member of the Executive Board, in charge of Finance and Tax, Accounting, Controlling, Group IT and Risk Management. Following the re-organization at Executive Board level, which took place in 2018, he is now also in charge of Internal Audit, Real Estate and Facility Management as well as Insurance.

Guy Weicherding can be reached at  
guy.weicherding@encevo.eu

**Compliance / Legal**

Compliance with laws, regulations and high ethical standards is considered an essential building block of the Encevo Group's governance.

The Secretary General of Encevo Group has been entrusted with the role of Group Compliance Officer. His mission consists in assessing and mitigating compliance risks as well providing advice and recommendations in relation to actual or potential compliance issues. He is also one of the key contact persons together with the Head of Internal Audit in the context of the “Whistleblowing Policy”. The Group Compliance Officer reports to the Executive Board and prepares the annual compliance report of the Executive Board to the Audit Committee.

A Code of Business Conduct, encompassing a whistle-blowing system has been issued and submitted for signature to all employees of the core group companies. The Code of Business Conduct and especially the whistle-blowing policy were updated in 2018 in the light of personal data protection requirements and with a view to strengthening the whistle-blowing process. Besides, various policies have been issued and developed in close co-operation with the Legal Department, the Human Resources Department, the Finance Department, the Internal Audit Department and the Risk Management Department. These policies include amongst others a Personal Data Protection Policy, an IT Security Policy, a Travel Policy and a Credit Card Policy, Insider Dealing Guidelines, Investment Guidelines and “Delegations of Powers”, which are updated periodically.

For regulatory affairs, Creos Luxembourg appointed a Compliance Officer in charge of the “programme d'engagements” that monitors the actions of the grid operator in the context and in respect of unbundling requirements. Similarly, Creos Deutschland has appointed a “Gleichbehandlungsbeauftragter”.

Encevo Group is supported in its activities by teams of in-house lawyers advising and assisting the management with respect to legal requirements in relation to major projects (including inter alia mergers & acquisitions or transactions on capital markets) and day-to-day business.

The Legal departments manage litigation and monitor legal developments in the energy sector and related legislation.

In addition to the corporate legal department of Encevo S.A. composed of 6 in-house lawyers, Enovos Deutschland SE is supported by a team of 3 in-house lawyers. Due to unbundling requirements, Creos has its own legal department composed of 3 in-house lawyers in Luxembourg and 2 in Germany.

**External Audit**

Encevo Group companies and Encevo S.A. strictly respect legal and regulatory requirements related to external audit proceedings.

For the financial years 2018, the Statutory Auditor was appointed by the Annual General Meeting of Shareholders on May 8<sup>th</sup>, 2018.

The mandate was given to E&Y (Ernst & Young).

**Internal Audit**

The mission of the Group's Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Internal Audit function also assists management with regard to the identification, assessment and mitigation of risks. Internal Audit functionally reports to the Chief Financial Officer of Encevo S.A. and shares its findings with the Audit Committee. The Head of Group Internal Audit is also the Secretary of the Audit Committee.

The activities of the Internal Audit function are exercised in accordance with an annual audit plan, which is reviewed and approved by the Audit Committee. The annual plan is based on an annual risk assessment. Internal Audit works in close co-operation with the Head of Group Risk Management.

The Internal Audit function monitors the implementation of its internal control recommendations and regularly reports on effective compliance to the Executive Board and the Audit Committee.

The Group Internal Audit function was staffed by a team of three persons.

In 2018, the following areas were audited in accordance with the annual audit plan: Belgian biogas plants, human resources, reinsurance, and regulation management.

For each audit, a list of recommendations was drawn up and agreed upon with the management with a view to being implemented within a short time frame. There were also quarterly follow-up audits performed to assess to which extent the management had implemented the planned actions from previous year's internal audits. The Internal Audit function conforms to the standards and the code of ethics defined by the Institute of Internal Auditors (IIA).



