



encevo

Annual Report of
Corporate Governance
2016



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
B11723

**Annual Report of
Corporate Governance 2016****Encevo S.A.
May 2017**

This Report refers to the Corporate Governance Charter.

Corporate Governance represents an area of major importance for the Encevo Group and the latest adopted Charter as well as the Annual Reports can be downloaded at www.encevo.eu

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Encevo S.A.

Corporate Governance Bodies

General Meeting of Shareholders

The shareholders of Encevo S.A. met on three occasions in 2016.

An Extraordinary General Meeting of the Shareholders of Encevo S.A. took place on March 7th, 2016 with a view to changing the shareholder structure and adjusting the articles of association¹.

As from March 7th, 2016², the shareholder structure is as follows³:

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 %
TOTAL	909,629 shares	100.00 %

¹ See legal filing with the Trade and Companies Register or ask for details at Encevo's headquarters.

² The shareholder structure has not changed since March 7th, 2016 and consequently also reflects the situation as of December 31st, 2016.

³ If you are interested in the shareholder structure which was in place before March 7th, 2016, please refer to the Annual Report of Corporate Governance 2015.



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 10th, 2016.

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 2015, 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:
 - Mrs Andrée COLAS,
 - Mr Johan VAN BRAGT,
 - Mr Benoît GAILLOCHET in his capacity as permanent representative of AXA Redilion ManagementCo S.C.A.,
 - Azimuth Solutions GmbH represented by its permanent representative, Mr Stephan FEDRIGO,
 - Dr Werner BRINKER;
- Approval of the statutory Annual Accounts 2015, and of their Notes, of Encevo S.A. as well as of the Consolidated Accounts of the Encevo Group;
- Appropriation of the Net Profit 2015 of Encevo S.A. and distribution of a dividend of 35.40 €/share, totaling 32,200,866.60- €;
- Full and unrestricted discharge given to the directors in office during the financial year 2015.

Finally, an Extraordinary Meeting of Shareholders was held on September 26th, 2016 in order to change the company name of the company from Enovos International S.A. to Encevo S.A.

Board of Directors

The Board of Directors met 6 times in 2016: on March 11th, April 22nd, June 2nd, July 1st, September 30th, and December 1st.

The average attendance of Board members for all meetings, either physically or by phone conference, reached 84% (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 and in some cases by other members of management 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 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 particular in relation to:

- annual accounts and midterm business plans,
- major investments and
- strategic developments.

Most of the resolutions of the Board of Directors, and in particular the resolutions concerning the Annual Accounts and the Annual Reports, were unanimously adopted by all Board members present or represented.

As of December 31st, 2016, 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
Tom THEVES	2 nd Vice-Chairman
Andrée COLAS	Director

Aloyse KOHLL*	Director
Paul KONSBRUCK ¹⁾	Director
Geneviève SCHLINK	Director
Claude STRASSER*	Director

¹⁾ Mr Paul KONSBRUCK was co-opted as a member of the Board on September 30th, 2016 in place of Mr Pierre FRANCK

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

Benoît GAILLOCHET ¹⁾	1 st Vice-Chairman
Michael REUTHER ²⁾	3 rd Vice-Chairman
Werner BRINKER ³⁾	Director

¹⁾ Mr Benoît GAILLOCHET has been the permanent representative of the director "AXA Redilion ManagementCo S.C.A." since January 1st, 2016

²⁾ Mr Michael REUTHER was co-opted as a member of the Board on December 1st, 2016 following the resignation of Azimuth Solutions GmbH which was a Board member (represented by Mr Stephan FEDRIGO) from January 1st, 2016 until November 30th, 2016.

³⁾ Dr Werner BRINKER was co-opted to replace as from January 1st, 2016 Mr Fernand FELZINGER whose resignation took effect as of 31st December 2015.

