



2012

# Corporate Governance Charter

Enovos International S.A.





**The present charter will be completed by an**

**Annual Report of Corporate Governance**

to be presented every year at the occasion of the annual general meeting of shareholders, and for the first time in 2012

The Corporate Governance represents a major concern to Enovos International Group and the latest adopted Charter, as well as the Annual Reports, may be downloaded at [www.enovos.eu](http://www.enovos.eu)



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# Enovos International S.A.

## Introduction

Enovos International S.A. is the holding of the new group which has grown out of the 2009 merger between Cegedel S.A., Soteg S.A. and Saar Ferngas AG, historically the three most important gas and power suppliers and network operators in Luxembourg and in Saarland, Germany.

In the following years, Enovos International S.A. and its operative subsidiaries made further investments and conducted further mergers to implement their strategy to establish and strengthen their leadership in the Luxembourg and Greater Region power and gas markets. These operations include the integration of the activities of former Luxgaz S.A. as well as the energy operations of the City of Luxembourg and Leo S.A., both leading to changing shareholder structures of Enovos International Group.

In the face of current market restructuring and liberalization, it was of great importance for Luxembourg to have its own competitive supplier positioned on the European energy market, as only companies of a certain stature and with the necessary international experience can survive and maintain their independence. Furthermore, it was necessary to separate the activities of energy transport and distribution from the energy production, procurement and supply in order to become compliant with European directives introduced into national laws.

The environment of energy supply markets was affected by numerous major evolutions in the last decade, a phenomenon that will probably continue to accompany the sector in the years to come: evolution of the political and legal framework, technological change in all business lines, strategic restructuring of the market players.

## Mission and Values: “Energy for today. Caring for tomorrow.”

As a major player in select Western European energy markets and holding company for the energy provider Enovos and the grid operator Creos, Enovos International Group’s mission is to continuously ensure the group’s competitive position, as well as its sound strategic development in the interest of all its stakeholders.

While providing shared services in finance, legal, information technologies, human resources, facility management and corporate development to the core group companies, Enovos International contributes to a high level of operational efficiency and to a lively corporate spirit. Its mission is to guide, coordinate and strengthen the effectiveness of diverse undertakings and to promote common objectives and values, which are actively exemplified within the group.

In its bodies of corporate governance, Enovos International convenes representatives of every one of its shareholders and represents the highest authority, entrusted with outlining the group’s strategy and coordinating executive management.

Enovos International’s corporate values focus on exemplary governance, regional leadership, reliable supply at competitive prices and sustained business growth. Yet, the Enovos International Group companies also hold themselves to a high standard of corporate responsibility by integrating economic, environmental, ethical and social elements into their operations.

Satisfying the concrete needs of their clients, be they retail, commercial, industrial or institutional, is, as always, a key driver in the managerial decisions of all group companies.

Employees represent one of the most important stakeholders of Enovos International Group. Competence, talent and creativity, combined with motivation and experience, have proved to be the best assets in all of the group’s undertakings. The growth of the group over the last years has had its impact on the number and composition of its workforce, making personnel matters highly important.

Dedicated to innovation, sustainability and growth, Enovos International Group’s shareholders

and executive management share a common vision and dedication to their customers, their employees and to the public. Constant respect for the economic, environmental, social and ethical dimensions of all its actions pervades the group well beyond the short-term goal of operational excellence. At Enovos International Group, past, present and future are merged into one guiding principle: “Energy for today. Caring for tomorrow.”

### Organization and shareholders

#### The structure and organization of the Enovos International Group

Enovos International S.A. is a public limited company under Luxembourgish law with its headquarters at “Domaine Schlassgoart”, 66, rue de Luxembourg, L-4221 Esch-sur-Alzette. The company was established on 1<sup>st</sup> July 2009 for an unlimited period of time and was registered with the Luxembourg Trade and Companies Register under the number B11723. An updated version of the charter is deposited at the Register, and copies are available from the headquarters upon request.

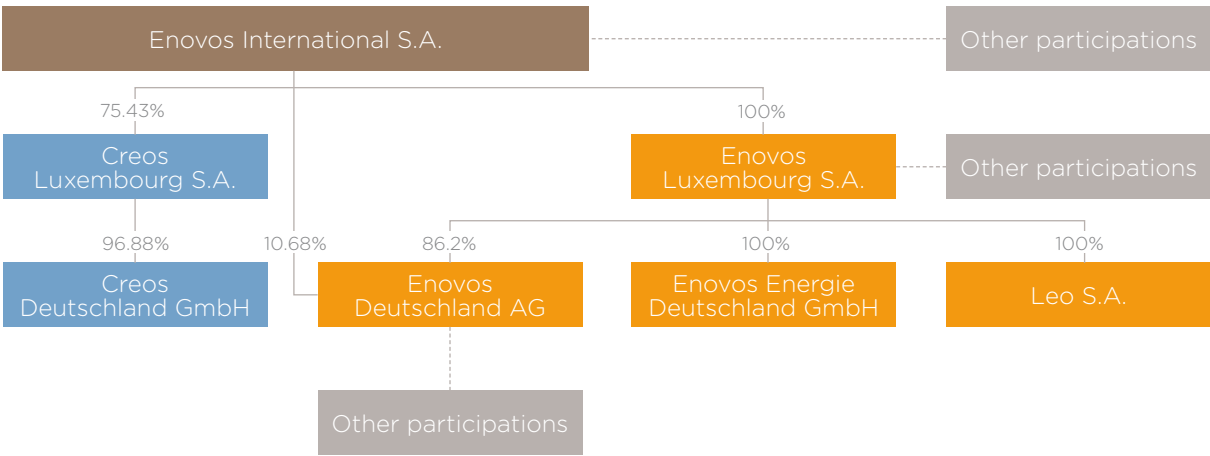
Enovos International S.A. is the mother company of Enovos and Creos.

Enovos Luxembourg S.A., Leo S.A., Enovos Energie Deutschland GmbH and Enovos Deutschland AG are active in the fields of production, purchase and resale of natural gas and power, as well as renewable energy sources. The energy network operators, Creos Luxembourg S.A. and Creos Deutschland GmbH, operate in the fields of energy transport and distribution.

The two different names reflect the fact that each company is independent, with its own structure and employees.

Enovos International S.A. is an operative holding company providing management services to its group companies, mainly in the domains of financial services, information technologies and human resources.

The goal of Enovos International S.A. is to be a strong regional energy player, providing an efficient and safe supply of natural gas, power, emission certificates and energy services, as well as to promote sustainable value growth whilst taking up a cost-competitive position in operations and supply. The company’s main activities include the exploration, transport, distribution, generation, storage, trading and marketing of energy.