## Risk Management

Encevo's executive management established a dedicated Group Risk Policy and assigned specific responsibilities and resources to risk management. The CFO (Chief Financial Officer) acts as CRO (Chief Risk Officer); he reports to the Executive Board and has the ultimate responsibility for effective risk management operations. Under his lead, the Group Risk Manager coordinates the implementation of the policy, the methodology and tools as well as the meetings of the local risk committees. In the Enterprise Risk Management (ERM) concept of the Encevo Group, risk management deals with operational risks, specific energy market risks, regulatory and strategic risks. An appropriate risk management requires the establishment and promotion of a lively risk culture in the various departments of all group companies and, in particular, the practice of formal assessments and reporting of potential risks. This objective is achieved through workshops organized by Group Risk Management with the aim to raise senior and middle management's level of awareness so as to further increase the understanding of risk management and to foster the use of the Group's risk management software.

The Group Risk Policy including the risk management charter, framework and process were updated in 2018 and published on the Intranet in a readily accessible format for each employee. Furthermore, the organization of risk management with the different risk committees which have been set up for the Group's core companies in Luxembourg and Germany, and the local risk coordinators which have been appointed for the main subsidiaries, are defined in the risk policy.

For each of the Group's key objectives, a risk tolerance has been defined. Risk appetite, defined as the sum of risk tolerances, is the amount of risk that the group is prepared to take in order to execute its strategy, achieve its objectives and business plans and meet stakeholder expectations. Encevo Group aims at operating overall within a low risk tolerance framework in order to achieve its global financial target of return on capital employed. Higher risk appetite applies only towards the activities of renewables as well as energy solutions & services.

As of the end of 2018, about 170 risks were identified and reported a Group wide common risk management tool allowing a systematic risk assessment, allocation and treatment mechanism.

In the area of commercial activities, the focus was in 2018 on:

- Implementing a new book structure in order to increase transparency on risks and returns regarding the different value-pools along the Trading - Portfolio management - Sales value-chain.
- Designing and implementing of methods and calculations for a new risk indicator ("Earnings-at-Risk").
- Defining the Risk Capital needed on commercial activities.





# Enovos Luxembourg S.A.

## Corporate Governance Bodies

### General Meeting of Shareholders

The shareholders of Enovos Luxembourg S.A. met once in 2018.

The Ordinary General Meeting of Shareholders was held, as usual and in accordance with Article 10.3 of the articles of association, on the second Tuesday of May, i.e. on May 8th, 2018.

All shareholders were present or validly represented.

No conflict of interest had to be reported to the general meeting of shareholders under Article 20.7 of the articles of association.

The shareholders acknowledged the Management Report and the Independent Statutory Auditor's Report regarding the financial year 2017 and adopted the following resolutions, all by unanimous votes:

- Ratification of the appointment of Mr Claude Strasser as board member of Enovos Luxembourg S.A. until the AGM to be held in 2020;
- Approval of the 2017 Annual Accounts and of the Notes thereto;
- Approval of the proposal to pay no dividend;
- Unrestricted discharge to the directors in office during the financial year 2017;
- Appointment of Ernst & Young as independent statutory auditor for the financial years 2018, 2019 and 2020.

## Board of Directors

The Board of Directors met 5 times in 2018: on March 29<sup>th</sup>, June 22<sup>nd</sup>, September 28<sup>th</sup>, November 13<sup>th</sup> and December 11<sup>th</sup>, 2018.

All meetings were chaired by Mr Marco HOFFMANN.

The average attendance of Board members at all meetings, either physically or by phone conference, reached 94% (proxies not accounted for). The Secretary of the Board was present at all meetings. The Board was also supported through the presence of several members of the senior management of the

Group companies who provided detailed information on the agenda topics.

Minutes of the discussions and decisions of the Board meetings have been systematically kept and approved unanimously by all board members (in principle in the following meeting).

