



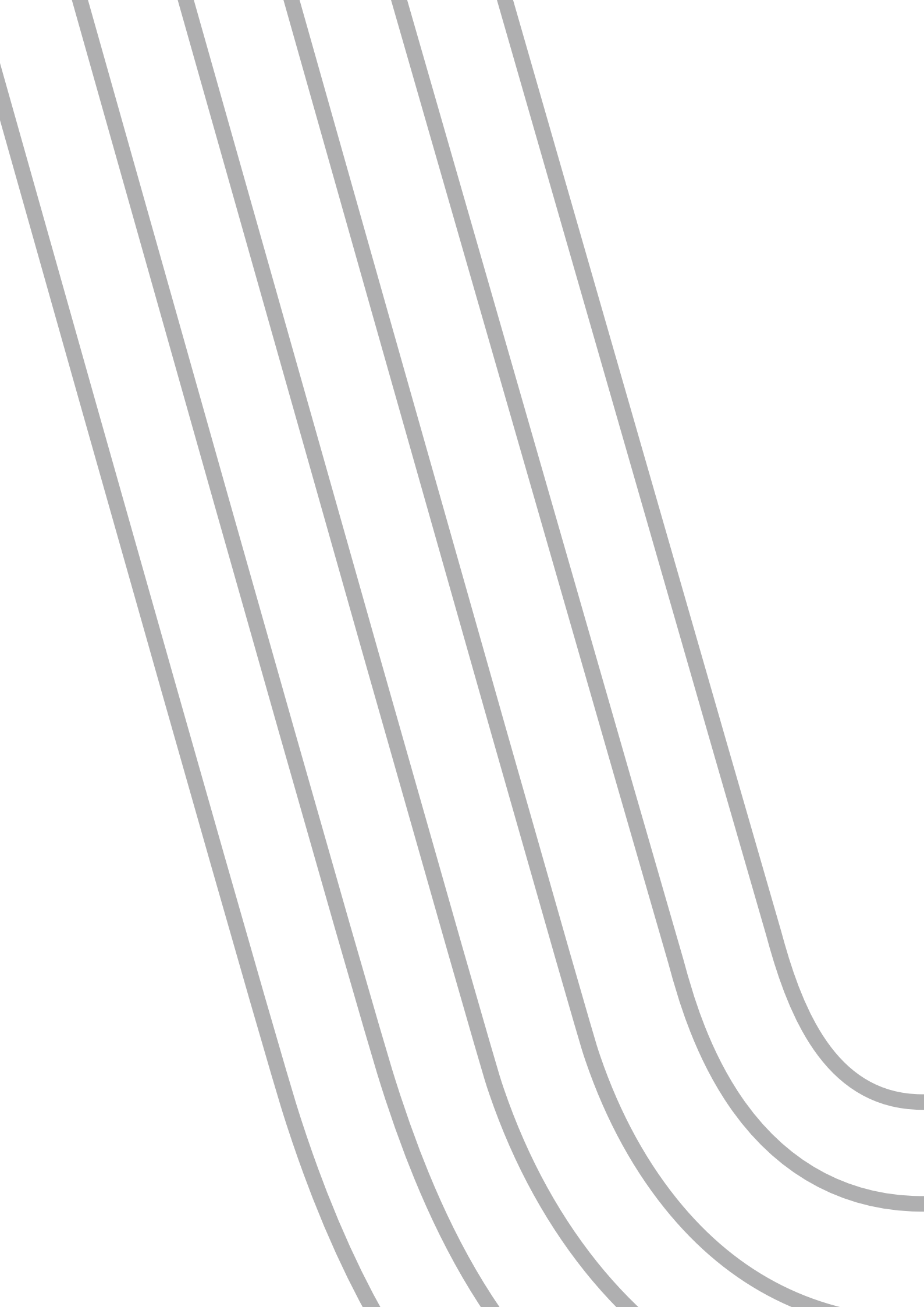
# 2020

Annual Report  
Encevo S.A.

We embrace energy transition



**encevo**





## Our vision

We envision Encevo as leading and sustainable energy player in the Greater Region. In the rapidly changing energy landscape, we will ensure a secure access and competitive supply of energy, and actively shape the transition to a sustainable energy sector by embracing technology, deploying innovative solutions and partnering with local communities. Encevo people are empowered and strive for excellence. We mobilise all our forces to bring the energy of tomorrow to our customers.







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**Claude Seywert**  
CEO Encevo S.A.  
Chairman of the Executive Committee



**Marco Hoffmann**  
Chairman of the Board of Directors

# Staying the course towards a sustainable energy transition

In a year largely marked by the crisis caused by the pandemic, Encevo Group maintained its operational excellence. The group and its entities stayed the course towards a sustainable energy transition.

## How would you rate the Encevo Group's 2020 performance?

**Claude Seywert:** On the operational level, we fared well through this COVID-19 crisis. In our grid activities, we were directly impacted by the pandemic as construction projects were halted for a certain period, which is why Creos was not able to complete its full investment programme. But they moved forward with their main projects and even launched a new project; the 380 kV line. Enovos Services saw a similar lockdown effect in its subsidiaries, but they recovered well and the group further strengthened their activity through new acquisitions. Enovos felt the impact as industrial and SME clients' energy consumption decreased. On the operational side, the development and implementation of new digital and enhanced customer processes continued. Throughout the group, our people showed flexibility and commitment and adapted quickly to the new situation. Their efforts allowed us to efficiently continue operations in all subsidiaries and I really would like to thank them for their efforts.

**Marco Hoffmann:** The crisis had its impact on our group results. While our operational result was satisfactory, our net result indicated a clear impact. On the one hand, the COVID-19 crisis' short-term effects included extreme fluctuations in energy prices, which made acting appropriately on markets

rather difficult. On the other hand, the energy world evolved substantially in the past year. European and national ambitions regarding the reduction of CO<sub>2</sub> emissions were raised and the perspectives for industry and economic growth in general are not the same as before the crisis. The combination of both had an effect on long-term energy pricing and prospects for generation assets.

## 2020 was also the year of a strategy review for the group. What was the outcome of this?

**Marco Hoffmann:** The review confirmed, among other things, that technical services are an important vehicle to drive the energy transition forward; an overarching goal of the group's strategy. Three years ago, the group decided to venture into technical services. This area is well established and helps to drive the energy transition forward along the whole value chain, in the Greater Region, but with a special focus on Luxembourg.

**Claude Seywert:** As a regional player, our group develops products that are adapted to our local market and therefore, can really advance the energy transition via relevant and customised solutions. We intend to follow through with this strategy throughout our whole group by giving every entity the means to drive the energy transition forward in their respective domains. All the pieces

of this puzzle should come together in the end. We want to enhance the whole system and motivate other actors to continue in the same direction.

### What are the achievements regarding the energy transition?

**Claude Seywert:** Enovos extended its photovoltaic asset base in Luxembourg by connecting installations it won in its first public tender. It is currently working on realising the nearly 20 MW won in the second tender. This will double the group's PV capacities in Luxembourg. In the Netherlands, the newly built PV assets of Enovos Green Power performed above expectations. Enovos Renewables GmbH built up a promising renewable energy project pipeline in Germany, where our focus will also lie on PV. In parallel, Enovos also continued developing its wind power capacities, both in Germany and in Luxembourg, via its joint venture Soler.

The group saw an important increase in eco-mobility activities and recent developments will support this even more. Creos Luxembourg expanded the Chargy network and added new, faster chargers, the first SuperChargy connections. Enovos launched its roaming offer within enodrive, where customers can now charge their electric vehicle on 180,000 charging points throughout Europe. Finally, we noted a strong demand for private charging stations in our technical services subsidiaries and with local craftsmen collaborators.

**Marco Hoffmann:** New possibilities will arise from smart meters. Now that the rollout is complete, new innovative products can be offered to customers through the group's different entities. This includes energy efficiency services, which are another driver of the energy transition and consequently part of the group's strategy.

### Are there other key evolutions?

**Claude Seywert:** Our subsidiaries continued their digitisation roadmap, completing projects that allow them to become even more customer-centric. Particularly on the Enovos side, and despite difficult market conditions, we retained market share, new offers were designed, and good customer relations were maintained. Despite these intrinsically positive developments, a strategic review of our sales activities concluded with the decision to initiate an exit from the German B2B market.

**Marco Hoffmann:** Creos Luxembourg updated the 2040 scenario report regarding projections for future energy and infrastructure needs. Guaranteeing security of supply remains a main and challenging objective over the next decade. A growing population, development of the economy, new use cases for electricity, distributed production, newly upcoming flexibility needs are all elements that will necessitate the expansion of existing grid capacities, be it inside the country or on interconnections. The 380 project, focused on replacing and upgrading the existing interconnector from Germany to Bofferdange and Bertrange, is therefore a piece of the puzzle for securing energy supply and moving us towards the energy transition.

The energy transition also includes decarbonisation. Creos is currently looking into possibilities for adapting the gas grids to decarbonised gases. Creos Deutschland is driving a pilot project using parts of existing gas grids to transport and distribute pure hydrogen between Lorraine and Saarland. Such initiatives enable the group to acquire the necessary knowledge to be able to drive sustainable development by maintaining existing infrastructures.

### Which challenges and opportunities do you see arising in the near future?

**Claude Seywert:** Concerning infrastructure, the 380 project was mentioned, but in a more general way, Creos is upgrading its electricity grids and contemplating the adaption of gas grids to decarbonised gases, projects that require important investments. On the other hand, starting in 2021, grid regulation will mean that grid revenues are further reduced, these investments, therefore, will be made with decreasing cash flow from grid activities.

On the supply side, Enovos is motivated to continue to increase the group's renewable energy production in the Greater Region but especially also in Luxembourg. Here, the challenge will be to significantly increase photovoltaic capacity in bigger installations while the surface of industrial rooftops is finite.

Enovos Services, through its subsidiaries, will further develop decentralised energy solutions and help their clients to manage energy "behind the meter". Together with its partners, Enovos Services continues to promote and drive the



efficient use of energy, which is a key element of the sustainable energy transition.

**Marco Hoffmann:** The global climate crisis calls for new and ambitious initiatives from our group as well. We will redouble our efforts in energy efficiency, renewable energy and decarbonisation. This is a significant challenge, but all our companies are fully motivated to contribute their expertise to meet it.

#### Your perspective moving forward?

**Claude Seywert:** We expect that we will overcome the COVID-19 crisis in 2021. We will profit from the lessons learned during that crisis. We will assess what we can integrate further into our organisation; remote working and home offices, for example. Habits will change for us, but also

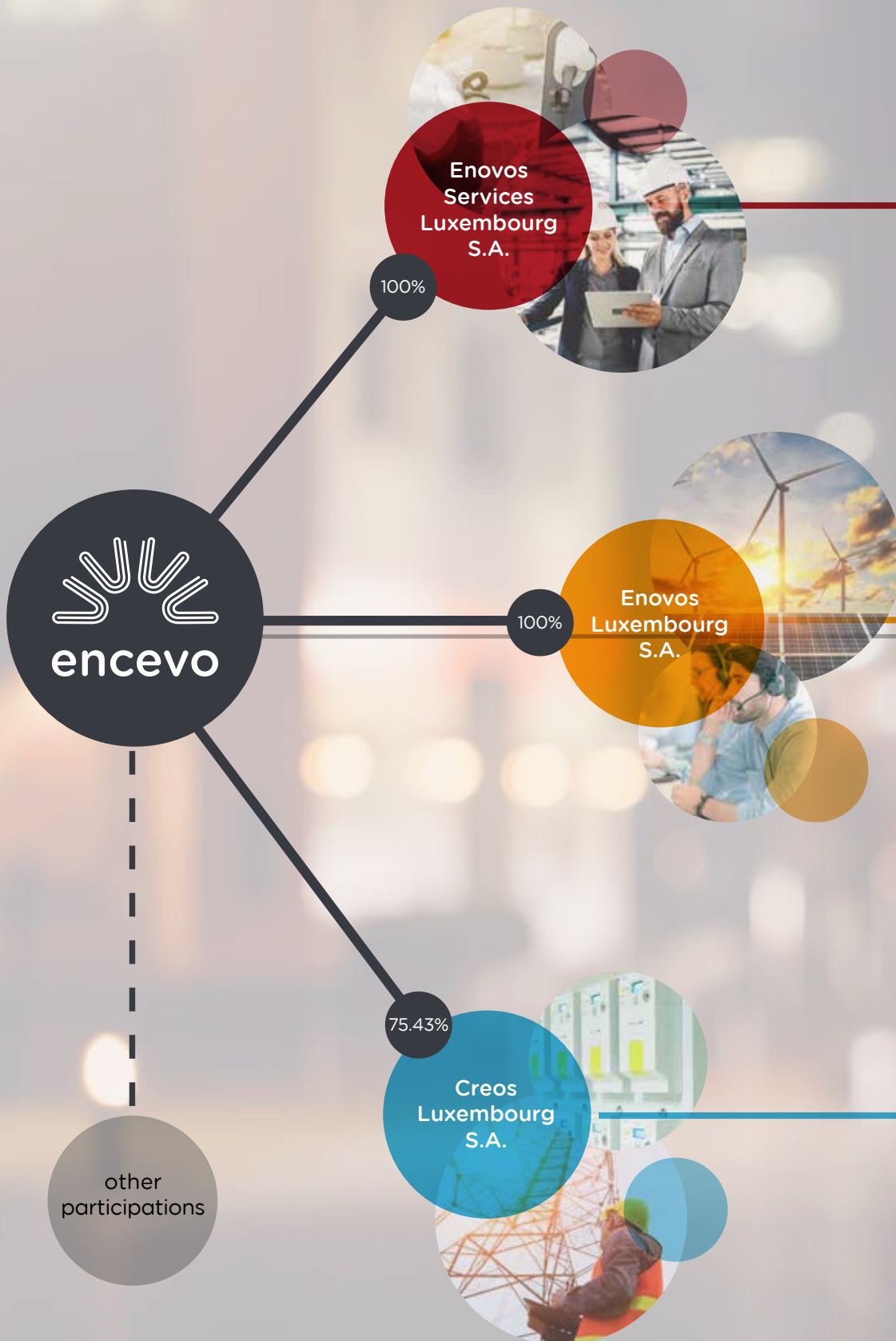
for our customers. There is a big evolution going on in the energy sector and, of course, this affects the energy behaviour of our customers. We will be prepared and will support our customers in their wishes and needs. I am confident that we are up to the task.

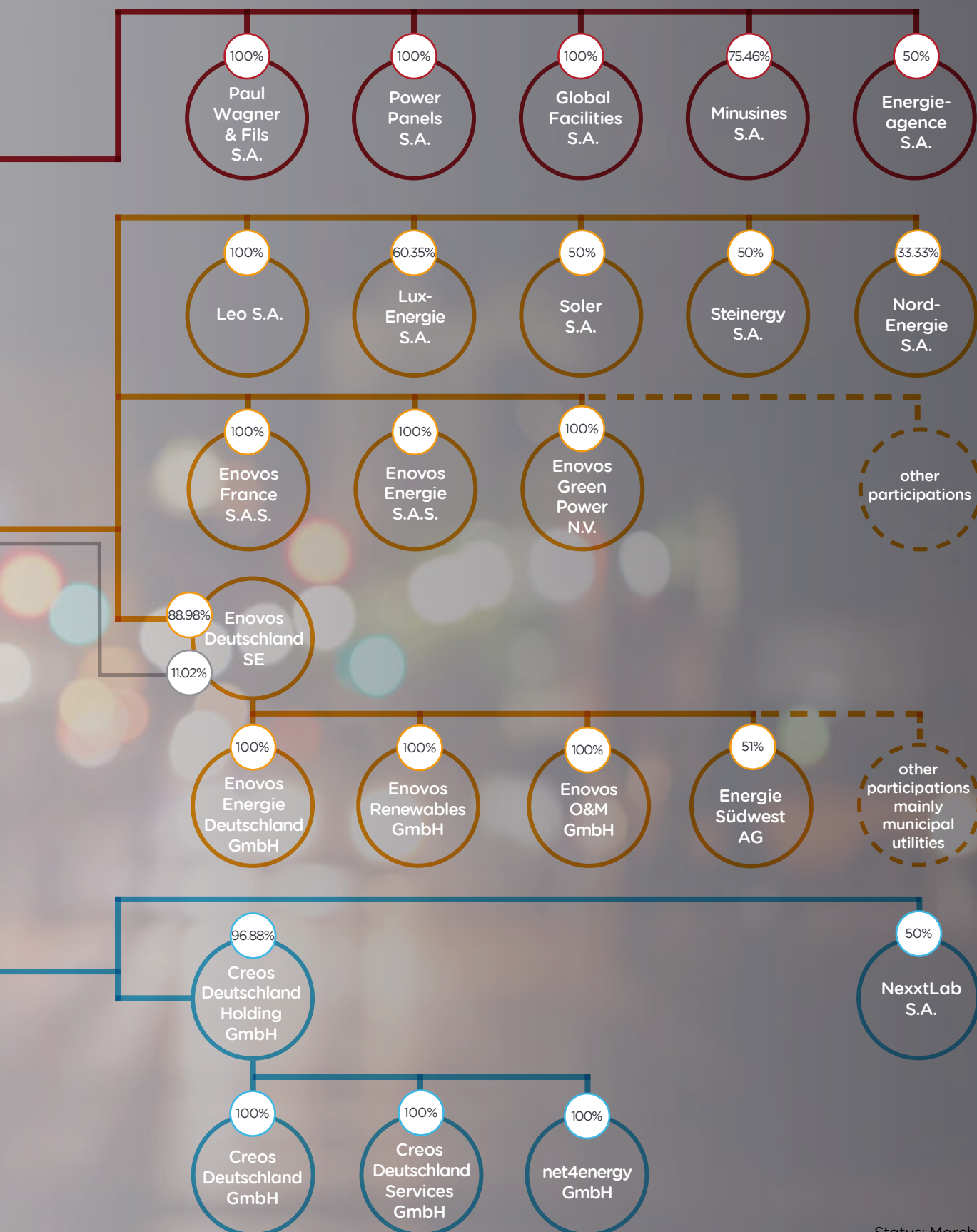
**Marco Hoffmann:** Leaving the COVID-19 crisis behind us for good, hopefully sooner than later. I am delighted that the group will bring in all its expertise, effort and motivation to successfully implement the necessary projects and measures to realise key climate targets that support a sustainable energy transition.

# WE WANT TO ADVANCE THE ENERGY TRANSITION



# GROUP STRUCTURE





Status: March 2021



# 2020: strong operational performance in a very challenging environment

## Financial results in line with prior years despite negative Covid-19 impacts

The group's operational results (i.e. EBITDA of EUR 223.3 million) are in line with expectations. This was slightly higher than 2019 figures, despite negative impacts from the pandemic during the spring of 2020, which caused quite an economic downturn. The majority of this was in sales to large businesses, as COVID-19 caused a decrease in energy consumption in that sector.

Position handling was a key factor. The Energy Management & Trading teams benefited from high price volatility in power and gas to partly counter-balance these negative volume effects.

Grid and renewable activities were less impacted by the pandemic, and thus contributed to year-on-year

EBITDA growth. Continued high capex in grid, and improved performance of all categories of renewable assets, in nearly all locations, combined with a focus on cost control throughout the group, led to improved results which further offset negative COVID-19 impacts in sales.

Overall investment activity was high during the year. Encevo achieved a new record level of EUR 252 million, some EUR 50 million above 2019. Of note was the approximately EUR 180 million invested in grid, and some EUR 40 million spent to further grow in the area of technical services in Luxembourg.

Two major impairments negatively impacted the EBIT and the net profit in 2020. First, as a consequence of adverse market conditions, the



**Guy Weicherding**  
Chief Financial Officer  
Encevo S.A.  
Member of the  
Executive Committee

remaining book value of our lignite-based power supply contract was written off. Second, in the context of a strategic review, we took the decision to exit from our B2B sales activities in Germany. We booked a provision for the planned sale of that activity in 2021. These 2 negative effects were partially offset by 2 positive exceptional items regarding our Italian PV assets following the positive judgement rendered by the Appeal Court in Italy in January 2021, and by the revaluation of the group's deferred tax liabilities. Excluding the net effect of all extraordinary items (EUR -34.7 million), the group's net profit for the year amounted to EUR 72.9 million, some EUR 9 million above 2019.

#### **Solid cash management has led to lower working capital and strong operating cash flow**

Over and above continued 2020 investment, the group sustained sufficient cash generation to finance its activities. The operating cash flow of EUR 262 million exceeded the 2019 amount by EUR 46 million. This was largely due to strongly improved working capital. Free cash flow of EUR 36.2 million, was also positive despite record

levels of capex, but decreased by EUR -42 million compared to 2019. The latter year's performance was boosted mainly by the proceeds of the sale of (non-strategic) assets, such as the biogas plants in Germany and Belgium.

Consequently, consolidated net financial debt stayed flat at EUR 466 million at the end of 2020, and gearing – the ratio of net financial debt to total equity – slightly decreased to 34.7%. Both indicators were at their lowest level since 2012.

Capital and reserves remain high at EUR 1,344 million. This represents 49.2% of total assets, nearly unchanged from 49.5% in 2019, illustrating the group's continued strong balance sheet.

#### **Stability expected for 2021, while investments should further increase**

Even though most European countries were still suffering from partial lockdowns in the first quarter of 2021, we remain cautiously optimistic that 2021 will be in line with 2020. Although the pandemic may seem to continue its grip on Europe throughout most of 2021, we don't expect a major downturn in our activities. The group

will continue its path of high investment in grid infrastructure. It will intensify its efforts in developing renewable projects in its core markets of Luxembourg, Germany, and Belgium-Netherlands, as well as beginning these activities in France.

In addition to this high investment activity, the group's focus shall continue to be on accompanying its customers on their digital journey towards more efficient and sustainable energy consumption. We will offer additional services and increased renewable generation capabilities, while ensuring overall competitive sourcing.

Particular attention will remain on the evolution of market prices (i.e., CO<sub>2</sub> certificates) in order to manage the risks that the group encounters with its lignite based power supply contract.

Given the insight gained from the first months of 2021, we expect to maintain our financial performance from prior years at operational level. Due to another increase in the group's investments, the need for accessing the debt capital markets will arise in Q4/2021 or at the latest in the first half of 2022

<b>Key figures consolidated</b>	<b>2020</b>	<b>2019</b>
Sales volume gas (TWh)	24.1	25.7
Sales volume electricity (TWh)	10.9	13.1
Sales (EUR millions)	1,998.1	2,105.9
<b>EBITDA</b>	<b>223.3</b>	<b>211.9</b>
<b>Operating cash flow</b>	<b>262.2</b>	<b>216.1</b>
<b>Free cash flow</b>	<b>36.2</b>	<b>78.0</b>
<b>Net profit for the year</b>	<b>38.2</b>	<b>67.9</b>
Total Assets	2,728.7	2,685.1
Capital and reserves	1,343.8	1,328.6
Net financial debt <sup>(*)</sup>	466.2	469.1
<i>as a % of capital and reserves (Gearing ratio)</i>	<i>34.7%</i>	<i>35.3%</i>
Capital expenditures	252.1	202.1

\* including finance leasing obligations and net of cash and marketable securities

# A key role

## What is your view of 2020 and its unprecedented challenges?

Our company has always been prepared for crises of any kind, but this pandemic took everyone by surprise. Nevertheless, we quickly adapted and continued to operate almost normally. Our administrative staff switched to home offices within a few days. Our teams in the field managed to close construction sites and to reopen them at the end of the first lockdown very rapidly. Although all our sites were shut down for five weeks, we managed to catch up on a large part of our backlog. The amount of our investments in 2020 even exceeded that of 2019, which was already a record year (EUR 147 million).

## Among these investments, what were the main projects that stood out?

The planning of a 380 kV extra-high voltage line from Bertrange to Aach (near Trier in Germany) via Bofferdange, as well as a new transformer station near Bofferdange is, of course, the most important project for us. It aims to renew the existing infrastructure, which dates back to the 1960s. It will soon no longer be able to guarantee the security of supply or meet the ever-increasing demand for electricity.

In terms of mobility, an ultra-fast charging infrastructure will be set up nationwide by 2023. A total of 88 SuperChargy direct current (DC) charging stations will be installed on main roads, motorway service areas, and in some Park & Ride (P+R) car parks, i.e., 19 locations. Some of the selected sites are already ready for installation and two

160 kW ultra-fast load terminals at the Kirchberg University car park were already installed. Finally, we launched the new customer portal myCreos with an integrated CRM (Customer Relationship Management) application. This application will enable the customer to quickly and easily access our four basic services: requests for low-voltage electricity and/or gas connections, requests for information, complaints and consumption data (consumption profile, consumption history, annual consumption, etc.). Subsequently, other functionalities such as online appointment scheduling and electronic signature of documents are planned.

## How will Creos' activities evolve in the years to come?

Indeed, they will be more diversified. Our core business will always remain the same, but we will play other roles in the coming years. For example, as TSO

(Transmission System Operator), our mission is to design, plan and manage the future national IT platform for energy data. The aim of this platform is to collect all of the country's gas and electricity consumption and production data, and eventually those for water and heat. It will be a decisive step in the country's energy transition. The future of our company clearly lies in the wake of digitisation and the energy transition. The internal strategy of the Encevo Group, of which Creos is a part, is no different. Our main role is to prepare the country for its energy revolution. This means that in the context of decarbonisation, we will have to strengthen our power lines even more and find an alternative for our natural gas networks, which could be hydrogen.





**Marc Reiffers**  
CEO Creos Luxembourg S.A.  
Member of the Executive Committee



**Erik von Scholz**  
CEO Enovos Luxembourg S.A.  
Member of the Executive Committee

# Strong foundations, raised ambitions

## What is your view on the past year?

We faced an unprecedented challenge with the COVID-19 crisis. It completely changed our work life and, of course, it impacted our annual results as well. Some of the short term effects we saw were high fluctuations in energy consumption and price volatility, but we always managed to keep our focus. We performed rather well through these times as we contained potential damage through effective risk management. On the operational side, we made important progress in key domains, including ecomobility and energy efficiency, where we extended our customer service. As well, we further developed our asset base in the area of renewable energy. Most importantly, we were always there for our customers; maintaining our excellent customer relations. Our results were impacted, but our operative performance was excellent, and we learned a lot.

## What were the major success stories in these difficult times?

First, the way we withstood the stress and the pressure generated by the crisis confirmed the importance of the strong foundations laid in previous years. Our business model proved to be robust. On the operative side, we realised key projects aimed at becoming even more customer-centric. We also made solid progress in the field of renewable energy. In Luxembourg, we connected a total of 15.67 MW capacity in photovoltaic energy to the grid. We will further install novel PV concepts for Luxembourg with car park shades and floating PV. In Germany, we are yet again among the market leaders in O&M. Finally, we are quite satisfied with our development in the Netherlands. Our newly installed assets performed well, and the project pipeline looks promising. In France, we continued our growth and success in the SME sector despite the difficult circumstances.

## What are the big challenges ahead?

Our ambition to increased energy efficiency will further challenge us to motivate customers to implement more effective measures to realise energy savings. We will also further increase renewable energy production in the Greater Region; especially in Luxembourg. But the challenge will be to significantly increase photovoltaic capacity in larger installations on the surface of industrial rooftops that seems finite. Generally, the effects of the COVID-19 pandemic will still be felt on the markets for a while. But a challenge can also be an opportunity. We learned from that crisis. It allowed us to further strengthen our business model. Throughout this crisis we were continuously assessing what was working well and what needed to be improved. Most importantly, even though the climate emergency and transitioning to a sustainable energy model might not have been at the centre of public attention during the past year, our ambition to tackle this challenge grew during the crisis. I am confident that we will play our role as driving force in a sustainable energy transition through all channels at our disposal. Increasing our renewable energy production, pushing forward with energy efficiency measures, offering our expertise and appropriate products and solutions that help our customers contribute to a sustainable future, will all make a difference.



# Speeding up the energy transition

## **What were the main developments in Technical Services during 2020?**

Clearly the main advancement was our continued growth. The full takeover of Global Facilities and the addition of a majority participation in Minusines is fully in line with our goal to drive the energy transition in Luxembourg. Indeed, Minusines, which offers products and services to electricians, allows us to have a stronger impact in this regard. This growth follows the same spirit as our Diego development. It just takes it a bit further into the logistic and product value chain, enabling other market actors to implement the best energy solutions possible.

The whole idea behind our Technical Services branch is not to be the electrician or installer in every retail customer's home, but to have the expertise needed to develop the right solutions. Minusines is very helpful in this regard. It is a part of the energy value chain, has deep expertise, and is in regular contact with electricians and other actors. Its input gives our organisation richer insight into what the market needs and what works well. It allows us to better assess what really makes sense to implement in Luxembourg, guiding us to develop the best products and solutions for customers. The combination of tailor-made offerings and strong connections with local craftsmen gives us the necessary multiplier effect to carry these solutions into the market.

## **Is further growth necessary to pursue and capitalise on this vision of driving the energy transition?**

Our aim is not to dominate this market, but we want to have a positive impact where it is really needed. We strive in particular to influence the speed of solutions that are deployed in support of the energy transition. There is a climate emergency. We must accelerate awareness and drive more solutions into the market. Diego for example, works relatively well for charging stations. We developed it further to include PV in 2020, which was a bit more difficult to roll out due to the lockdown.

There is much work to do to drive the energy transition forward. We can't do that alone, but we can create a multiplier effect with our initiatives. We are seeing good response to Diego from electricians, which helps us to reach a positive mass impact. We want to be one of the driving forces for the transition, but we definitely build on partnerships to achieve impact.

## **What are the main goals moving forward?**

A further decentralisation of energy production and storage, accelerating the development of electromobility, assisting in the appearance of energy communities and self-consumption, and finally the implementation of new energy efficiency policies, will contribute to increase further "behind the meter" activity. It remains to be seen how the effects of the COVID-19 downturn will play out for the more traditional parts of the value chain like construction-related activities, but we've laid strong foundations to organically grow and develop.

The design of panels (PowerPanels) has evolved to allow better integration of PV and electromobility in buildings. Paul Wagner & Fils has established itself as an important player in PV builds and electromobility installations (e.g. Super Chargy). Energieagence offers consulting on energy efficiency and Global Facilities manages commercial properties. We have acquired the know-how, our focus will now be on connecting the various elements and being open to different partners.



**Claude Seywert**  
CEO Encevo S.A.  
Chairman of the Executive Committee

# KEY FIGURES



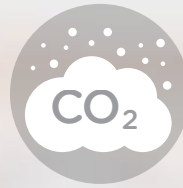
**2,164**  
Employees  
(average headcount)



**+2,000**  
e-learning courses completed



**965 MWh**  
of green energy distributed  
through Chargy network



**52g**  
average CO<sub>2</sub> emissions of our leasing  
fleet (target 60g CO<sub>2</sub>)

## COVID-19

Global shutdown of all construction activities in Luxembourg for 5 weeks in March & April which led some group companies to apply for short-time – overall start of large scale remote work in all subsidiaries that was maintained all year long

## Presentation of project 380

The goal is to renew the electric grid infrastructure by replacing a high voltage network dating from the 1960s in order to guarantee Luxembourg's security of supply in the medium and long term

## Customer centricity

More digital touchpoints and services for customers: electronic signatures, customer portal, ...

## Enodrive

Introduction of an e-roaming service. Users can now charge their electric cars through 180,000 charging points all across Europe.

## Further growth in Technical Services

Enovos Services S.A. takes over of 100% of the shareholding of Global Facilities S.A., until then a 50/50 joint venture with Omnitec Participation S.A.

## SuperChargy

Connection of the first two public superchargers for electric cars in Luxembourg.

## MosaHYc

Launch of a pilot project regarding hydrogen in the Greater Region by Creos Deutschland in collaboration with GRTgaz.





**10.9**  
TWh  
Energy Sales  
Power



**24.1**  
TWh  
Energy Sales  
Gas



**729**  
GWh  
Total renewable  
energy production



**358**  
MW  
Renewable net  
installed capacity



**5.844**  
GWh  
electric power  
transported



**38.007**  
GWh  
of natural gas  
transported

#### More renewable energies

An additional 21 MW in PV capacity (15.7 in Luxembourg and 4.3 MW in the Netherlands) were connected to the grids. In Luxembourg, additional windpower was added through a repowering of a windfarm in Mompach and a new windfarm in Garnich.

#### New Building

New Dispatching building for Creos Luxembourg in Bettembourg

#### Innovation

Encevo takes a minority stake in DataThings, a Luxembourgish start-up company developing intelligent software systems

#### Technical Services driving the energy transition

Paul Wagner & Fils establishes itself as major actor in the fields of renewable energies (e.g. > 20 MW of PV installed and to be installed in 2021) and decarbonisation of mobility (installation of charging stations, including Luxembourg's first public fast chargers SuperChargy)

#### Acquisition

Enovos Services takes a majority participation in Minusines, a major distributor and consultant in the field of electrical equipment and professional lighting in Luxembourg.

#### Power Purchase Agreements

Conclusion of further PPA contracts by Enovos Deutschland

# ENCEVO GROUP VALUE CHAIN

GRI 102-2 | GRI 102-9 | GRI 102-10

## Energy Supply

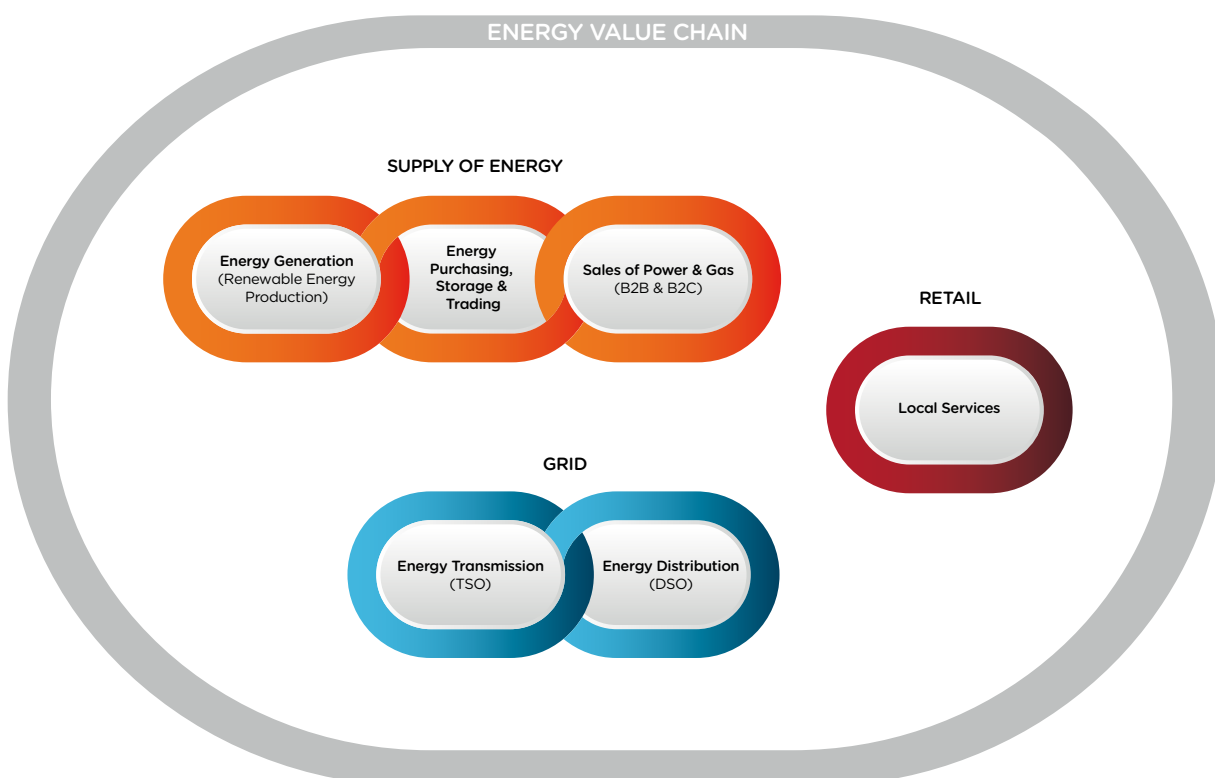
Energy Supply: Enovos is Luxembourg's main energy supplier. Our mission consists of two main pillars. On the one hand, Enovos provides electricity, natural gas and renewable energies to a wide range of customers. On the other hand, Enovos is active in the development of renewable energy projects. Thus, Enovos continuously invests in renewable energy production, especially in the domains of photovoltaic energy and wind power. By doing so, Enovos ensures a sustainable and competitive energy supply for all its customers.