As of 31/12/2011, Enovos Group formed out of 23 companies fully consolidated, 19 companies consolidated under the equity method and 42 companies consolidated at cost.

Enovos International S.A. controlled directly or indirectly the following companies fully consolidated at Group level :

Name	Country	% of control	% of interest	Main activity
Enovos International S.A.	Luxembourg	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	Luxembourg	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	Luxembourg	75.43%	75.43%	Transport and distribution of gas and power
Cegedel International S.A.	Luxembourg	100.00%	100.00%	Holding company
Enovos Re S.A.	Luxembourg	100.00%	100.00%	Reinsurance
Luxenergie S.A.	Luxembourg	60.35%	60.35%	Production of heat and power
Surré S.A.	Luxembourg	100.00%	60.35%	Production of heat and power
Windpark Mosberg GmbH & Co KG	Germany	100.00%	100.00%	Production of power
Enovos Deutschland AG	Germany	96.88%	96.88%	Supply of power and gas
Creos Deutschland GmbH	Germany	96.88%	73.08%	Transport and distribution of gas
EnergieSüdwest AG	Germany	51.00%	49.41%	Supply of power, gas and heat
EnergieSüdwest Netz GmbH	Germany	51.00%	49.41%	Transport and distribution of gas, power, water and heat
LanTec Gebäudetechnik Management GmbH	Germany	51.00%	49.41%	Supply of heat / Provider of services in gas and power
Enovos Services GmbH	Germany	100.00%	96.88%	Facility management
Trelder Berg GmbH	Germany	80.00%	80.00%	Production of power
Enovos Eisenhüttenstadt GmbH	Germany	100.00%	100.00%	Production of power
La Benâte S.à r.l.	France	100.00%	100.00%	Production of power
Enovos Solar Investment I S.r.l.	Italy	100.00%	100.00%	Production of power
Enovos Solar Investment II S.r.l.	Italy	100.00%	100.00%	Production of power
Leo S.A.	Luxembourg	100.00%	100.00%	Supply of power and gas
Enovos Energy Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Enovos Balance Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Ferme Eolienne de la Côte du Gibet S.à r.l.	France	100.00%	100.00%	Production of power

### Enovos International S.A. issued share capital and shareholders

The company's issued share capital is set at 90,962,900 Euros (as of 31/12/2011).

Under the terms and conditions provided by the Luxembourg law of 10<sup>th</sup> August 1915, as amended, the company's issued share capital may be increased or reduced following a resolution passed by the shareholders' general meeting.

An increase in stock capital may only be passed at the general meeting of shareholders, and must be approved by the State of the Grand-Duchy of Luxembourg or any representative to which it may have transferred some or all of its company shares in accordance with Article 11 of the registered statutes.

No company shareholder other than the Luxembourg State and/or the SNCI may be authorized to hold a company shareholding of more than 33% of the total company share capital, except with the prior written consent of those shareholders who represent 3/4 of the total company share capital.

The shareholders have agreed on transfer restrictions to the company shares, establishing

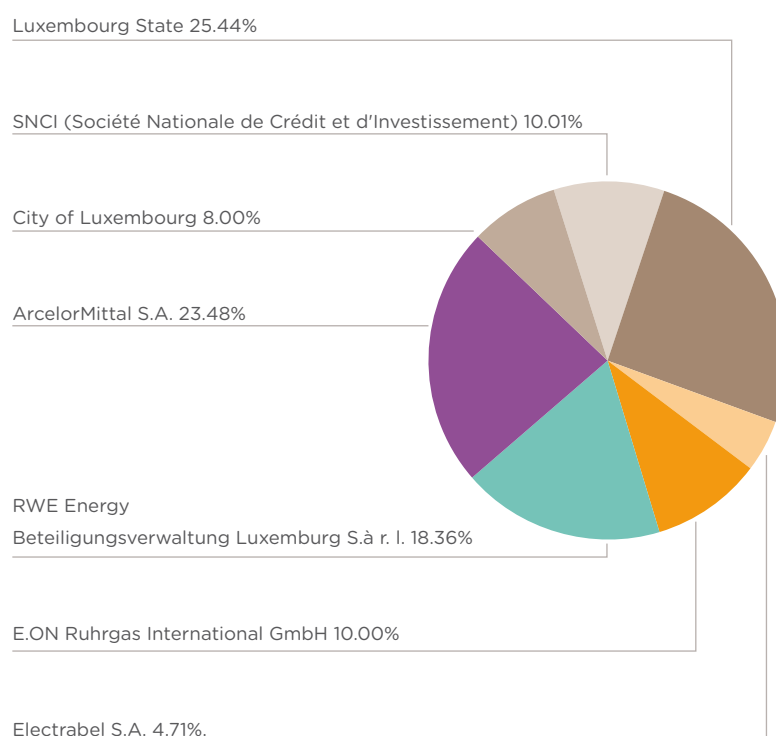
dedicated pre-emption rights and proceedings published in the statutes of Enovos International S.A. The agreement specifies particular rights granted to the Luxembourg State and/or the SNCI, as well as a clause for change of control.

The company holds a register of shares establishing the ownership of the shares.

### The company shareholders

The total share capital, represented (in 2011) by 909,629 shares, of Enovos International S.A. is distributed among the following shareholders:

- the Luxembourg State holds 25.44%
- ArcelorMittal S.A., a company registered under Luxembourg law, holds 23.48%
- RWE Energy Beteiligungsverwaltung Luxembourg S.à r. l., a company registered under Luxembourg law, holds 18.36%
- the SNCI (Société Nationale de Crédit et d'Investissement) holds 10.01%
- E.ON Ruhrgas International GmbH, a public limited company under German law, holds 10.00%
- the City of Luxembourg holds 8.00%
- Electrabel S.A., a public limited company under Belgian law, holds 4.71%.



## General meeting of shareholders

### Role

The general meeting of shareholders, which constitutes the prevailing of the company's corporate bodies, represents the totality of the company's shareholders in possession of ordinary shares.

Its role reserved by the law includes the approval of Reports of Directors, the approval of financial results and their allocation, the appointment of the Statutory Auditor (external audit), as well as the discharge of the directors.

The general meeting of shareholders has all attributions in the company except for those delegated to the Board of Directors. It may also serve to discuss company policy and favour the exchange of information between shareholders.

### Meeting frequency

The general meeting of shareholders must be convened by the Board of Directors or by the independent auditor(s).

The annual general meeting of shareholders must be held in the municipality where the company's registered office is located, or at such other place as may be specified in the notice of such a meeting, on the second Tuesday of the month of May.