The Board of Directors was presented reports and was provided recommendations on specific subjects addressed before the Board meetings by the various Board committees. The Board took decisions in particular in relation to:

- Annual accounts and midterm business plan
- Major investments/divestments,
- Risk management (risk limits)

The Board also adopted a conflict of interest procedure as well as a self-assessment procedure for Board members. Furthermore, it acknowledged the updated Code of Business Conduct.

All resolutions of the Board of Directors were taken by unanimous votes or by majority votes with abstention(s). No vote against a resolution submitted to the Board was recorded.

On June 22<sup>nd</sup>, 2018, and with effect as of September 15<sup>th</sup>, 2018, the Board of Directors appointed Mr Erik von SCHOLZ as new director and Chief Executive Officer of the company, in replacement of Mr Marc REIFFERS.

As of December 31<sup>st</sup>, 2018, the Board of Directors was composed as follows:

Directors proposed to election by the shareholder owning the highest number of shares (the State, the BCEE and SNCI being counted as one shareholder) in Encevo S.A.:

Marco HOFFMANN	Chairman
Henri HAINE	Director
François KNAFF	Director
Guy LENTZ	Director
Guy ROSSELJONG	Director

Geneviève SCHLINK	Director
Françoise THOMA	Director

Directors proposed to election by the shareholder owning the second highest number of shares (the State, the BCEE and SNCI being counted as one shareholder) in Encevo S.A.:

Changqing Ji <sup>1)</sup>	Director
Vafa MOAYED <sup>2)</sup>	Director
Stefan GRÜTZMACHER <sup>3)</sup>	Director

<sup>1)</sup> Mr Changqing Ji was co-opted on November 13<sup>th</sup> 2018 to replace Azimuth Solutions GmbH (represented by Mr Stephan Fedrigo), the resignation of which took effect as from October 18<sup>th</sup> 2018.

<sup>2)</sup> Mr Vafa Moayed was co-opted on November 13<sup>th</sup> 2018 to replace Mr Simo Santavirta, whose resignation took effect as from October 18<sup>th</sup> 2018.

<sup>3)</sup> Mr Stefan Grützacher was co-opted on November 13<sup>th</sup> 2018 to replace Mr Werner Brinker, whose resignation took effect as from October 18<sup>th</sup> 2018.

Directors proposed to election by the shareholders of Encevo S.A. other than those shareholders owning the highest or second highest number of shares (the State, the BCEE and SNCI being counted as one shareholder):

Danielle CASTAGNA	Director
Nicolas PUNDEL	Director
Claude STRASSER*	Director

\* Mr Claude Strasser was co-opted on March 29<sup>th</sup> 2018 to replace Mr Johan van Bragt, whose resignation took effect as from February 21<sup>st</sup> 2018. His appointment was ratified by the general meeting of shareholders on May 8<sup>th</sup> 2018.

- Directors representing the Executive Management:

Erik VON SCHOLZ*	CEO & Director
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\* Mr Erik von Scholz was co-opted on June 22<sup>nd</sup> 2018 following Mr Marc Reiffers' resignation. Both Mr von Scholz' appointment and Mr Reiffers' resignation took effect as from September 15<sup>th</sup> 2018.

- Directors representing the employees:

Luc DISWISCOUR	Director
Patrick THEIN	Director

## Executive Management

In accordance with Article 15.3 of the articles of association, the daily management is delegated to one or several executive director(s).

The Chairman of the Board, Mr Marco Hoffmann, and the Chief Executive Officer, Mr Erik von Scholz, were both appointed Executive Directors.

The Executive Directors are supported by the Enovos Management Committee (EMC), composed of the CEO, the Chief Commercial Officer Luxembourg, 5 Business Unit Managers as well as 5 Heads of Support. The EMC meets every two weeks to coordinate the daily management of the company and exchange relevant internal information.

### Biographical Note on Mr Marco HOFFMANN, Chairman and Executive Director:

Marco Hoffmann was born on January 11<sup>th</sup>, 1966 in Luxembourg.

