



**encevo**

Annual Report of  
Corporate Governance  
2017



**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 2017**

**Encevo S.A.  
May 2018**

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).



# INDEX

## Encevo S.A.

Corporate Governance Bodies	4
General Meeting of Shareholders	4
Board of Directors	7
Committees	8
Executive Board	10
Compliance / Legal	12
External Audit	12
Internal Audit	12
Risk Management	13

## Enovos Luxembourg S.A.

Corporate Governance Bodies	16
General Meeting of Shareholders	16
Board of Directors	18
Executive Management	18

## Creos Luxembourg S.A.

Corporate Governance Bodies	20
General Meeting of Shareholders	20
Board of Directors	23
Executive Management	24



# Encevo S.A.

## Corporate Governance Bodies

### General Meeting of Shareholders

The shareholders of Encevo S.A. met once in 2017.

As of December 31<sup>st</sup>, 2017, 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. ARDIAN Redilion ManagementCo S.C.A.	213,600 shares 18,194 shares	23.48 % 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 %





On February 21<sup>st</sup>, 2018, Electrabel S.A. sold its shares to POST Luxembourg, so that the shareholders register is composed of the following shareholders as from this date:

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. ARDIAN Redilion ManagementCo S.C.A.	213,600 shares 18,194 shares	23.48 % 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 %
POST Luxembourg	42,800 shares	4.71 %
TOTAL	909,629 shares	100.00 %

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 9<sup>th</sup>, 2017.

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 2016, 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 Paul Konsbruck
  - Mr Michael Reuther
- Approval of the statutory Annual Accounts 2016, and of their Notes, of Encevo S.A. as well as of the Consolidated Accounts of the Encevo Group;
- Appropriation of the Net Profit 2016 of Encevo S.A. and distribution of a dividend of 38.47 €/share, totaling 34,993,428.00 €;
- Full and unrestricted discharge given to the directors in office during the financial year 2016.
- Appointment of Mr Frank Reimen as board member of Encevo S.A. until the AGM to be held in 2020 and removal from the board of Encevo S.A. of Mrs Andrée Colas.
- Appointment of PWC Luxembourg as independent statutory auditor for the financial year 2017.

Board of Directors

The Board of Directors met 5 times in 2017: on March 17<sup>th</sup>, April 21<sup>st</sup>, June 30<sup>th</sup>, September 29<sup>th</sup>, and December 5<sup>th</sup>.

The average attendance of Board members for all meetings, either physically or by phone conference, reached 83% (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 divestments and
- strategic developments.

All 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 31<sup>st</sup>, 2017, 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 <sup>nd</sup> Vice-Chairman
Aloyse KOHLL	Director
Paul KONSBRUCK	Director
Geneviève SCHLINK	Director
Claude STRASSER	Director
Frank REIMEN <sup>1)</sup>	Director

1) Mr Frank Reimen was appointed by the general shareholders meeting on May 9<sup>th</sup>, 2017 to replace Mrs Andrée Colas who ceased to be a director on the same day.

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

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

1) Mr Benoît Gaillochet was the permanent representative of the director “AXA Redilion ManagementCo S.C.A.” until September 29<sup>th</sup>, 2017 when Mr Michael Reuther became the permanent representative of this director. Mr Gaillochet is now a director in his own name.

2) Mr Michael Reuther is the permanent representative of “AXA Redilion Management S.C.A.” as from September 29<sup>th</sup>, 2017. Until this date, he was a director in his own name.

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 <sup>1)</sup>	Director
Johann VAN BRAGT <sup>2)</sup>	Director

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

2) Mr Johan van Bragt resigned as from February 21<sup>st</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 2017: on February 24<sup>th</sup>, April 7<sup>th</sup>, June 16<sup>th</sup>, September 18<sup>th</sup>, and November 17<sup>th</sup>.

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 Group Internal Audit, who also fulfilled the function of Secretary of the Audit Committee.

As of December 31<sup>st</sup>, 2017, 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

The Group Strategy Committee

The Group Strategy Committee met 6 times in 2017: on January 10<sup>th</sup>, February 16<sup>th</sup>, March 28<sup>th</sup>, June 29<sup>th</sup>, October 20<sup>th</sup> and November 10<sup>th</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 90 %, 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>, 2017, 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 SCHAU	Member
Geneviève SCHLINK	Member
Claude SEYWERT	Member
Claude STRASSER	Member
Johann VAN BRAGT	Member
Erik von SCHOLZ	Member
Guy WEICHERDING	Member

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 8 times in 2017: on February 3<sup>rd</sup>, March 16<sup>th</sup>, June 29<sup>th</sup>, September 28<sup>th</sup>, October 5<sup>th</sup>, October 13<sup>th</sup>, November 9<sup>th</sup> and November 22<sup>nd</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members at all meetings reached 100%. 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>, 2017, the Remuneration and Nomination Committee was composed as follows:

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

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 7 times in 2017, on:

March 14<sup>th</sup>, March 27<sup>th</sup>, June 16<sup>th</sup>, June 27<sup>th</sup>, October 11<sup>th</sup>, November 16<sup>th</sup> and on December 14<sup>th</sup>.