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

Georges REUTER	Director
Charles HUTMACHER	Director
Joachim SCHERER	Director

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

Marc REDING*	Director
Uwe LEPRICH ¹⁾	Director
Johann VAN BRAGT ²⁾	Director

¹⁾ Mr Uwe LEPRICH is the permanent representative of the director "Administration communale de la Ville de (City of) Luxembourg"

²⁾ Mr Johann VAN BRAGT was co-opted as a member of the Board with effect as from December 12th, 2015 to replace Mr Erik VON SCHOLZ

*) Mr Aloyse Kohll, Mr Marc Reding and Mr Claude Strasser were appointed members of the Board with effect as of March 7th, 2016 while Dr Peter Frankenberg, Mr Peter Pichl and Dr Werner Roos resigned with effect as of March 7th, 2015, following a change in the shareholder base of the company

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 7 times in 2016: on February 25th, April 11th, June 21st, July 20th, September 16th, November 10th and November 25th.

All meetings were chaired by Mr Stephan Fedrigo.

The average physical attendance of committee members at all meetings reached 83%, 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 Internal Audit, who also fulfilled the function of Secretary of the Audit Committee.

As of December 31st, 2016, the Audit Committee was composed as follows:

Stephan FEDRIGO	Chairman
Marco HOFFMANN	Member
Aloyse KOHLL*	Member
Uwe LEPRICH	Member
Charles HUTMACHER	Member
Michael REUTHER*	Member
Geneviève SCHLINK	Member

*Mr Aloyse KOHLL and Mr Michael REUTHER joined the Audit Committee following a Board decision taken on April 22nd, 2016. Mr Johan VAN BRAGT was a member until this date while Mr Peter FRANKENBERG left the Committee following the change in the shareholder structure in March 2016.

The Group Strategy Committee

The Group Strategy Committee met 3 times in 2016: on June 30th, November 4th and November 10th.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 92 %, 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 31st, 2016, the Group Strategy Committee was composed as follows:

Marco HOFFMANN	Chairman
Werner BRINKER	Member
Benoît GAILLOCHET	Member
Aloyse KOHLL*	Member
Uwe LEPRICH	Member
Jean LUCIUS	Member
Marc REIFFERS	Member
Michel SCHAUS	Member
Geneviève SCHLINK	Member
Claude SEYWERT	Member
Claude STRASSER ¹⁾	Member
Johann VAN BRAGT	Member
Erik von SCHOLZ ²⁾	Member
Guy WEICHERDING	Member

*Mr Aloyse KOHLL joined the Committee following a decision taken by the Encevo Board on April 22nd, 2016 in the context of the change in the shareholder base which occurred in March 2016

¹⁾ Mr Claude STRASSER replaced Mr Tom THEVES who joined the newly created Investment Committee following a Board decision taken on September 30th, 2016.

²⁾ Mr Erik von SCHOLZ joined the Group Strategy Committee when he was appointed Member of the Executive Board by the Encevo Board of Directors on September 30th, 2016.

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 4 times in 2016:

on March 9th, July 8th, September 29th and November 30th.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 95%. The Committee was supported by an external counsel, who provided expertise and was in charge of the minutes of the Committee.

As of December 31st, 2016, the Remuneration and Nomination Committee was composed as follows:

Marco HOFFMANN	Chairman
Benoît GAILLOCHET	Member
Mario GROTZ	Member
Michael REUTHER	Member*
Christiane SCHAUL	Member*

* Mrs Christiane SCHAUL and Mr Michael REUTHER joined the Remuneration and Nomination Committee following a decision taken by the Encevo Board on April 22nd, 2016 in the context of the change in the shareholder base which occurred in March 2016.

Investment Committee

An Investment Committee was set up following an Encevo Board decision taken on September 30th, 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 for the first time on November 18th, 2016 and also had a conference call on November 30th, 2016.

On both dates, the meeting was chaired by Mr Marco Hoffmann.