## Grid

The mission of Creos is to viably ensure energy transportation and distribution via electricity and natural gas pipelines at transparent rates in the Grand Duchy of Luxembourg and the Greater Region. This role is executed with equal respect to; all suppliers, the company's public service responsibilities, and environmental protection obligations.

## Retail

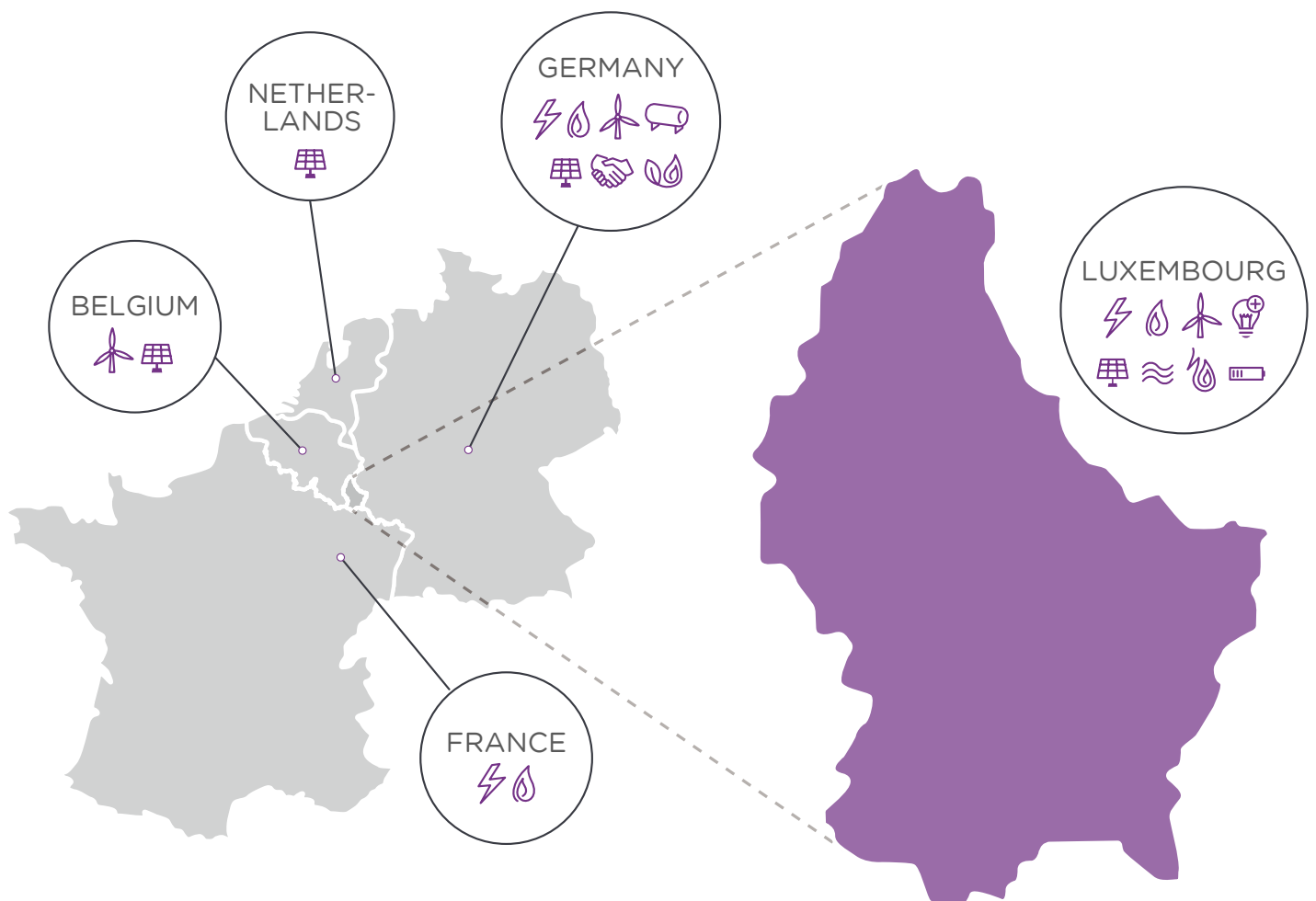
Enovos Services handles the group's presence and activities regarding installations and technical services in the domain of building equipment, distributed energy production, electro-mobility and energy efficiency. Enovos Services aims to be a catalyst for the energy transition going on in Luxembourg and within the Encevo Group; handling the group's presence and activities in installations and technical services.



# OUR GEOGRAPHICAL PRESENCE

GRI 102-4 | GRI 102-6

Luxembourg's main energy supplier is Enovos, which also operates in Germany, France, Belgium and the Netherlands. Enovos ensures a sustainable and competitive energy supply for all its customers.



## Sales & energy solutions



Electricity



Natural gas

## Production & storage



Wind farm



Solar energy farm



Biogas installation



Hydroelectric power station



Combined Heat & Power (CHP)



Electricity storage



Natural gas storage



Energy efficiency



Partnerships "Stadtwerke"

# OUR VALUE CREATION MODEL

In terms of stakeholder engagement, we believe that the sustainable energy transition, for our customers, means that they want to reduce their carbon footprint and seek to do so by engaging with companies that hold similar values; environmental and social responsibility. Employees are driven, more than ever, to seek companies with strong values where they feel they can have a positive impact on society. Likewise, investors are increasingly integrating sustainability into their decision-making and moving away from investments that link them to CO<sub>2</sub>-intense energy production. Encevo Group, viewed as forward-thinking and sustainable, can leverage stakeholder expectations for greater benefit; gaining an edge in the competition for talent, capital, and strategic partnerships. Finally, the group offers a reliable and smart energy supply for the benefit of a growing and evolving Luxembourg and Greater Region.

Our value creation model summarises the input used, and the added-value created for stakeholders, through our core business activities. Furthermore, all the elements in our value creation model are linked to the respective sections of this report, which provide further detail.

## INPUTS

- **Strong balance sheet** to further develop sustainable and CO<sub>2</sub>-free wind and solar power
- **Unique Portfolio** to drive growth investments in renewables. Investments in energy transition and smart grids. Maintenance investments (e.g., in safety)
- **Innovation capabilities** including skills in engineering, services, market analysis, trading, market knowledge, digital competence and technical innovation
- **Powerful stakeholder relations** ensuring credibility and trust as a partner and driver of the energy transition with customers, suppliers, governmental and local communities
- **High performing organisation** with our unique workforce and intellectual capital
- **Responsible resource** use within our CSR Sustainability Framework

## WHERE WE CREATE VALUE:

The following value creation is expressed in % related to Encevo's adjusted EBIT KPI:

- **Supply of Energy:** 25.5% contribution
- **Grid:** 74.5% contribution

The local services business is in the process of build-up phase.

We aim to optimise the use of our resources. We fully integrate sustainability into our decision-making process to create more stable value for our stakeholders. Our business model focuses on 3 growth engines: 1) energy production (supply and renewable), 2) smart and reliable grid system, ensuring security of supply, and 3) services. With these strong businesses in our value chain, we are a corporation that is:

- responsible and inclusive
- developing sustainable operation
- sharing value with communities.

The objective of Encevo's sustainable development strategy is to favour sustainable value creation. This is done by engaging in activities focused on our corporate objects, and considering stakeholder needs, based upon their business interests and current institutional realities. Our list of stakeholders is detailed in our materiality analysis chapter.

## OUTPUT

During 2020, we updated our group's strategy, which is naturally sustainable and embraces the energy transition. We are dedicated to the creation of sustainable value for all stakeholders, using environmentally friendly energy sources to provide quality service, and staying alert to opportunities offered by the knowledge economy. We are committed to the SDGs; especially in relation to goals 7, 8, 9, 12 and 13.

The utilities sector is a significant driver of the economy. It makes a continuous contribution through significant investment and the creation of high-quality jobs, both direct and indirect. Its function is to provide safe, competitive, and sustainable energy supply.

The Encevo Group focuses its efforts on key Sustainable Development Goals where we see the group's most active and direct contribution.



## INPUT



Strong balance sheet



Innovation capabilities



Unique portfolio



High performing organisation



Stakeholder relations



Responsible resource use

## BUSINESS STRATEGY

Shaping the transition to sustainable energy

### ENERGY VALUE CHAIN

#### SUPPLY OF ENERGY



#### NETWORK



#### RETAIL

Local Services

Ensuring a responsible & inclusive corporation	Developing sustainable operations	Sharing value with communities
Sustainable economic performance	Reliable & smart energy supply	Local community empowerment
Employee development & engagement	Clean energy development	Inspiration of STEM talents
Occupational health & safety	Infrastructures safety	Customer orientation & partnerships
Sustainable energy procurement	Data protection & cybersecurity	
Diversity & Equal Opportunity	Energy efficiency & carbon emission	
	Circular economy	
	Research, development & sustainable innovation	

## OUTPUT







### SDG 7: SUSTAINABLE AND CLEAN ENERGY

Ensuring access to affordable, reliable, and modern energy from renewable sources is key for us. As the Encevo Group expands the renewable energy supply in Luxembourg and the Greater Region, it works hard to support Luxembourg's government in reaching its 2030 target of 25% green power. In 2020, we achieved outstanding renewable projects with our industrial partners, succeeding to install new capacity of 14 MW in 2020. In total, we have installed renewables capacity of 184 MW in Luxembourg (358 MW in total).



### SDG 8: DECENT WORK AND ECONOMIC GROWTH

Encevo is growing and is one of the top employers in Luxembourg. As such, we take our responsibility to ensure our staff have a safe work environment seriously. This materialised particularly during the pandemic, as we adapted quickly to pandemic conditions and, from day 1, implemented Safety First measures on all levels to protect our workforce and partners from the virus. Beside the exceptional pandemic issues, our Occupational Health, Safety and Environment department still focuses on increasing awareness of occupational health regulations and embedding behaviours that ensure health and well-being for staff, third-party contractors and impacted communities. We achieved our 2020 objectives in recertifying our standards (SGS, Vision ZERO) and preparing for ISO 45001.



### SDG 9: INDUSTRY INNOVATION AND INFRASTRUCTURE

Key projects were realised in digitising customer interaction through an updated Customer Relationship Management (CRM) system. Our focus is to ensure that using data in a smart way becomes the 'new normal'; dovetailing into our digital transformation plans. Our innovation roadmaps which are embedded into our group's strategy were refreshed and updated during 2020. The transition requires investment into a new, smarter approach to managing the system. This should increase intelligence and flexibility both at the level of the grid and in terms of the market. We outperformed our objective in installing infrastructure for electric vehicles with 600 loading stations including 460 which are available for the public. We will



drive this further to achieve 800 loading stations end 2021. Additionally, early 2021 we will start installing Super Chargers (SuperChargy) with 160-320 kW charging capacity. Consequently, the objective of loading points build-up has been enlarged in our management plan. The deployment of smart meters progressed substantially too.

### SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable development is at the core of Encevo Group's vision and mission. Expanding our work in renewable and green energy connects businesses, the community, and individuals to a more sustainable and circular economy. With knowledge comes power. Our customer programs raise awareness regarding energy use and encourage effective energy management behaviour. As in the previous year, considerable effort was made in the Energy Efficiency Obligation Scheme (EEOS) in all sectors. Our market business unit generated more than 3.750 offers for new energy efficiency measures and, at the same time, finalised more than 1,600 initiatives. 2020 projects were not as large as in 2019, but the energy efficiency savings were still high.



### SDG 13: CLIMATE ACTION

For many years now, the development of renewables has been an important growth driver for the Encevo Group. In 2014, the Dark Green strategy developed energy efficiency services along our value chain. Our response to the demand of decarbonised energy helped to combat global warming. We fully support Luxembourg's government 2030 targets and are developing our energy efficiency services further. In Luxembourg, Encevo subsidiaries provide a variety of tools and web-based services that enable customers to monitor and manage their consumption of natural gas and electricity. Customers receive data and analysis of their usage and carbon footprint. We 'walk the talk' by having successfully finalised our 'Carbon Footprint' with a concrete action plan to further decrease our CO<sub>2</sub> footprint. For non-avoidable emissions, we launched a new service which is fully compliant to a certified gold standard (Clean Development Mechanism - CDM) for carbon offsetting.

# OUR INTEGRATED APPROACH TO SUSTAINABLE DEVELOPMENT

ENCEVO'S SUSTAINABILITY CONTEXT (GRI 102-11)

Our customers are becoming increasingly sophisticated as they progressively adopt decentralised solutions like heat pumps, solar power, e-mobility, energy storage, and smart devices. However, customers are not always equipped to optimise the interplay between various technologies. They seek simple, integrated solutions that do not require them to be experts. Energy groups that can provide simple solutions that truly focus on customer needs by effectively leveraging their expertise across the full energy value chain will have a strong competitive advantage.

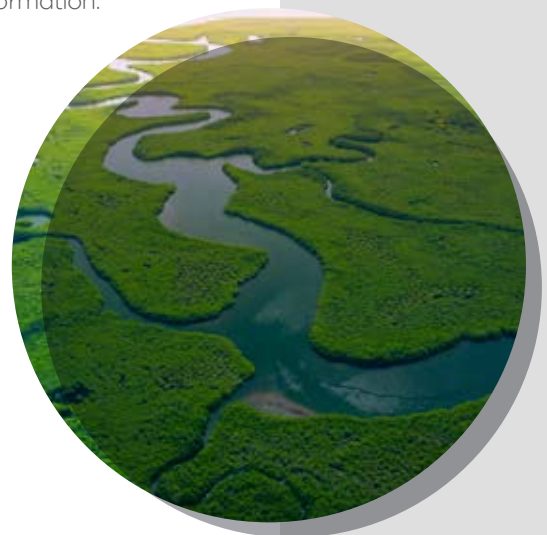
Electrification is a good enabler of fossil-free living and, given the pace required, demand for renewable electricity and distribution infrastructure will increase significantly. Electrification represents an opportunity to reduce carbon emissions in the areas of mobility, industry, and heating. This will also place additional demand on electricity networks, creating the need for further investments in expansion and modernisation of grids. Groups providing green electricity and heat, as well as the respective grid operators, will play an increasingly important role in the work to combat climate change.

Digitalisation of the entire energy value chain is required to leverage flexibility and serve customers in a fossil-free, robust, and cost-efficient energy system. As renewable resources increase and industries electrify, we must better leverage existing infrastructure and the potential for flexibility so that we can continue to deliver a fossil fuel free, robust, and cost-efficient energy system. In addition, as smartphone applications and internet-based solutions are the main interface for customer service and interaction, they expect instant information and access. This means that further digitalisation of our energy value chain is needed, including the ability to

gather and make sense of large amounts of real-time data to forecast demand, perform predictive maintenance and remotely steer devices. This, paired with sound data management practices, will enable smooth customer interfaces.

New competencies, speed in learning and diverse and inclusive teams are critical in the energy transition. Updates of skillsets and improvements in competencies will constantly be required as our industry transitions into new ways of interacting with customers, technology, and society. Continuous improvement and the ability to adapt to new ways of working, especially after the COVID-19 crisis, will enable the delivery of new products and more efficient processes. We truly believe that company cultures that are inclusive, and that welcome diverse points of view will be critical to foster this learning environment and attract and retain talent.

Encevo Group embraces the energy transition with sustainable product and service portfolios along our value chain. The combination of our expertise and value chain knowledge enables us to capture growth opportunities early while understanding the larger picture of the entire energy transformation.



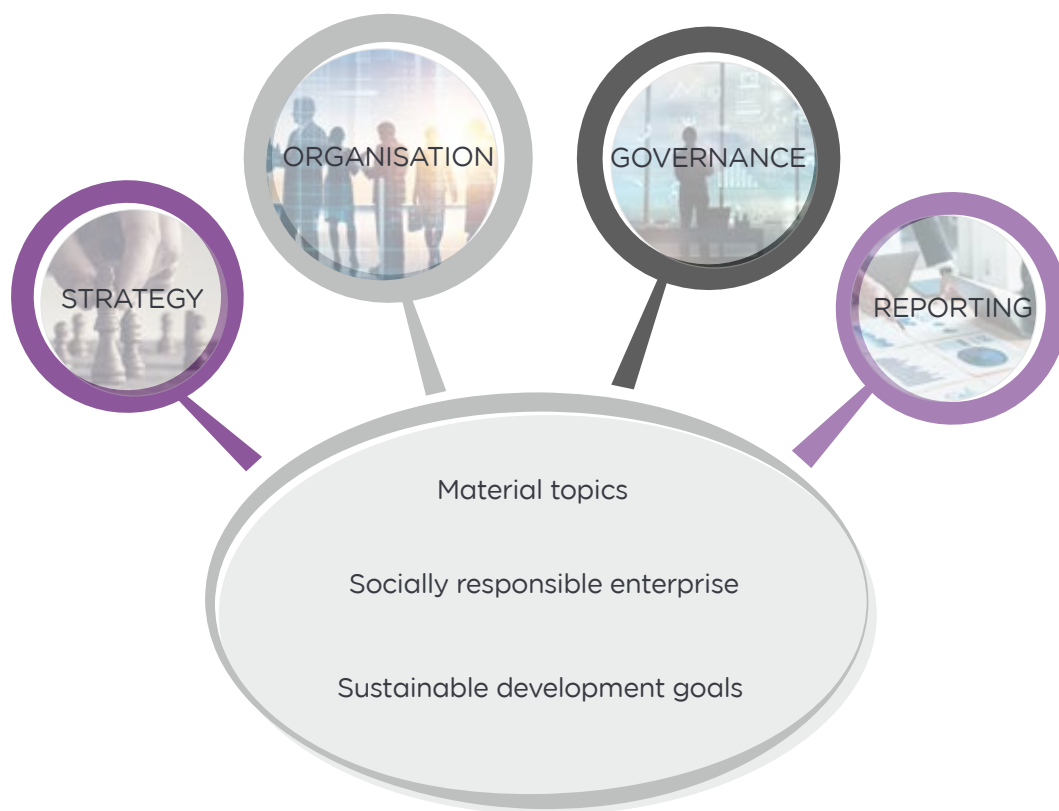
# OUR CONTINUOUS IMPROVEMENT FRAMEWORK

Our sustainability strategy aligns stakeholder priorities with our group's impacts. We take a formal, structured approach to determine our most relevant sustainability issues, objectives and performance measures. We will, as of this report, regularly track and disclose progress against our objectives, reassess our issues and adjust, where necessary, by reviewing instructions or processes. We therefore see this as a system for developing critical thinking towards implementing our sustainability strategy through continuous improvement cycles.





This CSR Continuous Improvement Cycle is embedded in our CSR Framework, which is used to ensure our management approach is well structured:



Our group strategy drives all our efforts. Objectives are defined for our material topics. Organisation and governance ensure we can achieve these objectives, which are closely linked to the Sustainable Development Goals. Verification is achieved through the 3-year cycle of ESR certification, and the annual report process. It is verified by external CSR & GRI reporting experts.

# DRIVING SUSTAINABILITY: AN OVERVIEW OF OUR GOVERNANCE

GRI 102-18 | GRI 102-26

- **The general assembly of shareholders**

The general meeting of shareholders is vested with the powers expressly reserved by the law and by the articles of association. It is entitled to appoint and remove the directors. It resolves on the approval of the financial results of the previous fiscal year and on the allocation of available profit. It also appoints the independent statutory auditor.

- **The Board of directors**

The Board directs the management of the company and is vested with the broadest powers to take any actions necessary or useful to fulfil the company's corporate object, except those reserved to the general assembly of shareholders.

- **Board Committees**

The Board Committees are set up by the Board of directors with the aim to assist the Board in the preparation or supervision of items in different areas, within which the Board is competent and/or in relation to which it is required to take decisions.

- **Audit Committee**

The Audit Committee primarily oversees the following areas: financial statements, legal & regulatory compliance, external and internal auditor-related topics, system of internal controls and risk management.

- **Group Strategy Committee ("GSC")**

The primary purpose of the GSC is to assist the Board in defining, developing, and implementing a business strategy.

- **Investment Committee ("IC")**

The primary purpose of the IC is to assist the Board in reviewing and providing advice or recommendations on significant investments, before investment decisions are actually taken. As well, they periodically review the performance of investments already made.

- **Nomination and Remuneration Committee ("RemCo")**

The RemCo was established to assist the Board in matters relating to the appointment and/or dismissal of members of the Executive Board and non-executive directors. As well, this committee reviews the remuneration conditions of the members of the Executive Board, non-executive directors, and executive directors other than the members of the Executive Board. It is also in charge with reviewing the global remuneration policy within the Encevo Group.

- **Executive Board**

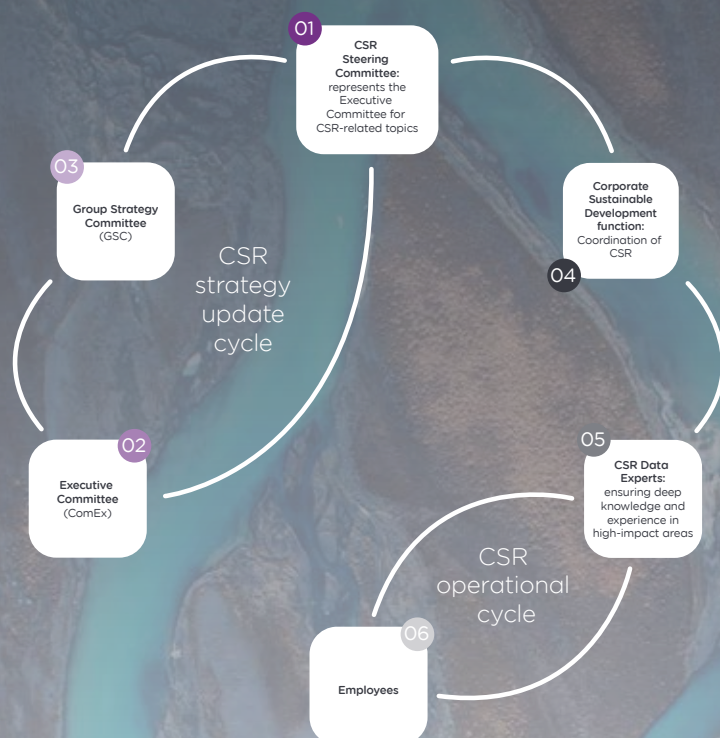
The Executive Board is responsible for the daily management of Encevo SA.

- **Corporate Social Responsibility Committee**

The mission of Encevo S.A.'s Corporate Social Responsibility (CSR) Committee is to define the Group CSR policy and supervise its implementation.

## Driving Sustainability

Sustainability is a key asset for the group; driving the success of Encevo's strategy and performance. It is a top priority for our leadership and all our people. It is firmly embedded in our strategy and our decisions every day. This puts us in a strong position to seize new opportunities that arise as the move towards a more sustainable economy continues.



1

- selecting and evaluating CSR projects and initiatives to be undertaken
- providing senior expertise and contributing to the materiality analysis approach
- reviewing and validating the proposed CSR approach
- driving and enhancing the Encevo Group CSR Framework
- providing management attention by group CEO acting as Chair

2

- acting final authority over launch of CSR initiatives and projects, as well as the validation of the CSR approach and materiality analysis

3

- Group Strategy Committee is the leading sponsor of Encevo Group sustainability Strategy

4

- reviewing and proposing updates to the group's CSR approach and materiality analysis
- coordinating the execution of the group's CSR approach with appropriate stakeholders
- delivering the CSR report part of integrated Annual Report for the group
- acting as a point of contact and facilitator for CSR exchanges between stakeholders and the organisation.
- presenting the results to the Group Strategy Committee and the Executive Committee
- supporting the business with CSR requests from customers related to sustainability
- ensuring enough organisational weight as hierarchical direct reporting line to Group CEO

5

- raising specific CSR-related issues
- participating in materiality assessments
- providing data & information on current activities within their field of expertise
- analysing complex data used to determine the level of achievement in various areas

6

- contributing to CSR projects & actions
- integrating sustainability in day-to-day operations in their business entities

# STAKEHOLDER ENGAGEMENT

GRI 102-40

Encevo Group believes that its relations with those stakeholders that may influence or be affected by the decisions or the value of the company and the group are significant. The value chain, comprised of Encevo's businesses, means that there is a large number of stakeholders. The company has identified 17 different stakeholder categories:





Encevo's stakeholders include the people and organisations that we have relationships with and with whom we dialogue. Our sustainable business model puts stakeholders at the centre of our strategy. The company's objective is thus to build trust with our different stakeholder groups, as well as to enable them to deepen their participation, engagement and sense of belonging to Encevo.

We therefore have the following principles in our daily decisions, large and small:

- Two-way communication
- Active listening
- Equal treatment
- Transparency

We engage daily with our stakeholders in the following way (method and topics):

#### Shareholders

**Methods of engagement:** Board of directors meetings, questionnaires

**Topics:** strategy updates, compliance, regulations, governance

#### Management

**Methods of engagement:** workshops, interviews, meetings, Audit & Risk Committee, Strategy Committee, CSR Committee, Investment Committee; Security Committee

**Topics:** strategy updates, sustainability plan and objectives, risk evaluation and strategy, data protection, IT/ cyber-security

#### Employees

**Methods of engagement:** surveys, interviews, workshops, group intranet messages, corporate tv, face-to-face meetings, trainings, knowledge exchange sessions

**Topics:** wellbeing, personal development, yearly evaluation, Diversity and Inclusion, strategy update communication, sensibilization on Health & Safety topics (anti flu vaccination, ergonomic office, burnout etc.) access to information and transparency (e.g. working conditions, social benefits, Policies & Procedures, Whistleblowing, training catalogues etc.)

#### Staff Delegations

**Methods of engagement:** workshops, emails

**Topics:** collective work agreements, CSR materiality, social elections, Other social and economic topics

#### Suppliers

**Methods of engagement:** meetings, eMails, phone calls

**Topics:** Supplier Code of Conduct, negotiations, skills development, innovation

#### Customers

**Methods of engagement:** feedback through meetings, emails, phone calls, site visits, fairs and events, due diligence processes (B2B)

**Topics:** Grid connection, supply of Power & Gas, Technical Services, sustainability questionnaires, innovation



During 2020, we engaged, for example, with

- **our customers; through updated communication channels thanks to our new CRM-systems both on the grid and sales side:**  
We re-engineered the way we interact with our customers for the benefit of better and easier communication. We integrated digital features to faster perform processes and reduce or eliminate waiting times for customers. This was a major effort on both the sales and grid sides. Now, as we have better systems available, we will further structure the communication through better satisfaction and feedback surveys to deepen interaction regarding customer expectations and satisfaction.
- **employees of specific entities (located in our group headquarters); regarding our carbon management (Carbon Footprint) for commuting habits:**  
We asked employees in our headquarters about their commuting habits using a structured web-survey and consequently sensitised the population toward carbon management and on responsible behaviour to further reduce our carbon footprint. Furthermore, we launched an internal employee campaign via CSR sustainability eLearning programme. We actively asked for feedback on this eLearning training to further deepen the communication with our employees. We also embedded a video within this comprehensive eLearning programme, where our Group CEO explains that sustainable energy transition is our business strategy and is reflected through our value chain. We will continue with these efforts to explain our group CSR strategy further, and also encourage more active feedbacks and interaction in the employee surveys in 2021.
- **external Research & Development (R&D); for innovation topics:**  
After defining, the group's Innovation Strategy and Roadmap in 2020, we are now following an open innovation approach to implement the identified innovation topics in the coming years. As one part of this approach, we actively discussed and strengthen cooperation with the leading regional R&D institutions, such as the Luxembourg Institute of Science and Technology (LIST), the Interdisciplinary Centre for Security, Reliability and Trust (SnT) (University of Luxembourg), with the objective of combining their research expertise with Encevo's industry knowledge. The final aim of the cooperation is the development of a joint long-term research and innovation roadmap as well as the short-term implementation of projects targeting fundamental changes and improved flexibility, that result from the rapidly advancing energy transition and digitalisation.
- **the Luxembourg Chamber of Commerce; by contributing to a CSR Manifesto for Luxembourg:**  
We participated actively in Luxembourg Chamber of Commerce workshops, with a group of committed organisations. This Sustainable Manifesto sets out 10 commitments for the Luxembourg business community to use to help address the challenges of and integrate sustainable development into their business model. The commitments in this manifesto guide each company to support them through this necessary transformation. It specifies objectives that are quantified at the Grand Duchy of Luxembourg level, which will be supported by an operational action plan and divided by sector, in partnership with major actors on the Luxembourg market. The manifesto will be finalised and published in 2021.

# MATERIALITY ANALYSIS & SUSTAINABILITY STRATEGIC PRIORITIES

GRI 102-46 | GRI 102-47

During 2019, Encevo conducted the last update of our materiality analysis using an inclusive approach with its stakeholders (3-year cycle). This analysis assessed the significance of the economic, social, and environmental impacts of Encevo's activities and their influence on stakeholders. Based on this analysis, priority issues were identified:

Sustainable economic performance	Action plans to guarantee results in uncertain environments. Economic value generated and distributed. Tax policy and strategy, cooperation with tax authority, tax contributions. Indirect economic impacts and creation of social value.
Reliable and smart energy supply	The energy transition requires smart devices such as smart meters or loading points for electric vehicles. At the same time data in the context of digital transformation must be managed and steered forward for a successful energy transition.
Clean energy development	Transition toward a low-carbon economy. Energy efficiency to reduce the industry's energy requirements. Governmental objectives for renewable energies in the "mix". Improvements in the systems for inclusion of renewable production within the grid.
Employee development and engagement	Encevo is one of the largest employers in Luxembourg. As such, we take our responsibility seriously to ensure a safe work environment for our staff. Our workforce is crucial to every aspect of our activity. Developing talent and enhancing employees' competencies are key elements to motivate and unify our workforce.
Infrastructure safety	Ensure security of supply as critical infrastructure for the entire economy in Luxembourg. This is one of the key missions of our grid business in its role as TSO and DSO.
Data protection & cybersecurity	Compliance is important because it aligns with Encevo Group's high ethical and governance standards. It protects the group's reputation and its business. It is key to the long-term sustainability of the group. Due to our critical and sensitive infrastructure, we must ensure appropriate protection of the group's physical and IT assets.
Occupational health & safety	Management of employee and contractor health and safety, prevention policies and plans. Establishment of goals and performance standards in accident and absenteeism rates. Employee, supplier and subcontractor training.
Responsible energy supply chain	Reduction or elimination of CO <sub>2</sub> energy supply to contribute to climate change objectives.

6 secondary topics have been underlined:

- Energy efficiency
- Circular economy
- Local community empowerment
- Inspiration of STEM talents
- Diversity & equal opportunity
- Customer orientation & partnerships

Our sustainability strategy is structured around our materiality topics which identified sustainability issues and objectives. Each issue and how we manage it is detailed in the corresponding chapters of this report. We have defined our core challenges as follows:



This sustainability management plan summarises our core sustainability topics, goals, target dates and progress, which we review and update on a yearly basis. Please note that the objectives labelled 'only partially achieved' are explained here:

- Energy efficiency projects in total were smaller in 2020 than in 2019, which means that the approximately 100 GWh saved in 2020 was lower than the 2019 savings achieved.
- Training days related to sustainability/energy-efficient construction and mobility, were cancelled due to the pandemic, as were most classroom training courses. Training sessions have been adapted to online webinars in the course of 2020 and this development will be pursued in 2021.
- Due to the pandemic restrictions, work on Information Security Management System certification was delayed and expected to be achieved during 2021.


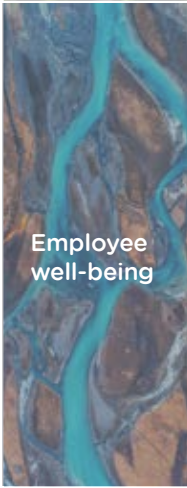



Details on progress towards goal completion are in the related chapters of this report.

✔ Objective met

✔ Objective partly met

○ Objective in progress

	Material Topics (Mat) & Secondary Topics (2 <sup>nd</sup> )	Sustainability Management Plan as communicated in Annual Report 2021	Target Date (YEAR)	Progress
 <b>Product &amp; Services Impact</b>	Reliable and Smart Energy Supply (Mat) EU 10, EU 28, EU 29, EU 30	Build-up of public electric vehicle loading points (=800) and high speed loading points (=88) Digitalize assets, with particular focus on smart meters, remote control and system connectivity Build and implement national data platform for Luxembourg	2023 2021 2022	○ ○ ○
	Clean Energy Development (Mat) - Renewables Production	Target renewable production (PV/wind/biomass via district heating) to support governmental objective of 25% green power	2030	○
	Infrastructure Safety (Mat)	New interconnection of infrastructures with Germany to secure supply & demand challenges Invest 250 M EUR Green Bond capital into group infrastructure	2021 2020	○ ✔
	Energy Efficiency (2 <sup>nd</sup> )	Increase energy efficiency services sales to increase energy savings (compared to 132GWh in 2019) Increase training days in the field of sustainable/energy-efficient construction and mobility (e.g. engineers, architects, craftsmen, public education etc. - compared to 2019)	2020 2020	✔ ✔
	Employee Development & Engagement (Mat)	Ensure implementation of e-learning to facilitate access to trainings or personal development programs and thus trigger more learning time for our employees	2021	○
 <b>Employee well-being</b>	GRI 401 (Employment), GRI 404 (Training)	Perform regular employee satisfaction survey in 4-5 -years cycle and implement validated improvement action plan	2024	○
	STEM Talents (2 <sup>nd</sup> ) and Local Communities (2 <sup>nd</sup> )	Social impact - pursue effort in coaching and being a reliable partner for ministries, local entities, students and jobseekers	2020	✔
	Occupational Health & Safety (Mat) GRI 403	Re-certify SGS (Sécher & Gesond mat System) for Encevo and re-certify VISION ZERO (Creos) Evaluate and prepare for ISO 45001 Certification Lux Grid and Encevo Measure & report on internal occupational accident frequency rate	2020 2020 2020	✔ ✔ ✔
	Diversity and Equal Opportunity (2 <sup>nd</sup> )	Ensure equal opportunity for parental leave and part time for men and women - (Career Management & Work-Life-Balance) Ensure general management training focusing on unconscious bias Include Diversity & Inclusion in employer branding strategy to attract more women or other minorities	2021 2021 2025	○ ○ ○
	Data Protection & Cybersecurity (Mat) - GRI 418 Sustainable Energy Procurement (Mat) - GRI 204	GDPR: achieve excellent maturity target (based on risk-based approach) to comply with regulation Achieve Information Security Management System certification for Grid Operations Department Information Security Improvement Plan: Implementation of 2 years Cyber Security Plan (2020-2022) Define Criteria for sustainable (Energy) procurement and drive supplier code of conduct to next maturity level	2020 2020 2022 2021	✔ ✔ ○ ○
 <b>Business Integrity</b>	Energy Consumption GRI 302 (Energy Usage of Production) (2 <sup>nd</sup> ) Carbon Mgt. (Mat) GRI 305 (Emissions of Production)	Achieve and keep energy management certifications ISO 50001 in 3 year-cycle Zero waste workshop - encourage employee about sustainable behaviour Measure emissions scope 2 (by 2022) and scope 3 (by 2023)	2022 2021 2022/2023	○ ○ ○

# BUSINESS INTEGRITY: TRANSPARENT GOVERNANCE <sup>[1]</sup> & COMPLIANCE

GRI 102-5 | GRI 102-18

## The Shareholders

As of December 31<sup>st</sup>, 2020, Encevo S.A. share capital was distributed between the various shareholders as follows:



\*AXA Redilion ManagementCo S.C.A. (ARDIAN) 0,52%

\*ARDIAN Redilion ManagementCo S.C.A. (ARDIAN) 0,04%

In accordance with its by-laws, the annual general meeting of shareholders (AGM) took place on 12<sup>th</sup> May 2020. Having acknowledged the Management's report and the independent statutory auditor's reports, the shareholders unanimously approved the statutory accounts of Encevo S.A. as well as of Encevo Group consolidated with respect to the year 2019. In

addition to the decision to distribute a dividend of EUR 27.35 per share (i.e. a total dividend of EUR 24.878.353), the AGM, as all previous mandates had expired on the date thereof, appointed new directors and granted full and unrestricted discharge to all directors having held a mandate in 2019.