The Board of Directors may convene a general meeting of shareholders at any time for specific purposes, such as the amendment of the company statutes, increases or decreases of share capital and the dissolution of the company.

### Convocation

The convening notice for any general meeting of shareholders must contain the agenda, the place, date and time of the meeting; such notice is to be sent to each shareholder by registered letter at least eight days prior to the scheduled date of the meeting.

If all shareholders are present or represented at a meeting of shareholders and if they state that they have been informed of the agenda of the meeting, the general meeting of shareholders may be held without prior notice.

### Meeting procedures

A Board of the meeting is to be formed at any general meeting of shareholders, composed of a chairman, a secretary and a scrutineer.

The Board of the meeting shall above all ensure that the meeting is held in accordance with all

applicable rules and, in particular, in compliance with the rules relating to convening, majority requirements, vote-tallying and shareholder representation. An attendance list must be kept at any general meeting of shareholders.

### Voting procedures

Each share entitles the holder to one vote, subject to legal provisions.

At an ordinary general meeting of shareholders, resolutions shall be passed by a simple majority of the votes cast, regardless of the portion of capital present or represented.

### Meeting minutes

At the end of each session, the members of the Board of the meeting, as well as any shareholder who requests to do so, shall sign the minutes containing details of all the decisions taken during the meeting.

## Board of Directors

### Mandate

The Board of Directors is responsible for defining the company's strategic objectives, as well as its overall corporate plan. The Board of Directors is committed to creating long-term value for the company and its shareholders while operating in an ethically, legally, environmentally and socially responsible manner.

Its principal missions are to formulate both the company's and the group's major strategies, to monitor the implementation of these strategies, to ensure the fair and accurate presentation of information about the company and the group, and to protect its corporate assets.

### Powers of the Board of Directors

The Board of Directors is vested with comprehensive powers to take any necessary or useful action to fulfil the company's corporate objectives, with the exception of those actions reserved to the shareholders' general meeting. The Board of Directors has delegated the company's daily management to the Executive Board in respect of the provisions set up in the company's statutes, which reserve to the Board of Directors the approval of the business plans and major or important strategic, financial and investment decisions.

### **Election to the Board of Directors**

The members of the Board of Directors are elected by a duly convened shareholders' general meeting, which also determines their remuneration and terms of office, in accordance with the following rules:

- The shareholder with the largest company shareholding is entitled to nominate five candidates for election to the Board of Directors.
- The shareholder holding the second highest number of company shares is entitled to nominate three candidates for election to the Board of Directors.
- Three directors represent the employees of the company and its subsidiaries.
- The remaining five directors are elected from those candidates nominated for election by the shareholders other than the two major company shareholders.

In 2011, the Board of Directors consisted of 16 members.

The shareholders' general meeting reserves the right to remove any director from his/her post without prior notice and without any given reason. A director's term of office may not exceed six years; he/she may resign, but shall remain in office until his/her successor has been elected. A director may be re-elected for a subsequent term.

### **Chairman and Vice-Chairmen of the Board of Directors**

The Board of Directors appoints a Chairman chosen among the directors appointed among the candidates submitted by the largest shareholder (in this case, the State and the SNCI count as one shareholder).

The Board of Directors appoints a maximum of three Vice-Chairmen, one Vice-Chairman chosen among the directors appointed among the candidates submitted by the largest shareholder, and two Vice-Chairmen chosen among the directors appointed among the candidates submitted by the second largest shareholder (in this case, the State and the SNCI count as one shareholder).

The Board of Directors also appoints a secretary to the Board who does not need to be a member of the Board.

### **Convening meetings of the Board of Directors**

Unless exceptional circumstances require otherwise, meetings of the Board of Directors should be held at least four times a year in Luxembourg.

### **Conduct of meetings of the Board of Directors**

The Chairman shall preside over all meetings of the Board of Directors.

Unless other legal requirements prevail, any director who has – directly or indirectly – a proprietary interest in a transaction submitted to the approval by the Board of Directors, must declare this conflict of interest and must have this declaration recorded in the minutes of the Board meeting. Any such affected director may not take part in the discussions on this subject and is furthermore not allowed to participate in the vote on this transaction.

Precise and transparent provisions govern the voting procedures of the Board of Directors, as well as the minute taking.

### **Dealings with third parties**

The company will be bound towards third parties in all circumstances by the joint signatures of any two directors or by the joint or sole signature(s) of any person(s) to whom such signatory power has been granted by the Board of Directors. Within the limits of day-to-day management, the company will be bound towards third parties by the joint signatures of any two members of the Executive Board or by the sole signature of any person(s) to whom such signatory power has been delegated by the Executive Board in accordance with the rules of such delegation. The delegation of powers' rules of the Group's different companies are regularly updated, specifying the limit amounts and the list of senior management. The prevailing rule will always be that of the "four-eyes-principle", meaning that joint signatures are required for committing the Company. The updated "Delegation of Powers" are available free of charge at any moment from the Group's headquarters.

## Committees formed by the Board of Directors

The Board of Directors may form committees to ensure appropriate corporate governance and to assist the Executive Board in the implementation of the company's strategic objectives in the day-to-day business.

The Committees may give sound advice to the directors and executive management, but have not been conferred powers of decision.

### The Audit Committee

#### Its mandate

The audit committee assists the Board of Directors of Enovos International S.A. in the supervision and verification of:

- Financial information: it verifies that all such information is complete, correct and a true record of the company's financial situation
- Effective internal auditing and risk management
- Effective external auditing

A non-compelling practice requests the audit committee to meet and discuss financial report and business plans, internal audit and risk procedures as well as the proposal of the statutory external auditor before the respective documents are elected on the meeting agenda of the Board of Directors.

#### Its members

The committee is composed of seven members, nominated by the Board of Directors. As an unwritten principle, it has been established that one member of the audit committee is designated between the three directors representing the company employees. Among its members, the committee elects a president who coordinates the meetings and agendas with the executive management.

### The Group Strategy Committee

#### Its mandate

This committee was constituted to improve Enovos International Group's strategic planning whilst taking into account its different fields of activity and, furthermore, to evaluate its strategic position and main domains of development as a group and in the context of its major competitors and markets.

The committee principally concentrates on examining external growth projects and strategic investment. The committee regularly monitors the implementation of strategic planning proposals at both corporate and subsidiary level; it also ensures that corporate strategic planning is enforced. The committee may conduct market studies and make proposals of its own, as and when necessary.

#### Its members

The committee is composed of 12 members: nine members nominated by the Board of Directors and the three members of the Executive Board. Among its members, the committee elects a president who coordinates the meetings and agendas with the executive management.