The average physical attendance of committee members was 93%. 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 31st, 2016, the Investment Committee was composed of the following members:

Marco HOFFMANN	Chairman
Aloyse KOHLL	Member
Jean LUCIUS	Member
Marc REDING	Member
Michael REUTHER	Member
Simo SANTAVIRTA	Member
Geneviève SCHLINK	Member
Tom THEVES	Member
Johann VAN BRAGT	Member
Erik von SCHOLZ	Member
Guy WEICHERDING	Member

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 ordinary meetings in 2016.

Meetings are held in principle on a weekly basis, usually on Tuesdays. In addition to the six* Executive Board members and the Secretary General, a wide range of senior managers 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 significant number of extraordinary meetings which related mainly to:

- I. the Group strategy review and
- II. to the 2017 budget and 2017-2021 business plan

*The Executive Board was composed of 5 members until September 29th, 2016.

The Members of the Executive Board in 2016 were:

Jean LUCIUS

Chairman of the Executive Board of Encevo and CEO of Encevo S.A.

Jean Lucius was born on February 23rd, 1956 in Luxembourg.

He attended primary and high school in Luxembourg and graduated in civil engineering in metallurgy from "Université de Liège" (Belgium). From 1989 to 1998, Jean Lucius held several senior manager positions in the steel industry group ARBED (currently ArcelorMittal). In 1998, he entered the energy industry as Chief Executive Officer (CEO) of Soteg S.A. At the time of the merger of Soteg into Enovos Group, Jean Lucius was appointed Co-Chairman of the Executive Board of Enovos International (now Encevo S.A.) and CEO of Enovos Luxembourg. Finally, he was appointed Group CEO of Encevo S.A. on August 1st, 2015.

Jean Lucius can be contacted at jean.lucius@encevo.eu.

Marc REIFFERS

CEO of Enovos Luxembourg S.A.

Marc Reiffers was born on August 3rd, 1960 in Ettelbruck (Luxembourg). He attended primary and secondary school in Luxembourg and 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 has been a member of the Executive Board of Encevo S.A. since that date. Marc Reiffers can be reached at marc.reiffers@enovos.eu

Michel SCHAU

Chief of Operational Support of Encevo S.A.

Michel Schaus was born on August 30th, 1968 in Luxembourg.

He attended primary and high school in Luxembourg, has a Master's in Law (LLM) from the London School of Economics in London (UK), and holds a "Maîtrise en Droit International" from the University of Aix-Marseille III (France).

He started his career in 1995 as an attorney with Allen & Overy. In 1998 he took up employment with Cargolux Airlines International S.A. as General Counsel and Head of Legal Affairs. In March 2008, he started to work for Soteg S.A. (later merging into Enovos Group, now Encevo Group). He is a Member of the Executive Committee and in his capacity as COS (Chief of Operational Support) he is in charge of Facility Management, Human Resources, Internal Audit as well as Legal. Michel Schaus was appointed to his current position on July 1st, 2012.

Michel Schaus can be reached at michel.schaus@encevo.eu.

Claude SEYWERT

CEO of Creos Luxembourg S.A.

Claude Seywert was born on July 13th, 1971 in Luxembourg.

He attended primary and high school in Luxembourg and 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 1st, 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.

Claude Seywert can be reached at claude.seywert@creos.net

Erik VON SCHOLZ

Member of the Executive Committee

Erik von Scholz was born on June 26th, 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 1st, 2017.

Erik von Scholz can be reached at erik.vonscholz@encevo.eu

Guy WEICHERDING

CFO of Encevo S.A.

Guy Weicherding was born on September 25th, 1961 in Luxembourg.

He attended primary and high school in Luxembourg and 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, Information Technologies and Risk Management.

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

Management Committee Encevo (MCE)

The Executive Board is supported by the Management Committee Encevo (MCE) composed of the Group CEO, the COS, the CFO, the Secretary General and a Managing Director from Enovos Germany. The MCE meets on a need basis to jointly address topics relating to the daily management of the holding company, all relevant Group-wide subjects being discussed in the Executive Board.