[1] More details on the overall governance of Encevo, in particular on the role of the various corporate bodies, can be found in the Corporate Governance Chart, which is accessible on [www.encevo.eu](http://www.encevo.eu)

### The Board of directors

As of December 31<sup>st</sup>, 2020, the Board of directors of Encevo S.A. was composed of the following members:

Marco HOFFMANN (Chairman)  
 Danielle CASTAGNA  
 Daniel DA CRUZ  
 Stefan GRÜTZMACHER  
 Changqing JI (Third Vice-Chairman)  
 Mike KIRSCH  
 Aloyse KOHLL  
 Paul KONSBRUCK  
 Romain LANNERS  
 Uwe LEPRICH  
 Olaf MÜNICHSDORFER  
 Georges REUTER  
 Geneviève SCHLINK  
 Joachim SCHERER  
 Li SUN (First Vice-Chairman)  
 Tom THEVES (Second Vice-Chairman)

The Board met five (5) times in 2020: on 3<sup>rd</sup> April, 25<sup>th</sup> June, 2<sup>nd</sup> October, 27<sup>th</sup> November, and 11<sup>th</sup> December, 2020.

The average attendance rate for all meetings, either physically or by videoconference, reached 94%.

- The meetings were also attended by members of the Executive Board.

All meetings were chaired by Mr Marco Hoffmann, who was appointed at the request of the largest shareholder. The secretary of the Board is the Secretary General of Encevo S.A.

Please refer to the "Governance Details" section for a short biographical note on Mr Marco Hoffmann.

### Board Committees

Several Board Committees assisted the Board in its supervisory role, in the preparation of the information it received, and in its decision-making process.

### Audit Committee

The Audit Committee met five (5) times in 2020: on 10<sup>th</sup> March, 23<sup>rd</sup> March, 12<sup>th</sup> June, 18<sup>th</sup> September, and 21<sup>st</sup> November 2020.

The chairman of the Audit Committee is a director appointed at the request of the second largest shareholder<sup>[2]</sup>. The secretary of the Audit Committee is the Head of Group Internal Audit.

The average attendance rate for all meetings, either physically or by videoconference, reached 100%.

As of December 31<sup>st</sup>, 2020, the Audit Committee was composed of the following directors:

Vafa MOAYED (Chairman)  
 Marco HOFFMANN  
 Changqing JI  
 Aloyse KOHLL  
 Romain LANNERS  
 Uwe LEPRICH  
 Georges REUTER  
 Geneviève SCHLINK

Please refer to the "Governance Details" section for a short biographical note on Mr Vafa Moayed.

### Group Strategy Committee

The Group Strategy Committee (GSC) met seven (7) times in 2020: on 30<sup>th</sup> January, 16<sup>th</sup> March, 8<sup>th</sup> July, 17<sup>th</sup> September, 15<sup>th</sup> October, 9<sup>th</sup> November, and 12<sup>th</sup> November 2020.

The average attendance rate for all meetings, either physically or by videoconference, reached 96%.

As of December 31<sup>st</sup>, 2020, the GSC was composed of the members of the Executive Board and of the following directors:

Marco HOFFMANN (Chairman)  
 Stefan GRÜTZMACHER  
 Changqing JI  
 Aloyse KOHLL  
 Romain LANNERS  
 Uwe LEPRICH  
 Georges REDING  
 Geneviève SCHLINK

The secretary of the Group Strategy Committee is the secretary of the Board of Encevo S.A.

### Investment Committee

The Investment Committee met six (6) times in 2020: on 30<sup>th</sup> January, 7<sup>th</sup> May, 5<sup>th</sup> June, 15<sup>th</sup> June, 8<sup>th</sup> July, and 23<sup>rd</sup> September 2020.

The average attendance rate for all meetings, either physically or by videoconference, reached 91%.

As of 31<sup>st</sup> December, 2020, the Investment Committee was composed of the chairman of the Executive Board, the Group Chief Financial Officer,

[2] The State of Luxembourg, the BCEE and the SCNI are counted as one shareholder for this purpose

the Head of Acquisition & Strategic Foresight and of the following directors:

Marco HOFFMANN (Chairman)  
 Danielle CASTAGNA  
 Tiancang DU  
 Aloyse KOHLL  
 Paul POON  
 Geneviève SCHLINK  
 Tom THEVES

The secretary of the Group Strategy Committee is the secretary of the Board of Encevo S.A.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (RemCo) met five (5) times in 2020: on 30<sup>th</sup> January, 9<sup>th</sup> March, 11<sup>th</sup> June, 9<sup>th</sup> October, and 19<sup>th</sup> November 2020.

The average attendance rate for all meetings, either physically or by videoconference, reached 88%.

As of 31<sup>st</sup> December, 2020, the RemCo was composed of the following directors:

Marco HOFFMANN (Chairman)  
 Changqing JI  
 Aloyse KOHLL  
 Vafa MOAYED  
 Olaf MÜNICHSDORFER  
 Christiane SCHAUL

The secretary of the Nomination and Remuneration Committee is an external adviser from KPMG, who supports the committee's work based on his expertise in this area.

### 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 held 53 meetings in 2020. It is composed of four (4) members; it being understood that a quorum of 3 members is required for the Executive Board to take decisions.

As of 31<sup>st</sup> December, 2020, the Executive Board was composed of the following persons:

Claude SEYWERT (Chairman)  
 Marc REIFFERS  
 Erik VON SCHOLZ  
 Guy WEICHERDING

### Conflicts of interest reported in corporate bodies

In accordance with applicable law, Encevo S.A. by-laws and the Board of directors' internal procedure, members of the Board and of the Executive Committee are obliged to report possible conflicts of interest using a declaration of conflict form.

No conflict, which would have required reporting to the Executive Board, the Board of directors and/or, as the case may be, at the general meeting of shareholders under applicable law was reported in 2020.





# BUSINESS INTEGRITY: GENERAL COMPLIANCE

GRI 103-1 | GRI 103-2

## Why is Compliance Important?

At Encevo, integrity is considered a key component of the way we do business and is seen as a significant requirement of the overall sustainability of the group.

## Organisation and Management

Encevo's compliance framework is basically composed of a Group Compliance Policy, which defines the compliance governance in the group, and a Code of Business Conduct which sets out, for employees and directors, the basic expected compliance to ethical and legal rules. Training and risk assessments are other key components. The Secretary General of Encevo S.A. is the Group Compliance Officer, reporting to the Group CEO and Chairman of the Executive Board. In the most significant fully consolidated group of companies, dedicated compliance managers are responsible for compliance in their respective entities. As for personal data protection compliance,<sup>[3]</sup> dedicated data protection officers operate at the group level and in each significant fully consolidated subsidiary. With respect to grid activities, compliance officers have also been appointed to ensure compliance with unbundling requirements.

Encevo's compliance program is in the process of being consolidated and further extended, in particular for the subsidiaries of the recently developed technical services segment.

2020 was marked by the successful implementation of a newly developed compliance training program related to Encevo's Code of Business Conduct. This programme was rolled out at the holding level and in its sales, renewables and grid segments in Luxembourg, Germany, Belgium and France.

The whole compliance program also underwent an internal audit process, the result of which supported the goals already set at group level. Nonetheless, it provided a number of recommendations aiming at further consolidating the program, improving processes and the governance framework.

The Group Compliance Officer presented the annual compliance report to the Audit Committee and reported its activities to the Executive Board twice in 2020.

## Progress 2020

Compliance focused particularly on the following subjects in 2019:

- An online training program dedicated to the Code of Business Conduct and tailored to the needs of the Encevo Group was deployed across the group and successfully implemented by the end of 2020 in the main energy sales and grid operation segments
- The Code of Business Conduct of the group was updated to take into account specific regulatory constraints in some countries and to further improve processes
- The implementation of the action plans put in place, following the compliance risk assessments conducted at Encevo S.A., Enovos Luxembourg, Creos Luxembourg, Enovos Germany and Creos Germany continued to be closely monitored and has progressed well
- Progress continued to be made on KYC<sup>[4]</sup> due diligence and economic sanctions compliance in terms of training and process improvements, especially in relation to the use of a professional compliance data base and the implementation of an internal compliance certification process within the group
- Under the leadership of Encevo's Data Protection Officer, Encevo's compliance improvement action plan for personal data protection continued to be implemented, with a focus on the automation of data protection compliance processes with Encevo S.A., Enovos Luxembourg and Creos Luxembourg.

[3] For more details on personal data protection compliance, see section "DATA PROTECTION & CYBERSECURITY"

[4] KYC stands for Know Your Customer and essentially refers to anti-money laundering and economic sanctions-related compliance requirements

Regarding anti-corruption compliance, the group continued to apply its zero-tolerance policy set out in its Code of Business Conduct. As a result, in line with Encevo's Code of Business Conduct, online modules focusing on anti-corruption, whistleblowing and escalation of compliance issues began to be deployed with a first phase focus on the sales, renewables and grid segments. As well, Encevo's whistleblowing policy was updated, specifically to clarify that whistleblowing reports may not only be made by employees but also by external parties. As a reminder, whistleblowing ensures that improper or illegal practices, especially in cases of fraud and corruption can be reported confidentially through specific channels without risk of retaliation. In addition, a channel enables anonymous reporting. This channel is also promoted on Encevo's website. Furthermore, the group continues to apply its Conflict of Interest Procedure, which requires members of the Executive Board and senior management reporting to an Executive Board member, to complete a conflict of interest declaration form, annually.

Approximately 66% of operations (Energy Grid and Sales Operations) was assessed for risks related to corruption. The plan is to gradually assess the remaining operations of the group.

An online anti-trust compliance e-learning module, developed in line with the anti-competition section of the Code of Conduct, was included in Encevo's Code of Conduct training programme, and deployed with other modules (see above). As well, the whistle-blowing policy explicitly covers possible violations of antitrust regulations.

No group company received any penalty or was the subject of any other strong antitrust-related measures in relation to potential anti-competitive behaviour or violations of antitrust regulations (e.g., competition authorities or jurisdiction).

### **Corporate Social Responsibility Committee**

Encevo S.A. has a Corporate Social Responsibility (CSR) Committee, the mission of which is to define the group CSR policy and supervise its implementation.

It is chaired by the chairman of the Executive Board of Encevo S.A. and Group CEO and is composed of the Head of Process Excellence, Organisation, and CSR, the Secretary General (Corporate Governance, Compliance and in charge of Corporate Communication) of Encevo S.A., and the Head of Marketing of Enovos Luxembourg S.A.

The Head of CSR reports to the Executive Board at least once a year.

The CSR Committee reports to the Group Strategy Committee on an annual basis.

### **Risk management, Compliance and Audit**

#### Risk management

Encevo's Executive Board 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.

Based on the Enterprise Risk Management (ERM) model of the Encevo Group, risk management deals with operational risks, specific energy market risks, regulatory and strategic risks. Appropriate risk management requires the establishment and promotion of a lively risk culture in the various departments of all group companies, and the realisation of formal assessments as well as reporting of potential risks.

Group risks were reported each quarter to the Audit Committee and the Executive Board, which acted as Group Risk Management Committee.

The Board of Directors set a market risk capital in March 2019 and a credit risk capital in June 2020 for the core business activities of Sales, Portfolio Management and Trading.

#### Compliance (see details above) Internal Audit

The activities of the Internal Audit function were exercised in accordance with the annual audit plan, which was reviewed and approved by the Audit Committee. The annual plan is based on an annual risk assessment.

The Internal Audit function also monitored the implementation of its internal control recommendations and reported the status to the Executive Board and the Audit Committee

The group's Internal Audit function was staffed by a team of three people; the Head of Group Internal Audit, a senior auditor, and a junior auditor.

In 2020, the following areas were audited in accordance with the annual audit plan: enterprise risk management in the main German and Luxembourgish entities, compliance in significant subsidiaries; defined by the Group Compliance Policy (including the main German and Luxembourgish entities), sales pricing and forecasting in Luxembourg, procurement activities performed by Creos Luxembourg and Asset Service in Luxembourg and Germany.

#### External Audit

Ernst & Young S.A. was appointed statutory auditor for the year 2020, following the resolution of the Annual General Meeting (AGM) of shareholders held in 2018. The statutory auditor regularly reported on its work to the Executive Board and to the Audit Committee. Encevo, in particular on the role of the various corporate bodies can be found in the Corporate Governance Chart, which is accessible on [www.encevo.eu](http://www.encevo.eu)





# BUSINESS INTEGRITY: DATA PROTECTION & CYBERSECURITY (MATERIAL TOPIC)

GRI 103-1 | GRI 103-2

## Materiality

We provide products and services to a very large customer base in Luxembourg and the Greater Region. Without the trust of our stakeholders, we could not work sustainably. We continuously work to improve our standards to maintain this high-trust relationships with customers and partners. We take the lawful and confidential handling of our customers', enterprise partners', and employees' data very seriously. Personal data means any information relating to an identified or identifiable natural person. The EU General Data Protection Regulation (GDPR), which took effect on 25 May 2018, and the data protection laws in individual countries reinforce individuals' rights to control and protect the use of their personal data.

## Organization & Management

In 2017 the Encevo Group and its subsidiaries began implementing GDPR policies and procedures and named a Data Protection Officer (DPO) for each entity. All DPOs are registered with the respective National Supervising Agencies. Our policies and procedures provide guidance to our fully consolidated entities, which have implemented the necessary processes in their organisations as well. The entities continued their exchange during annual DPO Group Conference to update on improvements and exchange best practices. This way, the DPOs share information with each other on a regular basis and report their performance indicators to Encevo Group. We continue to be fully committed to the DPO reporting to the highest level in our entities, ensuring GDPR compliance is taken seriously and, in case of urgency, decisions can be taken quickly. We work closely with our colleagues from various other departments such as Legal, Compliance, IT and IT security (Chief Information Security Officer) to name a few. We are convinced that only a true collaborative and transversal approach to this complex topic unlocks the value for our customers, suppliers and employees; maintaining or even increasing high-trust relationships.

GDPR project 2017-2020	GDPR Information System & Data Processing Register		Communication & Training Program
IT Security, Confidentiality, Availability & Integrity			DPOs
GDPR Continuous Improvement			DPIA Tool
Other	Policies & Procedures	GDPR Processes	Data Subject Requests/ Complaints & Data Breach Register



In terms of our progress in the digital transformation, the mitigation of cyber risks is always critical as our system landscape evolves. Data protection & cybersecurity is therefore a material topic with clear goals as indicated in our Sustainability Management Plan.

## Progress 2020

2020 marked the final year of our GDPR implementation program. We are proud that we achieved the goal of an excellent maturity target for compliance with GDPR regulation and that we also achieved our second goal related to the Information Security Mgt. System certification for our Grid Operations department. The third goal of implementing our 2-year Cyber Security Plan is progressing well.

With a high rate of progress, most of the GDPR requirements were implemented, so 2020 activities focused especially on implementing:

- new software to manage user access rights and provide the capabilities of modern user access re-certification. Managers performed an initial re-certification for their employees, which will lead to regular recurrent updates in the future
- retention periods through our complex ERP (Enterprise Resource Planning) systems with new tools, processes and guidelines
- the remaining anonymisation of personal data successfully in our ERP test systems, to ensure compliance with GDPR minimisation principles

Working on GDPR compliance is not a one-shot exercise. We drove this further with a GDPR continuous improvement initiative, under the responsibility of the DPOs.

We sustained excellent effort on change management with a balanced mix of training, conferences and communication through our different channels. We conducted our annual 2020 Data Protection Officer Conference with contributions from all group entities (Enovos Luxembourg, Creos Luxembourg, LuxEnergie, Enovos Deutschland, EnergieSüdwest, Creos Deutschland, Paul Wagner & Fils and GlobalFacilities). Data Protection Officers (DPO) exchanged on progress and best practices. All employees took mandatory eLearning courses and new hires are required to enrol and complete the training within their first 6 months. In September, we launched an eLearning campaign aimed at sensitising our employees about critical processes (e.g., Privacy by Design / How to Manage a Data Breach). Further sensitisation of Creos centre's workforce was conducted during mandatory security conferences. We are working hard to implement our 2-year Cyber-Security plan that enables the safe and secure digital transformation of our core systems and communication. One concrete action of this plan is an update on Group IT and Group IT Security Governance which will further improve the effectiveness and efficiency of the IT function through a consistent approach to information security, data privacy, disaster recovery, compliance with European regulations, directives, and national laws, as well as interoperability of relevant systems and collaboration platforms.

So far, we have not had any data breaches in Encevo Group. If they are encountered, supervising authorities are notified within 72 hours of becoming aware of the breach: GRI 418-1

## GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

		Data 2018	Data 2019	Data 2020
Total complaints	Total in numbers	0	0	0
Total	received from outside parties (eg. customers, associations, etc.) and substantiated by the organization	0	0	0
Total	complaints from regulatory bodies/supervising authority	0	0	0
Total leaks, thefts, losses	Total in numbers	0	0	0
Total	identified leaks reported to supervising authority	0	0	0
Total	identified thefts reported to supervising authority	0	0	0
Total	identified losses of customer data (=data breach) reported to supervising authority	0	0	0

Please note that data for Power Panels is not available.

In relation to cyber-security, we do not disclose performance data deemed competitive and proprietary.

# PROCUREMENT PRACTICES FOR ENERGY

(MATERIAL TOPIC) GRI 102-9 | GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 204-1

## Materiality

A fully functioning and interconnected internal energy market is crucial for maintaining security of energy supply. Creos Luxembourg complies with all European rules regarding interconnection with adjacent countries. This is both on the infrastructure level and for direct contact with adjacent transmission system operators, for coordinating all the changes that might occur. An appropriate degree of harmonisation in technical, operational and communication areas is key to overcoming potential barriers to the free flow of energy. On the gas side, Luxembourg receives molecules from Belgium and Germany, while for electricity electrons arrive from Germany.

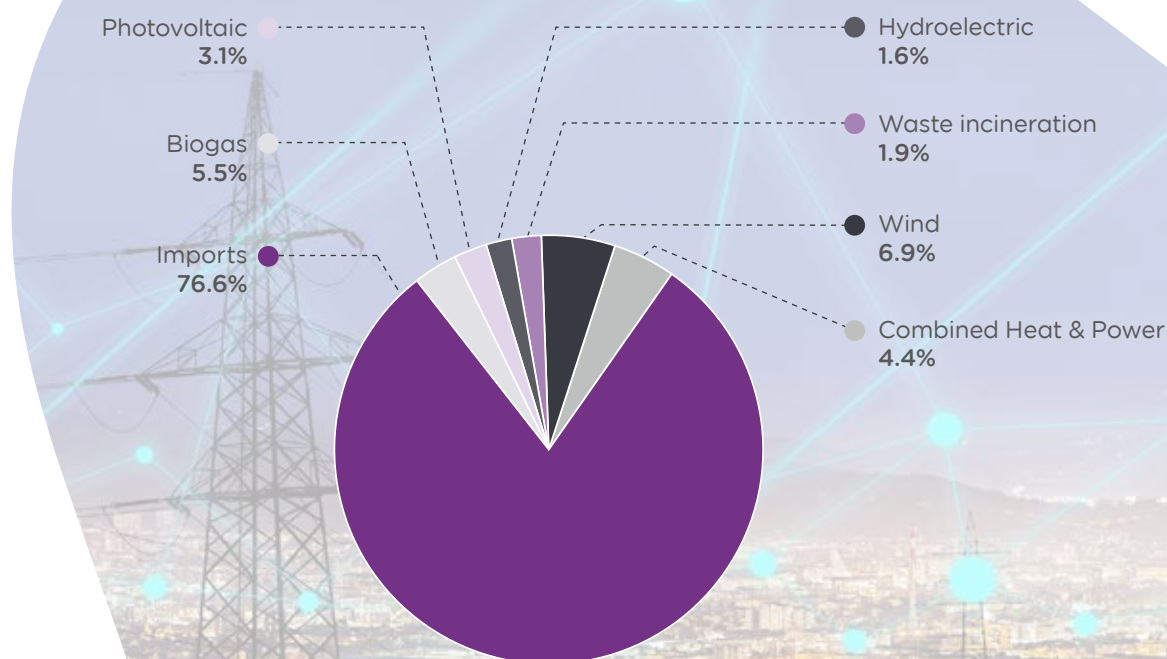
## Organisation and Management

On the grid side, the network codes on electricity and gas enable the necessary harmonisation of inter-connection agreements. This common set of rules, therefore leads to effective market functioning. On the procurement side, our Procurement & Logistics Team ensures full compliance on professional procurement practices (e.g., by providing procurement checklists, procedures & guidelines). Our procurement processes are closely monitored with process performance management software, ensuring excellent process execution.

## Progress 2020

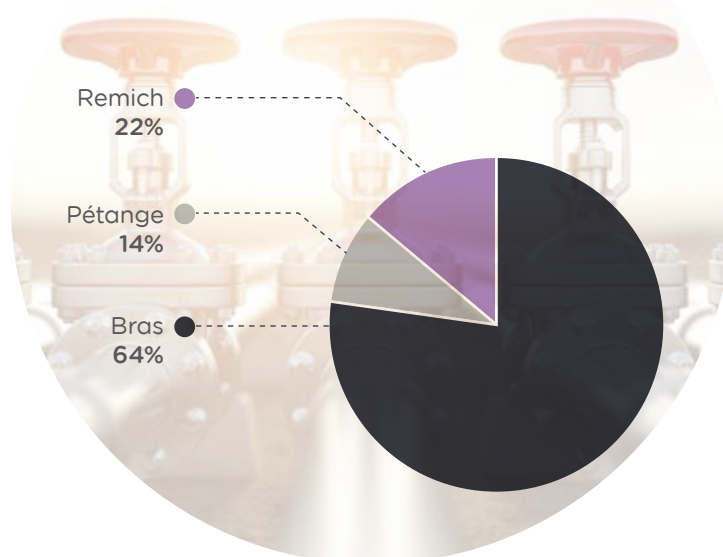
Encevo Group, a big player in the energy transition, has a strong policy of integrating renewable energy. Even though most electricity comes from imports (76.6% in 2020), we can report an increase in renewable electricity percentages injected into Creos' grid (3.1% of photovoltaic in 2020, 0.7% increase compared to 2019, 5.5% biogas in 2020, 2.1% increase compared to 2019).

**2020 Statistics** (for more details, please check Creos' Luxembourg AR)



As the previous year, no direct nuclear electricity production can be reported at the national level, but the percentage of renewable electricity injection is continuously increasing.

Concerning gas, and gas flow injection into our transmission pipelines, the majority comes from Belgium via the Bras/Pétange interconnection points, with the remainder from Germany, via the Remich interconnection point. Most of the gas flow (64%) enters via Bras (Belgium). Germany and Belgium both have active policies of switching to greener gases.



Our group is accountable of about 2/3 of biogas injection into the DSO grid via Enovos and Leo.

## New Supplier Code of Conduct

The new Supplier Code of Conduct was a true joint effort between Procurement & Logistics Creos, Strategic Procurement Encevo, and the CSR teams. It aims to increase the group's maturity and commitment toward sustainable purchasing practices.

Within this Code of Conduct, Encevo Group promotes the main principles of sustainable development with its suppliers, contractors, subcontractors, and service providers, and focuses on transparency in this cooperation. We decided to follow the UN Compact Global Principles, which are considered a world-wide best practice. The UN Global Compact is a strategic policy initiative, developed by the United Nations, for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anticorruption.

This Code of Conduct, which is available on Encevo Group intranet and websites, is part of our general terms and conditions and is systematically communicated on our purchase orders. With this new Supplier Code of Conduct, we are further increasing the quality of our professional relationships. There is also a plan to report our procurement practices in more detail in future annual reports.



# INDIRECT ECONOMIC IMPACTS

## (TERTIARY TOPIC)

GRI 103-1 | GRI 103-2

### Materiality

Our presence influences the lives, work and economic conditions of people in Luxembourg and the Greater Region. At our locations, we invest, pay taxes and levies, work with local companies and partners, and offer employment opportunities. We are a living part of our respective communities and locations and it is essential for us to be perceived as a trustworthy and reliable partner. We are aware that every corporate decision also has indirect economic consequences, which is why we act responsibly at international, national, regional and local level.



FONDATION  
ENOVOS

under the aegis of  
Fondation de Luxembourg

### Organisation & Management

We are dedicated to the clear principles that form the framework for our corporate and social activities. Within that framework, Encevo Group is actively involved, as a company and with its employees, in shaping the community and influencing local conditions for the better. We fulfil the tax obligations triggered by our activities. We see tax payments as a fair contribution to the financing and development of successful communities in all countries in which we operate. We therefore see it as part of our social responsibility to make our tax activities as transparent as possible, and to disclose this information within the legally prescribed framework.

In addition to the statutory payments of taxes and levies, we are also voluntarily committed to the common good through the Fondation Enovos (EUR 330k donation per year), which is a non-profit foundation which aims to enhance and develop renewable energy sources in Luxembourg and the Greater Region, it contributes actively to research in the fields of environment and sustainable development and supports social projects. 2020 was the 9th year that the Fondation Enovos awarded the Prix d'excellence to 5 young engineers to encourage and enhance their professional career and recognise their graduate work.

For more information on our foundation, please see [www.fondation-enovos.lu](http://www.fondation-enovos.lu)

## 2020 Indirect Economic Performance Progress

Encevo Group is part of society as a whole and is committed to the integration of the social dimension in its modus operandi. Throughout the year, Encevo Group supported various NGOs with donations. This list presents the most important projects supported by Enovos and our commercial activities in Luxembourg:



### **‘Festival of Migration, Cultures and Citizenship’ organised by CLAE (Liaison Committee of Associations with an Immigration Background)**

Enovos was a Silver partner of the 37<sup>th</sup> edition of the Festival of Migration, Cultures and Citizenship organised by CLAE from 28<sup>th</sup> February- 1<sup>st</sup> March 2020 at LuxExpo on Kirchberg to show its solidarity with people of immigration background.

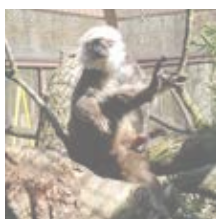


### **Relais pour la Vie 2020 = Relais@home by Enovos (4<sup>th</sup> & 5<sup>th</sup> April 2020)**

The edition 2020 of the solidarity run Relais pour la Vie, organised for many years by the Cancer Foundation to support the fight against cancer, was cancelled due to the COVID-19 health crisis.

However, this did not discourage Enovos, a strong and long-term partner of the event, from continuing to actively support this initiative and showing its support for people weakened by the disease, especially in these difficult times. With the launch on social networks of the action Relais@Home by Enovos during the weekend of 4<sup>th</sup> / 5<sup>th</sup> April, the community of Enovos and all the employees of the Encevo Group were encouraged to show their solidarity by doing sports at home or in the great outdoors and sending a photo of kilometres or minutes of workout completed. In return, Enovos promised to make an appropriate donation to the Cancer Foundation.

The success was incredible. More than 3,300 participants participated in the game by cycling, running, walking, doing workouts.



### **APEMH and Parc Merveilleux de Bettembourg**

Because of the current sanitary situation, the Parc Merveilleux de Bettembourg temporarily closed closed to the public in 2020. However, the animals still needed food and care, so Enovos, as a partner since 2019 of the APEMH Foundation (Association of Parents of Mentally Handicapped Children) decided to give its support by sponsoring the Golden-headed Tamarin-lion enclosure and the White-fronted Lemur enclosure.

### **COSL (Comité Olympique et Sportif Luxembourgeois)**

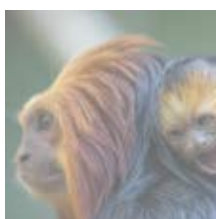
Enovos has supported sports in Luxembourg through its partnership with The Luxembourg Olympic and Sports Committee (COSL) for many years. We are always involved in activities for children at the COSL Spillfest and the Olympia Dag, events which unfortunately could not take place in 2020.

### **Luxembourg Pride Week 2020 organised by Rosa Lëtzebuerg (3<sup>rd</sup> - 11<sup>th</sup> July 2020)**

Enovos was a partner for the 2020 online edition of the Luxembourg Pride Week and especially supported Luxembourg Pride that took place on 11<sup>th</sup> July. The aim of this partnership was to underline its solidarity with the LGBTIQ community, to defend and promote the rights of LGBT persons and to fight against all forms of discrimination.

### **Luxembourg Sustainability Forum organised by IMS (15 September 2020)**

In 2020, Enovos was again partner of the Luxembourg Sustainability Forum that was held on 15<sup>th</sup> September by livestream from the studio of the Grand Théâtre de Luxembourg. Various topics such as the



social and solidarity economy, infobesity and the management of new generations were on the programme.

#### **Wëssensatelier by da Vinci asbl**

The da Vinci Association Luxembourg brings together engineers, architects, scientists and representatives of the economic world to create the activity Wëssensatelier, which motivates young people to demonstrate a greater interest in technology and science.

As part of its commitment to citizenship and in partnership with this association, Enovos highlights its efforts in the field of social responsibility.

#### **Partnership with da Vinci asbl regarding the publication of the educational book Clean Fuels**

Enovos was one of the partners in the publication of the book ; "Clean Fuels - Eine Einführung in alternative und nachhaltige Brennstoffe für den Transport von Morgen", written by the Luxembourg researcher Dr. Félix Urbain, in collaboration with da Vinci asbl.

The Ministry of National Education, Children and Youth distributed the book in December 2020 to all students in the 5<sup>th</sup> ESG and ESC classes, as well as to high school libraries throughout the country.

#### **Jonk Entrepreneuren Luxembourg**

For several years, Enovos has supported the non-profit association Jonk Entrepreneuren Luxembourg, whose aim is to promote the creativity of young people and to introduce them to professional life in Luxembourg, through a partnership between the economic world and the world of education.

#### **INFOGreen by Picto Communication Partner**

In 2020, Enovos again signed a one-year partnership with Picto Communication Partner for INFOGreen, the first daily newspaper dedicated to the challenges of sustainable development in Luxembourg and its neighbours ([www.infogreen.lu](http://www.infogreen.lu)).

#### **TEDx online event at the University of Luxembourg (12 – 16 October 2020)**

In October, Enovos supported the TEDxUniversityofLuxembourg online event about climate change.

#### **100<sup>th</sup> anniversary of the natur&emwëlt asbl**

Enovos supported the non-profit organisation natur&emwëlt in 2020 for its 100<sup>th</sup> anniversary. natur&emwëlt works for the preservation of biodiversity in a varied natural and cultural landscape, through raising awareness, providing advice, and through practical, scientific and political actions at local, national and international level.

#### **LUCA (Luxembourg Centre for Architecture)**

Enovos signed a 3-year partnership agreement (2019-2021), to support LUCA's annual activities, and thus joined the foundation's Partners' Circle.

#### **UNICEF**

In 2020, Enovos supported the UNICEF winter campaign (Support for Syrian Children).

#### **PADEM**

In 2019, Enovos signed a partnership agreement with the non-governmental development organisation, PADEM (Programmes d'Aide et de Développement pour les Enfants du Monde), to co-finance a school electrification project in Senegal (ECLAT) over a four-year period (2020-2023).

Enovos will provide financial support to the project, pass on its expertise in electrification, and promote the project in all its forms, according to its motto Energy for today. Caring for tomorrow. This project, for which Enovos will raise funds through numerous internal and external channels, reflects the values of our company and the commitment we wish to demonstrate on a daily basis.



## Fondation Enovos and its Partnerships

The foundation reflects Enovos' ambition to act as a responsible company toward current and future generations and has 3 different aspects:

### Social Aspect

2020, the Fondation Enovos supported the following associations/projects:

- Fondation Kriibskrank Kanner
- A.L.P.A.P.S. – Special Olympics Luxembourg
- Päerd's Atelier asbl - Project
- Omega 90 (support for canine therapy Haus Omega)
- Kanner Wonsch (support for the Make a Wish project)
- Alupse (support for staff training)
- Dyspraxie (purchase of Ipad)
- ATD Quart Monde Luxembourg (cultural and social excursions)
- Lions Club (support for Téléthon)
- Gesellschaft für Musiktherapie zu Lëtzebuerg asbl (Project « Mateneen »)
- Donation for protecting clothing for healthcare workers
- Donation to Stemm vun der Strooss
- Donation to the non-profit association « La Main Tendue d'Angela »
- Donation to Caritas (support for vulnerable families, in particular by providing energy assistance)
- Grants for University of Luxembourg students who find themselves in economic difficulties due to the pandemic

### Innovation & Research Aspect

- Finalisation of the scientific project SECuRe of LIST
- Prix d'excellence: reward for young engineers

### Environment Aspect

- fonds nova naturstrom

The non-profit organisation, fonds nova naturstrom, receives EUR 200,000 a year from the Fondation Enovos, to award bonuses for renewable energy, energy efficiency, eco-technologies and/or the rational use of project resources in Luxembourg.

In 2020, 61 bonuses were awarded.

The details on Creos support, can be found in the Creos Annual Report.

In total indirect contributions in donations and manpower for the entire group are as follows (GRI 203-1).

	Data 2018	Data 2019	Data 2020
Financial Sponsoring in EUR millions	0.805	0.809	0.682

Due to the pandemic, live events were unfortunately cancelled, which impacted our 2020 contributions. Where possible, we still maintained our high level of commitment to supporting our partners and local communities.



# SUSTAINABLE ECONOMIC PERFORMANCE

(MATERIAL TOPIC) GRI 201

During 2020, Encevo Group further strengthened its position as a driving force of the energy transition in Luxembourg and the Greater Region. Besides a considerable growth in the renewable energy asset base, the group maintained an evolving value chain in preparation for tomorrow's energy world.

Financially speaking, the group is looking at a good year with results similar to the previous year, in line with expectations. The group's strategy remains unchanged by further expanding local renewable energy production throughout the Greater Region to support a sustainable energy transition.

## Progress 2020

Encevo issued its first Green Schuldschein of EUR 250 million in 2018, which was also the first issue by a Luxembourgish company. This was an important milestone in the group's strategic and sustainability vision. Encevo is obliged to report its progress on the allocation of funds and positive environmental impacts achieved, to its investors on a yearly basis. The 2019 report is the second edition of the Green Schuldschein Report and covers the full allocation of Encevo's 2018 Green Schuldschein proceeds. For further details, please consult our Green Schuldschein Framework and detailed reporting: <https://www.encevo.eu/en/accueil/financial-information>.