He graduated in electrotechnical engineering from the University of Kaiserslautern (Germany). In 1992, Marco Hoffmann started his career at General Motors Luxembourg before entering the Ministry of Energy in 1996, where he currently acts as Senior Advisor to the Luxembourgish Government. In 1999, he was appointed Chairman and Executive Director of SOTEG S.A. and, in 2002, he was appointed to the same positions at Luxgaz Distribution S.A. Subsequent to the constitution of Enovos Group (now Encevo Group), Marco Hoffmann was appointed Chairman and Executive Director of Enovos Luxembourg S.A. and Vice-Chairman of the Board of Enovos International S.A. (now Encevo S.A.). With effect on February 2<sup>nd</sup>, 2012, Marco Hoffmann was appointed Chairman of the Board of Directors of Enovos Luxembourg S.A. and Chairman of the Board of Directors of Encevo S.A. (at the time of the appointment Enovos International S.A.).

You can contact Marco Hoffmann at marco.hoffmann@energie.etat.lu.

Biographical Note on Mr Erik von Scholz: see page 9 under "Executive Board".

# CREOS Luxembourg S.A.

## Corporate Governance Bodies

The Ordinary General Meeting of Shareholders took place on May 8<sup>th</sup>, 2018.

Pursuant to Article 14.3 of the articles of association, the shareholders met on the second Tuesday of May to hold the annual general meeting of shareholders. 22 shareholders holding 9,816,438 shares were present or validly represented at the meeting.

No notification had to be made in respect of Article 24.7 of the articles of association (conflicts of interest).

The shareholders acknowledged the Management Report and the Independent Statutory Auditor's Report regarding the financial year 2017 and passed the following resolutions, all by unanimous votes:

- Approval of the Annual Accounts 2017 and of their Notes;
- Appropriation of the Net Profit 2017: reversal of and allocation to the blocked reserve (wealth tax), allocation to other reserves and determination of the dividend at 3.00 €/share, in total 29,812,554 €;
- Full and unrestricted discharge to the directors in office during the financial year 2017.

In respect of Articles 21 and 22 of the articles of association, the shareholders unanimously approved to ratify the following resolutions taken by the Board of Directors on September 28<sup>th</sup>, 2017:

- the resignation of the personal directorship of Mr Michael REUTHER and of Mr Benoît GAILLOCHET as the permanent representative of director AXA Redilion ManagementCo S.C.A.;
- the co-optation of Mr Benoît GAILLOCHET as director and Mr Michael REUTHER as the permanent representative of director AXA Redilion ManagementCo S.C.A..

Both mandates will end with the Ordinary General Meeting of Shareholders of the year 2020.

In respect of Article 28 of the articles of association, and according to the proposal of the Coordination Committee of Municipalities, the shareholders unanimously approved to renew the nomination of

director Mr Jean SCHILTZ until the Ordinary General Meeting of Shareholders of the year 2021.

In respect of articles 21 and 22 of the articles of association, the shareholders furthermore unanimously approved to

- renew the nomination of director Mr Marco WALENTINY until the Ordinary General Meeting of Shareholders of the year 2024;
- accept the resignation of director Mr Eric BOSMAN as of February 21<sup>st</sup>, 2018;
- confirm the co-optation of director Mr Gaston BOHNENBERGER, by the Board of Directors in its meeting of March 29<sup>th</sup>, 2018. This mandate will end with the ordinary General Meeting of Shareholders of the year 2020;
- accept the resignation of Mr Michel BIREL as of April 30<sup>th</sup>, 2018.

Thereupon, the shareholders appointed Ernst & Young as Statutory Auditor for the financial year 2018. This mandate will end with the audit of the annual accounts of the financial year 2020.

Finally, the shareholders authorized the company, in accordance with Article 49-2 of the law of August 10<sup>th</sup>, 1915 governing commercial companies, as amended, to acquire its own shares and fixed the procedure and conditions for the share buyback.