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 the key contact person 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 whistleblowing system has been issued, updated and submitted for signature to all employees of the core group companies. 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 an IT Security Policy, a Travel Policy and a Credit Card Policy, Insider Dealing Guidelines, Investment Guidelines and "Delegations of Powers", which are updated at least twice a year.

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".

Enovos 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 cases of core group companies and monitor legal developments in energy law and related legislation as well as case law.

In addition to the corporate legal department of Encevo S.A. composed of 7 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 2015 & 2016, the Statutory Auditor was appointed by the Annual General Meeting of Shareholders on May 12th, 2015.

The mandate was given to PwC (PricewaterhouseCoopers) Luxembourg.

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 organisation's operations. It helps the organisation 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 of Operational Support 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 2016, the following areas were audited in accordance with the annual audit plan: Production and Exploration, Grid and Asset Management and Corporate Governance.

Upon request of the Executive Board, Internal Audit also performed an ad hoc audit mission on the biogas plants in Belgium.

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, security and environmental subjects as well as 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 organised 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 EAGLE, the Group's risk management software.

In 2016, the Group Risk Policy including the risk management charter, framework and process were updated and published on the Intranet readily accessible for each employee. Furthermore, the organization of risk management, which includes 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. Enovos aims at operating on average within a low to moderate risk tolerance framework in order to achieve its overall targets. The lowest risk appetite has been identified for its core business activities, i.e. installed grid capacity and energy supply as well as employee safety. A higher risk appetite only applies to Energy Solutions and Services activities.

The risk management tool was introduced in order to report the Group's risks in a common database using a harmonised risk assessment, allocation and treatment mechanism. As of the end of 2016, about 220 risks were identified and reported in the risk management system. Further, the tool allows to:

- Link each risk to one of the main objectives of the Group;
- Define the impacts in financial, operational, reputational, compliance and HSE (Health, Safety and Environment) terms;
- Follow-up on the treatment of the different risks by defining mitigation actions, an action owner and a status per mitigation.
- In 2016 the Group Risk Management (GRM) reached several key targets:
 - The financial risk impact matrix was adapted to better reflect the Group's risks;
 - More than 50 workshops were held with over 150 participants with the aim to update risks, identify new risks, communicate on the new functionalities of the risk management software and to train new employees;
 - Significant input was brought into the development and awareness raising of risk management within the Renewables entities.

All these achievements, which involved the stakeholders of the risk management process have increased the risk awareness throughout the group and have contributed to develop a risk culture.

In the area of commercial activities, the risk management department is positioned under the direct responsibility of the CEO of Enovos Luxembourg S.A. This department ensures:

- The establishment of common rules of risk evaluation methods, limits and risk management procedures in the commercial environment;
- The appropriate reporting of the activities performed by the Energy Management and Trading departments;
- The evaluation of the commercial counterpart and credit risks for upstream wholesale market contracts and positions, as well as for downstream major customer contracts;
- The supervision of the accurate implementation and reporting to the executive management.

Finally, Enovos Luxembourg S.A. holds a monthly Risk Committee "Markets" that includes the Chief Risk Officer and the Head of Group Risk Management of Encevo S.A. This Committee approves amongst others the internal limits and procedures document applicable to the trading and portfolio management activities.

Enovos Luxembourg S.A.

Corporate Governance Bodies

General Meeting of Shareholders

The shareholders of Enovos Luxembourg S.A. met twice in 2016.

On March 9th, 2016, an Extraordinary General Meeting of the Shareholders of Encevo S.A. took place as a result of the changed shareholder base at the level of Enovos Luxembourg S.A.'s parent company mainly with a view to changing the composition of the Board of Directors and adjusting the articles of association.

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 10th, 2016.