**Our direct economic performance for 2020 compared to previous years is as follows:**

Data in EUR millions		2018	2019	2020
Direct economic value generated*	Revenues	2,019.2	2,105.9	2,003.4
Economic value distributed**	Total	355.9	356.0	360.3
Direct economic value generated and distributed***	Total	2,375.0	2,461.9	2,363.7
Economic value retained****	"Total (revenues-economic value distributed)"	1,663.3	1,749.8	1,643.1

\*Revenues: Sum of net sales plus revenues from financial investments and sale of assets

\*\*Economic value distributed: Operating costs, payments to government, payments to providers of capital, employee wages and benefits, and community investments

\*\*\*Direct economic value generated and distributed: Direct economic value generated less distributed economic value

\*\*\*\*Economic Value Retained: Direct economic value generated less distributed economic value

Further details on our 2020 economic performance can be found in our Management Report and related Consolidated Annual Accounts sections.

# PRODUCT IMPACT (ASSETS & SERVICES)

GRI 103-1

## Reliable & Smart Energy Supply; Infrastructure Safety (priority material topics)

Creos is a key player in the national energy sector and manages extremely critical infrastructure. Creos owns and operates electricity and natural gas grids in Luxembourg, Saarland, and Rhineland-Palatinate. The company is responsible for planning, maintaining, and operating these networks. Creos continuously reinforces its assets to secure the power and gas supply, and to meet increasing energy demands. Creos attaches great importance to quality. It expressly commits to continuously improve the quality of its management system and to meet customer requirements. Its work corresponds to the current safety requirements.

Creos is responsible for the planning, construction, maintenance and operation of the high, medium, and low voltage electrical lines and the high, medium, and low-pressure natural gas pipelines it owns and manages.

As the operator of the electricity and natural gas networks, Creos takes its responsibility as a public utility company seriously and plans its infrastructure to meet changing demand for electricity and natural gas. Security of supply and the reliability of energy networks are central to Creos' concerns. In addition, when planning network maintenance or development, the company takes great care in integrating its structures into the landscape and makes considerable efforts to minimise the resulting impact on the environment. Today, the majority of low-voltage power lines (more than 90% in Luxembourg), and most of the medium-voltage lines (more than 70% for Luxembourg), are buried.

## Organisation & Management

To guarantee security of supply, ensure the continuous functioning of the electricity and gas system, and to enable energy exchanges between the different markets, common EU-wide rules involving all relevant stakeholders of the different member states are necessary.

These rules (Network Codes) govern cross-border transactions in the electricity and gas markets and the operation of power and gas grids. They are organised to facilitate the harmonisation, integration and efficiency of the European electricity and gas market.

The transport grid for electricity, managed by Creos Luxembourg, meets the rules imposed by national legislation as well as supplemental valid operating, planning and safety standards. These standards are jointly established by the European Network for Transmission System Operators for Electricity (ENTSO-E) and are published on the ENTSO-E website (<https://www.entsoe.eu/>).

Similarly, the transport pipelines system for gas, managed by Creos Luxembourg S.A., complies

with rules imposed by national legislation, as well as supplemental, valid operating, planning and safety standards. These standards are jointly established by the European Network for Transmission System Operators for Gas (ENTSO-G) and are published on the ENTSO-G website (<https://www.entsog.eu/>).

## Progress 2020

To continuously reinforce its infrastructure, Creos Luxembourg carried out several projects in 2020:

- Major works for the electricity network carried out during 2020

### Substations

Construction work on the Bissen 220 kV substation, began in early 2019 and was completed in late 2020. The purpose of this work was to replace the existing 220 kV substation at Roost with a new substation to maintain security of supply. The substation at Roost is the nerve centre of the Creos network, but dates back to the 1970s.

In the same vein, work started at the Senningerberg

substation to replace the old 65/20 kV overhead substation with a 220 / 110-65 / 20 kV substation which will help strengthen the security of supply around Luxembourg City.

Work on the Niedercorn substation, which replaces the current Biff substation, has progressed well with the construction of the building. This substation will help, with the new Sanem-Lamadelaide cable, to strengthen the 65 kV loop in the south-west of the country.

The 220 kV Esch-Aubange Sotel/Elia interconnection line, used by Creos for its interconnection with the Belgian grid, was partially destroyed by the tornado on 9<sup>th</sup> August 2019. Creos supported Sotel to rebuild the facilities which, as of July 2020, was operational again. Construction work on the new 65 kV substation in Echternach (eastern part of the country) was completed in June 2020. The 1x65 kV Rosport-Echternach overhead line was diverted to the new Echternach substation, while work on the line 2x65 kV aerial between Freckeisen and Echternach was completed. The new 65 kV Echternach substation was therefore fully operational from September 2020, the extension work to the 220 kV level of the Flebour substation (north of the country) is proceeding according to schedule. The high voltage equipment works will continue in 2021 and the new parts of the transformer substation will be put into service before the end of the year. The transformer B 220 / 110-65 kV at Blooren substation was replaced and put into service in September 2020.

The expansion of public electric vehicle loading points is on track and progressed substantially during 2020. We had 400 registered public electric vehicle loading points at the end of 2020, compared to 337 at the end of 2019.

### **Major Works for Gas Pipelines Performed in 2020**

Dommeldange-Kirchberg transport pipeline: directional drilling. To improve the supply of natural gas to the Kirchberg district, Creos finalised a 520 m borehole in Dommeldange. Creos opted for the horizontal directional drilling method (HDD) which allows the construction of a gas infrastructure in urban areas without impact on traffic.

### **Distribution Network Roost & Luxembourg City Centre**

In the territory of City of Luxembourg, the modernisation of the distribution network (9.3 km MP/BP)

and the replacement of 789 connections continued, thanks to intense efforts. In general, work on the extension of the medium pressure (MP) distribution network continued for 5.8 km in 2020 (Hollerich: 1.5 km / Roost: 4.3 km). The 18.4 km low pressure (LP) distribution network extension continued with the same workload as the previous year (Hollerich: 2.2 km / Roost: 16.2 km) In total, 24.2 km of new distribution pipes were laid during fiscal year 2020.

### **Creos Germany**

Creos Germany continues the same policy of reinforcing its assets in 2020 in order to meet the energy demand.

In addition, the company began reflections on how to convert existing natural gas grids to be ready for forthcoming decarbonised gas requirements. The organisation launched the mosaHYc project (Mosel Saar Hydrogen Conversion) with GRTgaz S.A. (French TSO). This project aims to create a 100% pure hydrogen infrastructure, connecting the Saar (Germany), Lorraine (France) and the Luxembourg border. This unprecedented agreement between the two grid operators will provide 70 km of infrastructure dedicated to hydrogen via retrofitting existing gas pipelines. It will form the backbone of a regional and cross-border hydrogen hub that will foster the creation of a hydrogen valley between the three countries.

This project will provide the necessary infrastructure to supply clean hydrogen, for example, to the mobility sector (train, bus, automobiles, trucks, ...), industry, in line with green cross-border ambitions of Saarland, a German federal state, the Grand Est Region of France and Luxembourg. As such, mosaHYc is also a concrete contribution to the Green Deal ambition that will address major environmental and societal challenges, including the issue of improving air quality in the Saar-Lor-Lux Region.

This hydrogen infrastructure is also ideally located to support and connect further hydrogen developments foreseen in industrial clusters in Saarland and Lorraine, which historically have been strongly integrated. The mosaHYc project will also strengthen the economic and industrial attractiveness in this area.



# CLEAN ENERGY DEVELOPMENT

## (PRIORITY MATERIAL TOPICS)

GRI 103-1 | GRI 103-2

Encevo Group has a robust policy related to the development of renewable energies in Luxembourg and abroad. During 2020, Encevo Group started to dig more deeply into the possibilities offered by new energy vectors like hydrogen.

It is analysing the steps needed to ensure how we make our natural gas grids decarbonised ready to be able to manage later coming of decarbonised gases.

Encevo, a big player in the energy transition, as the holding company of Creos Deutschland, also participates in the pilot project mosaHYc, mentioned above. This project aims to develop solutions to repurpose the natural gas networks into a cross-border hydrogen transport network in the Greater Region. Project partners signed a collaboration agreement to promote the use of hydrogen as an energy and fuel source in the Saar-Lor-Lux region.

In Luxembourg, the company, via its Luxembourg subsidiary, Creos Luxembourg, follows discussions and developments regarding collaboration, and the extension of a European hydrogen backbone (EHB), actively. According to the most recent political developments, hydrogen is seen as a priority for cooperation. In terms of the mosaHYc project, the potential extension of the targeted pipeline, from Germany to Luxembourg, will be intensively assessed via a technical-economic feasibility study.

As a driving force of the energy transition in the Greater Region, Encevo Group joined the European Clean Hydrogen Alliance. The purpose of this alliance is to create a facilitating platform (meeting, discussions, pipeline of projects, potential cooperation) among actors (companies, ms, political experts, etc.) that supports climate neutrality related to hydrogen initiatives. This alliance intends to be an important element in supporting decarbonisation and climate neutrality. Our participation reflects our commitment to a sustainable energy transition.

## Organisation & Management

Enovos strives to make meaningful contributions to Luxembourg's climate ambition by enabling increased production of local power from renewable sources. Enovos Luxembourg is actively developing its wind, PV, and CHP business by:

- collaborating with customers, strategic partners, and communities within the territory with ambitious growth targets
- applying our strong local market knowledge and expertise in asset development and operations
- concentrating on growing wind activities continuously
- focusing strongly on pipeline development, and construction of additional assets, to deliver business growth

### **Photovoltaic – ambitious growth potential for solar power:**

- Follow a multi-annual plan for PV tenders, including installation categories and sizes to be issued
- Identify addressable areas and determine inspiring, actionable business approaches to deliver additional assets
- Ensure excellence and competitiveness in development, construction, and operations of PV assets

### **CHP – as leader in energy contracting advance Luxembourg's sustainable energy plan:**

- Continue core business in LuxEnergie's Energy Contracting with the installation and operation of district heating & cooling infrastructure via pellet based CHPs
- Develop innovative business areas i.e. low temperature heating infrastructure
- Providing modular green energy heating system to fulfil temporary needs



## Evolution of renewables in Luxembourg 2020

### Photovoltaic:

- construction and commissioning of 6 PV installations for a total of 12.2 MW to reach a PV asset capacity in Luxembourg of 16 MW
- submission and tender attribution of 8 new projects for a total of 19.5 MW

### Wind:

- Dismantling of 4 turbines (total 2 MW), and commissioning of 1 turbine with a capacity of 3.2 MW for wind park Windpower
- construction of 2 turbines for wind park Garnich

### CHP:

- public tender won for a biomass heating system at the municipality of Dudelange with 2 pellets boilers of 900 kW each, replacing gas cogeneration engines, and providing heat to the sport, municipality and public facilities as well as residential areas.

## Evolution of Renewables in Germany 2020

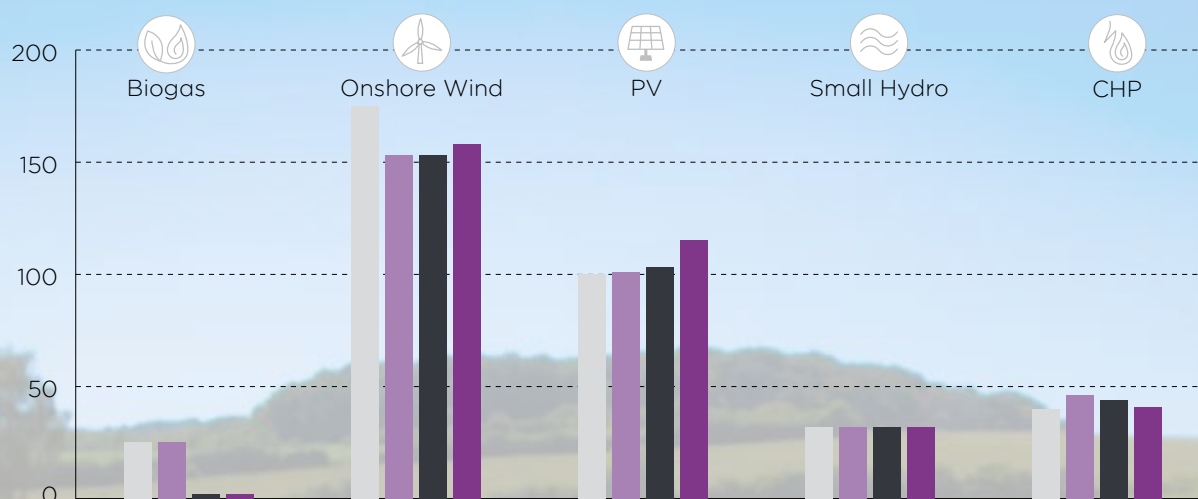
Within the German renewable activities, the existing Wind and PV assets have shown a strong operational performance in 2020 with a production of 112 GWh (Wind) and 84 GWh (PV) exceeding prior year.

PV project development was marked by the acquisition of a significant package of several PV project rights from WES Green with a planned capacity over 200 MWp in Rhineland-Palatinate to be further developed in the next two years.

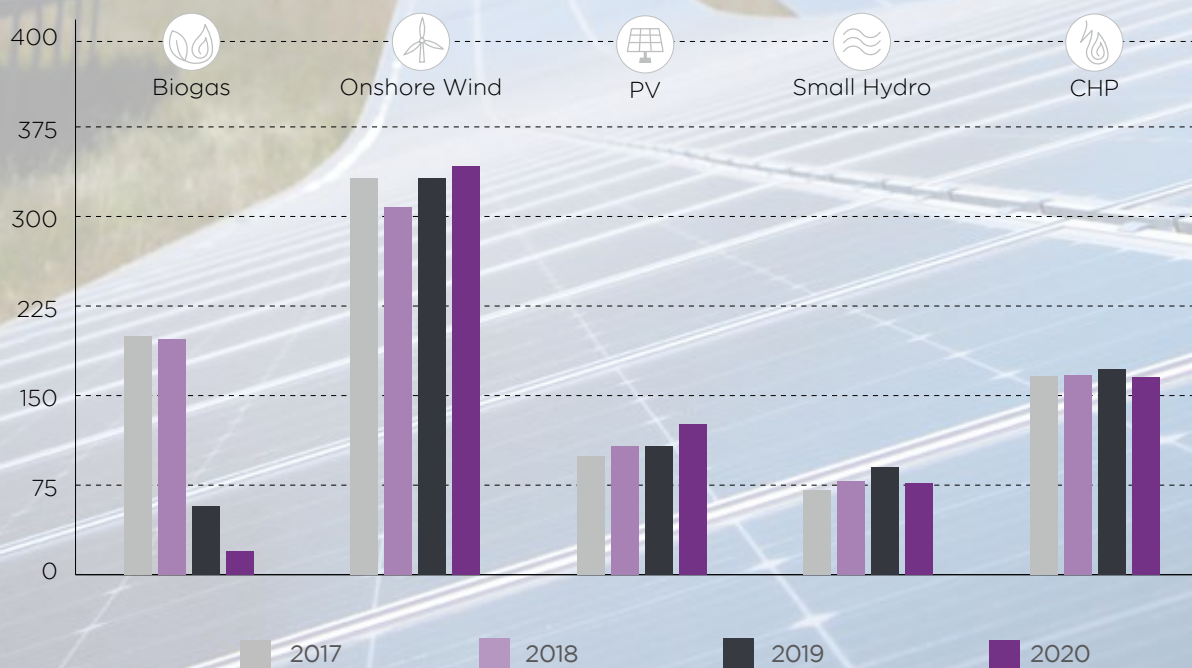
In Wind segment the project development of two wind farms in Saarland (total 20MWp) further progressed with an engineering, procurement and construction agreement of 1 wind turbine generator as an extension of an existing wind farm (commissioning end of 2021) and an application for environmental and building permit of a new wind farm with 3 wind turbine generator.

The German Operations & Maintenance team also performed well in 2020 with the technical management of ca. 1 GWp of contracted PV installations mainly in Germany. The PV installations, mainly ground-mounted as well as bigger roof-top-PV-installations, have been managed by two teams in the German locations Berlin as well as Waghäusel (near to Mannheim/Karlsruhe).

## CAPACITY PER YEAR AND TECHNOLOGY [MW]



## ELECTRICAL PRODUCTION PER YEAR AND TECHNOLOGY [GWH]



Encevo Group plans to invest 40 million euros in renewables (along with services and energy efficiency).

Equity investments in EUR millions	2018	2019	2020
Total RES Lux	7.3	9.5	8.5

# EMPLOYEE WELL-BEING

GRI 103-1 | GRI 103-2

## Employee Development & Engagement (priority material topic)

A well-structured training program helps employees to continuously improve their knowledge and skills while providing them with a clear picture of their strengths and weaknesses. This is vital in a continuously changing business world. From an organisational perspective, it minimises weak points, and also helps increase employee retention, gain loyalty, and ultimately, boost organisational productivity.

### Organisation & Management

#### **Well-Being – STEM Talents and Local Communities (fully implemented)**

Even during a year overshadowed by COVID-19, we continued to recruit employees and to offer internships and student jobs. Our proactive presence in schools and local initiatives assisted us to become an employer of choice for young graduates. We welcome and train young apprentices in various fields in the energy sector (mechatronics, logistics and administrative management, etc.). We offer internships and maintain contacts for future hiring. We welcome students to jobs in their field of study to enable them to gain necessary initial experience.

### Progress 2020

In 2020, we enhanced the value of engineering studies through the Fondation Enovos. Strategic partnerships with the Government, the Chamber of Commerce, FEDIL & ADEM allow us to regularly take part in specific programmes (events, coaching for young people/jobseekers) and participate in annual actions including:

- HelloFuture
- FEDIL project Eis Industrie meng Zukunft (Eis Industry meng Zukunft)
- DayCare
- Jonk Entrepreneur asbl

To reduce the gap between education and active life, we act as sponsor and actively volunteer in various programmes including Job Shadow Day, Engineering Trainee Days & Fit for Life. The objective of these initiatives is to raise awareness among young people about the world of entrepreneurship at each level of Luxembourg education (secondary, higher education) and to strengthen the links between the world of education and the business world.



Encevo Group average headcount (without trainees & parental leaves)		Data 2020
Creos Luxembourg S.A. <sup>1</sup>		763.0
Paul Wagner & Fils <sup>2</sup>		373.9
Enovos Luxembourg S.A. <sup>3</sup>		213.3
Creos Deutschland <sup>4</sup>		172.6
Global Facilities		148.3
Encevo S.A.		115.0
Enovos Deutschland SE <sup>5</sup>		103.1
Luxenergie S.A.		99.5
Other companies <sup>6</sup>		175.6
<b>TOTAL</b>		<b>2,164</b>

<sup>1</sup> Ville de Luxembourg included

<sup>2</sup> Hoffmann S.A.S, Electricité Wagner S.A., Blitzschutzbau Rhein-Main included

<sup>3</sup> Leo S.A. & Enovos France SAS included

<sup>4</sup> Creos Deutschland Services, net4energy GmbH included

<sup>5</sup> Enovos Energie Deutschland GmbH, Enovos Renewables O&M GmbH, Enovos Renewables GmbH, Enovos Storage GmbH included

<sup>6</sup> EnergieSüdwest AG, EnergieSüdwest Netz GmbH, EnergieSüdwest Projektges. GmbH, EnergieSüdpfalz Shared Service GmbH, NPG Energy NV, DISUN Deutsche Solarservice GmbH, Power Panels S.A., Minusines S.A. (Minusines S.A. joined the Group during the year and therefore reported only in GRI 401-1 and GRI 201-1)

				Data 2020
Under 30 years old	Female	Luxembourg		13
Under 30 years old	Female	Greater Region		13
Under 30 years old	Female	Beyond the Greater Region		0
Under 30 years old	Male	Luxembourg		46
Under 30 years old	Male	Greater Region		28
Under 30 years old	Male	Beyond the Greater Region		3
Between 30-50 years old	Female	Luxembourg		12
Between 30-50 years old	Female	Greater Region		7
Between 30-50 years old	Female	Beyond the Greater Region		0
Between 30-50 years old	Male	Luxembourg		29
Between 30-50 years old	Male	Greater Region		29
Between 30-50 years old	Male	Beyond the Greater Region		2
Over 50 years old	Female	Luxembourg		2
Over 50 years old	Female	Greater Region		3
Over 50 years old	Female	Beyond the Greater Region		0
Over 50 years old	Male	Luxembourg		7
Over 50 years old	Male	Greater Region		6
Over 50 years old	Male	Beyond the Greater Region		0
<b>Average Number of new Employees</b>				<b>200</b>

Please note that data for GRI 405-1 for Power Panels is not available.



# OCCUPATION HEALTH & SAFETY

(PRIORITY MATERIAL TOPIC) GRI 103-1 | GRI 103-2 | GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4

Encevo Group's CEO, Mr. Claude Seywert, confirmed that "...health and safety at work is the number one priority". (Interview: Driving Luxembourg's Green Energy Push, with Mr Claude Seywert, CEO of Encevo | ILA - Institut Luxembourgeois des Administrateurs)

Encevo Group acknowledges the importance of healthy and safe work conditions for its workers. The prevention of work-related injuries and disease is given highest priority in all processes and decisions. The Encevo Group handles health and safety topics with the utmost care. Dedicated HSE teams ensure reliable health, safety and environmental support, and information is supplied to all personnel. Ongoing activities to raise awareness included regularly organised training sessions and information campaigns.

## Organisation & Management

The goal of HSE management is to ensure that every employee is as safe in the workplace as at home. Family and friends must be confident that each of our employees will return home safe and healthy every day. To achieve this, Encevo Group developed and promoted a culture of prevention. It offers security-related trainings, an approved rehabilitation scheme and impressed upon our workers their involvement and responsibility for safety. The tools include policies for risk analyses at any intervention, organisational and medical follow-up on every incident and accident, as well as close collaboration between responsible HSE personnel and the 'travailleur designé'.

HSE's focus is the overall health and safety of our constituents. The Creos Health, Safety & Environment (HSE) department's mission is to:

- 1) guarantee occupational safety and health, particularly by preventing risk;
- 2) ensure compliance and the application of standards and directives;
- 3) protect our employees, our most valued resource, citizens, and the environment.

First and foremost, HSE's concern is to ensure that the whole population follows HSE principles, and to improve awareness regarding behaviours required for a healthy and safe workforce. The infrastructure area is where most hazards occur. This area of activity has risks. Electrician and gas line installers must be especially vigilant to always follow best practices in safe behaviour.

Creos strives to optimise its work processes and does not hesitate to equip its team with the latest safety technology, aimed at reducing accidents at work. To ensure that employees maintain a heightened level of awareness regarding possible risks and mitigation behaviour, which prevent accidents at work, the Creos HSE department regularly organises safety conferences and training sessions.

Creos Luxembourg ensures compliance with the standard norm ISO 45001:2018 (uncertified) and labour laws. The company is also a member of the VISION ZERO program, which requires a common and integrated approach to safety. The goal is to reduce occupational disease and accidents, and their severity, while commuting and at work.

For Creos Germany, occupational health and safety is regulated by the principles of prevention found in the Health and Safety at Work Act (Arbeitsschutzgesetz). It uses different measures to ensure safety and compliance (e.g., member of the employers' liability insurance association, designation of safety officers, committee for occupational safety, risk assessment, trainings).

All employees are subject to the regulations of the Health and Safety at Work Act. Regular inspections of construction sites by Department Heads (Asset Service and the HSE team) include discussions with superiors and/or employees about irregularities with the objective of raising awareness and changing behaviour and work habits positively. The HSE team is in close contact with the safety delegate and makes regular risk assessments.



Work-related risks and dangers are determined and recorded by drawing up risk assessments, which also outline protective measures, to eliminate danger and to minimise risk. The risk assessments are drawn up by occupational safety professionals in cooperation with the department. The quality of processes is checked and monitored regularly.

For dangerous work, there are work instructions to which the workers must adhere. The work instructions are in written form and each worker receives on-site instruction the first time they perform the work. Work instructions describe safety requirements and specify the point at which dangerous work must be stopped.

Employees regularly visit the company doctor to confirm fitness and that they are still capable of performing high-risk work safely and comfortably. Regular occupational safety conferences, which are mandatory for workers in risk-prone or high-risk areas, are held to inform employees of the latest safety news and updates (e.g., security material, processes, rules, personal protective equipment/PPE, analysis of accidents, etc.).

The company physician must advise the employer on occupational safety and accident prevention, in particular with regard to:

- planning, execution and maintenance of operating facilities and of social and sanitary facilities,
- procurement of technical work equipment and introduction of work processes and material,
- work-related psychological, physiological concerns, including, but not limited to, ergonomic and hygiene issues, such as the rhythm of work (working hours and rules for breaks), the design of workplaces (workflow and work environment),
- questions on changes in the workplace, as well as on integration and reintegration of people with disabilities into the work process,
- employee examinations, work-related medical evaluation and advice to employees, as well as recording and assessing examination results.

Furthermore, the company physician must:

- observe the implementation of occupational safety and associated accident prevention measures,
- inspect the workplace regularly and inform the employer or the person responsible for occupational health and safety about any deficiencies detected, suggest measures to remedy these deficiencies and work towards their implementation,
- pay attention to the use of body protection (e.g., protective clothing),
- investigate causes of work-related disease. Record and evaluate test results, and suggest disease prevention measures to the employer.

The HSE manager reports to the CEO regularly.

For other subsidiaries such as LuxEnergie, an HS management system is in place to fulfil AAA and ITM legal requirements. As well this helps achieve internal goals on worker health and safety. The HS management system covers all workers at LuxEnergie, independent of the type of activity and the physical location of their workplace.

A global risk assessment sheet, based on the specifications from AAA recommendations, lists all standard activities and outlines clearly the presence and nature of the risks involved in any situations. It also provides guidelines to reduce exposure to these risks. For non-standard activities, the workers and/or the HSE responsible, perform a dedicated risk analysis. Where applicable, the HSE responsible gives recommendations and sets out rules. Quality and competence are guaranteed through AAA-compliant training and updates for all people involved.

LuxEnergie relies on the STI (Service de santé au travail de l'Industrie asbl) to perform health services for its employees. The frequency of the workers' health check-ups was defined with the STI, according to individual job profiles and the specific exposure to related risks and hazards. In addition to these, workers may have supplementary check-ups upon demand.

All LuxEnergie workers must attend an introductory health and safety training performed by the HSE responsible. Generic safety training, such as first-aid trainings, and trainings on fire extinguisher use, are offered to all workers regularly. Workers that do specific work, such as interventions on electrical items, usage of cranes and machines, and working at height, are subject to an orientation scheme as proposed by the AAA, which includes the required training.

The occupational health and safety management system at Paul Wagner and fils (PWF) is based on the recognised ISO 45001 standards and guidelines. It provides detailed analysis and continuous improvement suggestions associated with work hazard prevention of.

Every workplace, and worker, is covered by the occupational health and safety management system. Work hazards are analysed in every workplace, occupational safety measures are implemented, and workers informed.

All workers are trained in this analysis methodology before starting work. Work processes are continuously adapted based upon recent occurrences and situations. Continuous training reminds the workers to apply safe work procedures. Regular safety audits, by the safety-officer and the management, ensure safe work processes. The annual external ISO 45001 audit evaluates the occupational health and safety management system.

The safety committee (ASA), composed of company management, the safety officer, and workers' representatives for occupational safety, meet four times a year to review safety items and, if necessary, decide on system modifications. The safety committee report is published on the company intranet and communicated at safety meetings with workers.



## Progress 2020

### Re-certify SGS (Sécher & Gesond mat System) for Encevo and Re-certify VISION ZERO (Creos)

The national strategy VISION ZERO follows a common and integrated approach that aims to reduce the number and severity of occupational and commuting accidents, as well as occupational disease in Luxembourg. This strategy is the expression of the solidarity-based will of the national partners; giving a new dynamic to safety and health at work, and mobilising all stakeholders at the level of employers and workers. Creos Luxembourg S.A. has been a member since 6 December 2016 and since then has followed the recommendations of Vision Zero.

Evaluate and prepare for ISO 45001 certification  
Lux Grid and Encevo

### ISO 45001

The detailed work processes were set up according to ISO 45001 in our corporate business process modelling software. Although Creos has not yet applied for certification, many aspects of work organisation have already been implemented in alignment with the new standard (ISO 45001).

### Managing the Covid-19 Pandemic

The Covid-19 pandemic, which reached Luxembourg early March 2020, resulted in a complex health emergency that is still ongoing in 2021. Encevo Group responded quickly to the situation, and was in constant contact with the relevant authorities, acting in line with the government's instructions. Responsibility for all decisions regarding the health emergency was assigned to a special Crisis Committee chaired by the Chief Executive Officer. It consisted of the heads of involved departments.

In this serious emergency, Encevo Group's key task was to ensure operational continuity guaranteeing that everyone has access to electricity and natural gas. To do this, Encevo Group acted on a number of fronts concurrently. The aim was to put in place necessary safeguards designed to ensure the security of our systems. This approach took into account the international nature of the COVID-19 pandemic, the health and safety of people, our operational personnel and, in general, all the people who work for Encevo Group.

All Encevo Group operations related to construction and maintenance activity associated with our infra-structures, were decreased during lockdowns, reducing the number of sites where work took place physically. This meant only continuing with on-site work that was critical to guaranteeing continuity of service and the security of the system.

Personnel health and their ability to continue to fulfil their job responsibilities was one of Encevo Group's immediate priorities. All employees were kept constantly informed of the situation, new governmental regulations, and the impact on Encevo Group, through regular CEO video updates regarding the pandemic. Intranet messages provided employees with other much needed information.

Office personnel switched to remote working (home office), which was successfully implemented on a modern IT infrastructure. We specifically

protected vulnerable employees by allowing 100% remote work, whereas between June 2020 and November 2020 non-vulnerable employees came back to offices in 'safe mode' (50% attendance), with corresponding rules and structure in place to guarantee safe working conditions. With the second wave striking in November 2020, we reduced office attendance to 25% in safe mode, in line with strict sanitary instructions. In total, we distributed more than 81,100 masks and other sanitary items to protect our employees and provided constant reminders via internal instructions for a safe workplace. Overall, this worked well. These measures showed management's commitment to protect employees, provide a safe work environment, and highlighted our ability to cope with the challenges presented by a crisis. We are proud of our employees who strictly applied our safety instructions and went the extra mile to ensure the continuation of business operations and services for our customers.

#### GRI 403-8: Workers covered by an occupational health and safety management system

		Data 2018	Data 2019	Data 2020
Workers: employees & persons who are not employees but whose work and/or workplace is controlled by the organization	Total number	1175	1174	1218
Workers covered by an H&S management system	Total number	1175	1174	1218
	Percentage (some zero, some 100%)	100%	100%	100%
Workers covered by an H&S management system that has been internally audited	Total number	1078	1073	1113
	Percentage (some zero, some 100%)	100%	100%	100%
Workers covered by an H&S management system that has been audited or certified by an external party	Total number	360	323	323
	Percentage	31%	0%	0%

Please note that data for 403-8 and 403-9 for Paul Wagner & Fils and Power Panels is not available.



## Work-related injuries

		Data 2018	Data 2019	Data 2020
<b>Employees (Administrative tasks)</b>				
Hours worked	Total number	1,951,236.7	1,934,917.2	<b>2,408,744.8</b>
Fatalities as a result of work-related injury	Total number	0.00	0.00	<b>0.00</b>
	Rate	0	0	<b>0</b>
High-consequence work-related injuries (excluding fatalities)	Total number	0	0	<b>0</b>
	Rate	0.00	0.00	<b>0.00</b>
Recordable work-related injuries	Total number	36	51	<b>24</b>
	Rate	18.45	26.36	<b>9.96</b>
<b>Workers who are not employees</b>				
Hours worked	Total number	612,293.70	617,200.92	<b>717,862.64</b>
Fatalities as a result of work-related injury	Total number	0.00	0.00	<b>0.00</b>
	Rate	0	0	<b>0</b>
High-consequence work-related injuries (excluding fatalities)	Total number	1.00	1.00	<b>0.00</b>
	Rate	1.63	1.62	<b>0</b>
Recordable work-related injuries	Total number	21.00	21.00	<b>25.00</b>
	Rate	34.30	34.02	<b>34.83</b>

Please note that data does not include employees who have an accident with only 1 day absence as well as commuting accidents.

# DIVERSITY & EQUAL OPPORTUNITY

(SECONDARY MATERIAL TOPIC) GRI 103-1

## Diversity & Inclusion

As a purpose-led and values-driven organisation, Encevo Group is an equal opportunities employer that believes deeply that the most diverse teams are the most innovative. Employees who have different backgrounds and experiences bring new skills and perspectives. We are convinced that a more inclusive and diverse workforce is essential to create a sense of belonging and to leverage a company's full potential.



## Organisation & Management

### Responsibilities:

#### 1. Managers' responsibilities

- Implement the group's diversity and inclusion policy as part of the day-to-day management of their employees, and apply policies and practices in a fair equitable way
- Recognise unacceptable behaviour and take immediate appropriate action. This action can vary depending on the situation or the severity/impact of an unacceptable behaviour towards an individual

#### 2. Employees' responsibilities

- Follow diversity and inclusion policy guidelines in their day-to-day activities and responsibilities with colleagues and customers
- Report inappropriate behaviour to the line manager or (if appropriate) to the Head of Group Human Resources

#### 3. Diversity & Inclusion Working Group (DIWG) - a consultative team responsible for the following assignments across the group:

- Carry out a diagnosis and define areas for priority diversity and inclusion actions;
- Develop and pilot the action plan
- Evaluate progress
- Communicate about implemented actions
- Use the exchange and discussion platform
- Welcome and analyse suggestions

## Progress 2020:

To lay the groundwork for our diversity and inclusion journey, we put in place a solid foundation over the course of 2020 by:

Publishing our first Diversity & Inclusion Policy on 1<sup>st</sup> January 2020. Its purpose is to promote a workplace where each of our employees, and all those we interact with as part of our work, are treated with fairness, dignity, and respect. Our corporate values; Respect, Team Spirit, Commitment, and Excellence support this endeavour.

Our aim is to benefit from an environment where employees feel valued, included and empowered to share their ideas.

The policy incorporates principles of diversity and inclusion in employment-related policies and hold all employees accountable for creating an inclusive environment.

Creating a Diversity & Inclusion Committee, composed of 13 diverse staff members who are charged with acting as ambassadors and ensuring that Diversity & Inclusion principles are embedded into the group's culture. The mission is to promote learnings and events that raise awareness in the workplace. As part of our commitment, several actions took place:

The launch of the campaign #YesToDiversity: Its purpose was to invite colleagues from different backgrounds (companies, departments, gender,

nationalities, etc.) to take part in 12 round tables moderated by an external coach to encourage discussion and sharing of perceptions on various topics related to Diversity & Inclusion. This allowed us to gain insights on how collaborators perceive diversity in their work environment. One of the goals of this initiative was to set into motion a change of mind.

On National Diversity Day (6 October 2020), we organised a Webinar, with the Minister of Family, Integration and the Greater Region. Corinne Cahen gave us the honour of opening the event. Our Group CEO, Claude Seywert, played an active role during the event, sharing the outcome of the different round tables, and outlining the next priority actions to be undertaken. He also took the opportunity to thank all the participants for their engagement and their valuable input and feedback.

A recorded version of this Webinar has been put at the disposal of all our collaborators on our intranet neo.

Since the launch of the campaign, we welcomed a real commitment by our collaborators to encourage Diversity & Inclusion in our group. We have already noticed an encouraging impact on our recruitment figures related to gender (+53% women vs. 2019) and a clear interest from our employees in participating in unconscious bias trainings.