## Board of Directors

The Board of Directors met four times in 2018: on March 29<sup>th</sup>, June 21<sup>st</sup>, September 27<sup>th</sup> and December 10<sup>th</sup>. All meetings were chaired by Mr Mario GROTZ.

According to the law, the "Commissaire du Gouvernement à l'Energie" has the right to attend, without voting right, the meetings of the Board of Directors of Creos Luxembourg S.A., that has been granted legal concessions as grid operator in Luxembourg. In 2018, Mr Tom EISCHEN attended three Board meetings in his capacity as Commissaire du Gouvernement à l'Energie.

The average physical attendance of Board members at all meetings reached 90 % (proxies not accounted for). The Secretary of the Board was present at all meetings. The Board was also attended, on request, by several members of senior management of the company who provided detailed information on the agenda topics.

Minutes of the discussions and decisions of the Board meetings have been systematically kept and approved unanimously by all Board members in the following meeting.

The Board of Directors was presented reports and was provided recommendations on specific subjects addressed before the Board meetings by the various Board committees.

The Board took decisions in relation to:

- the annual accounts as well as the budget and the midterm business plan;
- the annual investment program.

In particular, the Board approved the Conflict of Interest procedure for Board members, the self-evaluation procedure for Board members and acknowledged the updated Code of Business.

All resolutions of the Board of Directors were taken by unanimous votes or by majority votes with abstention(s). No vote against a resolution submitted to the Board was recorded.

No Director reported any conflict of interest under Article 19.5 of the articles of association in 2018.

On June 21<sup>st</sup>, 2018, and with effect of September 15<sup>th</sup>, 2018, the Board of Directors appointed Mr Marc REIFFERS as new director and Chief Executive Officer of the company, in replacement of Mr Claude SEYWERT.

As of December 31<sup>st</sup>, 2018, the Board of Directors was composed as follows:

Directors proposed to election by the shareholder holding the highest number of shares in Encevo S.A. (the State, the BCEE and SNCI being counted as one shareholder):

Mario GROTZ	Chairman
Doris ENGEL <sup>1)</sup>	Director
Lex KAUFHOLD	Director
Anne VAN GOETHEM	Director
Marco WALENTINY	Director

<sup>1)</sup> co-optation as of June 21<sup>st</sup>, 2018, to be proposed for ratification to the ordinary general meeting to be held in 2019.

• Directors proposed to election by the shareholder holding the second highest number of shares in Encevo S.A. (the State, the BCEE and SNCI being counted as one shareholder):

Li SUN <sup>2)</sup>	Vice-Chairman
Paul POON <sup>2)</sup>	Director
Jingqiang SUN <sup>2)</sup>	Director

<sup>2)</sup> co-optation as of December 10<sup>th</sup>, 2018, to be proposed for ratification to the ordinary general meeting to be held in 2019.

• Directors proposed to election by shareholders of Encevo S.A. other than those shareholders holding the highest or second highest number of shares (the State, the BCEE and SNCI being counted as one shareholder):

Gaston BOHNENBERGER	Director
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- Directors proposed to election by the shareholder holding the second largest number of shares in Creos Luxembourg S.A.:

Thierry KUFFER	Director
Patricia RIX	Director
Christiane SCHAUL	Director
Laurent VANETTI	Director
Gilbert ZAHLES	Director

- Director proposed to election by the Coordination Committee of Municipalities in accordance with Article 28.3 of the articles of association:

Jean SCHILTZ	Director
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- Director representing the Executive Management:

Marc REIFFERS	CEO & Director
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- Directors representing the employees:

Pierre KREMER	Director
Claude REDER	Director
Patrick REDER	Director

## Executive Management

In accordance with Article 19.3 of the articles of association, the daily management is delegated to one or several Executive Director(s), while the Chairman of the Board is appointed Executive Director.

Chairman Mr Mario Grotz and Chief Executive Officer (CEO) Mr Marc Reiffers were appointed Executive Directors.