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 2015 and adopted the following resolutions, all by unanimous votes:

- Ratification of the appointment of the following persons as board members of Encevo S.A. until the AGM to be held in 2020:
 - Mr Patrick THEIN,
 - Mr Marc REIFFERS,
 - Azimuth Solutions GmbH represented by its permanent representative Mr Stephan FEDRIGO,
 - Dr Werner BRINKER.

- Approval of the 2015 Annual Accounts and of the Notes thereto;
- Approval of the decision to pay a dividend of 1.50 €/share in respect of the financial year 2015, totaling 7,153,446 €;
- Unrestricted discharge to the directors in office during the financial year 2015.

As of December 31st, 2016, the shareholder base was as follows:

Encevo S.A.	
4,768,964 shares	100.00 % representing
100% of the voting rights	

Board of Directors

The Board of Directors met 7 times in 2016: on March 11th, April 22nd, July 1st, July 26th, September 30th, November 28th and December 1st, 2016. All meetings were chaired by Mr Marco HOFFMANN.

The average attendance of Board members at all meetings, either physically or by phone conference, reached 89% (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 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.

Most of the resolutions of the Board of Directors, and in particular the resolutions concerning the Annual Accounts and the Annual Reports, were unanimously adopted by all Board members present or represented.

As of December 31st, 2016, 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.:

Stephan FEDRIGO ¹⁾	Vice-Chairman
Simo SANTAVIRTA ²⁾	Director
Werner BRINKER ³⁾	Director

¹⁾ Mr Stephan FEDRIGO has been the permanent representative of the director "Azimuth Solutions GmbH" since January 1st, 2016

²⁾ Mr Simo SANTAVIRTA was co-opted on July 1st, 2016 following Mr Pol-Henry BONTE's resignation

³⁾ Dr Werner BRINKER was co-opted on December 11th, 2015 with effect as from January 1st, 2016 to replace Mr Fernand FELZINGER who resigned with effect as from December 31st, 2015

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
Johan VAN BRAGT	Director

- Directors representing the Executive Management:

Marc REIFFERS	CEO & Director
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- Directors representing the employees:

Luc DISWISCOUR	Director
Patrick THEIN	Director

* Mr Guy ROSSELJONG, Mrs Françoise THOMA, Mrs Danielle CASTAGNA and Mr Nicolas PUNDEL were appointed as of March 9th, 2016 by the general assembly of shareholders in its extraordinary meeting of March 9th, 2016 following the resignation of Dr Peter FRANKENBERG, Dr Werner ROOS and Mr Marc REDING.

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 Marc REIFFERS, were both appointed Executive Directors.

The Executive Directors are supported by the Enovos Management Committee (EMC), composed of the CEO and 6 senior executive Heads of Department of Enovos Luxembourg S.A. 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 11th, 1966 in Luxembourg.

He attended primary and high school in Luxembourg and 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 (today Ministry of Economy) 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 2nd, 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@eco.etat.lu.

Biographical Note on Mr Marc REIFFERS: see page 10 under “Executive Board”.

Creos Luxembourg S.A.

Corporate Governance Bodies

General Meeting of Shareholders

The shareholders of Creos Luxembourg S.A. met twice in 2016.

An Extraordinary General Meeting of Shareholders was held on May 10th, 2016, mainly with a view to adjusting the articles of association as a result of the change in the shareholder base at the level of Encevo S.A.⁴

The Ordinary General Meeting of Shareholders also took place on May 10th, 2016.

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. 23 shareholders holding 9,816,438 shares were present or validly represented at the meeting.

In accordance with Article 21.5 of the articles of association and Articles 426-4 and 426-7 of the Labour Code, the shareholders acknowledged the designation, in 2015, of two Directors representing the employees of the company. The term of office of these Directors will be the annual general meeting of shareholders stating on the accounts for the financial year ending on December 31st, 2019.