### The Remuneration and Nomination Committee

#### Its mandate

The Remuneration and Nomination committee assists the Board of Directors in all matters relating to the nomination (or the dismissal) of directors or members of the Executive Board as well as in all matters relating to the remuneration of said directors or members of the Executive Board.

#### Its members

The committee is composed of six members nominated by the Board of Directors following the recommendations of its chairman.

## Executive Board

#### Its mandate

In accordance with Article 60 of the law of 10<sup>th</sup> August 1915 governing commercial companies, as amended, the Company's daily management and the Company's representation in connection with such daily management is delegated to the Executive Board. The members of the Executive Board and the managing director(s) are appointed and revoked by a resolution of the Board of Directors.

The role of the Executive Board is to ensure the day-to-day running and expansion of Enovos whilst respecting the values, strategies, policies, plans and budget forecasts agreed upon by the Board of Directors.

In this context, the Executive Board is empowered by the largest authority, except those assigned by the law or the Company statutes to the general meeting of shareholders and the Board of Directors.

The Executive Board meets in principle every Monday. The meetings are convened by appropriate agenda also addressed to any participant invited to assist. A secretary holds minutes, of which excerpts of decisions are communicated to any concerned department. The Executive Board informs all employees in due matter about important decisions taken by the Executive Board through the Intranet information system.

Since 2010, the Executive Board is composed of: Mr Romain Becker, CEO Creos Luxembourg S.A. Mr Jean Lucius, CEO Enovos Luxembourg S.A. Mr Nestor Didelot, CFO Enovos International S.A.

## External audit

The general meeting of shareholders determines the number of independent auditors chosen among the members of the “Institut des réviseurs d’entreprises” and fixes their remuneration and term of office, which may not exceed six years.

A non-formal internal policy sets the choice to be taken among one of the internationally active and leading audit cabinets that may ensure proper and wise expertise to the Company and its stakeholders.

The Company seeks to bundle all auditor mandates inside the core group (consolidation area) with one sole auditor, thus getting an optimized view on all relevant financial items as well as a secured opinion in tax affairs that may be of transnational character.

The auditor mandate is decided by the various general meetings of shareholders based on a proposal expressed by the Board of Directors of Enovos International S.A. on advice given by the Audit Committee.

For appropriate corporate governance reasons, the Company restrains from any advisory mandate for the benefit of the respective auditor company or its affiliates.

## Compliance, Internal Audit, Risk Management and Code of Business Conduct

The legal counsel of the Group has also been appointed as compliance officer of the Group. He is in charge of ensuring that all legal requirements are duly respected in the light of ongoing market regulation and legislation.

Internal control schemes and formal risk assessment proceedings are quite recent developments in the energy sector, except for trading and portfolio purposes.

Since its constitution, the Company analyzed these fields, took advice, balanced existing and took appropriate decisions.

In 2011, internal audit and risk management were given new Heads of departments, and an internal audit agenda was established, in coordination with the Audit Committee. In the field of risk management, specific attention is given to the operations in the Energy Procurement, Trading and Portfolio Management departments, as well as in the setup of a centralized risk-assessment system for all kinds of other operational risks.

The Company’s objective is to promote group-wide risk awareness and reporting, highest principles in complying with all regulations and internal instructions, and thus conduct all of its business in a responsible and sustainable manner. In this context, the Company released a Group Code of Business Conduct that emphasises standard ethic principles for all employees to society, to the Company, to the business partners and clients as well as in mutual respect of each other.

On behalf of regulated grid operations by Creos Group, and especially regarding the legal framework set in Luxembourg under Article 27.2 of the law governing the electricity market and Article 33.1 governing the gas market, Creos establishes a programme of commitment, which contains the measures taken to guarantee the exclusion of any discriminatory practice concerning different network users. Its application is subject to the appropriate monitoring. The non-discriminatory treatment of users is to be respected by all employees and in all procedures as a mandatory principle.

In 2012, the Executive Committee approved a corporate Code of Business Conduct as well as an Information Systems Security Policy, both presented to the “Comité Mixte d’Entreprise” and adopted to be part of the internal regulations. Both codes provide compulsory instructions to every employee of the Group on behalf of their responsibilities to society, to the group companies, to business partners and to colleagues, and more specifically concerning the use and security of IT-devices. A copy of the Code of Business Conduct and the IS Security Policy may be communicated by the corporate governance department on demand.

In the Corporate Governance Report, which is to be established yearly, a specific section will provide a summary overview about internal audit, risk management and business compliance activities.

Fondation Enovos thus supports the following causes:

- Enhancement and development of renewable energy sources in Luxembourg and the Greater Region.
- Active promotion of research in the fields of environmental studies and sustainable development by supporting scientific projects in the field of energy, and renewable energy in particular.
- Social projects benefiting those members of society who need special support.

## Corporate and Social Responsibility

Enovos International Group, and more specifically Creos Group as operator of physical energy assets, is dedicated to a high Health, Safety and Environment (HSE) standard. Dedicated employees are entrusted with the mission to keep the Company up to date with the latest economically affordable security technology and processes.

Yearly reports are dressed to establish safety and health incidents and accidents, in order to improve where possible. In this context, Creos Luxembourg S.A. introduced a specific programme named “Healthcare at Work”.

Fondation Enovos was set up in 2010 by Enovos Luxembourg S.A. and is under the aegis of Fondation de Luxembourg, a non-profit foundation. The Fondation Enovos reflects the desire of its founders to act as a responsible company towards current and future generations. Guided by the idea that economic actors must be at the service of mankind and the community, Enovos Luxembourg S.A. chose to contribute to the progress of know-how and technologies that make sustainable development possible, but also to engage in social projects that benefit the most vulnerable members of society who require special support.







# Enovos Luxembourg S.A.

## Mission and Values

As a major energy provider in the Luxembourg, German and European energy market, Enovos Luxembourg's mission is to procure and provide electricity, natural gas and renewable energies to municipal suppliers, industries and private households. Enovos' strength is that all these services come from one single source at reliable and competitive prices.

The company acts as an independent energy supplier in the heart of Europe. By its integrated energy solutions, based on an intelligent combination of energy products and services, Enovos aims at offering a true alternative to its customers.

Enovos' clients are served by an international team of highly motivated and experienced energy experts, fully dedicated to their customers' needs, with a combination of fast response times and effective communication.

According to its guiding principle, "Energy for today. Caring for tomorrow.", the company acts in a responsible manner by integrating economic, environmental and social elements into its operations. It seeks to establish lasting and stable relations with all customers, based on the quality of its service, its development of new innovative energy products and services and its long-term safeguarding of energy provision. Enovos' work is devoted to sustainability related to both the environment and the organization.