The Executive Directors are supported by the Creos Management Committee (CMC), composed of the CEO and 8 senior executive Heads of Department of Creos Luxembourg S.A. The CMC meets on a weekly basis to coordinate the daily management of the company and exchange relevant internal information.

### Biographical Note on Mr Mario Grotz, Director General for Research, Intellectual Property and New Technologies at the Ministry of the Economy, President - Luxinnovation, Chairman and Executive Director of Creos Luxembourg S.A.:

Mario Grotz was born on October 5<sup>th</sup>, 1969 in Luxembourg.

He holds a master degree in Economics with a special emphasis on Applied Statistics (Université de Liège).

Mario Grotz started his career working for the Chamber of Commerce and the Chamber of Craft, where he acted as an advisor to SME in areas concerning business creation and business management. In 2001, he joined the Ministry of Economy where his main focus was on the evaluation of R&D projects implemented by the private sector. From 2009-2012 he was appointed Head of Directorate for

Infrastructures and Technology. Since 2012 he is the General Director for Research, Intellectual Property and New Technologies, responsible for the development of the technology based sectors in Luxembourg: cleantech sector, biotech sector, ICT sector and the space sector. He also represents the State of Luxembourg in different boards of private companies. Since 2012, he is appointed Chairman of the Board of Directors of the company Creos Luxembourg.

In 2018 he became President of Luxinnovation, the national innovation agency, which offers a wide portfolio of services to companies and public research organisations in order to foster innovation, thus supporting the Government's economic development objectives. The agency also ensures that Luxembourg continues to attract international investment, companies and skills that are a perfect fit for the country.

Mario Grotz is a key advocate of commercial space initiatives and has played a crucial role in the setting up of the regulatory, legal and financing frameworks that enable Luxembourg to position itself at the forefront of space resources exploration. In 2016 Luxembourg launched the "Space Resource Initiative" aiming to contribute to the peaceful exploration and sustainable utilization of space resources for the benefit of human kind and in 2018 the Luxembourg Space Agency was created.

Mario Grotz can be contacted at [mario.grotz@eco.etat.lu](mailto:mario.grotz@eco.etat.lu).

**Biographical Note on Mr Claude Seywert:**  
see page 9 under "Executive Board"

As of December 31<sup>st</sup>, 2018, the shareholder structure is as follows, each share having an equal voting right, except for the shares held by Creos Luxembourg:

Encevo S.A.	7,500,000 shares	75.43 %
Administration Communale de la Ville de Luxembourg	1,988,513 shares	20.00 %
State of the Grand-Duchy of Luxembourg	227,025 shares	2.28 %
Fédération des Installateurs en Equipements Sanitaires et Climatiques	10,090 shares	0.10 %
42 Communal Public Administrations (municipalities) <sup>1</sup> , in total	211,890 shares	2.13 %
	9,937,518 shares	
Shares held by Creos Luxembourg (without voting right)	5,045 shares	0.05 %
<b>Total</b>	<b>9,942,563 shares</b>	<b>100.00 %</b>

<sup>1</sup> Each of the following 42 Communal Public Administrations (municipalities) holds 5,045 shares (0.05 %): Bertrange, Bettendorf, Betzdorf, Bissen, Biwer, Bous, Colmar-Berg, Contern, Dalheim, Diekirch, Erpeldange-sur-Sûre, Esch-sur-Sûre, Ettelbruck, Feulen, Frisange, Grevenmacher, Grosbous, Hobscheid, Kehlen, Koerich, Kopstal, Leudelange, Lintgen, Lorentzweiler, Mamer, Mersch, Mertert, Mertzig, Mondorf-les-Bains, Niederanven, Remich, Sandweiler, Schengen, Schieren, Schuttrange, Steinfort, Steinsel, Waldbredimus, Walferdange, Weiler-la-Tour, Wiltz, Winseler

In accordance with Article 28 of the articles of association, the 42 shareholding municipalities organise their representation in Creos Luxembourg S.A. through the Coordination Committee of Municipalities.

**Publication Team**

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