The shareholders acknowledged the Management Report and the Independent Statutory Auditor's Report regarding the financial year 2015 and passed the following resolutions, all by unanimous votes:

- Approval of the Annual Accounts 2015 and of their Notes;
- Appropriation of the Net Profit 2015: reversal of and allocation to the blocked reserve (wealth

tax), allocation to other reserves and determination of the dividend at 3.50 €/share, totalling 34,781,313 €;

- Full and unrestricted discharge to the directors in office during the financial year 2015.

In respect of Articles 21 and 22 of the articles of association, the shareholders also passed the following resolutions:

- Ratification of the appointments of Mr Michel BIREL, Mr Eric BOSMAN, Mr Michael REUTHER, Mrs Patricia RIX and Mr Claude SEYWERT as Board members. The term of office of these Directors will be the annual general meeting of shareholders stating on the accounts for the financial year ending on December 31st, 2019;
- Renewal of the appointment of Mr Jean SCHILTZ. The term of office of this Director will be the annual general meeting of shareholders stating on the accounts for the financial year ending on December 31st, 2017;
- Nomination of Mr Georges BIVER. The term of office of this Director will be the annual general meeting of shareholders stating on the accounts for the financial year ending on December 31st, 2019;
- Nomination of Mr Gilbert ZAHLES as an additional Board member. The term of office of this Director will be the annual general meeting of shareholders stating on the accounts for the financial year ending on December 31st, 2019.

⁴ See legal filing with the Trade and Companies Register or ask for details at Creos headquarters.



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

As of December 31st, 2016, 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) ¹ , in total	211,890 shares	2.13 %
	9,937,518 shares	
Shares held by Creos Luxembourg (without voting right)	5,045 shares	0.05 %
Total	9,942,563 shares	100.00 %

¹ 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, Niederaanven, 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 organize their representation in Creos Luxembourg S.A. by the Coordination Committee of Municipalities.

Board of Directors

The Board of Directors met six times in 2016: on March 10th, April 21st, June 2nd, June 30th, September 29th and December 1st. 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 2016, Mr Tom EISCHEN attended the Board meetings in his capacity as Commissaire du Gouvernement à l'Energie.

The average physical attendance of Board members at all meetings reached 82 % (proxy not accounted for). The Secretary of the Board was present at all meetings, except one. 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 particular in relation to:

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

All resolutions of the Board of Directors were taken by unanimous votes or by majority votes with abstention(s). No single vote against a resolution text put to the Board's appreciation had been registered.

No Director reported any conflict of interest under Article 19.5 of the articles of association in 2016.

As of December 31st, 2016, 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 and SNCI being counted as one shareholder):

Mario GROTZ	Chairman
Sasha BAILLIE	Director
Lex KAUFHOLD	Director
Paulette LENERT	Director
Anne VAN GOETHEM	Director
Marco VALENTINY	Director

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

Benoît GAILLOCHET ¹⁾	Vice-Chairman
Georges BIVER ²⁾	Director
Michael REUTHER ³⁾	Director

¹⁾ Mr Benoît GAILLOCHET is the permanent representative of the Director AXA Redilion ManagementCo S.C.A.

²⁾ To replace Mr Alain NICOLAI, who had resigned, the ordinary general meeting of shareholders held on May 10th 2016 resolved to appoint Mr Georges BIVER as Director of the company.

³⁾ Mr Michael REUTHER was the permanent representative of the Director AXA Redilion ManagementCo S.C.A. until December 10th 2015. At its meeting on that same date, the Board of Directors approved the proposal made by AXA Redilion ManagementCo S.C.A. and co-opted Mr Michael REUTHER as Director of the company (personal mandate). The appointment was ratified by the ordinary general meeting of shareholders on May 10th 2016.