## Learning & development

GRI 103-1 | GRI 103-2

### Materiality

Encevo Group is committed to supporting the development of all our employees throughout their career journey; across all ages, positions and stages.

Continuous Learning and Development is part of our core competences, as one of its multiple benefits is the ability to prepare for the unexpected and quickly adapt to change. This could not have been more evident than in the turbulent times of 2020.

As instructor-led classrooms, conferences and live seminars mostly came to a still stand, closing skill gaps became even more challenging in a drastically changing environment.

### Progress 2020

The disruption caused by COVID-19 did not prevent us from continuing to develop our learning activities.

2020 marked a turning point in the traditional way of approaching learning as we moved to a more rapidly digital-driven model. During the first term of 2020, a variety of courses were available on our Learning Management System covering some of the most useful and widely used Microsoft Office online learning programmes and various topics on soft skills development.

Many of our employees took the opportunity to take some of our e-learning courses which were noticeably well received and integrated as part of their daily learning routine.

More than 2,000 eLearning courses were completed in 2020.

By the end of 2020, we were delighted to extend our digital learning offer and met more of our collaborators common needs and expectations, by giving them access to webinars and conferences organised by renowned institutions in the energy sector. This allowed us to provide updates on the latest trends, technologies, and strategies regularly, and a seamless platform to expand their knowledge until we can get back to more conventional ways of accessing learning.

As part of the integration process, we also introduced a new onboarding concept called #EnergizedHires to welcome new collaborators within the first 2 weeks of taking up their duties. The concept is an effective and efficient way to rapidly provide the explanations necessary for new hires to familiarise themselves with their new working environment and various related work applications.

Despite the social distancing measures related to COVID-19, it was important to guide new hires through their first steps with the company to prevent a feeling of isolation and to maintain interaction so that they felt supported and welcomed. Digital tools came in handy and we put them to good use. Thanks to our modern intranet and our renewed IT park, we were well prepared and inspired our employees to stay in touch, even if we were physically apart.

Online learning showed significant growth over the last decade. With this sudden shift away from instructor-led classes, online learning became a huge catalyst for employees and companies to help in the adoption of this rapid change.



Training hours			Data 2019	Data 2020
Total number of training hours during the reporting period	Management/Cadre/Führungskraft	Male	7,965	<b>2,065</b>
		Female	2,124	<b>550</b>
<b>Total number of hours</b>	<b>Management/Cadre/Führungskraft</b>		10,089	<b>2,615</b>
Average number of hours	Management/Cadre/Führungskraft		24.43	<b>6.72</b>
Total number of training hours during the reporting period	Employee under Collective Work Agreement	Male	32,590	<b>8,481</b>
		Female	4,157	<b>1,070</b>
<b>Total number of hours</b>	<b>Employee under Collective Work Agreement</b>		36,746	<b>9,551</b>
Average number of hours	Employee under Collective Work Agreement		17.84	<b>7.32</b>
<b>Total number of training hours</b>	<b>Total</b>	Male	40,555	<b>10,546</b>
		Female	6,281	<b>1,620</b>
Average number of hours		Male	20.12	<b>7.69</b>
		Female	13.74	<b>5.05</b>
Average number of hours per employee	Total		18.94	<b>7.19</b>

Please note that data GRI 404-1 for Power Panels is not available.

Please note that data is not including remote language courses with a total of 1.448 hours.



# RESOURCE EFFICIENCY

(ENVIRONMENTAL) GRI 103-1 | GRI 103-2 | GRI 103-3

## Energy efficiency (secondary material topic)

The Encevo Group optimises the use of energy throughout its entire energy chain (production, transmission, distribution, supply, and end use). As the supply of electricity is one of the group's activities, it hopes to assist consumers adopt more efficient energy use habits. Information, promotional campaigns, solution suggestions, and making the latest technology available helps them improve their energy efficiency and reduce the environmental impact of their energy choices and consumption.

Energy consumption (energy sold) and, consequently, the energy intensity ratio are elements that influence profitability and the environmental footprint.

### Organisation & Management

The main goal of LuxEnergie is to provide a continuous energy supply using highly efficient installation. To reduce ecological impacts, non-renewable fuels are, more and more, being replaced with renewables. Supervised 24/7, these installations guarantee a continuous supply for the clients. The energy ratio, as well as other parameters (water consumption, etc.) are regularly monitored by the R&D department to guarantee highly efficient, clean energy production.

The continuous supervision and the regular monitoring with the comparison of the energy intensity ratios with benchmarks showed in the past a reliable method to fulfil the targets. Any major deviations are immediately communicated to the department responsible for the operation of the installation.

The Enovos Luxembourg Sales team works mainly in the B2C sphere, but also with municipalities and industrial customers. Enovos continues to be the reference energy supplier in Luxembourg.

Enovos implemented the EU Energy Efficiency Directive using enoprimes. Enoprimes encourages energy and costs savings, while providing support for energy-efficient renovation. Furthermore, our energieageance, provides a full portfolio of energy savings and efficiency services.

### Progress 2020

During 2020 Enovos also continued its efforts to encourage customers to increase their energy consumption awareness via the Efficiency Obligation Scheme. Continuous efforts were made by the customers and Enovos to support the achievement of Luxembourg's ambitious goals related to energy efficiency. With the enoprimes program, Enovos LU saved 700 GWh during the last 5 years, (2019 realised a total of 132 GWh, while 2020 realised a total of 100 GWh).

As in the previous year, considerable efforts were made in the Energy Efficiency Obligation Scheme (EEOS) in all sectors.

Enovos (incl. Leo S.A.) generated more than 3,750 offers for new energy efficiency measures while, in the same time period, more than 1,600 initiatives were finalised.

**+10,000** requests

**+350** partners

**+9** FTE

**700 GWh &  
100,000t**

**CO<sub>2</sub> saved**

(during the last 5 years)

		Date 2018	Data 2019	Data 2020
Total fuel consumption within the organization from non-renewable sources	Total GWh	803	824	<b>678</b>
Total fuel consumption within the organization from renewable sources	Total GWh	127	140	<b>144</b>
Electricity consumption (purchased or self-generated)	Total GWh	180	173	<b>130</b>
Heating consumption (purchased or self-generated)	Total GWh	451	462	<b>356</b>
Cooling consumption (purchased or self-generated)	Total GWh	0.00	0.00	<b>0.00</b>
Steam consumption (purchased or self-generated)	Total GWh	0.00	0.00	<b>0.00</b>
Electricity sold	Total GWh	277	273	<b>223</b>
Heating sold	Total GWh	320	339	<b>329</b>
Cooling sold	Total GWh	31.97	28.89	<b>25.20</b>
Steam sold	Total GWh	0.20	0.21	<b>0.12</b>
<b>Total energy consumption</b>	<b>Total GWh</b>	<b>1,560</b>	<b>1,599</b>	<b>1,308</b>

Please note that data for 302-1 for Paul Wagner & Fils and Power Panels is not available.

## EMISSIONS: ENERGY & CARBON MANAGEMENT

(SECONDARY MATERIAL TOPIC) GRI 103-1 | GRI 103-2

In December 2020, EU leaders agreed on a more ambitious goal for cutting greenhouse gases - reducing them by 55% by 2030 from a 1990 baseline, rather than 40%. (2030 climate & energy framework | Climate Action [europa.eu]), paving the way to update the bloc's contribution under the UN Paris climate agreement.

Sustainability targets for group operations aim at reducing the group's carbon footprint by converting its automotive fleet to electric, reducing the impact of its buildings, burying power lines, and more. We also have an on-going research project that investigates how hydrogen could replace natural gas. (Interview: Driving Luxembourg's green energy push, with Mr Claude Seywert, CEO of Encevo | ILA - Institut Luxembourgeois des Administrateurs)

### Organisation & Management

With rising CO<sub>2</sub>-prices and a focus on clean environment awareness, the reduction of GHG emissions from installations concerned with the ETS will be more and more important for LuxEnergie. Generally, the reduction in GHG emissions will reduce the environmental footprint for all its installations. As emissions are directly influenced by energy consumption, continuous supervision and monitoring, as well as a regular maintenance of the installations, ensures the minimisation of GHG emissions.

## Progress 2020

GRI 305-1: Direct (Scope 1, GHG protocol) GHG emissions		Data 2018	Data 2019	Data 2020
Total	Total in Teq CO <sub>2</sub>	79,609.0	83,865.9	<b>76,185.7</b>
Total	CO <sub>2</sub>	78,194.0	80,315.0	<b>73,307.7</b>
Total	CH <sub>4</sub>	1,415.0	3,550.0	<b>2,877.0</b>
Total	N <sub>2</sub> O	0.0	0.0	<b>0.0</b>
Total	HFC	0.0	1.0	<b>1.0</b>
Total	PFC	0.0	0.0	<b>0.0</b>
Total	SF <sub>6</sub>	0.0	0.0	<b>0.0</b>
Total	NF <sub>3</sub>	0.0	0.0	<b>0.0</b>

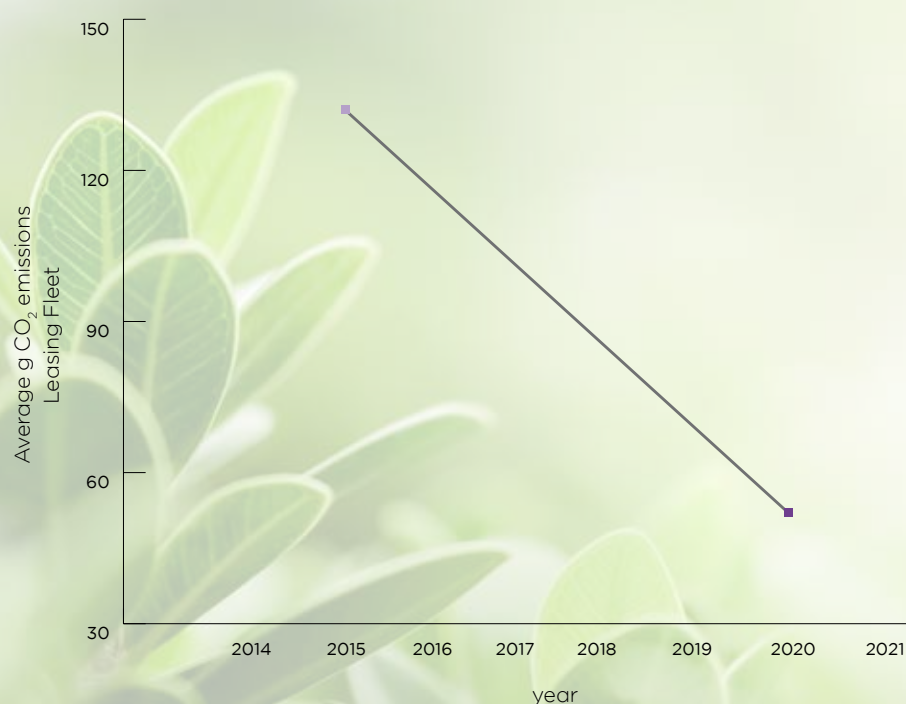
Please note that data GRI 305-1 for Paul Wagner & Fils and Power Panels are not available.

### Encevo's Carbon Management Programme

The first carbon assessment of our energy sales activities and for the holding's activities was conducted in 2012. We developed an action plan based on 5 main areas (sale of energy, travel, purchasing and services, company catering and paper consumption) with 22 well-defined actions to reduce the carbon footprint of our activities.

For example, we implemented measures to begin reducing paper: digitalised invoices and order forms (pdf format), drastic reduction of internal printing, and digital signatures, etc. Other actions, which significantly reduced our CO<sub>2</sub> emissions, included a substantial increase in using regional products in our company restaurant and the replacement of our automobile fleet with electric cars.

In 2015, our leased fleet emitted, on average, 132g CO<sub>2</sub>. We reduced this to 74g CO<sub>2</sub> in 2019 with an over-performance of 52g CO<sub>2</sub> for 2020 (target 2020: 60g CO<sub>2</sub>)





Creos is installing Chargy terminals. The enodrive services offered through recharge cards by Enovos allow for their easy use throughout the country. At the building level, we have constructed the new headquarters in Esch adhering to the highest possible energy efficiency standards. Currently, we are in the final phase of construction for the new Creos headquarters.

Other objectives include controlling the consumption of our buildings through ISO 50001 certification. As an energy producer, we are constantly increasing local or even regional production of green energy. We focus, above all, on photovoltaic and wind energy.

During 2020, we launched a new climate neutral natural gas green product (naturgas) for all residential customers through our energy supplier Enovos. The volume consumed in this initiative was approx. 380,000 tons of CO<sub>2</sub> in 2020. Consumption was offset by VCS (Verified Carbon Standard) certificates from Nicaragua, Ghana, India, Taiwan, and Namibia. Enovos is the only supplier in Luxembourg to have its climate neutral natural gas verified from top to bottom every year by an independent institute. The CO<sub>2</sub> offset certificates for this climate neutral natural gas come, among other things, from climate protection projects from Luxembourg's development aid partner countries. The emission certificates selected for these projects meet the Gold Standard and are compatible with VCS-VER (Verified Carbon Standard - Verified Emission Reduction) ([www.naturgas.lu](http://www.naturgas.lu)).

Thanks to its many years of experience, Enovos can offer its customers CO<sub>2</sub> compensation projects from different continents. From 1<sup>st</sup> July 2020, the eno4climate product which offsets carbon footprint and energy consumption for CO<sub>2</sub> emissions from transport, was launched for special contract customers, public associations, and municipalities. The necessary carbon footprint calculation is determined by our subsidiary energieagence, using a Bilan Carbone method.

### **IT Material Replacement & Achieving Important Energy Savings**

During 2020, we recycled 3.4 tons of IT equipment ensuring a circular cycle. Second in our circular economy initiatives, we supported the Mind the Gap project to reduce the digital divide between schools and students in Africa. 359 pieces of IT equipment (PCs: 87 units, notebooks: 25 units, screens/docking stations: 247 units) were donated to the Luxembourgish Raoul Follereau Foundation.

### **Resource Efficiency in our Offices: Ban on Single Use Plastic in all Headquarters Meeting Rooms**

In 2021, sales of single-use plastics such as drinking straws, cutlery and cotton buds will be banned in Europe. We have confidence in the high level of plastic recycling in Luxembourg but nevertheless, we believe that even if this is a small step in our journey, it has an impact on saving our resources, as well as on the mindset of employees, partners, and customers as they come together in our meeting rooms.

Our action plan banned single use plastic items in our headquarters from 2019. During 2020, we banned single-use plastic bottles from meeting facilities in our Creos headquarters and replaced them with re-usable glass bottles. This saved 40,236 plastic water bottles (1<sup>st</sup> October 2019 to 31<sup>st</sup> Dec 2020) and 12,000 plastic coffee creamers (1<sup>st</sup> October 2019 to 31<sup>st</sup> Dec 2020).

# ABOUT THE REPORT

GRI 102-45 | GRI 102-46 | GRI 102-48 | GRI 102-48 | GRI 102-50 | GRI 102-51 | GRI 102-52 | GRI 102-53 | GRI 102-54

This report is the official publication of Encevo's sustainable development achievements and performance for 2020. This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It covers all Encevo's S.A. activities and entities for the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2020, corresponding to the company's fiscal year. Our fully consolidated companies were included - consequently, Global Facilities and Power Panels were added to the scope. The reporting cycle is annual. The previous publication was released in 2020 and covered Encevo's sustainable development achievements and performance for 2019. The next publication will be released in 2022 and will cover Encevo's sustainable development achievements and performance for 2021.

The report's Content Index refers to general and topic specific disclosures from the GRI standards. Please find GRI index page 77.

All of our publications are available on our website: [www.encevo.eu](http://www.encevo.eu). Encevo is at your disposal to provide any other information on our sustainability approach. To this end, stakeholders are encouraged to give feedback regarding their expectations and concerns via our dedicated email address: [CSR@encevo.eu](mailto:CSR@encevo.eu)

## GRI CONTENT PRINCIPLES NOTE

Our materiality analysis was supported by an independent sustainability advisory firm during 2019 and consisted of the following steps:

### Topic identification

27 topics were initially identified based on the following methodology:

- A documentary analysis including Encevo's previous Annual Reports and Sustainable Development Reports as well as the Global Reporting Initiative's standards and Electric Utilities sector supplement.
- A comparative sectoral study of energy companies based on their sustainable development reports.

### Impact assessment

The significance of the economic, social, and environmental impacts of Encevo's activities was assessed through a workshop with the CSR committee (headed by the CEO of Encevo S.A.). Two assessment criteria were used:

- The impact level (from 1 - not significant to 4 - very significant);
- The level of performance (from 1-high performance to 4-low performance).

### Contribution to the SDGs

To refine the impact analysis performed while developing the materiality matrix, and to better identify our contributions to the SDGs, a risk and opportunity analysis throughout the value chain was conducted with the CSR committee. The methodology was based on UNGC (United Nations Global Compact) and GRI recommendations (Integrating the SDGs into corporate reporting: a practical guide, 2018). An assessment scale from 1 (low) to 4 (very significant) was used to assess the positive and negative impacts throughout the value chain.

### Stakeholder engagement

Encevo has a responsible and sustainable business model, which puts stakeholders at the centre of its strategy. The company's objective is thus to build confidence and relationships based upon trust with stakeholders. Encevo also seeks to deepen stakeholder participation, engagement, and their sense of connection with Encevo. We therefore hold two-way communication, transparency, active listening, and equal treatment as fundamental principles.

At the same time, we take into consideration the legitimate interests of the stakeholders and effectively disclose the activities and businesses of the group.

The stakeholder engagement process in the materiality analysis were defined as follows:

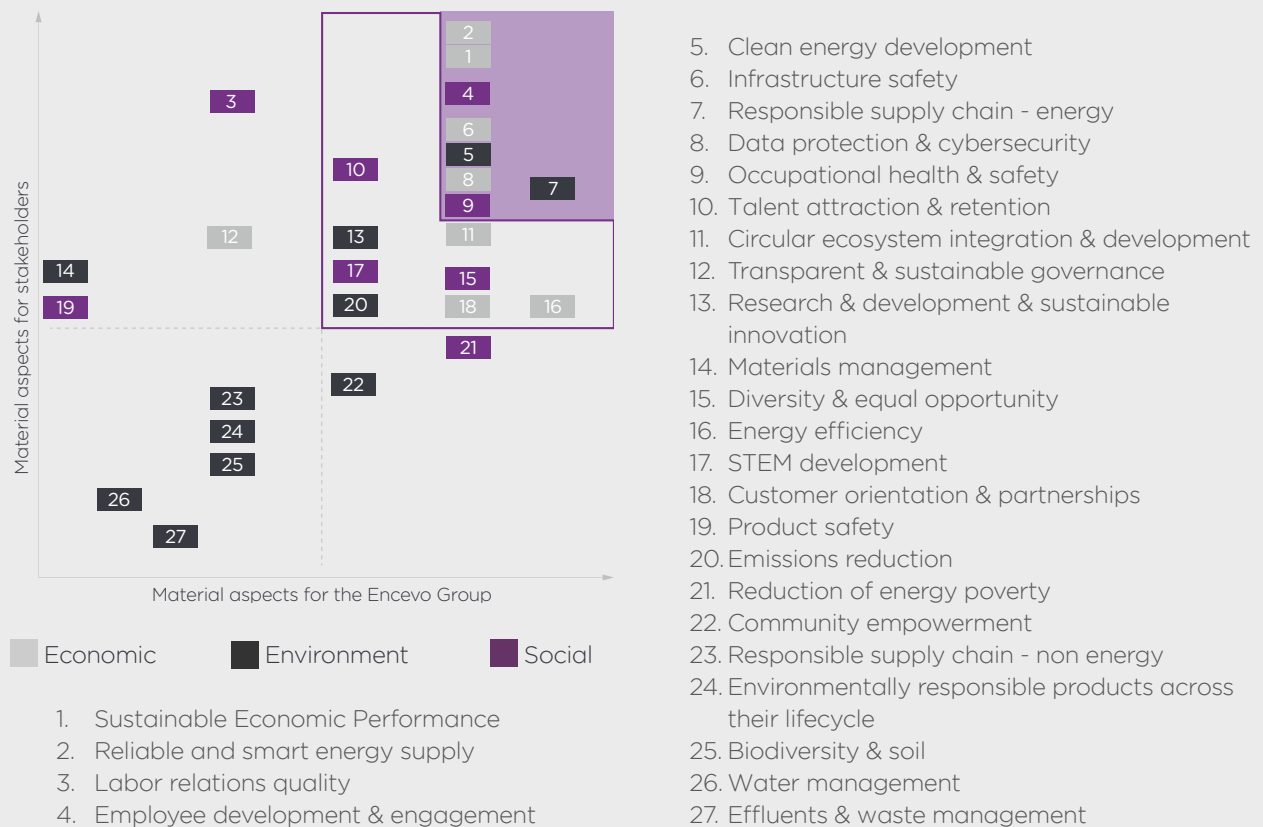


Stakeholders were identified and mapped by the CSR committee according to both their level of influence on Encevo and their level of dependence on Encevo. A 3-year action plan for stakeholder engagement was designed for the years 2019-2021. Each stakeholder group was weighted identically. According to our action-plan, we engaged with customers, employees, R&D partners and the FEDIL as explained in the chapter on stakeholder mgt. The materiality will be substantially updated during 2022.

### Selection of material topics

Through analysing the economic, social, and environmental impacts of our activities, and engaging stakeholders, the following materiality matrix was created:

■ Material topics    □ Secondary topics



Priority and secondary topics were established using a materiality threshold determined collectively by the CSR committee:

8 topics were identified as material, the coordinates of which are greater than or equal (3:3) as illustrated in the purple area of the matrix

8 secondary topics were defined in the light grey area and the coordinates of which are greater than or equal (2.5:2.5) as illustrated in the light grey area of the matrix.

For 2021, Encevo will continue to engage with our employees, using a mix of workshops and surveys. The materiality analysis, recorded improvement items, and constructive feedback from our stakeholders will provide insight that will be used in the continuous improvement process.

## EXPERT ADVICE & REVIEW

GRI 102-56

Forethix Sàrl has been entrusted by Encevo Group to conduct an expert advice on the principles of content aligned with Global Reporting Initiative Standards for its annual Sustainability Report 2020, disclosed in Encevo Group website, for the financial year 2020.

**Scope:** Forethix was engaged to review the GRI standards alignment in the Encevo Sustainability report 2020, related to Encevo Group's sustainable performance for the time period 1<sup>st</sup> January to 31<sup>th</sup> December 2020. Forethix performed the expert advice and review in accordance with the GRI Standards for the "core" option.

**Responsibility:** The sustainability disclosures as well as the data collection, analysis and reviewing processes, systems and protocols are completed by Encevo Group. The content, figures and presentation of this report are the sole responsibility of the management of Encevo Group. The Forethix responsibility is to perform a preliminary review to ensure the information is clearly labeled, referenced and presented in the GRI Content Index as required by the GRI 102-55 for the core option.

**Findings, Conclusions and recommendations:**

- Develop additional key performance indicators to better monitor performance against material topics
- Get external assurance of key performance indicators related to material topics
- Expand & renew stakeholders engagement to seize the impacts of Covid-19 pandemics and update the materiality analysis
- Scale up goals & targets related to the material topics to boost progress

**Limitations:** This verification does not replace the validation of the Global Reporting Initiative, but give a first preliminary opinion.

Date: 7<sup>th</sup> April 2021



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## GOVERNANCE DETAILS

### BIOGRAPHICAL NOTES

#### **Marco HOFFMANN**, Chairman of the Board:

Marco Hoffmann was born on 11 January 1966 in Luxembourg.

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

With effect on 2 February 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.hoffman@energie.etat.lu](mailto:marco.hoffman@energie.etat.lu)

#### **Vafa MOAYED**

Chairman of the Audit Committee

Vafa Moayed was born of Iranian parents, in Casablanca (Morocco) on 7 August 1958.

He is a graduate in management and engineering from the University of Mons (Belgium) and a Réviseur d'Entreprises (certified public accountant) since 1987.

Vafa Moayed began his career with Deloitte in Luxembourg in 1983. His professional experience, spanning 33 years, focused on statutory audit, risk management, and forensic assignments for the banking and financial services industry.

He was appointed partner in 1993 and served in various capacities within the firm: audit partner,

Deloitte Group Risk & Reputation Managing Partner (2005-2017), leader of the Risk & Attest department of Deloitte Consulting (2007-2015), member of the Executive Committee (2005-2017). He also served as Deloitte Luxembourg Chief Ethics Officer (2005 to 2010) and created and led Deloitte Luxembourg Russia & CIS desk (1998-2015).

Vafa Moayed is currently serving as independent director with a few companies and not for profit organisations.

#### **Claude SEYWERT**

CEO of Encevo S.A.

Claude Seywert was born on 13 July 1971 in Luxembourg.

He graduated in physics at the Eidgenössische Technische Hochschule (Zürich, Switzerland). He continued his studies in the United States and holds an MSc and PhD in aeronautics from the California Institute of Technology, (CalTech).

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, ArcelorMittal Florange (France). He joined Creos Luxembourg S.A. in 2012 (having previously served in various boards of directors in the Enovos Group). Beginning 2014, he was appointed Deputy CEO of Creos Luxembourg S.A.

As of 1 August 2015, Claude Seywert was appointed CEO and member of the board of directors of Creos Luxembourg S.A. He has also been a member of the Executive Board of Encevo S.A. since that date and exercised this responsibility until 15 September 2018, when he started to assume the position of Chairman of the Executive Board of Encevo S.A. and Group CEO. In this capacity, Claude Seywert is in charge of Acquisition & Strategic Foresight, Group Human Resources, Group Strategy and Innovation Management,



Legal, Corporate Governance, Compliance and Corporate Communication. In addition, he is also in charge of Technical Services.

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

### **Erik VON SCHOLZ**

CEO of Enovos Luxembourg S.A.

Erik von Scholz was born on 26 June 1969 in Brussels, 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 von Scholz worked for PWC in the Audit and Corporate Finance Services departments.

From 1998 to 2015, he held several senior management 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 joining Encevo in 2016, he was appointed Member of the Executive Board of Encevo S.A. in September of that year, in charge of Corporate Development and Strategy. He has also been in charge of Renewables since 1 March 2017.

He took over the responsibility of CEO and Member of the Board of Directors of Enovos Luxembourg S.A. on 15 September 2018. He is a Member of the Executive Board of Encevo S.A. in this capacity.

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

### **Marc REIFFERS**

CEO of Creos Luxembourg S.A.

Marc Reiffers was born on 3 August 1960 in Ettelbruck (Luxembourg). He graduated in mechanical engineering at the Compiègne University of Technology (France). He has a Master of Science in offshore engineering from the Cranfield Institute of Technology (England) and holds a degree in business administration from the Institute

of Business Administration in Aix-en-Provence (France).

From 1986 to 2009, Marc Reiffers held several senior positions in the steel industry group ARBED, Arcelor and ArcelorMittal. In 2009, he joined Enovos Luxembourg S.A. as Head of Markets Strategy & Controlling and was appointed COO in January 2011.

On 1 August 2015, Marc Reiffers was appointed CEO and member of the Board of Directors of Enovos Luxembourg S.A. as well as, in this capacity, member of the Executive Board of Encevo S.A. He took over the responsibility of CEO and member of the Board of Directors of Creos Luxembourg S.A. on 15 September 2018. He is a member of the Executive Board of Encevo S.A. in that capacity.

Marc Reiffers can be reached at [marc.reiffers@creos.net](mailto:marc.reiffers@creos.net)

### **Guy WEICHERDING**

CFO of Encevo S.A.

Guy Weicherding was born on 25 September 1961 in Luxembourg.

He graduated as a commercial engineer from the Université 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 financial management positions in the Wire Drawing Division and within the long carbon sector in 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 of Chief Financial Officer (CFO) and Member of the Executive Board, in charge of Group Finance, Tax and Treasury, Accounting, Controlling, Group Internal Audit, Group IT, Group Risk Management and Group IT Security.

Guy Weicherding can be reached at [guy.weicherding@encevo.eu](mailto:guy.weicherding@encevo.eu)



# Management Report



Encevo S.A. is the holding company for the energy supplier Enovos Luxembourg S.A. and for the service provider Enovos Services Luxembourg S.A. which are both not regulated, and the grid operator Creos Luxembourg S.A. which is regulated.

The consolidated annual accounts include those of Encevo S.A. and those of its affiliates (the “group”), including 60 companies, of which 40 are fully consolidated and 20 are consolidated under the equity method.

## HIGHLIGHTS

2020 was marked by the COVID-19 pandemic, negatively impacting the whole economy across Europe, which resulted in lockdowns and in a reduced customer take-off leading to a volume decrease in power and gas in the group's core markets. Therefore, in addition to the HR and health challenges, position handling was a key factor, and the Energy Management & Trading teams of Enovos Luxembourg S.A. benefited from high price volatility in power and gas to partly counterbalance negative volume effects.

Despite the sanitary crisis, the Encevo Group confirms a positive operational performance after a satisfactory year in 2019, with most of the business units reaching or even exceeding their targets, except the large customer sales activities in France and especially in Germany, the latter impacted both by the COVID-19 pandemic and by a warm winter 2019/2020. As a result of a strategic review, the group took the decision to exit the German B2B market and to initiate the process to sell the shares held in Enovos Energie Deutschland GmbH.

In the group's sales activities, focus remained on further improving customer centricity, which helped maintain good customer relations. The operational teams maintained ongoing high service levels and the SME sector in France continued to progress. The group's energy sales of 1,696 MEUR in 2020 slightly decreased compared to prior year's level by some 7.8%.

In the area of renewable assets, another 15.7 MW of PV capacity were connected to the grid in Luxembourg, while the group further grew its project pipe line of wind assets in Luxembourg through its joint venture Soler S.A.. In Germany, the group consolidated its position among the market leaders in Operation & Maintenance,

while the renewable asset base expanded and performed above expectations in Belgium and the Netherlands.

With regards to the main litigation regarding Italian renewable activities, the Court of Appeal issued its judgement on January 20<sup>th</sup>, 2021. It has confirmed the first instance judgement rejecting again both (i) the claim brought by EAM against Enovos Luxembourg, thus confirming the absence of any civil liability of Enovos Luxembourg S.A. towards EAM and (ii) the claim brought by the Italian Public Prosecutor against ESI II. It further, amongst others, ruled that no contractual fraud was committed against EAM and revoked condemnations against Aveleos S.A. as civilly liable party.

In 2020, grid investments continued at a high pace although a number of projects were affected by the sanitary crisis. Creos Luxembourg S.A. invested a record amount of EUR 152.9 million, thus contributing to an overall increase in grid sales from EUR 163 million up to EUR 173 million.

In regard to the expansion and development strategy of the “Technical Services” pillar within the Encevo Group, Enovos Services Luxembourg S.A. acquired a majority stake in Minusines S.A., leading distributor and consultant in the field of electrical equipment and professional lighting in Luxembourg, and increased its stake to 100% in the shareholding of Global Facilities S.A., until then a 50/50 joint venture between Enovos Services Luxembourg S.A. and Omnitec Participation S.A..

Continuing its investments in innovative companies in the energy domain, Encevo S.A. took a minority participation in the Luxembourgish startup DataThings S.A..

Overall, the consolidated turnover decreased in 2020 due to the aforementioned lower sales volume, achieving a total of EUR 1,998 million, compared to EUR 2,106 million in 2019, i.e. -5.1% year on year. While the operational results even exceed the 2019 performance, the consolidated profit for the financial year fell to EUR 38.2 million, EUR -29.7 million below the 2019 value mainly due to impairments and provisions in regards to the group's decision to exit the B2B business in Germany and to unfavourable market price evolutions negatively impacting a long term sourcing contract.

## NON-REGULATED ACTIVITIES

### Sales Luxembourg

In 2020 market shares remained at a high level in all sectors, and Enovos Luxembourg S.A. continues to be the reference supplier in Luxembourg. Thanks to the strong commitment of all employees, the different challenges in the context of the COVID-19 pandemic have been well managed. All customer segments, except residential customers, were impacted by the COVID-19 pandemic. Electricity sales totalled 4.4 TWh compared to 4.6 TWh in 2019. Gas sales decreased from 6.9 TWh in 2019 to 6.3 TWh in 2020. In addition to COVID-19, the main reasons for this reduction were the decommissioning of a major industrial gas customer and above average temperatures in 2020.

In the context of electromobility, an e-roaming service, with a single card and a custom-made mobile application for end customers was implemented on top of the Chargy network in Luxembourg, allowing customers to charge electrical vehicles across all of Europe.

### Energy Management and Trading (EMT), Sales France and Belgium

Despite the COVID-19 confinement, the group's French sales activities continued their growth in the SME and large account segment securing the future sales portfolio as from 2021. However, 2020 sales volumes and financial results were negatively impacted by the COVID-19 confinement. The roll out of the French Governments' support programs and a strong and sound cooperation between the units in Luxembourg and France allowed the avoidance of customer defaults and a successful management and collection of outstanding

invoices. Apart from increasing the customer basis, focus going forward will remain on organisational simplification and automation to lower specific costs and to anchor the group's business in France.

Profitable arbitrage in power and gas assets partly counterbalanced the reduced sales volumes and margins. Spreads for gas storages and transport capacities improved and hedges were further optimised during the year. Furthermore, teams worked successfully to improve automated trading activities and to progress towards automated direct marketing of renewable assets.

### Renewables Luxembourg

During 2020, the installed capacity for renewable assets in Luxembourg increased to 184 MW (PY 170 MW). Assets comprise 95 MW (PY 91 MW) of onshore wind, 41 MW (PY 43.5 MW) of combined heat and power (CHP), 32 MW (PY 32 MW) of hydro power and 16 MW (PY 3.4 MW) of photovoltaic installations.

The total electrical production reached 462 GWh, 1% down from last year. The power production was affected by the phase-out of three CHP installations and by low water levels. The good performance of wind and PV assets contributed positively to the final electrical output.

Soler S.A completed the repowering of its project "Windpower", replacing four wind turbines of 500 kW each by one turbine with a power of 3.2 MW. The construction of the Garnich project, consisting of two wind turbines advanced well despite the pandemic. One wind turbine was commissioned in December 2020, the other one in February 2021. The wind project pipeline increased by redesigning the portfolio with higher capacity turbines and exploring new locations for potential projects. Strong focus lies on developing these projects in a timely manner, in order to commission them by 2022.

All PV projects of Enovos Luxembourg S.A. which were awarded a Feed-in Premium in the first tender round in 2018 were commissioned in the first quarter of 2020, with their performance exceeding the expectations for 2020. Additional 8 PV projects comprising rooftops, carports, floating and ground-mounted installations for a total capacity of 19.2 MWp were awarded a



Feed-in Premium through the tendering process in the second quarter of 2020. The new PV projects are scheduled for construction in 2021.

The year 2020 was another successful year for Luxenergie S.A. and its major subsidiaries Kiowatt S.A., Airport Energy S.A. and Datacenterenergie S.A.. Luxenergie managed to maintain a sound performance throughout the year by efficiently operating its assets. As a consequence of the pandemic, the Strassen cogeneration project was delayed by a couple of months and will be commissioned in the beginning of 2022. Several biomass projects were secured and are in development, in line with the objective to replace fossil fuel sources with wood energy in heating and CHP installations.

#### Renewables International

Following the finalization of the sale of the last 2 biogas plants end of 2019, the group integrated strategy has been updated with a focus on expanding the footprint in renewable energies in the Netherlands and opportunistically in Belgium through development and construction of photovoltaic projects. Hence, the organisation was reinforced, resulting in stronger positioning on the Dutch PV market and in the construction of 4 additional Photovoltaic projects for a total additional capacity of 4.3 MW, bringing the total capacity in the Netherlands to 9.8 MW. Furthermore, the group decided to start the initial phase of development activity in France, Grand Est Region.