Enovos strives to carry out its activities in the interests of all parties concerned, namely customers, the general public, shareholders, public authorities and its employees.

## Organization and shareholders

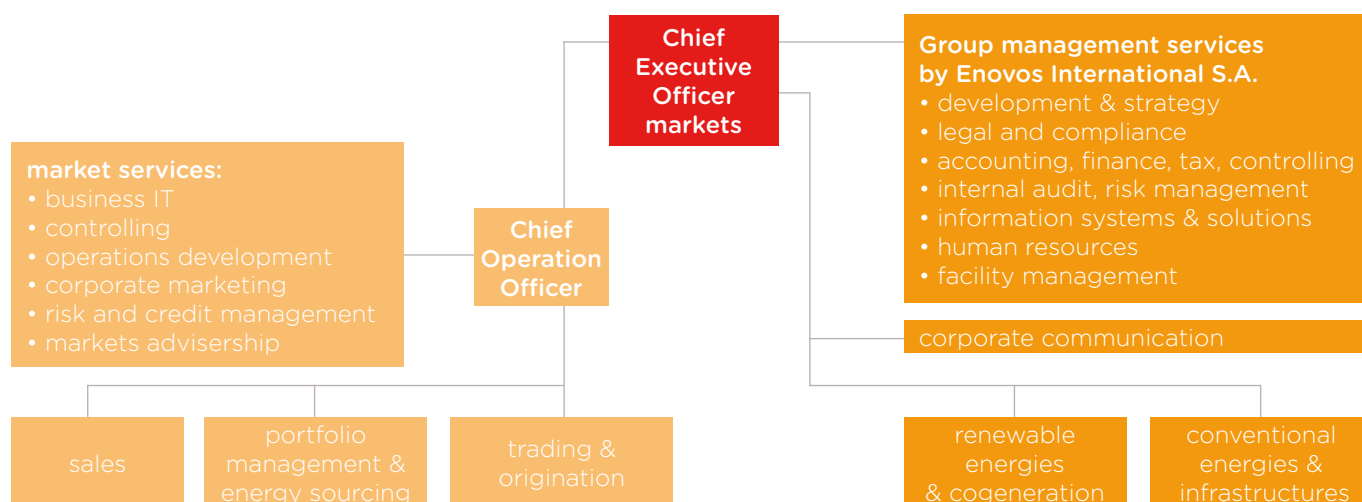
### The structure and organization of Enovos Luxembourg S.A.

Enovos Luxembourg S.A. is a public limited company under Luxembourgish law; its headquarters are at 2, rue Thomas Edison, L-1445 Strassen. The company is established for an unlimited period of time and is registered at the Luxembourg Trade and Companies Register under the number B 44683. Enovos Luxembourg S.A. is a 100% subsidiary of Enovos International S.A.

Enovos is operating directly and indirectly in the power and natural gas markets in Luxembourg, Germany, France and Belgium, as well as in other countries on demand.

Its main sales subsidiaries in Luxembourg (Leo S.A., Steinerger S.A. and NordEnergie S.A.) cover all market segments through centralized and specialized services. In Germany, Enovos Deutschland AG, headquartered in Saarbrücken, specializes in the segment of supply and service to local and regional utilities, and holds participations in several of these undertakings. Enovos Energie Deutschland GmbH, headquartered in Wiesbaden, mainly targets industrial and professional clients. The other markets in Europe are served through dedicated teams based in Luxembourg.

Enovos Luxembourg's internal services are organized to allow large independence and specialization of the different business units, together with a strong team spirit:



## Enovos Luxembourg S.A. issued share capital and shareholders

The company's issued share capital is set at 119,224,100 Euros (as of 2011).

The company registered its offices at 2, rue Thomas Edison, L-1445 Strassen.

Under the terms and conditions provided by Article 49b of the Luxembourg law of 10<sup>th</sup> August 1915, as amended, the company's issued share capital may be increased or reduced following a resolution passed by the shareholders' general meeting.

Existing shareholders are given preferred offer in case new shares are issued.

The company holds a register of shares establishing the ownership of the shares. Any share transfer becomes effective through the recording of transfer into the register of shares.

### The company shareholders

The total share capital, represented (in 2011) by 4,768,964 shares, of Enovos Luxembourg S.A. is held by the mother holding company, Enovos International S.A.

### General meeting of shareholders

As the company has currently only one shareholder, this shareholder exercises the power of the general meeting of shareholders.

The statutes of the company provide common principles for meeting proceedings of shareholders and provisions for any situation providing more than one sole shareholder.

## Corporate Governance Structure of Enovos Luxembourg S.A.

### Board of Directors

#### Composition of the Board of Directors

The Board of Directors is composed of 15 members elected by the general meeting of shareholders, including 2 members representing the employees of the company and its subsidiaries. The general meeting of shareholders determines the remuneration and office term of the directors.

The candidates proposed to be elected as directors mirror the shareholder structure of Enovos International S.A.

#### Mandate

The Board of Directors is responsible for defining the company's strategic objectives, as well as its overall corporate plan. The Board of Directors is committed to creating long-term value for the company and its shareholders while operating in an ethically, legally, environmentally and socially responsible manner.

#### Powers of the Board of Directors

The Board of Directors is vested with comprehensive powers to take any necessary or useful action to fulfil the company's corporate objectives, with the exception of those actions reserved for the shareholders' general meeting. The Board of Directors delegates the company's daily management to one or several executive director(s) in respect of the provisions set up in the company's statutes, which reserve to the Board of Directors the approval of the business plans and major or important strategic, financial and investment decisions.

#### Proceedings at the Board of Directors

The internal proceedings of the Board of Directors are common standard and, in specific domains, inspired and mirrored by the provisions established for Enovos International S.A.

#### Dealings with third parties

The company will be bound towards third parties in all circumstances by the joint signatures of any two directors or by the joint or sole signature(s) of any person(s) to whom such signatory power has been granted by the Board of Directors. Within the limits of day-to-day management, the company will be bound towards third parties by

the joint signatures of any two persons to whom such power has been delegated, or one person to whom such power has been delegated and one director, acting in accordance with the rules of such delegation.

The directors do not contract any personal or joint obligation due to their management, with respect to the commitments of the company. They are only responsible for the execution of their mandates.

The delegation of powers' rules regarding day-to-day management are regularly updated, specifying the limit amounts and the list of senior management. The prevailing rule will always be that of the "four-eyes-principle", meaning that joint signatures are required for committing the company. The updated document "Delegation of Powers" is available free of charge at any moment from the headquarters of the company.