- 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 and SNCI being counted as one shareholder):

Michel BIREL ¹⁾	Director
Eric BOSMAN ²⁾	Director

¹⁾ On March 7th 2016, an extraordinary general meeting of shareholders of Enovos International S.A. (now named Encevo S.A.) was held as a consequence of the change in the shareholding of Encevo S.A. Accordingly, Mr Stephan KAMPHUES resigned from his office as member of the Board of Directors of Creos Luxembourg as of March 7th, 2016. At its meeting on March 10th, 2016, the Board of Directors co-opted Mr Michel BIREL as new Board member and this nomination was confirmed by the ordinary general meeting of shareholders on May 10th, 2016.

²⁾ At its meeting on December 10th, 2015, the Board of Directors approved the co-optation of Mr Eric BOSMAN as Director of the company, in replacement of Mr Mark LAUWERS, for the remaining term of office. The appointment was ratified by the ordinary general meeting of shareholders on May 10th, 2016.

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

Julien KOHNEN	Director
Thierry KUFFER	Director
Patricia RIX ¹⁾	Director
Christiane SCHAUL	Director
Gilbert ZAHLES ²⁾	Director

¹⁾ On March 7th, 2016, an extraordinary general meeting of shareholders of Enovos International S.A. (now named Encevo S.A.) was held as a consequence of the change in the shareholding of Encevo S.A. Accordingly, Mr Manfred FESS resigned from his office as member of the Board of Directors of Creos Luxembourg as of March 7th, 2016. At its meeting on March 10th, 2016, the Board of Directors co-opted Mrs Patricia RIX as new Board member and this nomination was confirmed by the ordinary general meeting of shareholders on May 10th, 2016.

²⁾ As a consequence of the amended shareholder agreement between the new shareholders of the Encevo Group holding company, Article 20.1 of the articles of incorporation of Creos Luxembourg S.A. was amended in an extraordinary general meeting of shareholders held on May 10th, 2016 and Mr Gilbert ZAHLES was appointed as an additional Director by the ordinary general meeting of shareholders held consecutively on the same day.

- 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:

Claude SEYWERT ¹⁾	CEO & Director
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¹⁾ At its meeting on June 25th, 2015, the Board of Directors approved the co-optation of Mr Claude SEYWERT as Director, as of August 1st, 2015, in replacement of Mr Romain BECKER, for the remaining term of office, i.e. until the general meeting resolving on the accounts of the company for the financial year ending December 31st, 2019. The appointment was ratified by the ordinary general meeting of shareholders on May 10th, 2016. Moreover, Mr Claude SEYWERT was appointed Executive Director and Chief Executive Officer, as of August 1st, 2015.

- Directors representing the employees:

Pierre KREMER ¹⁾	Director
Claude REDER	Director
Patrick REDER ²⁾	Director

¹⁾ Mr Pierre KREMER took office from Mr André GILBERTZ as of June 25th, 2015.

²⁾ Mr Patrick REDER took office from Mr Patrick COLLING as of March 12th, 2015.

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 Claude SEYWERT were appointed Executive Directors.

The Executive Directors are supported by the Creos Management Committee (CMC), composed of the CEO and 6 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, Chairman and Executive Director of Creos Luxembourg S.A.:

Mario GROTZ was born on October 5th, 1969 in Luxembourg.

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

In 2001, he joined the Ministry of Economy where his main focus was on the evaluation of R&D projects or programs implemented by the private sector. From 2009-2012, he was appointed Head of Directorate for Infrastructures and Technology.

He has been the Director General for Research, Intellectual Property and New Technologies since 2012.

He is responsible in particular for the development of the technology based sectors in Luxembourg, meaning the cleantech sector, the biotech sector and the ICT sector (including the space sector).

In addition to his main task, he represents the State of Luxembourg in different boards of private companies. In 2012, he was appointed Chairman of the Board of Directors of Creos Luxembourg S.A.

Mario GROTZ can be contacted at mario.grotz@eco.etat.lu.

Biographical Note on Mr Claude SEYWERT: see page 11 under "Executive Board"



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