The operational performance of the existing assets ended well above target, thanks to favourable weather conditions, combined with good operational management. The wind assets ended 2020 with the yearly operation production record since the commissioning of the plant beating last year's record.

With regards to the Italian renewable activities, in the main litigation, the Milan criminal court issued a first instance judgement on April 18th, 2019. The court rejected the claim brought by Norwegian investor EAM to hold Enovos Luxembourg S.A. civilly liable for contractual fraud allegedly committed by former representatives of Aveleos S.A. in the scope of the sale of PV plants to EAM Solar Italy Holding S.r.l. in 2014. With regards to the claim against Enovos Solar Investments II S.r.l. Unipersonale ("ESI II"), the group's Italian

subsidiary, the criminal court rejected the claims brought by the Italian prosecutor. After appeals were filed by some parties, the Court of Appeal of Milan re-examined the case, and issued its judgement on January 20th, 2020. It confirmed the first instance judgement rejecting again both (i) the claim brought by EAM against Enovos Luxembourg S.A., thus confirming the absence of any civil liability of Enovos Luxembourg S.A. towards EAM and (ii) the claim brought by the Italian Public Prosecutor against ESI II. It further ruled, amongst others, that no contractual fraud was committed against EAM and revoked condemnations against Aveleos S.A. as civilly liable party.

#### Sales, Renewables, and Participations Germany

The year, for the sales activities, was clouded by the impacts of the COVID-19 pandemic as well as an extremely warm winter. Customer consumption in power and gas suffered significantly and volumes had to be sold at a loss due to low market prices. Risk management activities could only cover part of these losses. Yet, onboarding new clients as well as prolonging existing contracts was successfully concluded, and the planned annual acquisition volume was almost reached. Additionally, the sales of green electricity supply models was further established. In the context of the group strategy review the decision was taken to exit this activity in 2021 by selling the shares of Enovos Energie Deutschland GmbH held by Enovos Deutschland SE.

The existing German renewable assets showed strong operational performance in 2020 with a production of 112 GWh (Wind) and 84 GWh (PV) that exceeded expectations and the prior year (2019).

PV development activities of the German renewables team were marked by the acquisition of a significant package of several PV project rights from WES Green GmbH. A planned capacity over 200 MWp in Rhineland-Palatinate is to be further developed in the next two years. The planned PV projects comprise both projects suitable for German Feed-in-tariff as well as projects with production to be sold to market participants via a Purchase Price Agreement (PPA).

The activities in development of wind projects made further progress in 2020 by signing the

EPC contract and preparation of construction of the planned extension of the Schiffweiler-Wiebelskirchen wind farm by 1 WTG. The commissioning of the extension is planned for Q4 2021. Further progress was made in planning the wind farm, Saarwellingen (3 WTG with 17 MWp), with the application for environmental and building permits at local authorities in Saarland.

German O&M activities also performed well in 2020, with the technical management of about 1 GWp of contracted PV installations mainly in Germany. The PV installations, mainly ground-mounted as well as large roof-top PV installations, were managed by two teams in the German locations of Berlin and Waghäusel (near Mannheim/Karlsruhe).

The municipalities where the group holds minority stakes overall performed well given the difficult circumstances of the pandemic. In addition, it should be mentioned that EnergieSüdwest AG has acquired a share in a local service provider at the end of 2020 to continue its strategic business field development as a full-range supplier for integrated energy concepts for their customers.

#### Technical services

During 2020, Encevo S.A. undertook a review of the group's strategy and confirmed its goal to further develop its presence in the field of technical services. This growth strategy was underlined by two acquisitions in 2020: first, Enovos Services Luxembourg S.A., the company heading the Technical Services business unit within the Encevo Group, took over 100% of the shareholding of Global Facilities S.A. in May 2020, until then a 50/50 joint venture between Enovos Services Luxembourg S.A. and Omnitec Participation S.A.. Global Facilities S.A. is mainly active in three domains, consulting & audit, facility management services and building management. Furthermore Enovos Services Luxembourg S.A. acquired a majority stake in Minusines S.A., leading distributor and consultant in the field of electrical equipment and professional lighting in Luxembourg. Minusines S.A. is a valuable addition to the 'behind the meter' part of the group's value chain. Enovos Services Luxembourg S.A. will bring its expertise to Minusines S.A. for future developments in the fields of energy efficiency, decentralised energy production and electromobility. Minusines S.A. is already a member of the "diego" platform, a cooperation

with the "Fédération des artisans".

Despite the lockdown due to the Covid-19 pandemic which for a certain period led to short-time work, all subsidiaries of Enovos Services Luxembourg S.A. continued their development of products enabling the energy transition and realized satisfactory results in 2020. Particularly noteworthy is the growth of the volume of installed PV installations, as well as of the number of installed electromobility loading stations (including the first fast chargers in Luxembourg).

#### **REGULATED ACTIVITIES**

##### Grid Luxembourg

In 2020, Creos Luxembourg S.A. invested a total of EUR 152.9 million, reaching a new record (EUR 146.9 million in 2019) although a number of projects were delayed by the sanitary crisis, mainly due to the national shutdown period in spring and to difficulties in the supply chain and travel conditions for technical suppliers.

This large investment programme was mainly driven by the power sector (EUR 82.9 million) and continuous efforts in the digitalization of the various work-streams of the organization as well as the deployment of smart meters and e-charging infrastructure. In the gas sector, the replacement activity of grid components remained high whereas the network areas were not further developed. Other investments relate to the construction of the new network operating centre in Bettembourg and of the new corporate headquarters together with the new technical centre for Luxembourg City, as well as into a large number of IT projects in particular the operational launch of a global customer relationship management software package.

Finally, Creos Luxembourg S.A. confirmed its commitment in its joint-venture Balansys S.A. which covers from 1<sup>st</sup> June 2020 on all regulated gas balancing services in the new common Belgium-Luxembourg zone, as well as in its participation Ampacimon S.A. that further develops new technology in the domain of dynamic and intelligent grid surveillance.

In power, the number of active electric meters in the Creos grid increased by nearly 5,700 to reach 291,793. A total of 4,942 GWh were transported through the network, which runs to 10,123 km. In natural gas with 510 additional gas connections

realized in 2020, the number of active natural gas meters in the Creos grid reached 48,188. In total, 8,028 GWh were transported through the grid, which runs to 2,158 km.

Besides reinforcing its own national grid, Creos Luxembourg S.A. has remained highly active at the European level by working together with the adjacent transmission system operators (TSOs) with the aim of further regional market integration and of creating new connections between adjacent markets. In order to reinforce the capacity of its high voltage interconnectors to Germany, Creos Luxembourg S.A. published details on its “project 380 kV” in September, meaning an upgrade of its current 220 kV line to 380 kV.

By the end of 2020, a total of 400 charging stations (800 charging points) for electric cars were installed and operational in the national system, thereof 366 installed by Creos Luxembourg S.A. (732 charging points). Further 227 charging stations (454 charging points) owned both privately or by communes have been integrated in the common system and are also available in public access. In 2020, the Government asked to not build 88 regular Chargy charging stations but to install super fast charging stations to be situated in the Creos electricity grid. To fulfil this demand, Creos conceived the “Super Chargy” infrastructure (160-320 kW load capacity) with specific branding to be installed on 19 sites along motorway and principal main roads throughout the country. A first site of Super Chargy was inaugurated for its test phase on 20<sup>th</sup> January 2021, at Kirchberg in Luxembourg-City.

In the context of the legally prescribed installation of smart meters, 2020 saw Creos Luxembourg S.A. progress with the roll out to reach up to 95 % of power meters and 92% smart gas meters. With a total of 269,092 installed smart power meters and 44,111 installed smart gas meters, Creos Luxembourg S.A. materially densified the network and will now focus on the more difficult installations. The entire chain of metering data communication was fully set up. At the end of 2020 Creos Luxembourg S.A. had launched the transfer of data of 61,668 power meters to the commercial suppliers.

#### Grid Germany

In Germany, besides continued investments in the

gas and power grids amounting EUR 26.2 million, the year 2020 was characterized in particular by the merger of Enovos Properties GmbH into Creos Deutschland GmbH in order to further leverage the know-how in facility management of the latter in regards to the group's properties and buildings in Saarland.

Furthermore, in 2020 Creos Deutschland GmbH launched the activities of Net4Energy GmbH. The purpose of the company is the operation of digital infrastructures, marketing, sales, or brokering and services for digital and analogue products as well as services and advice in the energy sector.

## PERSONNEL

The average number of employees of the Encevo Group further increased from 1,972 people in 2019 to 2,164 in 2020. The increase compared to 2019 is mainly due to the full acquisition of Global Facilities S.A. and Minuisines S.A..

In this year 2020 which severely impacted the habits of everyone – all group companies heavily relied on remote working for the largest periods of the year - the Board of Directors and the Management of Encevo S.A. would like to thank all employees for their flexibility, reactivity and commitment, for their contribution throughout the year and for their full support provided to reliable and strong operations of the group's core activities.

## FINANCIALS

The consolidated ordinary operating profit (EBITDA) of EUR 223.3 million exceeds 2019 value of EUR 211.9 million by EUR 11.4 million. Improved results mainly in Grid Luxembourg from continued high investments, in renewable assets and in storage activities were overcompensating the lower results in sales (mainly in Germany).

In renewable activities, the operational results confirmed the 2019 performance. All technologies i.e. in wind, PV, operation & maintenance and Combined Heat and Power (CHP) confirmed a positive trend of performance, sustaining the group's strategic orientation. Furthermore, the improvement also results from a partial revaluation of the PV assets of ESI II following the positive judgement of the Appeal process in January 2021.

The contribution from participating interests (non-consolidated) companies and companies accounted for under the equity method stayed stable in 2020 at 26.7 MEUR (2019: 26.7 MEUR).

Consolidated profit for the financial year decreased by EUR -29.7 million to EUR 38.2 million despite higher EBITDA, due to several exceptional items. First, in the context of the annual impairment testing process, the Board of Directors decided to fully depreciate the remaining book value of EUR 35.8 million of the 50 MW lignite asset, in light of the strong increase of the CO<sub>2</sub> costs during 2020. Management therefore performed a long-term assessment (until 2037) of the impact of this contract on the overall power procurement costs. This assessment done with the support of external advisors is based on different scenarios depending on the assumed evolution of key parameters, i.e. the CO<sub>2</sub> costs, which resulted in both positive (EUR 47 million) and highly negative (EUR -132 million) net present values when comparing to the assumed evolution of power market prices. Given the overall uncertainty on these valuations and on the likelihood of each of the different scenarios, and given several mitigating measures that the group has initiated respectively is further considering, no provision for this contract is deemed necessary at this point in time.

Then, following the decision to exit the B2B business in Germany, an exceptional goodwill amortization of EUR 2.4 million and a provision for a loss on sale of EUR 19.2 million have been booked. These negative elements are partly compensated by reversals on impairments in ESI II with a total impact at net profit level of EUR 10.4 million, thereof EUR 6.6 million EBITDA effective, and a positive variation of EUR 12.4 million following the review of the deferred tax liabilities leading to a revaluation of the tax charges based on current applicable rates.

## RISK MANAGEMENT AND REGULATORY AFFAIRS

In March 2019 and June 2020, a Market Risk Capital and a Credit Risk Capital were set by the Board of Directors for the core business activities of Sales, Portfolio Management and Trading. There was no violation of those limits during the year.

The Regulatory Affairs Team finalised the necessary processual adaptations resulting from the Regulation (EU) 2019/834 (in short: EMIR Refit) amending Regulation (EU) 648/2012, such as benefitting from mandatory delegation of reporting responsibilities to financial counterparties.

In the context of Regulation (EU) No 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse (market abuse regulation) as well as the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("REMIT"), Enovos Luxembourg S.A. continued to monitor for potential abuse pattern in its trading activities.

Furthermore, the team's focus in 2020 included guaranteeing a smooth transition into the post-Brexit era, seeing the transition of some brokers and organised market places to continental Europe, including the necessary modifications to the scope of clearing threshold calculations. With respect to the Directive 2014/65/EU on markets in financial instruments (MiFID II), Enovos Luxembourg S.A. successfully filed for an exemption from MiFID II for 2020 and will continue to do so for 2021.

During 2020, over 8,300 reports were sent by the Regulatory Affairs Team to ACER under REMIT on behalf of group entities and their clients. In addition, the Regulatory Affairs team continued to monitor the ever-changing regulatory landscape, analysed impacts up upcoming regulations such as SFTR, and determined steps necessary to take in order to further reduce regulatory risk.

On the grid side, the main operational risks the company has to manage are accidents involving people (in-house and third parties) and network damage due to certain climatic events. Challenges linked to a general electrification of the economy (i.e. e-mobility, energy efficiency in industry, heating and transport, distributed renewable energy generation) over the next decade, aligned to the National Energy and Climate Plan of the Government, are continuously addressed by the group's Asset Management team and inserted in the mid-term investment plan based on detailed project studies.

Finally, additional focus has been put on IT risks, and more specifically on IT security risks, in order to ensure that adequate policies and measures are



being put in place regarding the group's core IT systems.

## OUTLOOK

The COVID-19 crisis is expected to be present well into 2021, which will continue to be a challenge for most of the group's activities. Like in 2020, Management will continue to closely monitor the evolution of the pandemic and the potential impact on its workforce and its operations, in order to be able to take the necessary mitigation steps as soon as the need arises.

Besides these uncertainties, the main focus is to keep the leading position in a steadily growing Luxembourgish market. Enovos Luxembourg S.A. will further develop digital customer touch points and guide customers on their digital journey to products and solutions that most suit their personal needs.

After a successful 2020, the goal is to further scale up sales activities in France while also focusing on organisational simplification and automation to compete on the French market.

As a consequence of the decision to exit B2B activities in the German market, the Company will prepare for the changes to its processes and organisation that potentially may be required to account for the lower volume. This is to be managed once the decision to exit this business is implemented.

In a challenging environment with volatile markets, the Company's EMT department will support position handling on behalf of sales, keeping flexibility and structure risks under control. EMT continues contributing with profitable arbitrage, optimisation of results, as well as the management of up-stream assets.

Regarding the 50 lignite contract, current outlook calls for an even stronger CO<sub>2</sub> price increase in the next years, leading to further negative margins to be expected on this contract going forward when comparing the procurement costs to market prices. Management therefore performed a long term assessment (until 2037) of the impact of this contract on the overall power procurement costs. With a contracted volume of 438 GWh per year, the currently expected, albeit highly uncertain,

outlook of the CO<sub>2</sub> prices will negatively impact the financial results of the group mainly after 2023.

Towards decarbonisation, the Encevo Group will further play a key role in the energy transition. Investments in local green-source power production playing an integral role in Luxembourg's clean energy transition. Furthermore, Enovos Luxembourg S.A. is continuing its activities in the area of renewable energies in neighbouring countries, focusing on PV and Wind projects in Germany, Netherlands, Belgium and potentially in France.

In 2021 and subsequent years up to 2025, Creos Luxembourg S.A. plans to make record investments of EUR 821 million, of which the majority will concern the electricity grid infrastructure and related modernization and digitization required by the future power market design. Thus, the increasing balance sheet, alongside with a strict cost controlling, guarantees adequate financial results despite the decrease of the regulated return on investment (WACC) as a consequence of falling interest rates on the capital markets.

2021 marks also the start of a new regulation period in Luxembourg, and with it comes a substantial reduction of the regulated WACC. This will lead to lower maximal allowed revenue and lower operational cash flows of Creos Luxembourg S.A..

A new law amending the amended law of 1<sup>st</sup> August 2007 on the organisation of the electricity market will enter into force from 15<sup>th</sup> April 2021. In addition to some adaptations, new themes affecting different group subsidiaries are introduced, such as the self-consumption, energy communities and the national energy data platform.

Finally, after a strong growth in the past years, the Technical Services business unit will consolidate its activities in order to leverage the know-how and expertise of the various entities in scope in order to further develop the services for the group's customers in Luxembourg.

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## OTHER INFORMATION

Encevo S.A. does not hold own shares and does not perform any research and development activities.

### CHANGES IN 2020 IN THE BOARD OF DIRECTORS OF ENCEVO S.A.

No changes occurred in 2020 in the shareholding of Encevo S.A.

Regarding board members, the mandates came to term on the day of the annual general meeting of shareholders of 12<sup>th</sup> May 2020 and the following members were appointed for a period of six years\*):

Marco Hoffmann, Chairman  
Danielle Castagna, Director  
Daniel Da Cruz, Director  
Stefan Grützmacher, Director  
Changqing Ji, 3<sup>rd</sup> Vice-Chairman  
Mike Kirsch, Director\*\*)  
Aloyse Kohll, Director  
Paul Konsbruck, Director  
Romain Lanners, Director  
Prof. Dr. Uwe Leprich, Director  
Olaf Münichsdorfer, Director  
Georges Reuter, Director\*\*)  
Joachim Scherer, Director\*\*)  
Geneviève Schlink, Director  
Li Sun, 1<sup>st</sup> Vice-Chairman  
Tom Theves, 2<sup>nd</sup> Vice-Chairman

\*) The mandates of Mr Marc Reding, Mr Frank Reimen, Mr Claude Strasser and Mr Claude Mores were not renewed and expired on 12<sup>th</sup> May 2020.

\*\*) Mr Mike Kirsch, Mr Georges Reuter and Mr Joachim Scherer have been appointed in accordance with specific rules applying to employee representatives.

## AUDITOR

The mandate of the external independent statutory auditor, Ernst & Young, initially appointed for a three year term at the annual general meeting of shareholders held on 8<sup>th</sup> May 2018, ends with the financial year 2020. The Board of directors will submit a proposal on this behalf to the annual general meeting of shareholders to be held on 11<sup>th</sup> May 2021.

The Board of Directors

Esch-sur-Alzette, 2<sup>nd</sup> April 2021



# Consolidated Annual Accounts



## 2.1 CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2020

ASSETS	Notes	2020	2019
Denominated in EUR		€	€
<b>A. Goodwill on first consolidation</b>	Note 4	<b>61,517,253</b>	<b>50,637,012</b>
<b>B. Formation expenses</b>	Note 6	<b>1,894</b>	<b>402</b>
<b>C. Fixed assets</b>		<b>2,078,509,406</b>	<b>2,007,298,904</b>
I. Intangible assets	Note 7		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration and need to be shown under C.I.3.		38,046,382	74,499,834
3. Goodwill, to the extent that it was acquired for valuable consideration		24,537,352	33,125,000
4. Payments on account and intangible assets under development		10,316,370	8,100,225
II. Tangible assets	Note 8		
1. Land and buildings		203,354,664	174,754,198
2. Plant and machinery		1,330,044,751	1,294,841,043
3. Other fixtures and fittings, tools and equipment		45,627,704	33,989,571
4. Payments on account and tangible assets in the course of construction		208,297,261	167,494,883
III. Financial assets			
1. Companies consolidated under the equity method	Note 9.1	121,968,008	121,506,667
2. Investments carried at cost	Note 9.2	76,261,572	75,987,111
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests		19,194,672	22,031,338
5. Investments held as fixed assets		14,532	12,032
6. Other loans		846,137	957,002
<b>D. Current assets</b>		<b>557,654,326</b>	<b>600,384,963</b>
I. Stocks	Note 10		
1. Raw materials and consumables		12,257,848	13,513,245
2. Work in progress		23,059,094	23,382,181
3. Finished goods and goods for resale		15,837,056	15,398,533
II. Debtors			
1. Trade debtors	Note 11.1		
a) becoming due and payable within one year		342,398,213	351,231,604
b) becoming due and payable after more than one year		0	0
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	Note 11.2		
a) becoming due and payable within one year		12,499,010	13,709,624
b) becoming due and payable after more than one year		26,000	26,000
4. Other debtors	Note 11.3		
a) becoming due and payable within one year		57,680,274	77,326,407
b) becoming due and payable after more than one year		602,641	603,467
5. Deferred tax assets	Note 11.4	120,704	533,662
III. Investments	Note 12		
3. Other investments		717,067	1,382,223
IV. Cash at bank and in hand	Note 13	92,456,420	103,278,018
<b>E. Prepayments</b>	Note 14	<b>31,009,419</b>	<b>26,790,137</b>
<b>TOTAL ASSETS</b>		<b>2,728,692,297</b>	<b>2,685,111,419</b>

The notes in the annex form an integral part of the annual accounts.

<b>CAPITAL, RESERVES AND LIABILITIES</b>	Notes	<b>2020</b>	<b>2019</b>
Denominated in EUR		€	€
<b>A. Capital and reserves, group share</b>	Note 15	<b>1,063,039,194</b>	<b>1,066,937,147</b>
I. Subscribed capital		90,962,900	90,962,900
II. Share premium account		387,028,449	387,028,449
IV. Consolidated reserves		489,875,297	468,682,183
IV.b Other non available reserves		23,615,758	23,615,759
V. Profit or loss brought forward		47,269,985	41,796,926
VIII. Capital investment subsidies		5,890,632	5,134,902
Consolidated Profit or loss for the financial year, group share		18,396,173	49,716,028
<b>A.1. Minority interests</b>		<b>280,731,491</b>	<b>261,704,162</b>
<b>A.2. Capital and reserves, total</b>		<b>1,343,770,686</b>	<b>1,328,641,309</b>
<b>B. Provisions</b>		<b>241,757,630</b>	<b>218,891,758</b>
1. Provisions for pensions and similar obligations	Note 16.1	122,957,747	116,862,107
3. Other provisions	Note 16.2	118,799,882	102,029,651
<b>C. Creditors</b>		<b>1,109,539,359</b>	<b>1,098,431,075</b>
1. Debenture loans			
b) Non convertible loans	Note 17		
i) becoming due and payable within one year		32,296,122	2,288,627
ii) becoming due and payable after more than one year		367,000,000	397,000,000
2. Amounts owed to credit institutions	Note 18		
a) becoming due and payable within one year		13,332,633	12,193,544
b) becoming due and payable after more than one year		77,883,858	88,529,607
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	Note 19		
a) becoming due and payable within one year		23,014,669	14,806,577
b) becoming due and payable after more than one year		0	0
4. Trade creditors	Note 20		
a) becoming due and payable within one year		335,708,363	339,488,978
b) becoming due and payable after more than one year		198,891	279,886
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	Note 21		
a) becoming due and payable within one year		7,194,937	6,101,718
b) becoming due and payable after more than one year		0	0
8. Other creditors	Note 22		
a) Tax authorities		59,275,877	42,518,296
b) Social security authorities		5,612,778	4,727,032
c) Other creditors			
i) becoming due and payable within one year	Note 23	28,264,892	21,691,359
ii) becoming due and payable after more than one year		70,237,996	75,216,685
9. Deferred income tax	Note 24	89,518,343	93,588,764
<b>D. Deferred income</b>	Note 25	<b>33,624,623</b>	<b>39,147,278</b>
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>2,728,692,297</b>	<b>2,685,111,419</b>

The notes in the annex form an integral part of the consolidated annual accounts.

## 2.2 CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### - LEGAL PRESENTATION

PROFIT AND LOSS ACCOUNT	Notes	31.12.2020	31.12.2019
		€	€
<b>1. Net turnover</b>	Note 26	1,998,086,390	2,105,886,405
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	Note 1	48,846,621	46,962,274
<b>4. Other operating income</b>	Note 27	20,195,239	21,166,240
<b>5. Raw materials and consumables and other external expenses</b>	Note 28		
a) Raw materials and consumables		(1,537,290,344)	(1,654,122,160)
b) Other external expenses		(93,560,301)	(104,969,140)
<b>6. Staff costs</b>	Note 29		
a) Wages and salaries		(166,520,517)	(151,626,211)
b) Social security costs			
i) relating to pensions		(12,418,422)	(11,826,761)
ii) other social security costs		(17,503,780)	(15,472,986)
c) Other personnel costs		(11,160,490)	(7,669,509)
<b>7. Value adjustments</b>			
a) in respect of formation expenses and of tangible and intangible fixed assets	Notes 4, 6, 7, 8	(168,955,542)	(129,661,102)
b) in respect of current assets	Note 10	(783,036)	(7,165,042)
<b>8. Other operating expenses</b>	Note 30	(4,604,653)	(9,264,368)
<b>9. Income from participating interests</b>			
b) other income from participating interests	Note 31	9,281,402	9,142,033
<b>11. Other interest receivable and similar income</b>			
b) other interest and similar income	Note 32	1,542,633	8,197,267
<b>12. Share of profit or loss undertakings accounted for under the equity method</b>	Note 33	17,378,793	17,607,733
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	Note 34	(19,170,000)	341,706
<b>14. Interest payable and similar expenses</b>			
b) other interest and similar expenses	Note 35	(15,423,797)	(25,155,766)
<b>15. Tax on profit or loss</b>	Note 36	(7,040,859)	(22,938,139)
<b>Consolidated Profit or loss after taxation</b>		<b>40,899,336</b>	<b>69,432,472</b>
<b>17. Other taxes not shown under items 1 to 15</b>		(2,711,346)	(1,511,447)
<b>Consolidated Profit or loss for the financial year</b>		<b>38,187,990</b>	<b>67,921,025</b>
<b>Minority interests</b>		(19,791,817)	(18,204,997)
<b>Consolidated Profit or loss for the financial year, group share</b>		<b>18,396,173</b>	<b>49,716,029</b>

The notes in the annex form an integral part of the consolidated annual accounts.

## 2.2 CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

### - LIST PRESENTATION

PROFIT AND LOSS ACCOUNT	31.12.2020	31.12.2019
	€	€
Net turnover	1,998,086,390	2,105,886,405
Other operating income	15,522,528	16,850,350
Gain on disposal of fixed assets	89,620	163,827
Work performed by the undertaking for its own purposes and capitalised	48,846,621	46,962,274
Cost of sales	(1,537,290,344)	(1,654,122,160)
Staff costs	(207,603,210)	(186,595,468)
Other operating expenses	(94,364,900)	(117,246,487)
<b>Ordinary operating profit (EBITDA)</b>	<b>223,286,706</b>	<b>211,898,741</b>
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	(168,955,542)	(129,661,102)
<b>Operating profit (EBIT)</b>	<b>54,331,164</b>	<b>82,237,638</b>
Income from investments carried at cost	9,281,402	9,142,033
Gain on disposal of financial assets	0	5,050,544
Other interest receivable and similar income	1,542,633	3,618,723
Share in result of companies accounted under the equity method	17,378,793	17,607,733
Interest and other financial charges	(34,593,797)	(25,286,060)
<b>Consolidated Profit or loss before taxation</b>	<b>47,940,195</b>	<b>92,370,612</b>
Current income tax (including net wealth tax)	(13,348,229)	(15,069,011)
Deferred income tax	3,596,024	(9,380,575)
<b>Consolidated Profit or loss after taxation</b>	<b>38,187,990</b>	<b>67,921,025</b>
Minority interests	(19,791,817)	(18,204,997)
<b>Consolidated Profit or loss for the financial year, group share</b>	<b>18,396,173</b>	<b>49,716,029</b>



## 2.3 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	31.12.2020	31.12.2019
	€	€
<b>Result for the financial year, group share</b>	18,396,173	49,716,029
+ Minority interests	19,791,817	18,204,997
+ Amortization and depreciation	168,549,605	130,078,903
+/- Capital gain/loss on disposals financial assets	0	(3,842,294)
- Capital gain on disposals fixed assets	(89,620)	(163,827)
+/- Change in provisions	22,712,871	8,006,873
- Share in result of companies accounted under the equity method	(17,378,793)	(17,607,733)
+ Dividends received from companies accounted for under the equity method	16,746,188	13,952,809
+ Current and deferred income taxes	9,752,205	24,449,586
- Taxes paid	(2,022,843)	(12,410,973)
- Increase / (+) Decrease in current assets	38,491,468	12,339,235
+ Increase / (-) Decrease in current liabilities	(12,783,904)	(6,640,819)
<b>Operating cash flow</b>	<b>262,165,167</b>	<b>216,082,785</b>
- Capital expenditures on intangible assets	(17,588,965)	(12,182,319)
- Capital expenditures on tangible assets	(191,821,527)	(175,479,095)
- Capital expenditures on financial assets	(3,147,231)	(6,398,622)
- Net Capital expenditures on purchases of subsidiaries	(39,496,886)	(8,009,109)
- Cash received from disposal of fixed assets	3,983,764	1,126,155
+ Cash received from disposal of financial assets	24,500	62,172,549
+ Net cash received from disposal of subsidiaries	0	4,500,000
+ Impact of change in scope	19,250,107	(478,388)
+/- Change in loans to participations	2,836,666	(3,380,911)
<b>Cash flow from investing activities</b>	<b>(225,959,572)</b>	<b>(138,129,740)</b>
- Dividends paid to the group shareholders	(24,878,353)	(18,920,283)
- Dividends paid to the minorities of consolidated companies	(9,713,643)	(12,619,215)
+ Change in equity	(4,105,161)	454,084
+ Subsidies received	503,974	25,967
- Net change in financial liabilities	(9,499,166)	(211,099,715)
<b>Cash Flow from financing activities</b>	<b>(47,692,349)</b>	<b>(242,159,163)</b>
<b>CHANGE IN CASH</b>	<b>(11,486,754)</b>	<b>(164,206,118)</b>
<b>Situation at the beginning of the year</b>	<b>104,660,241</b>	<b>268,866,359</b>
<b>Situation at the end of the year</b>	<b>93,173,487</b>	<b>104,660,241</b>

## 2.4 NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

### Basis of preparation

The consolidated annual accounts of Encevo S.A. (the “Company”), together with its subsidiaries, (the “group”) have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Commercial Law dated 10<sup>th</sup> August 1915 as amended and the amended Law of 19<sup>th</sup> December 2002, determined and applied by the Board of Directors. The amounts are rounded to the nearest EUR.

The object of the group is to supply electricity, gas and energy related services to customers in Luxembourg and abroad. The group is active all along the energy value chain: Production, storage, supply, transport, trading, distribution and grid operations.

The preparation of consolidated annual accounts requires the use of certain critical accounting judgements and estimates. More particularly, Management continuously evaluates underlying judgements and estimates for impairment testing and for the evaluation of long term contracts, based on experience, available facts and expected future events and evolutions. Changes in assumptions may have a significant impact on the consolidated annual accounts in the period in which the assumptions changed as well as in the following years. In this context, Management has changed in 2019 assumptions related to long term energy prices in order to best reflect the current economic environment.

The Board of Directors believes that the underlying judgements and estimates are appropriate and that the consolidated annual accounts fairly present the financial position and the results of the year. The financial year starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December of each year.

### 2020 Covid-19 pandemic

The world economy has been affected by the spread of the COVID-19 virus during 2020. Various measures were taken by governments in the countries where Encevo Group and its core subsidiaries and participations operate, to mitigate the negative impacts from this crisis. For the group as well as its core subsidiaries, all key functions were maintained, and measures were taken to ensure the safety of the employees, energy supply and grid stability. Despite the pandemic the operating results were maintained with limited impact overall. During the year 2020 the management adapted to the measures and is continuously analyzing the risks resulting from the COVID-19 pandemic.

At the beginning of 2021, the global spread of COVID-19 is still very dynamic and unpredictable. The future economic development and forecasts are subject to uncertainty. The impact on the global economy and on the Encevo Group companies in particular, as well as the length of the impact will depend on the measures taken by the governments in the countries where the group is represented.

### Scope of consolidation

The consolidated annual accounts include those of Encevo S.A. and those of its affiliates, including jointly controlled entities, and its associated companies. Together they form the group (the “Group”). The consolidated companies are listed in Note 5, “Scope of consolidation and list of consolidated companies”. All consolidated companies prepare their statutory annual accounts as at 31<sup>st</sup> December.

### Significant accounting policies

The main valuation rules applied by the group are the following:

#### Consolidation methods

The methods used are:

- Full consolidation in the case of those companies that the Encevo Group directly or indirectly controls (generally with more than 50% of the voting rights). With this method, the assets and liabilities of the consolidated companies are incorporated into the consolidated accounts, rather than the book value of the equity interests held by the group in the companies concerned. Use of this method can lead to

goodwill on consolidation and minority interests being reported. Similarly, the income and expenses of these subsidiaries are consolidated with those of the parent company and their results for the financial year are apportioned between the group and the minority interests. Intercompany accounts and transactions are eliminated.

- The equity method in the case of those companies over which the Encevo Group exercises either joint control with a limited number of associates or significant influence. With this method, the parent company's share of its affiliate's equity, based on its equity interest, is entered in its balance sheet, rather than the acquisition cost of the equity holding itself. The difference thus generated is posted to group capital and reserves. The dividends received by the respective parent company are eliminated. The other balance sheet and income statement items are not affected and intercompany accounts and transactions are not eliminated.
- Goodwill on consolidation is calculated at the time of acquisition or consolidation of an equity interest. Goodwill on first consolidation represents the excess of the acquisition price over the group's interest share in the equity of the acquired entity. Negative goodwill is accounted for in profit and loss or in provisions if it relates to anticipated future losses. Positive goodwill is recorded as an asset and depreciated over the expected economic life of the underlying assets. The positive and negative goodwills resulting from the restructuring process in 2009 have been by exception recorded in 2009 against the consolidated reserves in the shareholder's equity.
- If the Board of Directors considers that an impairment must be recognized on goodwill on consolidated entities, a corresponding value adjustment is posted.

#### **Foreign currency translation**

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date, exchange losses and realized gains are recorded in the profit and loss account for the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised exchange gains are not recognised.

All group companies use EUR as their functional currency.

#### **Formation expenses**

Formation expenses are written off on a straight-line basis over a period of 5 years.

#### **Intangible assets**

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
<b>Concessions, patents, licences, trademarks and similar rights and assets</b>	10% - 33.33%	Straight-line
<b>Goodwill, to extent that it was acquired for valuable consideration</b>	5% - 20%	Straight-line
<b>Customer contracts</b>	6,67% - 20%	Straight-line
<b>Long-term tolling contract</b>	4%	Straight-line

Where the group considers that an intangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. Except for goodwill, these value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost.

The acquisition price is made up of the purchase price, including customs due and non-refundable taxes, after deduction of commercial discounts and rebates, and any cost directly attributable to the asset's transfer to its place of operation and any adaptation needed for its operation.

Depreciation is recorded on the basis of an asset's useful life under the straight line method. The estimated useful lives of the main components of tangible assets are as follows:

	Depreciation rate	Depreciation method
<b>Buildings</b>	2% - 10%	Straight-line
<b>Plant and machinery</b>	2% - 10%	Straight-line
<b>Other fixtures and fittings, tools and equipment</b>	10% - 33,33%	Straight-line

For the grid assets in Luxembourg, when a part of grid assets is to be replaced and cannot be separately identified, no disposal of assets is accounted for and the replaced assets continue to be depreciated with normal rates. This accounting principle has been agreed with the Regulator for the determination of grid tariffs.

Where the group considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible assets under development are valued at cost, based on the direct and indirect costs of the group and are reviewed for impairment annually.

### Work performed by the undertaking for its own purposes and capitalised

The costs incurred on assets under development created by the group itself are recorded in the profit and loss account under financial statement line item "Payments on account and tangible assets in the course of construction" during the year and are transferred at balance sheet date to the appropriate balance sheet line item.

### Investments carried at cost and investments held as fixed assets

Investments carried at cost and not consolidated in these accounts are recorded in the balance sheet at their acquisition costs including the expenses incidental thereto. In the case of an impairment that the Board of Directors considers as permanent in nature, value adjustments are made in respect to these long-term investments to apply the lower value to be assigned to them at the balance sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.