All meetings were chaired by Mr Marco Hoffmann.

The average physical attendance of committee members was 84%, 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>, 2017, 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 48 ordinary meetings in 2017.

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, 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 significant number of extraordinary meetings which related mainly to strategic and organizational topics as well as to the business plan and business review of Encevo’s business units.

The Members of the Executive Board in 2017 were:

**Jean LUCIUS**  
Chairman of the Executive Board of Encevo and CEO of Encevo S.A.

Jean Lucius was born on February 23<sup>rd</sup>, 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 1<sup>st</sup>, 2015.

Jean Lucius can be contacted at [jean.lucius@encevo.eu](mailto:jean.lucius@encevo.eu).

**Marc REIFFERS**  
CEO of Enovos Luxembourg S.A.

Marc Reiffers was born on August 3<sup>rd</sup>, 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 1<sup>st</sup>, 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](mailto:marc.reiffers@enovos.eu).

**Michel SCHAU**  
Chief of Operational Support of Encevo S.A.

Michel Schaus was born on August 30<sup>th</sup>, 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 1<sup>st</sup>, 2012.

Michel Schaus can be reached at [michel.schaus@encevo.eu](mailto:michel.schaus@encevo.eu).

**Erik VON SCHOLZ**  
Member of the Executive Committee

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.

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

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

**Guy WEICHERDING,**  
CFO of Encevo S.A.

Guy Weicherding was born on September 25<sup>th</sup>, 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](mailto: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 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 periodically.

The Insider Dealing Guidelines were updated again in 2017 with a view to aligning them with the new Luxembourg Market Abuse law of December 23<sup>rd</sup>,2016 and internal controls were reviewed and strengthened.

Further, a personal data protection compliance program was launched at the beginning of 2017 with the objective to become compliant with the General Data Protection Regulation (EU Regulation 2016/679).

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 2017, the Statutory Auditor was appointed by the Annual General Meeting of Shareholders on May 9<sup>th</sup>, 2017.

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.

Encevo S.A.	4
Enovos Luxembourg S.A.	16
Creos Luxembourg S.A	20

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

In 2017, the following areas were audited in accordance with the annual audit plan: real estate and facility management, Belgian photovoltaic plants, Belgian wind farms as well as Belgian biogas plants.

Upon request of the Executive Board, Internal Audit also performed two ad hoc audit missions, one on human resources budgeting processes, and another one 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, 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 2017 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.

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 2017, about 174 risks were identified and reported in the risk management system. Further, the tool allows to:

- Define the impacts in financial, operational, reputational, compliance and HSE (Health, Security and Environment) terms;
- Follow-up on the treatment of the different risks by defining mitigation actions, an action owner and a status per mitigation.
- Link each risk to one of the main objectives of the Group;
- In 2017 the Group Risk Management (GRM) has reached several key targets:
- Implementation of a quarterly risk dashboard which shows in detail the risks classified as critical and which is presented to the Executive Committee and to the Audit Committee.
- More than 50 workshops have been organized with more than 150 participants in order to update existing risks, identify new ones, communicate the new functionalities of the risk management software and train the new employees.
- In-house conference on Cyber-Security has been organized for top management.
- A change of the risk matrix concerning the financial impact to better distinguish between critical and catastrophic risks has been implemented.



- All these achievements involving the stakeholders of the risk management process have increased the risk awareness throughout the group and have contributed to develop the 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 2017.

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 9<sup>th</sup>, 2017.

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 2016 and adopted the following resolutions, all by unanimous votes:

- Ratification of the appointment of Mr Simo SANTAVIRTA as board member of Encevo S.A. until the AGM to be held in 2020;
- Approval of the 2016 Annual Accounts and of the Notes thereto;
- Approval of the decision to pay a dividend of 2.64 €/share in respect of the financial year 2016, totaling 12,590,065.00 €;
- Unrestricted discharge to the directors in office during the financial year 2016;
- Appointment of PWC Luxembourg as independent statutory auditor for the financial year 2017.

An Extraordinary Shareholders Meeting was held on October 13<sup>th</sup>, 2017. As a result, Art.3 of the by-laws (i.e. the "Purpose") was modified in order to allow the exercise by Enovos Luxembourg of the activity of insurance agent.