- they advise the Board of Directors on further company development strategy;
- they put the decisions taken by the Board of Directors into effect;
- they pass on all necessary information to the Board of Directors to enable them to exercise their statutory powers;
- they define the guidelines for personnel management;
- they assume responsibility for the day-to-day running of Enovos Luxembourg S.A.

The company may also grant special powers by notarized proxy or private instrument to any person acting alone or jointly with others as agent of the company.

## Executive Management

The daily management of the business and the power to represent the company is delegated to one or several director(s) of the company, the executive director(s). The appointment, revocation and powers of the Executive Director are determined by a resolution of the Board of Directors, whereby the Chairman is appointed as Executive Director.

The Executive Director is vested with the broadest management powers within the limits provided by the law, the articles of association and the resolution of the Board of Directors.

In the case that the Executive Director has a conflicting interest with that of the company, he is obliged to compile a record, to be included in the minutes regarding the transaction submitted to his approval. A special report will be made of any such transaction at the next following meeting of the Board of Directors.

The Executive Director is not allowed to take or hold any personal interest in a company's transaction or deal, unless so authorized beforehand by the Board of Directors.

Whilst respecting the values, strategies, policies, plans and budget forecasts agreed upon by the Board of Directors, the Executive Directors carry out the following tasks:

- they communicate the values set by Enovos Luxembourg S.A.;

# Creos Luxembourg S.A.

## Mission and Values

Creos Luxembourg S.A. is the owner and manager of electrical networks and natural gas pipelines and, in respect of this mission, holds participations in subsidiaries and other participations.

The corporate purpose of Creos is the non-discriminatory operation of its assets, as well as the security of supply and the reliability of the energy distribution in the geographical areas it is operating in.

The values of Creos include high standards of compliance to the provisions of the regulated sectors of its activity.

Creos is in charge of the planning, realization, extension, maintenance, operation and repair of the low, medium and high-voltage electrical networks and the low, medium and high pressure natural gas lines owned, as well as of those it has been appointed operator.

Creos makes particular efforts to place networks underground in villages and their surroundings when renewing lines, or when planning new infrastructure. The company makes every effort to minimize the impact of these works on the environment and the people.

## Organization and shareholders

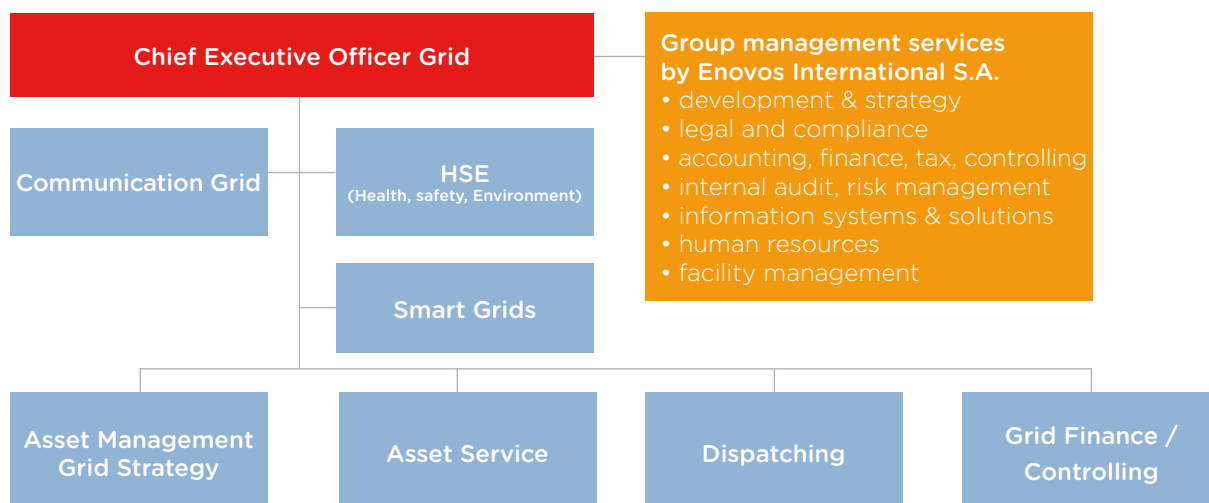
### The structure and organization of Creos Luxembourg S.A.

Creos Luxembourg S.A. is a public limited company under Luxembourgish law; its headquarters are at 2, boulevard Roosevelt, L-2450 Luxembourg. The company is established for an unlimited period of time and is registered in the Luxembourg Trade and Companies Register under the number B 4513.