Investments held as fixed assets are classified as long-term financial assets if they are not available for sale. A value adjustment is recorded where the market value is lower than the purchase price.

#### **Raw materials and consumables**

Raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average cost and market value. Value adjustments are recorded when the estimated realisable value of stocks is lower than the weighted average cost. Their value adjustments are not maintained if the reasons for recording them have ceased to exist.

#### **Finished goods and work in progress**

Inventories of finished goods and work and contracts in progress are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and a proportion of the costs indirectly attributable to the product/contract in question, and realizable value. A value adjustment is recorded where the market value is below the production cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### **Debtors**

Debtors are recorded at their nominal value. Value adjustments are recorded when there is a risk that all or part of the amounts concerned may not be recovered. These value adjustments are not maintained if the reasons for recording them have ceased to exist.

#### **Short-term investments**

Other investments are valued at their purchase price, including expenses incidental thereto, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the latest available quote on the valuation day for investments listed on a stock exchange or traded on another regulated market.

For non-listed investments or for investments where the last quote is not representative, the market value corresponds to the probable realisation value estimated with due care and in good faith by the Board of Directors.

#### **Derivative financial instruments**

The group may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The group records initially derivative financial instruments at cost.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised. In the case of hedging of an asset or a liability, unrealised gains or losses on the hedge as well as the underlying asset/liability are deferred until the recognition of the realised gains or losses on the hedged item.

#### **Cash at bank and in hand**

Cash at bank and in hand are recorded at their nominal value.

#### **Prepayments**

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

#### **Temporarily tax exempted capital gains**

Temporarily tax exempted capital gains include gains for which the taxation is deferred by virtue of

Article 54 LIR (Income tax law). Such gains, which are rolled over, are recorded at their initial value. Reinvested gains are written off using the same method and over the same period as the assets to which they relate. This financial statement line item is disclosed under “Other non-available reserves” on the balance sheet.

### **Provisions**

The aim of provisions is to cover clearly defined charges and liabilities, which, on the balance sheet date, are either probable or certain but for which the amount or date of occurrence cannot be determined with certainty. A review is carried out at year-end to determine the provisions to be recorded for the group's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

### **Provisions for pensions and similar obligations**

Different group companies offer their employees a defined benefit plan and a defined contribution plan. Those plans are provided for based on acceptable principles in the different countries of the group companies.

#### Defined benefit plan

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to historical evolution of long-term interest rates.

#### Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly registered in the profit and loss account during the year in which they are paid. The commitment of the group is limited to the contributions that the group agreed to pay into the fund on behalf of its employees.

### **Creditors**

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method. All fixed costs related to setting up the facilities are depreciated over the duration of the loan.

### **Deferred income**

This item includes income received during the financial year but relating to a subsequent financial year.

### **Current and deferred income tax**

Provisions for current income tax include the current taxes charged. Deferred taxes are recorded on the temporary differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Deferred tax assets are recorded only if it is likely that future taxable profits will be available.

**Net turnover**

Net turnover relates to transportation and distribution of electricity and gas, sales of gas and electricity, cogeneration provided as well as related services as part of the group's ordinary activities, net of discounts, value-added tax and other taxes directly linked to sales.

In energy supply, revenue is recognised at the time of physical delivery except for supplies of electricity and gas to residential and commercial customers from Enovos Luxembourg S.A. and Leo S.A. for which revenue recognition is based on five respectively eleven flat-rate advance payments and one detailed final billing following meter reading as invoiced annually.

**Other operating income**

Other operating income comprises all income only indirectly linked to usual business activities.

**Cost of sales**

The EMT (Energy Management and Trading) department within Enovos Luxembourg S.A. provides sales entities with gas and electricity sourced via bilateral procurement contracts. As both the procurement side as well as the sales sides are being managed as interdependent portfolios, there is no precise link possible between a specific sourcing contracts and a specific customer or group of customers. It is EMT's role to balance the physical and financial exposure on the sales side with the overall sourcing commitments on the upstream side.

**Income from participating interests**

Dividend income is recorded when dividends are paid.

**NOTE 2 - CREATION OF THE ENCEVO GROUP (FORMERLY ENOVOS GROUP)**

Encevo S.A. (formerly Enovos International S.A.) was incorporated under the name of Soteg S.A. in Luxembourg on 5th February 1974. The Company is registered under RCS nr. B11723. In the context of the below described operations, the Company has been renamed Enovos International S.A. in 2009. The registered office of the Company is established in Esch-sur-Alzette.

As of 23<sup>rd</sup> January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares into Soteg S.A.. Soteg S.A. then launched a mandatory public offer on all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.) and its two main subsidiaries, Creos Luxembourg S.A. (formerly Cegedel S.A.) in charge of grid activities and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) dealing with energy generation, sales and trading activities. This restructuring has been made with retroactive effect as of 1<sup>st</sup> January 2009. Enovos Luxembourg S.A. has a subsidiary, Enovos Deutschland SE, (former Enovos Deutschland AG), for the German market and Creos Luxembourg S.A. has a subsidiary, Creos Deutschland Holding GmbH (former Creos Deutschland GmbH), for the German grid.

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against issuing new shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland SE (former Enovos Deutschland AG). Cegedel Participations S.A. was sold to Soteg S.A. and the former Cegedel S.A. sales activity has been contributed to Enovos Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities have been contributed to Creos Luxembourg S.A. in exchange for shares.

In October 2016, Enovos International S.A. has been renamed Encevo S.A., the parent company of the Encevo Group.

Finally, in early 2019, the group reorganized its activities of energy related services by integrating all of the affiliated undertakings that are active in this field under the newly founded company Enovos Services Luxembourg S.A., a 100% subsidiary of Encevo S.A.. As of 31st December 2019, Enovos Services Luxembourg S.A. thus manages the participations held in Global Facilities S.A., Paul Wagner & Fils S.A., Power Panels S.A. and Agence de l'Energie S.A..

### NOTE 3 - AUTHORISATIONS

Following the two European directives 2003/54 and 55, of 26th June 2003, concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national law, namely the laws of 1st August 2007, as amended by the Laws of 18th December 2009, 17th October 2010 and 7th August 2012, regarding the organisation of the electricity and natural gas markets, transportation and distribution grid-management activities have been legally separated from the other activities of electric or gas power generation and sale.

### NOTE 4 - GOODWILL ON FIRST CONSOLIDATION

Goodwill on acquisitions is recognised on the asset side and is depreciated over the expected economic life of the underlying assets. As of 31st December 2020, the group has recognised goodwill on the following acquisitions (see also note 5):

	31/12/2020 "Goodwill Gross value" €	31/12/2020 "Goodwill Net value" €
Surré S.A.	989,661	0
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	14,871,586	4,296,236
Creos Luxembourg S.A.	9,285,305	2,682,421
Enovos Solar Investment I S.r.l. Unipersonale	805,849	0
Enovos Solar Investment II S.r.l. Unipersonale	3,035,199	0
Enovos Energie Deutschland GmbH	7,296,109	0
Creos Deutschland GmbH	9,721,789	6,958,969
Leo S.A.	21,157,085	7,052,362
ESW Energie Südwest AG	2,205,965	919,152
DiSUN Deutsche Solarservice GmbH	1,106,662	737,775
Enovos Deutschland SE	1,992,075	929,635
Creos Deutschland Holding GmbH	689,966	332,803
EGP Group	5,767,968	682,309
Paul Wagner & Fils S.A.	12,722,485	8,905,739
Power Panels SA	5,815,415	5,233,874
Enovos Renewables O&M GmbH	3,243,786	2,977,075
Global Facility	6,077,451	5,469,706
Minusines	14,339,195	14,339,195
	<b>121,123,552</b>	<b>61,517,253</b>

Value adjustments have been recorded using a straight-line depreciation method:

	31/12/2020	31/12/2019
	€	€
<b>Gross book value - opening balance</b>	<b>100,932,392</b>	<b>95,116,978</b>
Additions for the year	20,416,646	5,815,414
Disposals for the year	0	0
Transfers for the year	0	0
<b>Gross book value - closing balance</b>	<b>121,349,038</b>	<b>100,932,392</b>
<b>Accumulated value adjustment - opening balance</b>	<b>(50,295,380)</b>	<b>(44,167,650)</b>
Allocations for the year	(7,104,369)	(6,127,730)
Disposals for the year	0	0
Exceptional depreciation for the year	(2,432,036)	0
<b>Accumulated value adjustment - closing balance</b>	<b>(59,831,785)</b>	<b>(50,295,380)</b>
<b>Net book value - closing balance</b>	<b>61,517,253</b>	<b>50,637,012</b>

The additions of the year concern the acquisition of the remaining 50% in Global Facilities S.A. with effective date on 13<sup>th</sup> May 2020 on which a goodwill of EUR 6,077,451 was posted, and the acquisition of a total 72.71% shares in Minusines S.A., with effective date on 19<sup>th</sup> October 2020 for 64.54% and 7<sup>th</sup> December 2020 for 8.17%; acquisition on which a goodwill of EUR 14,339,195 was posted (see also note 5).

An exceptional depreciation of EUR 2,432,036 was booked on the remaining goodwill of Enovos Energie Deutschland GmbH in the frame of losses incurred on the company and the decision to exit from these activities in 2021.

The Board of Directors is of the opinion that no additional exceptional depreciations are necessary.



## NOTE 5 - SCOPE OF CONSOLIDATION AND LIST OF CONSOLIDATED COMPANIES

The consolidation scope is as follows as at 31<sup>st</sup> December 2020:

Name	Country	Percentage of control 2020	"Percentage of interest 2020"	Percentage of control 2019	"Percentage of interest 2019"	Main activity
Encevo S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	Luxembourg	75.47%	75.47%	75.47%	75.47%	Transport and distribution of gas and power
Encevo Re S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Reinsurance
Enovos Energie S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Luxenergie S.A.	Luxembourg	60.35%	60.35%	60.35%	60.35%	Production of heat and power
Surré S.A.	Luxembourg	100.00%	60.35%	100.00%	60.35%	Production of heat and power
Panhelios S.A.	Luxembourg	51.00%	51.00%	51.00%	51.00%	Production of power
Voltranovos S.A.	Luxembourg	51.00%	51.00%	51.00%	51.00%	Production of power
Heliavos S.A.	Luxembourg	51.00%	51.00%	51.00%	51.00%	Production of power
Leo S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Real Estate Enovos Esch S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Real estate
Enovos Real Estate Luxembourg S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Holding company in Real estate
Paul Wagner & Fils Group (*)	Luxembourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Power Panels S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Minusines S.A.	Luxembourg	72.71%	72.71%	0.00%	0.00%	Technical services provider (acquired in 2020)
Global Facilities S.A.	Luxembourg	100.00%	100.00%	50.00%	50.00%	Facility management
Enovos Services Luxembourg S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%	Holding company in technical services
Enovos Solar Investment I S.r.l. Unipersonale	Italy	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Solar Investment II S.r.l. Unipersonale	Italy	100.00%	100.00%	100.00%	100.00%	Production of power
Windpark Mosberg GmbH & Co KG	Germany	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Deutschland SE	Germany	100.00%	100.00%	100.00%	100.00%	Holding company and shared service provider
Enovos Energie Deutschland GmbH	Germany	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Enovos Future GmbH	Germany	0.00%	0.00%	100.00%	100.00%	Facility management (merged in 2020)
Enovos Renewables O&M GmbH	Germany	100.00%	100.00%	100.00%	100.00%	Operation & maintenance of solar- and windparks
Enovos Properties GmbH	Germany	0.00%	0.00%	100.00%	100.00%	Real estate (merged in 2020)
Enovos Storage GmbH	Germany	100.00%	100.00%	100.00%	100.00%	Gas Storage
Enovos Renewables GmbH	Germany	100.00%	100.00%	100.00%	100.00%	Holding company for power producers
Enovos Power GmbH	Germany	100.00%	100.00%	100.00%	100.00%	Supply of power
Energie Südpfalz Shared Service GmbH	Germany	64.00%	32.64%	64.00%	32.64%	Service provider
Creos Deutschland Holding GmbH	Germany	98.03%	73.70%	98.03%	73.70%	Holding company and shared service provider
Creos Deutschland GmbH	Germany	100.00%	73.70%	100.00%	73.70%	Transport and distribution of gas
Creos Deutschland Services GmbH	Germany	100.00%	73.70%	100.00%	73.70%	Service provider
Net4Energy GmbH	Germany	100.00%	100.00%	0.00%	0.00%	Operation of digital infrastructures
Energie Südwest AG	Germany	51.00%	51.00%	51.00%	51.00%	Supply of power, gas and heat
Energie Südwest Netz GmbH	Germany	100.00%	51.00%	100.00%	51.00%	Transport and distribution of gas, power, water and heat
Energie Südwest Projektentwicklung GmbH	Germany	100.00%	51.00%	100.00%	51.00%	Supply of heat / Provider of services in gas and power
Solkraftwerk Frauental GmbH	Germany	90.40%	53.75%	90.40%	53.75%	Production of power
DiSUN Deutsche Solarservice GmbH	Germany	80.00%	80.00%	80.00%	80.00%	Operation & maintenance of solar- and windparks
Neustromland Energieprojekt 1 GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%	Production of power
Neustromland Energieprojekt 2 GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%	Production of power
Enovos Green Power Group (**)	Belgium	100.00%	100.00%	100.00%	100.00%	Production of power

(\*) Paul Wagner & Fils Group comprises following entities: Paul Wagner & Fils S.A., Electricité Wagner Troisvierges S.A., Hoffmann SAS and BlitzschutzbauRhein-Main Adam Herbert GmbH.

(\*\*) Enovos Green Power Group comprises following entities: Enovos Green Power S.A., NPG Green I NV, NPG Green II NV, NPG Willebroek NV, Wind Farm Sankt Vith NV, Enovos Green Power NL N.V., NPG Solar Dedemsvaart B.V., NPG Solar Boekel B.V., Solar Rijssen B.V., Solar Bocholtz B.V. and Zon op NL-Snelwegen B.V..

In 2020, Global Facilities S.A. was fully acquired (remaining 50% bought from Omnitec Participations S.A. on 13<sup>th</sup> May 2020) and therefore, the company is no longer consolidated following the at equity method but is fully consolidated instead. A goodwill of EUR 6,077,451 was posted on that operation.

Furthermore, Enovos Energie S.A. (previously Ceduco S.A.) initiated its activities as energy provider mainly for SMEs in France and was subsequently added to the scope of full consolidation as at 1<sup>st</sup> January 2020.

Panhelios S.A., Voltranovos S.A. and Heliovos S.A. were created in 2018 by Enovos Luxembourg S.A. in order to invest in PV projects in Luxembourg in partnership with other Luxembourgish companies. The three companies entered the scope of full consolidation in 2020 after the full launch of the activities.

On 19<sup>th</sup> October 2020, Enovos Services Luxembourg S.A. purchased 64.54% of the shares of Minusines SA.. A second tranche of 8.17% has been acquired on 7<sup>th</sup> December 2020 bringing the total shareholding in the company to 72.71%. A goodwill of EUR 14,339,195 was posted on that operation.

In Germany, the company Net4Energy GmbH was founded by Creos Deutschland Holding GmbH on 18<sup>th</sup> December 2019, and the entry of the entity in the commercial register occurred on 7<sup>th</sup> February 2020. The company is an active partner for all utilities throughout Germany and its purpose is the operation of digital infrastructures, marketing, sales, or brokering and services for digital and analog products as well as services and advice in the energy sector.

Moreover, the company Enovos Future GmbH was merged into Enovos Power GmbH as at 1st January 2020, and the company Enovos Properties GmbH was sold by Enovos Deutschland SE to Creos Deutschland Holding GmbH which merged the company into its accounts.

Finally, Enovos Green Power NL, the mother entity of Renewable activities in the Netherlands (held itself at 100% by Enovos Green Power n.v.) founded the entities NPG Solar Dedemsvaart and NPG Boekel in late 2019. Those entities are dedicated to operating PV assets, and were consolidated in 2020 following the full development of their capacities of respectively 2.7 MWp and 2.9 MWp. Further in 2020, additional activities were launched, and they all consist in PV parks capitalized in entities that are managed by the mother company Enovos Green Power NV: Solar Rijssen with a capacity of 0.99 MWp (start of operations in October 2020), Solar Bocholtz with a capacity of 1.65 MWp (start of operations in June 2020) and Zon op NL-Snelwegen with a capacity of 1.3 MWp (start of activities in September 2020). All those entities are included in the sub-consolidation of Enovos Green Power Group.

## Companies consolidated under the equity method:

Name	Country	Percentage of control 2020	"Percentage of interest 2020"	Percentage of control 2019	"Percentage of interest 2019"	Scope variation	Main activity
Steinergy S.A.	Luxembourg	50.00%	50.00%	50.00%	50.00%	0.00%	Supply of power
Soler S.A.	Luxembourg	50.00%	50.00%	50.00%	50.00%	0.00%	Production of power
Cegyco S.A.	Luxembourg	50.00%	50.00%	50.00%	50.00%	0.00%	Production of steam
Nordenergie S.A.	Luxembourg	33.33%	33.33%	33.33%	33.33%	0.00%	Supply of power
Airportenergie S.A.	Luxembourg	50.00%	30.18%	50.00%	30.18%	0.00%	Production of heat and power
Datacenterenergie S.A.	Luxembourg	50.00%	30.18%	50.00%	30.18%	0.00%	Production of heat and power
Kiowatt S.A.	Luxembourg	50.00%	30.18%	50.00%	30.18%	0.00%	Production of power
Aveleos S.A.	Luxembourg	59.02%	59.02%	59.02%	59.02%	0.00%	Production of power
Pfalzgas GmbH	Germany	50.00%	50.00%	50.00%	50.00%	0.00%	Supply of energy
Projecta 14 GmbH	Germany	50.00%	36.85%	50.00%	36.85%	0.00%	Holding company
Energis GmbH	Germany	28.06%	28.06%	28.06%	28.06%	0.00%	Supply of energy
Windpark Wremen GmbH & Co. KG	Germany	40.00%	30.20%	40.00%	30.20%	0.00%	Production of power
SK Ahorn GmbH & Co. KG	Germany	49.10%	49.10%	49.10%	49.10%	0.00%	Production of power
NSL Projekt 2 GmbH	Germany	75.00%	62.75%	75.00%	62.75%	0.00%	Production of power
Solkraftwerk Barderup GmbH & Co. KG	Germany	32.50%	19.68%	32.50%	19.68%	0.00%	Production of power
NPG Willebroek NV	Belgium	50.00%	50.00%	50.00%	50.00%	0.00%	Production of power
Bioenergie Merzig GmbH	Germany	39.00%	39.00%	39.00%	39.00%	0.00%	Production of power
WES Green GmbH	Germany	50.00%	50.00%	50.00%	50.00%	0.00%	Production of power
ESW Grune Energie GmbH	Germany	84.90%	43.30%	84.90%	43.30%	0.00%	Production of power
Energie Sudpfalz GmbH & Co KG	Germany	50.00%	25.50%	50.00%	25.50%	0.00%	Production of power
Global Facilities S.A.	Luxembourg	100.00%	100.00%	50.00%	50.00%	50.00%	Facility management

In 2020, Global Facilities S.A. was acquired at 100% (the remaining 50% bought from Omnitec Participations S.A. on 13<sup>th</sup> May 2020) and therefore, the company is no longer consolidated under the equity method but is fully consolidated instead.

No other changes occurred in the scope of consolidation under the equity method in 2020.

## NOTE 6 - FORMATION EXPENSES AND SIMILAR EXPENSES

Formation expenses comprise costs incurred in the course of the creation of the Company.

Movements of the year are as follows:

	Total 31.12.2020	Total 31.12.2019
Denominated in EUR	€	€
Gross book value - opening balance	314,511	314,511
Additions for the year	0	0
Disposals for the year	0	0
Transfers for the year	0	0
Change in consolidation scope	3,011	0
Gross book value - closing balance	<b>317,522</b>	<b>314,511</b>
Accumulated value adjustment - opening balance	(314,109)	(314,073)
Allocations for the year	(639)	(36)
Reversals for the year	0	0
Transfers for the year	0	0
Change in consolidation scope	(880)	0
Accumulated value adjustment - closing balance	(315,628)	(314,109)
<b>Net book value - closing balance</b>	<b>1,894</b>	<b>402</b>

The Board of Directors considers that no value adjustments are needed as of 31<sup>st</sup> December 2020.

## NOTE 7 - INTANGIBLE ASSETS

Movements for the year are as follows:

	Concessions, patents, licences, trademarks and similar rights and assets	Goodwill acquired for valuable consideration	Payments on account and intangible fixed assets under development	Total 31.12.2020	Total 31.12.2019
	€	€	€	€	€
<b>Gross book value - opening balance</b>	<b>232,590,269</b>	<b>125,280,000</b>	<b>9,879,218</b>	<b>367,749,486</b>	<b>355,616,775</b>
Additions for the year	6,588,672	0	10,940,446	17,529,118	12,383,724
Disposals for the year	(1,845,833)	0	0	(1,845,833)	(49,608)
Transfers for the year	8,851,987	0	(8,724,301)	127,687	(216,555)
Change in consolidation scope	1,086,356	0	0	1,086,356	15,150
<b>Gross book value - closing balance</b>	<b>247,271,451</b>	<b>125,280,000</b>	<b>12,095,363</b>	<b>384,646,814</b>	<b>367,749,486</b>
"Accumulated value adjustments - opening balance"	(158,090,435)	(92,155,000)	(1,778,993)	(252,024,428)	(225,627,230)
Allocations for the year	(16,651,115)	(8,587,648)	0	(25,238,763)	(26,443,679)
Exceptional depreciation for the year	(35,807,402)	0	0	(35,807,402)	0
Reversals for the year	1,765,868	0	0	1,765,868	49,608
Transfers for the year	(67,224)	0	0	(67,224)	(849)
Change in consolidation scope	(374,761)	0	0	(374,761)	(2,278)
<b>Accumulated value adjustment - closing balance</b>	<b>(209,225,070)</b>	<b>(100,742,648)</b>	<b>(1,778,993)</b>	<b>(311,746,710)</b>	<b>(252,024,428)</b>
<b>Net book value - closing balance</b>	<b>38,046,382</b>	<b>24,537,352</b>	<b>10,316,370</b>	<b>72,900,104</b>	<b>115,725,058</b>

On 1<sup>st</sup> January 2013, Enovos Luxembourg S.A. started buying a flat base load of 50 MW power from two pulverised coal-fired power plants, under the terms and conditions of a long-term contract signed RWE AG (today Eon) in 2009 (see also note 40), with two components, an initial down-payment in intangible assets and a yearly off-take commitment of 438 GWh until 2037. The first component of the share of financing the plants of EUR 89,466,245 has been fully paid up and is depreciated over a period of 25 years, which corresponds to the duration of the commitment. Based on the expected evolution of market prices especially for CO<sub>2</sub> in the coming years, negative margins are to be expected on this contract going forward when comparing the procurement costs to power market prices. Accordingly, based on the impairment test performed using discounted cash flows, the Board of Directors decided to recognise a full impairment of the residual book value of this contract of EUR 35,807,402 as of 31<sup>st</sup> December 2020 (previous impairments of EUR 19,000,000 in 2015 and EUR 14,000,000 in 2014).

In this context, Management performed a long-term assessment (until 2037) of the impact of this contract on the overall power procurement costs. This assessment done with the support of external advisors is based on different scenarios depending on the assumed evolution of key parameters, i.e. the CO<sub>2</sub> costs, which resulted in both positive (EUR 47 million) and highly negative (EUR -132 million) net present values when comparing to the assumed evolution of power market prices. Given the overall uncertainty on these valuations and on the likelihood of each of the different scenarios, and given several mitigating measures that the group has initiated respectively is further considering, no further provision for this contract is deemed necessary at this point in time.

The goodwill acquired for valuable consideration relates to the customers of LEO S.A. for an amount of EUR 120,000,000 and Enovos Luxembourg S.A. for EUR 5,280,000.

The transfers for the year of EUR 8,851,987 mainly concern software projects by Enovos Luxembourg S.A. in support of the sales business and by Creos Luxembourg S.A. for the implementation of a standardised electronic market communication and of smart meter systems.

The additions for the year concern mainly other software investments in support of the sales business. The item “change in consolidation scope” concerns the first consolidation of Minusines S.A..

The Board of Directors is further of the opinion that no further exceptional value adjustments of the intangible assets are necessary.



## NOTE 8 - TANGIBLE ASSETS

Movements for the year are as follows:

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible fixed assets in the course of construction	Total 31.12.2020	Total 31.12.2019
	€	€	€	€	€	€
Gross book value - opening balance	259,743,371	2,693,263,431	143,174,498	167,494,883	3,263,676,182	3,109,647,204
Additions for the year	291,170	9,253,126	7,600,768	170,985,618	188,130,681	184,008,140
Disposals for the year	(1,916,371)	(2,897,653)	(4,172,433)	(74,349)	(9,060,806)	(2,334,817)
Transfer of fairvalue from conso to local (merger)	0	0	0	0	0	0
Transfers for the year	13,839,639	107,072,847	9,771,446	(141,225,633)	(10,541,700)	217,405
Change in consolidation scope	19,539,096	4,125,482	2,189,975	11,116,742	36,971,295	(27,861,751)
<b>Gross book value - closing balance</b>	<b>291,496,905</b>	<b>2,810,817,233</b>	<b>158,564,253</b>	<b>208,297,261</b>	<b>3,469,175,651</b>	<b>3,263,676,182</b>
Accumulated value adjust- ment - opening balance	(84,989,173)	(1,398,422,388)	(109,184,927)	0	(1,592,596,488)	(1,519,689,518)
Allocations for the year	(6,614,667)	(86,756,088)	(9,430,983)	0	(102,801,738)	(97,000,926)
Exceptional depreciation for the year	0	4,446,892	0	0	4,446,892	0
Reversals for the year	440,825	1,117,042	4,088,320	0	5,646,188	1,372,489
Transfers for the year	6,674,826	516,860	3,293,965	0	10,485,650	0
Change in consolidation scope	(3,654,052)	(1,674,800)	(1,702,924)	0	(7,031,776)	22,721,466
<b>Accumulated value adjust- ment - closing balance</b>	<b>(88,142,241)</b>	<b>(1,480,772,482)</b>	<b>(112,936,549)</b>	<b>0</b>	<b>(1,681,851,272)</b>	<b>(1,592,596,488)</b>
<b>Net book value - closing balance</b>	<b>203,354,664</b>	<b>1,330,044,751</b>	<b>45,627,704</b>	<b>208,297,261</b>	<b>1,787,324,380</b>	<b>1,671,079,695</b>

Enovos Luxembourg S.A. has participated in the construction of the 11<sup>th</sup> turbine at the Vianden pumping station of SEO S.A.. This investment qualifies as a finance lease from a tax point of view and consequently has been recorded in the books of Enovos Luxembourg S.A.. Production at the pumping station has started on 1<sup>st</sup> August 2015. The depreciation period mirrors the duration of the contract between the company and SEO S.A. which ends in 2063. The total gross value for that project amounts to EUR 111,346,944. The remaining balance of the finance obligation towards SEO S.A. of EUR 63,897,150 (2019: EUR 68,812,200) is posted under the financial statement line item "Other creditors becoming due and payable after more than one year" and EUR 4,915,050 (2019: EUR 4,915,050) is posted under the financial statement line item "Other creditors becoming due and payable within one year" (see also note 23). During 2020, Management proceeded to a change in the valuation methodology for this asset in order to better reflect the actual usage of the machine in recent years.

The item transfers of the year are mainly linked to Creos Luxembourg S.A. and Creos Deutschland GmbH transfers from payment on accounts to electricity and gas grid.

In 2020, Creos Luxembourg S.A. invested EUR 82,858,521 (2019: EUR 108,119,477) in the electricity grid and EUR 19,502,736 (2019: EUR 21,475,181) in the gas grid and EUR 44,991,863 in other assets. As of 31<sup>st</sup> December 2020, investment projects by Creos Luxembourg S.A. of EUR 110,659,468 (2019: EUR 105,613,091) have been definitively closed and transferred to their respective asset class.

Also, Creos Deutschland GmbH invested EUR 20,708,436 (2019: EUR 23,665,544) in its electricity and gas grid. As of 31<sup>st</sup> December 2020, investment projects of EUR 11,596,919 (2019: EUR 12,142,020) have been definitively closed and transferred to their respective asset class.

The caption exceptional depreciation for the year accounts for an impairment reversal on the fixed assets of ESI II of EUR 4,446,892 (see note 11.3, 11.4 and 26).

The item “change in consolidation scope” concerns the first consolidation of Minusines S.A., Voltranovos S.A., Heliovos S.A. and Panhelios S.A., Global Facilities S.A. and new entities under Enovos Green Power N.V..

The Board of Directors is of the opinion that no value adjustments of tangible assets are necessary

## NOTE 9 – FINANCIAL ASSETS

### 9.1. Companies consolidated under the equity method

Companies consolidated under the equity method are companies in which the group has a significant influence. The undertakings consolidated accordingly break down as follows:

	31/12/2020	31/12/2019
	€	€
Energis GmbH	38,497,173	38,570,876
Pfalzgas GmbH	22,785,810	22,986,259
Soler S.A.	21,457,971	20,073,290
Projecta 14 GmbH	13,702,302	13,931,883
Datacenterenergie S.A.	5,714,105	4,938,138
Kiowatt S.A.	4,594,931	4,430,947
Cegyco S.A.	2,522,893	2,241,823
SK Ahorn GmbH & Co. KG	2,190,145	2,239,645
ESW - Grüne Energie GmbH	1,753,403	1,803,047
EnergieSüdpfalz GmbH & Co. KG	1,573,196	1,616,154
NSL Projekt 2 GmbH	1,507,671	1,511,577
SKW Barderup GmbH&CoKG	1,457,349	1,431,609
Bioenergie Merzig GmbH	1,325,677	1,195,360
Windpark Wremen GmbH & Co. KG	733,960	775,314
Nordenergie S.A.	724,051	676,688
NPG Willebroek NV	686,748	668,767
Steinergy S.A.	279,814	265,452
Airportenergy S.A.	325,704	343,007
WES Green GmbH	135,107	73,870
Global Facilities S.A.*	0	1,732,962
	<b>121,968,008</b>	<b>121,506,667</b>

\*In 2020, Global Facilities is fully consolidated (please refer to note 5).

Please note that Aveleos S.A. is a company consolidated under the equity method. Aveleos S.A. had been fully impaired in year 2014.

## 9.2. Investments carried at cost

Investments carried at cost are recorded at acquisition cost. This financial statement line item also includes companies which are not consolidated because of minor significance of the group on these entities or for which the activities have not yet started as at 31<sup>st</sup> December 2020:

Name	Location	2020		2019	
		Percentage owned	"Net value €"	Percentage owned	"Net value €"
Stadtwerke Bad Kreuznach GmbH	Germany	24.52%	15,000,000	24.52%	15,000,000
Vialis S.A.	France	10.00%	11,100,000	10.00%	11,100,000
Stadtwerke Pirmasens Versorgungs GmbH	Germany	12.99%	7,367,000	12.99%	7,367,000
Enovos Pfalzwerke BG St. Ingbert GmbH	Germany	50.00%	5,000,000	50.00%	5,000,000
Stadtwerke Trier Versorgungs GmbH	Germany	24.90%	5,329,532	24.90%	5,146,780
Pfalzwerke AG	Germany	1.86%	4,628,000	1.86%	4,628,000
Stadtwerke Sulzbach GmbH	Germany	15.00%	3,306,062	15.00%	3,306,062
Stadtwerke Völklingen Netz GmbH	Germany	17.60%	3,232,302	17.60%	3,232,302
GasLINE GmbH & Co. KG	Germany	5.00%	3,387,519	5.00%	2,387,520
AMPACIMON S.A.	Belgium	21.98%	2,509,201	21.48%	1,759,542
SEO S.A.	Luxembourg	4.46%	1,971,596	4.46%	1,971,596
Solar Kraftwerk Kenn GmbH	Germany	49.00%	1,749,526	49.00%	1,749,526
Stadtwerke Bliestal GmbH	Germany	23.50%	1,333,000	23.50%	1,333,000
SWT Erneuerbare Energien GmbH & Co. KG	Germany	49.00%	1,225,000	49.00%	1,225,000
Queichtal Energie Offenbach GmbH & Co.KG (former VG Offenbach GmbH & Co. KG)	Germany	49.00%	1,173,650	49.00%	1,173,650
Energency SAS	France	11.48%	1,131,542	11.48%	1,131,542
Stadtwerke Völklingen Vertrieb GmbH	Germany	17.60%	1,100,000	17.60%	1,100,000
Datathings S.A.	Luxembourg	10.31%	695,455	0.00%	0
Solkraftwerk Niersbach GmbH	Germany	37.50%	551,309	37.50%	551,309
Windpark Meckel/Gilzem GmbH & Co. KG	Germany	10.00%	560,340	10.00%	560,340
Nexxtlab S.A.	Luxembourg	50.00%	500,000	50.00%	500,000
Trifels Gas GmbH	Germany	49.00%	492,250	49.00%	492,250
Werner Rübsam Elektrotechnik GmbH	Germany	40.00%	440,000	0.00%	0
Solarpark Nordband GmbH & Co. KG	Germany	49.00%	363,090	49.00%	387,590
Encasol S.A.	Luxembourg	50.00%	320,000	50.00%	320,000
Stadtwerke Lambrecht GmbH	Germany	15.00%	259,608	15.00%	255,043
energieagence S.A.	Luxembourg	50.00%	233,736	50.00%	233,736
Stadtwerke Homburg GmbH	Germany	10.67%	233,452	10.67%	233,452
JAO S.A. (former CASC EU S.A.)	Luxembourg	5.00%	209,809	5.00%	209,809
Neustromland GmbH & Co. KG	Germany	5.56%	145,215	5.56%	145,215
Solarpark St. Wendel GmbH	Germany	15.00%	142,500	15.00%	142,500
EnergieSüdpfalz PV-Anlage Leinefelde-Worbis GmbH & Co. KG	Germany	10.00%	127,500	10.00%	127,500
Blue Wizzard Beteiligungsverwaltungsgesellschaft GmbH	Germany	8.26%	125,000	8.26%	125,000
Enovos France SAS	Germany	50.00%	70,000	50.00%	70,000
IZES GmbH	Germany	100.00%	67,700	100.00%	67,700
BALANSYS S.A.	Luxembourg	50.00%	50,000	50.00%	15,500
Windpark Gimbleweiler & Mosberg Infr. GbR	Germany	100.00%	34,347	100.00%	34,347
ESWL.CAB GmbH	Germany	100.00%	25,000	100.00%	25,000
QEO Netz GmbH	Germany	100.00%	25,000	0.00%	0
Conosolar S.A.	Luxembourg	51.00%	15,300	0.00%	0
Energie Südpfalz Verwaltung GmbH	Germany	50.00%	12,500	50.00%	12,500
My green e Beteiligungsgesellschaft GmbH	Germany	49.00%	12,250	49.00%	12,250
Neustromland Projekt I GmbH	Germany	100.00%	5,000	100.00%	5,000
GasLINE Geschäftsführungs GmbH	Germany	5.00%	1,278	5.00%	1,278
NPG Energy Nederland N.V.	Netherlands	100.00%	0	100.00%	828,000
NPG Energy Nederland B.V.	Netherlands	100.00%	0	100.00%	100
Enovos Energie S.A	Luxembourg	100.00%	0	100.00%	1,310,250
Heliovos S.A.	Luxembourg	51.00%	0	51.00%	570,690
Panhelios S.A.	Luxembourg	51.00%	0	51.00%	91,800
Voltranovos S.A.	Luxembourg	51.00%	0	51.00%	47,430
			<b>76,261,572</b>		<b>75,987,111</b>

Entities Voltranovos S.A., Panhelios S.A., Heliовos S.A. and Enovos Energie S.A. were fully consolidated as of 1<sup>st</sup> January 2020 (refer to Note 5).