As of December 31<sup>st</sup>, 2017, 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 5 times in 2017:

on March 17<sup>th</sup>, April 21<sup>st</sup>, June 30<sup>th</sup>, September 29<sup>th</sup> and December 5<sup>th</sup>, 2017.

All meetings were chaired by Mr Marco HOFFMANN.

The average attendance of Board members at all meetings, either physically or by phone conference, reached 83% (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.

All 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 31<sup>st</sup>, 2017, 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 <sup>1)</sup>	Vice-Chairman
Simo SANTAVIRTA <sup>2)</sup>	Director
Werner BRINKER	Director

- 1) Mr Stephan Fedrigo is the permanent representative of the director "Azimuth Solutions GmbH".
- 2) Mr Simo Santavirta was co-opted on 1<sup>st</sup> July 2016 and his appointment was confirmed by the general meeting of shareholders on May 9<sup>th</sup>, 2017

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 <sup>1)</sup>	Director

- 1) Mr Johan van Bragt resigned as from February 21<sup>st</sup>, 2018.

- Directors representing the Executive Management:  
Marc REIFFERS                      CEO & Director
- 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 Marc REIFFERS, were both appointed Executive Directors.

The Executive Directors are supported by the Enovos Management Committee (EMC), composed of the CEO, the Senior Advisor 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.

Encevo S.A.	4
Enovos Luxembourg S.A.	16
Creos Luxembourg S.A	20

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

Marco Hoffmann was born on January 11<sup>th</sup>,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 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@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 Ordinary General Meeting of Shareholders took place on May 9<sup>th</sup>, 2017

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 2016 and passed the following resolutions, all by unanimous votes:

- Approval of the Annual Accounts 2016 and of their Notes;
- Appropriation of the Net Profit 2016: 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 2016.

In respect of Articles 21 and 22 of the articles of association, the shareholders unanimously approved the nomination of Mr Laurent VANETTI as Director of the company, in replacement of Mr Julien KOHNEN. The term of office of this Director will be the annual general meeting of shareholders stating on the accounts for the financial year ending December 31<sup>st</sup>, 2019.

Furthermore, the shareholders appointed PricewaterhouseCoopers (PwC) as Statutory Auditor for the financial year 2017.

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.





As of December 31<sup>st</sup>, 2017, the shareholder structure is as follows, each share having an equal voting right, except for the shares held by Creos Luxembourg:

Shareholder Structure		
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 %
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, 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 organize their representation in Creos Luxembourg S.A. through the Coordination Committee of Municipalities.

Encevo S.A.	4
Enovos Luxembourg S.A.	16
Creos Luxembourg S.A	.20

Board of Directors

The Board of Directors met five times in 2017: on March 16<sup>th</sup>, April 20<sup>th</sup> , June 29<sup>th</sup> , and December 7<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 2017, 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 80 % (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 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 2017.

As of December 31<sup>st</sup>, 2017, 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
Sasha BAILLIE	Director
Michel BIREL	Director
Lex KAUFHOLD	Director
Paulette LENERT	Director

Anne VAN GOETHEM	Director
Marco WALENTINY	Director

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):

Benoît GAILLOCHET <sup>1)</sup>	Vice-Chairman
Georges BIVER	Director
Michael REUTHER <sup>2)</sup>	Director

1) Permanent representative of the Director AXA Redilion ManagementCo S.C.A. until September 29<sup>th</sup>, 2017 and personal mandate as of this date. This nomination will be proposed for ratification to the ordinary general meeting to be held in 2018.

2) Personal mandate until September 29<sup>th</sup>, 2017 and permanent representative of the Director AXA Redilion ManagementCo S.C.A. as of this date. This nomination will be proposed for ratification to the ordinary general meeting to be held in 2018

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):

Eric BOSMAN	Director
-------------	----------

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 <sup>1)</sup>	Director
Gilbert ZAHLES	Director

1) To replace Mr Julien KOHNEN, who had resigned, the ordinary general meeting of shareholders held on May 9<sup>th</sup>, 2017 resolved to appoint Mr Laurent VANETTI as Director of the company.

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

Jean SCHILTZ	Director
--------------	----------

Director representing the Executive Management:

Claude SEYWERT	CEO & Director
----------------	----------------

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 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.:

MMario 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”

Publication Team  
Corporate Communcation, Encevo S.A.

Design and artwork:  
Pascal Quassaert,  
Corporate Communcation Encevo S.A.

Photos: Adobe Stock

Printers:  
Imprimerie Reka

Logos FSC + myclimate