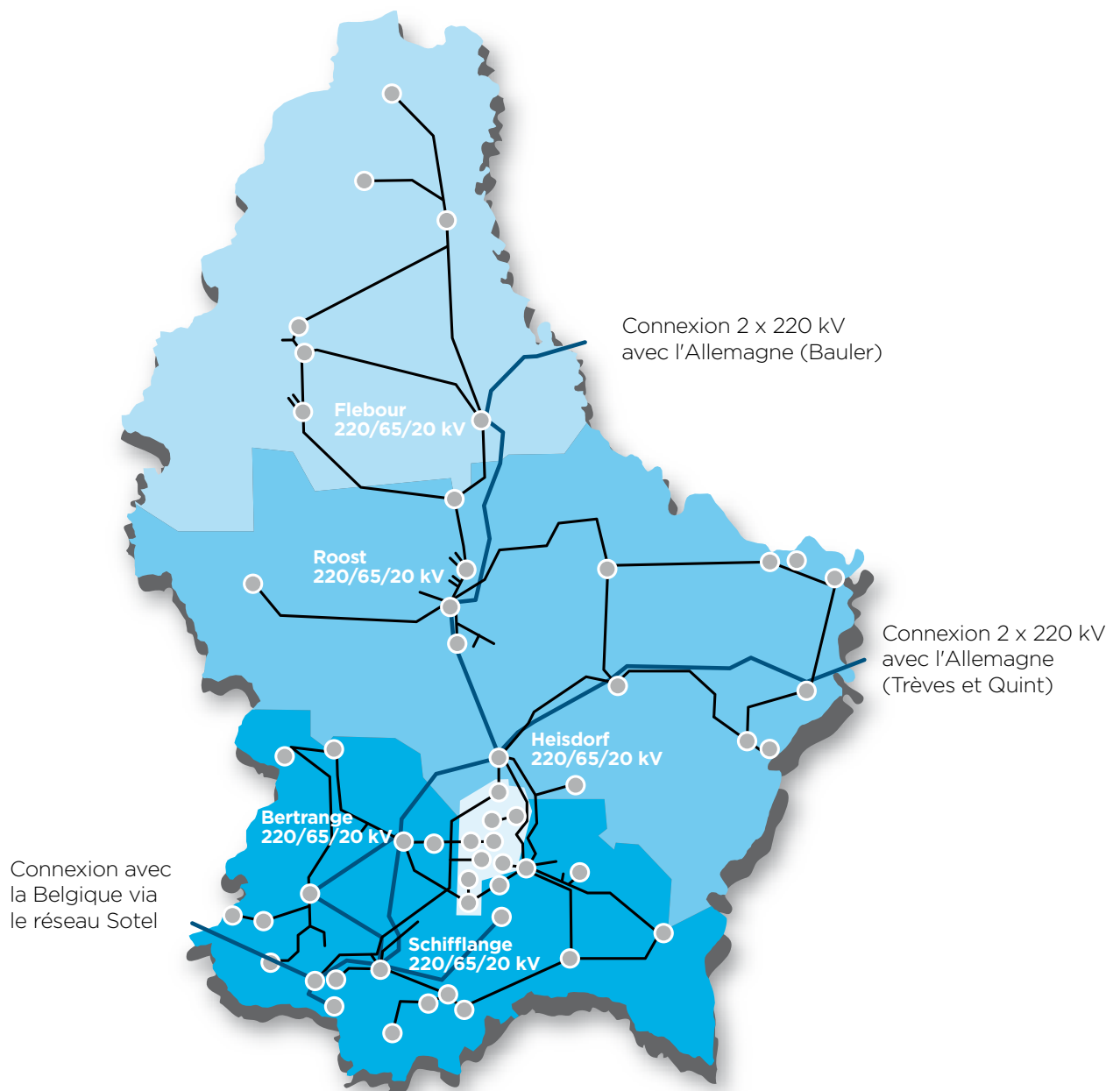
Creos Luxembourg S.A. and its subsidiary Creos Deutschland GmbH are operating electrical networks in the Grand-Duchy of Luxembourg, and natural gas pipelines in the Grand-Duchy of Luxembourg and in Germany.

In the context of its constitution in 2009, the energy network assets represent the former transport and distribution grid infrastructure of Cegedel S.A., Soteg S.A. and Saar Ferngas AG. Since then, the company took over several other network operations, of which the former Luxgaz S.A. and Ville de Luxembourg operations are the most important.

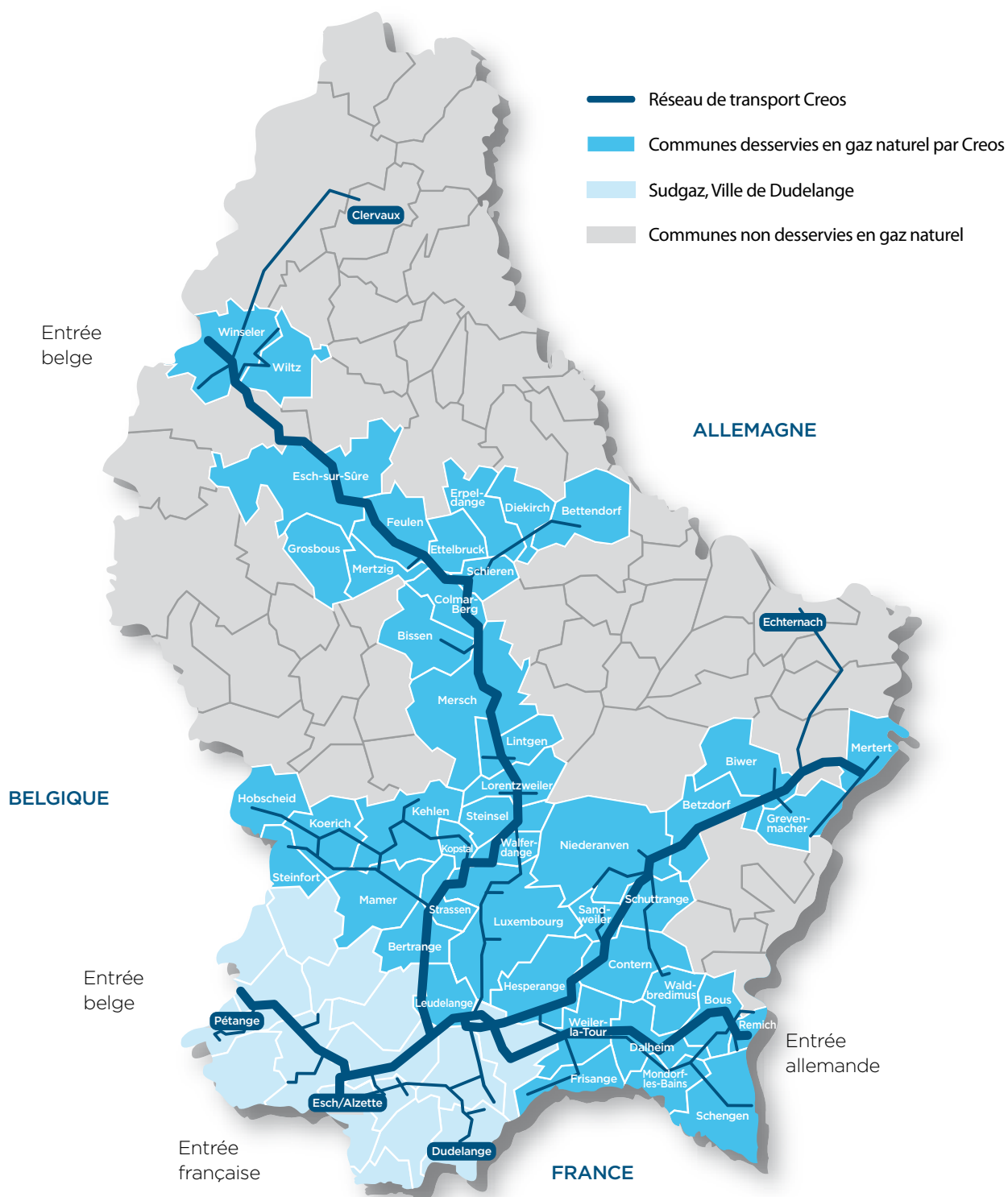
Creos Luxembourg's internal services are organized to allow effective management of the different technical business units, combined with a large regional presence in order to ensure the high quality of the physical supply service.



## Electricity grid and regional operations Centres



## Gas grid



## Creos Luxembourg S.A. issued share capital and shareholders

The company's issued share capital is set at 198,851,260 Euros (as of 2011).

The company registered its offices at 2, boulevard Roosevelt, L-2450 Luxembourg.

Under the terms and conditions provided by Article 49b of the Luxembourg law of 10<sup>th</sup> August 1915, as amended, the company's issued share capital may be increased or reduced following a resolution passed by the shareholders' general meeting.

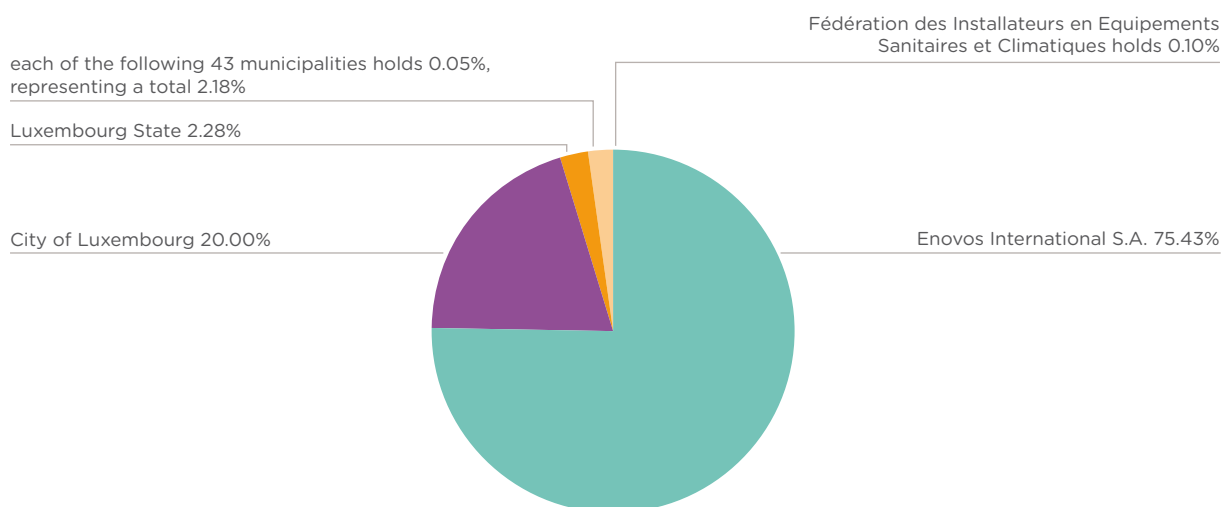
The shareholders have agreed on transfer restrictions to the company shares, establishing dedicated pre-emption rights and proceedings published in the statutes of Creos Luxembourg S.A. The agreement specifies particular rights granted to the Luxembourg State and the company, as well as a threshold of participation that may be held by any Luxembourg municipality, except the City of Luxembourg.

The company holds a register of shares establishing the ownership of the shares. Any share transfer becomes effective through the recording of transfer into the register of shares.

## The company shareholders

The total share capital, represented (in 2011) by 9,942,563 shares, of Creos Luxembourg S.A. is distributed among the following shareholders:

- Enovos International S.A. holds 75.43%
- the City of Luxembourg holds 20.00%
- the Luxembourg State holds 2.28%
- the Fédération des Installateurs en Equipements Sanitaires et Climatiques holds 0.10%
- each of the following 43 municipalities holds 0.05%, representing a total of 2.18%  
Bertrange, Bettendorf, Betzdorf, Bissen, Biwer, Bous, Colmar-Berg, Contern, Dalheim, Diekirch, Erpeldange, Ettelbrück, Feulen, Frisange, Grevenmacher, Grosbous, Heiderscheid, 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, Wellenstein, Wiltz, Winseler





### General meeting of shareholders

The statutes of the company provide common principles for meeting proceedings of shareholders and provisions for any situation providing more than one sole shareholder.

The provisions mirror those adopted for Enovos International S.A.

## Corporate Governance Structure of Creos Luxembourg S.A.

### Board of Directors

#### Composition of the Board of Directors

The Board of Directors is composed of 20 members elected by the general meeting of shareholders, including 3 members representing the employees of the company and its subsidiaries, and 1 member proposed by the coordination committee of the 43 shareholding municipalities. The other candidates proposed to be elected as directors mirror the shareholder structure of Enovos International S.A. The general meeting of shareholders determines the remuneration and office term of the directors.

#### Mandate

The Board of Directors is responsible for defining the company's strategic objectives, as well as its overall corporate plan. The Board of Directors is committed to creating long-term value for the company and its shareholders while operating in an ethically, legally, environmentally and socially responsible manner.

#### Powers of the Board of Directors

The Board of Directors is vested with comprehensive powers to take any necessary or useful action to fulfil the company's corporate objectives, with the exception of those actions reserved to the shareholders' general meeting. The Board of Directors delegates the company's daily management to one or several executive director(s) in respect of the provisions set up in the company's statutes, which reserve to the Board of Directors the approval of the business plans and major or important strategic, financial and investment decisions.

#### Proceedings at the Board of Directors

The internal proceedings of the Board of Directors are common standard and, in specific

domains, inspired and mirrored by the provisions established for Enovos International S.A.

#### Dealings with third parties

The company will be bound towards third parties in all circumstances by the joint signatures of any two directors or by the joint or sole signature(s) of any person(s) to whom such signatory power has been granted by the Board of Directors. Within the limits of day-to-day management, the company will be bound towards third parties by the joint signatures of any two persons to whom such power has been delegated, or one person to whom such power has been delegated and one director, acting in accordance with the rules of such delegation.

The directors do not contract any personal or joint obligation due to their management, with respect to the commitments of the company. They are only responsible for the execution of their mandates.

The delegation of powers' rules regarding day-to-day management are regularly updated specifying the limit amounts and the list of senior management. The prevailing rule will always be that of the "four-eyes-principle", meaning that joint signatures are required for committing the company. The updated document "Delegation of Powers" is available free of charge at any moment from the headquarters of the company.

### Executive Management

The daily management of the business and the power to represent the company is delegated to one or several director(s) of the company, the executive director(s). The appointment, revocation and powers of the Executive Director(s) are determined by a resolution of the Board of Directors, whereby the Chairman is appointed as Executive Director in accordance to Article 19 of the company's statutes.

The Executive Director is vested with the broadest management powers within the limits provided by the law, the articles of association and the resolution of the Board of Directors.

In the case that the Executive Director has a conflicting interest with that of the company, he is obliged to compile a record, to be included in the minutes regarding the transaction submitted to his approval. A special report will be made of any such transaction at the next following meeting of the Board of Directors.



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 creos

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Caring for tomorrow.

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