On 6<sup>th</sup> February 2020, Creos Luxembourg S.A. subscribed to a capital increase in Balansys S.A. of EUR 34,500, and on 3<sup>rd</sup> August 2020, the company subscribed to a capital increase in Ampacimon S.A. of EUR 749,659.

During the year, Energie Südwest AG took a 40% stake in Werner Rübsal Electrotechnik GmbH for EUR 440.000.

Enovos Deutschland SE subscribed to a capital increase in Gasline GmbH of EUR 1,000,000 and in Stadtwerke Trier Versorgungs GmbH of EUR 182,752.

On 17<sup>th</sup> December 2020, Encevo S.A. took a stake of 10.31% in the company DataThings S.A. for EUR 695,455 (including capitalized costs).

A reimbursement of equity of EUR 24,500 was made to Solarpark Nordband GmbH & Co. KG by Enovos Renewables GmbH in 2020 which resulted in an equivalent reduction of the participation.

The Board of Directors is of the opinion that no value adjustments are necessary for all the investments considered as financial fixed assets.

## NOTE 10 - STOCKS

Raw materials of EUR 12,257,848 (2019: EUR 13,513,245) consist mainly of inventory of Creos Luxembourg S.A..

Work and contracts in progress of EUR 23,059,094 (2019: EUR 23,382,181) are mainly made up of work in progress for grid customers of Creos Luxembourg S.A. and for technical services of Paul Wagner & Fils S.A. which will be invoiced to customers once completed.

Finished goods of EUR 15,837,056 (2019: EUR 15,398,533) mainly consist of gas stocks held in France and Germany. No value adjustment was recognised in 2020 under the financial statement line item "Value adjustments in respect of current assets" (2019: EUR 7,094,951).

## NOTE 11 - DEBTORS

### 11.1. Trade debtors

Trade receivables are mainly related to energy sales, transportation and distribution of electricity and gas.

Denominated in EUR	31/12/2020 €	31/12/2019 €
Trade debtors - Gross value	353,421,718	362,425,298
Value adjustment	(11,023,504)	(11,193,694)
<b>Trade debtors - Net value</b>	<b>342,398,213</b>	<b>351,231,604</b>

### 11.2. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

Receivables due by undertakings with which the group is linked by virtue of participating interests relate to commercial activities mainly due within 30 days and to shareholder loans.

### 11.3. Other debtors

This financial statement line item mainly includes taxes receivable in Luxembourg of EUR 25,345,131 (2019: EUR 27,247,100) and in Germany of EUR 9,599,802 (2019: EUR 9,358,641).

Furthermore, VAT recoverable in Luxembourg amounts to EUR 3,343,573 (2019: EUR 4,149,380).

As of 31<sup>st</sup> December 2020, this financial statement line item also comprises a receivable on the "Institut Luxembourgeois de Régulation" ("ILR") of EUR 1,446,765 (2019: EUR 25,723,953) in the context of the mechanism of the "Fonds de compensation" for Creos Luxembourg S.A..

Furthermore, this includes an amount of EUR 6,647,003 related to past Feed-in-tariffs to be received for the parks held in Enovos Solar Investment II S.r.l. Unipersonale ("ESI II") (see also note 8, 11.4 and 26).

#### **11.4. Deferred tax assets**

Deferred tax assets have been computed by ESI II as a result of the partial non-deductibility of interest costs and a change in law concerning depreciation duration for photovoltaic plants.

In 2020, a decrease for an amount of EUR 434,562 has been recognized in the context of the reversal of impairments in ESI II (see notes 8, 11.3 and 26).

### **NOTE 12 – INVESTMENTS**

The amounts in Investments relate mainly to CO<sub>2</sub> certificates and guaranties of origin certificates.

### **NOTE 13 – CASH AT BANK AND IN HAND**

This financial statement line item comprises sight deposits and term deposits for investment periods of less than three months. The financial statement line item also comprises an amount of EUR 2,489,872 posted on clearing accounts linked to the group's activities on the energy exchange (2019: EUR 8,128,137).

### **NOTE 14 – PREPAYMENTS**

In 2018, Encevo S.A. decided to issue a new German Certificate of Indebtedness ("Schuldschein") amounting to EUR 250,000,000. In order to pre-hedge this amount, five forward swaps have been done: The first on 9<sup>th</sup> February 2018 with an amount of EUR 100,000,000 (starting on 13<sup>th</sup> July 2018 with a tenor of 10 years), the second one on 15<sup>th</sup> of February 2018 with an amount of EUR 50,000,000 (starting on 13<sup>th</sup> July 2018 with a tenor of 7 years), the third one on 20<sup>th</sup> February 2018 again with an amount of EUR 50,000,000 (starting on 20<sup>th</sup> July 2018 with a tenor of 7 years), the fourth and fifth one on 6<sup>th</sup> July 2018 with an amount of EUR 25,000,000 each (starting on 27<sup>th</sup> July 2018 with a tenor of 12 years and 15 years respectively). The average tenor of all five pre-hedges is 9.5 years – close to the average tenor of the new "Schuldschein". On 27<sup>th</sup> July 2018, one day after the issuance of the new "Schuldschein", all forward swaps have been unwound and the related costs of EUR 6,341,590 were deferred, as part of the financing fees, over the life time of the underlying Schuldschein financing. As of 31<sup>st</sup> December 2020, an amount of EUR 4,931,356 was posted under the financial statement line item "Prepayments" (2019: EUR 5,575,733) related to these forward swap contracts, EUR 644,376 having been transferred to P&L in 2020 (2019: EUR 642,616).

In 2020, this financial statement line item also includes a prepaid electricity invoice for an amount of EUR 1,462,406 (2019: EUR 1,884,254) and sales commissions for an amount of EUR 1,986,849 (2019: EUR 2,578,659) relating to the subsequent year.

Furthermore, are included realised power portfolio positions from 2021 to 2023 for an amount of EUR 3,674,168 (2019: EUR - 304,777).

In 2019, this financial statement line item included French capacity guarantees with delivery year 2020 for an amount of EUR 2,044,427.



According to the regulation scheme, the amount of revenues (grid tariffs) deriving from regulated activities is authorised on an annual basis by the Regulator ILR. The difference between actual and authorised revenues is assessed each year by the Regulator. This difference is considered in the determination of the electricity and gas grid tariffs for subsequent years. In case actual revenues are higher (respectively lower) than revenues as accepted by the ILR, tariffs for subsequent years will be reduced (respectively increased) and consequently such difference is recorded in prepayments or deferred income. According to the regulation scheme, a cumulated difference (2020 and prior years) is calculated individually for each regulated activity (electricity, gas transport, gas distribution, metering electricity, metering gas) and is recorded, when positive, in the financial statement line item "Prepayments" for an amount of EUR 2,086,720 (2019: EUR 3,906,348) and when negative, in the financial statement line item "Deferred income" for an amount of EUR 23,118,673 (2019: EUR 25,960,946; see note 25).

Furthermore, Creos Luxembourg S.A. participated early 2013 together with the other grid operators in Luxembourg in the "Luxmetering GIE" to develop an IT platform dedicated to the smart metering system. The GIE has no capital and the financial stake of Creos Luxembourg S.A. in the GIE corresponds to the ratio number of meters owned by Creos Luxembourg S.A. / number of meters owned by all GIE members and is around 80%. Cash advances of EUR 6,114,165 paid to Luxmetering G.I.E. are posted under the financial statement line item "Prepayments" (2019: EUR 2,786,187).

An amount of EUR 1,258,532 represents advance leasing payments by Enovos Solar Investment I S.r.l. Unipersonale for the year 2020 (2019: EUR 1,405,194).

## NOTE 15 - CAPITAL AND RESERVES

As at 31<sup>st</sup> December 2020, the share capital of Encevo S.A. amounted to EUR 90,962,900. It was fully paid-up and was represented by 909,629 ordinary shares (2019: 909,629), with a nominal value of EUR 100 per share and with no preferential rights.

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed:

### Consolidated capital and reserves, group share

	31/12/2019	Distribution of dividends	Appropriation of profit	Change in scope	Other	Profit for the year	31/12/2020
	€	€	€	€	€	€	€
Subscribed capital	90,962,900	0	0	0	0	0	90,962,900
Share premium	387,028,449	0	0	0	0	0	387,028,449
Consolidated Reserves	468,682,183	0	19,364,615	(1,143,606)	2,972,104	0	489,875,296
Legal Reserve	9,096,290	0	0	0	0	0	9,096,290
Reserve of 1 <sup>st</sup> consolidation	(57,960,816)	0	0	(919,177)	333,807	0	(58,546,186)
Consolidation reserves	452,614,557	0	19,364,615	(224,429)	2,638,297	0	474,393,040
Other reserves	64,932,152	0	0	0	0	0	64,932,152
Retained earnings	41,796,926	0	5,473,060	0	0	0	47,269,985
Capital investment subsidies	5,134,902	0	0	919,177	(163,446)	0	5,890,633
Temporarily not taxable capital gains	23,615,759	0	0	0	0	0	23,615,759
Profit for the year	49,716,028	(24,878,353)	(24,837,675)	0	0	18,396,173	18,396,173
<b>Total shareholder's equity Group share</b>	<b>1,066,937,147</b>	<b>(24,878,353)</b>	<b>0</b>	<b>(224,429)</b>	<b>2,808,658</b>	<b>18,396,173</b>	<b>1,063,039,195</b>
Minority interest	261,704,162	(9,713,643)	0	7,310,874	1,638,281	19,791,817	280,731,491
<b>Total shareholder's equity</b>	<b>1,328,641,309</b>	<b>(34,591,996)</b>	<b>0</b>	<b>7,086,445</b>	<b>4,446,939</b>	<b>38,187,990</b>	<b>1,343,770,686</b>

## NOTE 16 – PROVISIONS

### 16.1. Provisions for pensions and similar obligations

This financial statement line item includes provisions relating to pension commitments. Under a supplementary pension scheme, Encevo S.A., Enovos Luxembourg S.A., Creos Luxembourg S.A., LEO S.A., Enovos Deutschland SE and its subsidiaries and Creos Deutschland Holding GmbH and its subsidiaries have contracted defined benefit schemes. The amount reported in the balance sheet is based on the following assumptions:

- retirement age taken into account for financing: 60 years (for Luxembourg), 62 years (for Germany)
- yearly discount rate of 3.01%
- estimated salary at time of retirement based on past experience
- turnover rate of employees

Since 2019, all actuarial gains and losses are recorded in the provision for pensions.

### 16.2 Other provisions

The financial statement line item “Other provisions” comprises provisions to cover the following risks:

	31/12/2020	31/12/2019
	€	€
Provisions for regulatory and environmental risks	60,221,829	59,985,877
Provisions for staff costs	18,764,922	17,321,244
Provisions for sales risks	4,468,135	4,347,906
Provisions for derivatives	304,334	293,104
Provisions for litigation	927,963	2,282,026
Other provisions	34,112,700	17,799,494
	<b>118,799,882</b>	<b>102,029,651</b>

Enovos Luxembourg S.A. has entered into an interest rate swap agreement in 2013 in relation with the financing of Enovos Solar Investment II S.r.l. Unipersonale (“ESI II”). As of 31<sup>st</sup> of December 2020, the notional amount equals EUR 10,713,137 (2019: EUR 12,650,720) with a fair value of EUR -1,083,684 (2019: EUR -1,238,704).

Creos Luxembourg S.A. posted a provision for other risks for an amount of EUR 5,150,000 (2019: EUR 5,374,359) to consider the risks related to defective assets (HV transformers for EUR 4,100,000). The provision in Enovos Energie Deutschland S.A. for commercial risks in the biogas supply contract with Bioenergie Merzig GmbH amounts to EUR 4,143,609 (2019: EUR 4,347,906).

The provision in the context of an obligation of decontamination linked to a former site of Enovos Deutschland AG was fully reversed in 2020 (2019: EUR 2,208,722).

Finally, In the frame of the exit of the activities in B2B Germany, a provision for future losses for an amount of EUR 19,170,000 was booked in Enovos Deutschland SE (see note 4 and 34).

## NOTE 17 – DEBENTURE LOANS

On 26<sup>th</sup> June 2013, the Company issued a first German Certificate of Indebtedness (“Schuldschein”) of EUR 102,000,000 with tenors of 7, 10, 12 and 15 years. In 2018, the Schuldschein bearing a tenor of 7 years has been reimbursed early (EUR 35,000,000). The remaining Schuldschein bore a fixed interest rate of 2.814%, 3.224% and 3.5% for the 10, 12 and 15 years tenors respectively. The interests on the fixed tenors are paid in June every year. The accrued interests payable as at 31<sup>st</sup> December 2020 amount to EUR 1,083,193 (2019: EUR 1,080,233).

On 21<sup>st</sup> November 2014, the Company issued an additional German Certificate of Indebtedness (“Schuldschein”) of EUR 80,000,000 with tenors of 7, 10 and 12 years. The Schuldschein bears a fixed interest rate for the 7 years of 1.547%, 2.004% for the 10 years and 2.297% for 12 years. The interests on the fixed tenors are paid in November every year. The accrued interests payable as at 31<sup>st</sup> December 2020 amount to EUR 157,098 (2019: EUR 153,271).

On 26<sup>th</sup> July 2018, Encevo S.A. issued a third (green) German Certificate of Indebtedness (“Schuldschein”) of EUR 250,000,000 with tenors of 7, 10, 12 and 15 years with two different pay-out dates – the first pay-out date was on 23<sup>rd</sup> August 2018 (EUR 150,000,000) for the 7 and 10 years tranches and the second pay-out date was on 23<sup>rd</sup> October 2018 (EUR 100,000,000) for the 12 and 15 years tranches. One of the two 7 years tranches as well as one of the two 10 years tranches bear a floating interest rate. The remaining tranches bear fixed interest rates of 1.158%, 1.641%, 1.926% and 2.257% for the 7, 10, 12 and 15 years maturities respectively. Both floating interest rate tranches have been hedged on the date of the closing on 26<sup>th</sup> July 2018. The interests for the floating 7 years tenor and 10 years tenor are paid twice a year in April and October whereas the interests on the fixed 7 and 10 years tenors are paid once in October every year and the fixed 12 and 15 years tenors are paid once in August every year. The accrued interests payable as at 31<sup>st</sup> December 2020 amount to EUR 1,055,831 (2019: EUR 1,055,123).

Below the detailed maturities of all non-convertible debenture loans:

	Within one year	After one year and within five years	After more than five years	Total 2020	Total 2019
	€	€		€	€
Non-convertible debenture loans	32,296,122	210,000,000	157,000,000	399,296,122	399,288,627
<b>Total</b>	<b>32,296,122</b>	<b>210,000,000</b>	<b>157,000,000</b>	<b>399,296,122</b>	<b>399,288,627</b>

## NOTE 18 – AMOUNTS OWED TO CREDIT INSTITUTIONS

On 17<sup>th</sup> August 2016, Encevo S.A. successfully completed the replacement of the agreement linked to the Revolving credit Facility (“RCF”) of 2013, with a committed amount of EUR 200,000,000 with 7 banks. This credit line had an initial tenor of 5 years until August 2021. In August 2017, all participating banks agreed to extend the credit facility by one year, and in July 2018, all participating banks again agreed to extend the credit facility by one more year, until August 2023. The amount drawn on the committed RCF as of 31<sup>st</sup> December 2020 is EUR 0 (2019: EUR 0).

Interests to be paid are based on Euribor plus a margin, which may vary depending on the consolidated gearing ratio (ratio of net financial debt to equity on a consolidated basis) as well as on the utilization rate of the credit facility.

The amounts owed to credit institutions break down as follows:

	31/12/2020	31/12/2019
	€	€
Current financial liabilities due to financial institutions		
due within one year	13,332,633	12,193,544
Non-current financial liabilities due to financial institutions		
due after one year and within five years	37,508,960	12,825,542
due in more than five years	40,374,899	75,635,537

The main outstanding current financial liabilities are loans of EUR 5,187,221 due by Luxenergie S.A., loans of EUR 995,993 due by Enovos Green Power NV, loans of EUR 1,260,000 due by NSL Energieprojekt 1 GmbH & Co.KG and EUR 1,078,452 due by NSL Energieprojekt 2 GmbH & Co.KG. The main outstanding non-current financial liabilities are loans of EUR 25,389,947 due by Luxenergie S.A., EUR 17,550,000 due by Real Estate Enovos Esch S.A., EUR 13,860,000 due by NSL Energieprojekt 1 GmbH & Co. KG., EUR 10,514,901 due by NSL Energieprojekt 2 GmbH & Co. KG and EUR 2,447,980 due by Enovos Green Power NV..

#### NOTE 19 – PAYMENTS RECEIVED ON ACCOUNT OF ORDERS

Are recorded under this financial statement line item down-payments received, largely on works performed for third party grid customers.

#### NOTE 20 – TRADE CREDITORS

Trade creditors are mainly related to energy purchases / supplies and trading activities.

#### NOTE 21 – AMOUNTS OWED TO UNDERTAKINGS WITH WHICH THE UNDERTAKING IS LINKED BY VIRTUE OF PARTICIPATING INTERESTS

This financial statement line item includes mainly provisions on accrued interests related to the financing of the investment in machine 11 in the SEO pumping station in Vianden and receivables on Pfalzgas GmbH which is also a major gas supplier.

#### NOTE 22 – TAX AUTHORITIES

This financial statement line item includes corporate income taxes, value added tax (VAT) liabilities, taxes on gas and electricity sales, and social taxes on pensions and salaries.

Encevo S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws. Since 2009, Encevo S.A. is part of the fiscal unity with Enovos Luxembourg S.A., Enovos Services Luxembourg S.A. and Encevo RE S.A.. Beginning 2012, LEO S.A. has joined that fiscal unity. In 2014, Enovos Real Estate Luxembourg S.A. and Real Estate Enovos Esch S.A. have joined the fiscal unity. In the frame of the fiscal unity, the taxes in the accounts are recorded as follows:

- Tax expenses are booked in the subsidiaries' accounts as would be the case if no tax unity exists;
- Tax savings relating to a loss-making subsidiary are recorded as a deduction of tax expenses in the head of the fiscal unity;
- Encevo S.A., as the head of the fiscal unity, books the tax provisions on the basis of the consolidated results of the companies included in the scope of the fiscal unity.

In order to benefit from the fiscal unity regime, the companies concerned have agreed to be part of the fiscal unity for a period of at least five financial years. This means that if the conditions laid down in Article 164bis LIR (Income tax law) are not met at any time during these five years period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

There are three other fiscal unities in Germany, one for Creos Deutschland Holding GmbH, regrouping Creos Deutschland GmbH and Creos Deutschland Services GmbH, another for Enovos Deutschland SE, regrouping Enovos Energie Deutschland GmbH, Enovos Renewables GmbH and Enovos Storage GmbH; and a third one since 2020 regrouping Enovos Power GmbH and Enovos Renewables O&M GmbH.

#### NOTE 23 – OTHER CREDITORS

In the course of the financing agreement reached with SEO S.A. over the financing of the 11<sup>th</sup> turbine at the Vianden pumping station of SEO, an amount of EUR 68,812,200 (2019: EUR 73,727,250) has been posted under this financial statement line item in 2020, of which EUR 63,897,200 are due after more than one year (2019: EUR 68,812,200 - see also note 8).

As of 31<sup>st</sup> December 2020, Enovos Deutschland SE and Enovos Renewables GmbH have a long term liability of EUR 1,700,000 and 1,500,000 respectively towards “Pensionskasse der Enovos Deutschland VVaG” (2019: EUR 1,700,000 and EUR 1,500,000).

Furthermore, in the context of the financing of renewable projects, Energie Südwest AG has a liability towards its customers of EUR 2,702,150 (2019: EUR 2,707,275), which becomes due in 2029.

## NOTE 24 - DEFERRED INCOME TAX

The deferred income tax liability is mainly related

- to the different depreciation methods used in consolidated accounts (linear) compared with the statutory accounts (degressive) of several group companies
- to the different calculation method of the pension obligations in consolidated accounts compared with statutory accounts of several group companies
- to a provision reversal at Encevo Re S.A. in the consolidated accounts.

In 2020, a re-computation of the total Balance Sheet position of the three elements above was performed with the latest available tax rates and the caption was adjusted to EUR 89,518,343 (2019: EUR 93,588,764), leading to the booking of a tax income of 3,596,024 EUR (2019: charge of EUR 9,380,575 - see note 36).

## NOTE 25 - DEFERRED INCOME

As described in note 14, Creos Luxembourg S.A. has posted under the financial statement line item “Deferred income” an amount of EUR 23,118,673 (2019: EUR 25,960,946) related to the regulated activities (see note 14).

This heading also includes EUR 9,009,005 relating to derivatives which are used to hedge operations to be settled in subsequent years (2019: EUR 11,409,225)..

## NOTE 26 - NET TURNOVER

Sales break-down is as follows:

	2020 €	2019 €
Sales electricity	1,131,858,235	1,180,018,783
Sales gas	528,837,860	637,347,921
Other energy sales	35,672,936	23,274,376
Grid sales electricity	60,171,512	54,875,360
Grid sales gas	112,516,028	108,022,129
Sales Technical Services	76,609,360	50,494,271
Other sales	56,213,390	56,941,598
Rebates & discounts	(3,792,932)	(5,088,033)
<b>Total sales</b>	<b>1,998,086,390</b>	<b>2,105,886,405</b>

The financial statement line item Other energy sales includes an amount of EUR 6,647,003 related to past Feed-in-tariffs to be received for the parks held in Enovos Solar Investment II S.r.l. Unipersonale (see also note 8, and 11.4).



Geographical sales break down as follows:

	2020 €		2019 €	
Luxembourg	746,759,697	37.37%	749,031,174	35.57%
Germany	1,064,170,051	53.26%	1,171,753,232	55.64%
France	126,703,121	6.34%	138,423,268	6.57%
Belgium	50,335,366	2.52%	40,420,527	1.92%
Other countries	10,118,155	0.51%	6,258,204	0.30%
<b>Total sales</b>	<b>1,998,086,390</b>	<b>100.00%</b>	<b>2,105,886,405</b>	<b>100.00%</b>

#### NOTE 27 - OTHER OPERATING INCOME

The financial statement line item "Other operating income" includes mainly the activities unrelated to the supply of gas and electricity, such as reversals of value adjustments, income from asset sales, renting fees, income from employees, re-insurance fee.

#### NOTE 28 - RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

	2020 €	2019 €
Electricity supplies	1,171,994,227	1,053,092,528
Trading sales electricity	(428,473,887)	(311,376,533)
Gas supplies	1,110,854,726	1,239,097,806
Trading sales gas	(670,506,033)	(685,622,768)
Other supplies	356,763,880	360,759,957
Derivatives	(3,342,568)	(1,828,829)
<b>Total Raw materials and consumables</b>	<b>1,537,290,344</b>	<b>1,654,122,160</b>

The financial statement line item "Raw material and consumables" includes energy procurement and energy trading costs. Electricity and gas trading sales are shown net of cost of sales, since they were made partly to reduce procurement costs. The margin achieved on trading activities is therefore included under "Raw materials and consumable and other external expenses", as well as the realised profit or loss and the unrealised loss on derivative financial instruments.

The financial statement line item "Other external expenses" includes amongst others professional fees, subcontracting and maintenance costs, marketing and communication costs, rental costs and insurance premiums.

#### NOTE 29 - STAFF COSTS

The group had on average 2,088 Full Time Equivalent employees in 2020 (2019: 1,908). The figure in 2020 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A., 57 employees (2019: 66 employees), whose costs are shown under wages and salaries for EUR 6,393,576 (2019: EUR 7,453,184).

#### NOTE 30 - OTHER OPERATING EXPENSES

The financial statement line item "Other operating expenses" comprises mainly provisions for risks, attendance fees, losses on receivables, extraordinary charges and sundry taxes.

## NOTE 31 – INCOME FROM PARTICIPATING INTERESTS

Income from participating interests relates to dividends received from entities held at acquisition costs.

## NOTE 32 – OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

In 2019, the financial statement line item included a gain of EUR 3,490.573 resulting from the liquidation of Active SmartHome S.A., Twinerg S.A. and City Mov' S.à r.l. and a gain of EUR 1,559,971 has been realized on the sale of funds held in the Frankfurt Trust. No such exceptional events occurred in 2020 and the amount of EUR 1,542,633 (2019: EUR 8,197,267) in the financial statement line item Other interest receivable and similar income is composed of interests received on short-term bank deposits.

## NOTE 33 – SHARE OF PROFIT OR LOSS UNDERTAKINGS ACCOUNTED FOR UNDER THE EQUITY METHOD

The share of profit or loss undertakings accounted for under the equity method breaks down as follows:

	2020 €	2019 €
energis GmbH	6,547,789	6,613,297
Pfalzgas GmbH	3,949,551	4,131,648
Soler S.A.	1,998,295	1,915,783
Datacenterenergie S.A.	1,590,827	1,475,822
Kiowatt S.A.	954,810	491,092
Solarkraftwerk Ahorn GmbH & Co. KG	489,590	440,890
Projecta 14 GmbH	353,389	582,971
Cegyco S.A.	281,069	256,761
NPG Willebroek NV	206,780	197,118
Nordenergie S.A.	147,353	150,679
Bioenergie Merzig GmbH	142,925	58,148
Airportenergy S.A.	133,598	168,593
Solarkraftwerk Barderup GmbH & Co. KG	131,877	67,121
ESW - Grüne Energie GmbH	111,281	123,816
Windpark Wremen GmbH & Co. KG	79,604	70,759
Neustromland Projekt 2 GmbH	71,023	74,928
WES Green GmbH	61,237	(176,130)
EnergieSüdpfalz GmbH & Co. KG	53,432	102,606
Steinergy S.A.	74,362	70,495
Global Facilities S.A. (*)	0	791,334
<b>Total</b>	<b>17,378,793</b>	<b>17,607,733</b>

(\*) Fully consolidated in 2020

## NOTE 34 – VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

In the frame of the exit of the activities in B2B Germany, a provision for future losses of an amount of EUR 19,170,000 was booked in Enovos Deutschland SE (see note 4 and 16.2).

## NOTE 35 – INTEREST PAYABLE AND SIMILAR EXPENSES

The financial statement line item "Interest payable and similar expenses" is mostly composed of interests

paid on bank loans, on the bond and on the German certificates of indebtedness, as well as of the depreciation of the hedge costs related to the 2012 bond issuance and the 2018 German certificate of indebtedness.

#### NOTE 36 – CURRENT AND DEFERRED INCOME TAX EXPENSE

The current tax provisions have been provided in accordance with the relevant laws applicable in Luxembourg, Germany, Belgium, France and Italy.

Deferred taxes are recorded on the time differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Deferred tax assets are recorded only if it is likely that future taxable profits will be available.

In 2020, a re-computation on the whole balance sheet position rather than only on the additions of the year was performed, i.e. a valuation with the latest prevailing year-end tax rate. This re-computation leads to a total revenue of 3,596,024 EUR as deferred income tax (2019: Charge of EUR 9,380,575).

#### NOTE 37 – REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATION AND MANAGEMENT BODIES

Remuneration paid to members of the administration and supervisory bodies totalled EUR 628,700 (2019: EUR 624,911). No advance or loan were granted to members of the administration and supervisory bodies, nor was any commitment given on their behalf in respect of any form of guarantee.

#### NOTE 38 – AUDITOR'S FEES

Audit and audit-related fees for the year 2020 amount to EUR 491,197 (2019: EUR 543,150). Non-audit related fees amount to EUR 0 (2019: EUR 65,940).

#### NOTE 39 – FINANCIAL DERIVATIVES

The group is further engaged in spot and forward electricity and gas trading on organised markets and by private sales. These transactions are made using different instruments. Among these instruments are forward contracts, which imply final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options or other contractual agreements.

These contracts are not accounted for in the balance sheet as the group has chosen to not apply the option to use fair value accounting in its annual accounts. Only the unrealized losses are accounted for in the profit and loss account according to principles disclosed in Note 1 to the accounts.

##### Derivative financial instruments – Unrealised gains (losses) on Sell positions

	31.12.2020	31.12.2019
Denominated in EUR	€	€
Financial derivatives on electricity futures	(30,416,665)	(3,060,996)
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	(12,517,188)	(24,215,550)
<b>Total</b>	<b>(42,933,853)</b>	<b>(21,154,554)</b>

## Derivative financial instruments – Unrealised gains (losses) on – Buy positions

	31.12.2020	31.12.2019
Denominated in EUR	€	€
Financial derivatives on electricity futures	29,569,439	3,323,066
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	12,180,460	23,509,234
<b>Total</b>	<b>41,749,899</b>	<b>20,186,168</b>

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

	31.12.2020		31.12.2019	
Denominated in EUR	€		€	
	Nominal value	Fair value	Nominal value	Fair value
Financial derivatives on electricity futures	177,088,441	(847,227)	163,702,369	262,070
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	75,035,191	(336,727)	95,779,916	706,316

The net fair value of the derivative contracts amounts to a loss of EUR 1,183,954 (2019: EUR 968,386), thereof EUR - 304,334 unrealized losses. A provision of EUR 304,334 is recorded in the books of the company to account for these negative positions (see note 16.2).

## NOTE 40 – OFF-BALANCE SHEET LIABILITIES AND COMMITMENTS

### Commercial commitments

Enovos Luxembourg S.A. concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The company has thus contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 2.15 billion, as of 31<sup>st</sup> December 2020 (2019: EUR 2.15 billion). The amount of the aforementioned forward purchase contracts includes only forward contracts signed with counterparties. In addition, the company holds long-term electricity-sourcing contracts amounting to EUR 51 million (2019: EUR 74 million) and a natural gas purchase commitment from 1<sup>st</sup> January 2021 until 2025 for a volume of 25.3 TWh. The cross-border gas-transportation capacity commitments account for EUR 23.0 million and run until 2025 (2019: EUR 27.2 million).

Enovos Luxembourg S.A. furthermore has a lignite based power-sourcing contract from 1<sup>st</sup> January 2021 until 2037 with a total volume outstanding of 7.45 TWh, with costs linked to CO<sub>2</sub> prices. Current outlook of market prices calls for a strong CO<sub>2</sub> price increase in the next years, leading to further negative margins to be expected on this contract going forward when comparing the procurement costs to market prices (see also Note 7).

For its activities as an electricity distributor in Belgium, Enovos Luxembourg S.A. is obliged to deliver a certain amount of quota (green) certificates and guarantee of origin certificates to local regulators. In order to respect its obligations, the Company, as of 31<sup>st</sup> December 2020, has a commitment, for the period 2021-2025, to purchase certificates valued at EUR 6.4 million from producers of alternative sources of energy (2019: EUR 11.3 million).

Enovos Luxembourg S.A. further entered into a variety of financially settled derivative contracts (mainly futures and swaps in gas, electricity and allowances) in order to hedge the procurements for customer business and assets. As of 31<sup>st</sup> December 2020, the unrealised gain of these transactions amounts to EUR 3.23 million (2019: unrealized loss of EUR 3.77 million).

### Financial commitments

Enovos Luxembourg S.A. provided a letter of comfort amounting to EUR 200,000 (2019: EUR 200,000) to a bank in order to ensure commitments arising from a bank loan agreement entered into by Windpark Mosberg GmbH.

Enovos Luxembourg S.A. has also provided a guarantee of EUR 4,796,788 (2019: EUR 4,796,788) to ensure commitments arising from a loan agreement between SW Saarbrücken Netz AG und Enovos Deutschland SE.

Within the framework of the sales process of photovoltaic installations held by Aveleos S.A., Enovos Luxembourg S.A. provided parent company guarantees amounting to EUR 20,946,075 (2019: EUR 20,946,075) to hold the buyer harmless from contingent liabilities. A provision of EUR 8,600,000 has been posted in 2017 to cover the remaining risks on part of these guarantees.

Enovos Solar Investment I S.r.l. Unipersonale has outstanding operating lease obligations for a total amount of EUR 6,998,549 (2019: EUR 7,603,942) maturing in 2029. All leasing obligations are guaranteed by a comfort letter issued by Enovos Luxembourg S.A.

#### **Bank and parent company commitments**

Encevo S.A. has given customary parental support letters to several energy providers and trading counterparts of Enovos Luxembourg S.A. amounting to EUR 130,000,000 (2019: EUR 115,000,000).

For the electricity and gas trades, Enovos Luxembourg S.A. has received from counterparties parental support letters totalling EUR 100,000,000 (2019: EUR 100,000,000).

By order of Enovos Luxembourg S.A., the Company's core banks have issued a number of bank guarantees to its suppliers, in the context of its regular business, totalling EUR 11,546,521 (2019: EUR 11,792,655).

In the context of the on-going litigation in Italy, Enovos Luxembourg S.A. ordered a bank guarantee for the account of Enovos Solar Investments II S.r.l. Unipersonale amounting to EUR 7,494,558 (2019: EUR 7,494,558) for the benefit of the Italian authorities. The risks associated to this guarantee have been considered in the impairment testing performed on Enovos Solar Investments II S.r.l. Unipersonale.

In the context of the financing of the group's new administrative building in Esch, Real Estate Enovos Esch S.A. has granted to the lending bank a mortgage on its property in Domaine Schlossgoard for a maximum amount of 50% of the outstanding debt, or EUR 9,450,000 at the end of 2020 (2019: EUR 10,125,000).

In 2020, Enovos Luxembourg S.A. ordered two bank guarantees for the account of its subsidiary Enovos Energie S.A. for a total amount of EUR 1,004,601.

Enovos Luxembourg S.A., as the parent company of Enovos Energie Deutschland GmbH ("EED"), has entered into a "Vertragseintrittvereinbarung" with one of the suppliers of EED to guarantee the financial commitments stemming from future energy deliveries for a total amount of EUR 18,435,795 (2019: EUR 26,901,432).

Luxenergie S.A., together with Société de l'Aéroport de Luxembourg S.A., has provided a joint and several guarantee in the context of the financing of their joint-venture Airport-Energy S.A., for an initial amount of EUR 15,800,000. The remaining balance as of 31<sup>st</sup> December 2020 amounts to EUR 6,776,144 (2019: EUR 7,383,066).

In the context of the sale of Real Estate Strassen S.A., holding the administrative building in Strassen, Encevo S.A. has provided the buyer with a parent company guarantee of EUR 6,630,000 (2019: EUR 6,630,000). Furthermore, Encevo S.A. provided a bank guarantee of EUR 325,000 (2019: EUR 325,000) to Real Estate Strassen S.A. to guarantee its commitments under the lease agreement entered into with that company.

Encevo S.A. provided several parent company guarantees by order and for account of its subsidiary Paul Wagner et Fils S.A. amounting to EUR 1,824,759 (2019: EUR 885,140).



Enovos Deutschland SE and Enovos Renewables GmbH have granted various shareholder loans to non-consolidated participations for which the undrawn portions amount to EUR 4,095,000 on total (EUR 3,311,973 in 2019).

Paul Wagner & Fils S.A. and its three subsidiaries have provided various guarantees to its customers for a total amount of EUR 13,100,500 (2019: EUR 10,116,178).

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,992 (2019: EUR 1,000,992).

### **Other off balance guarantees**

Under the shareholder agreement to which Encevo S.A. is a signatory, and as mentioned in the by-laws of the Company, the Luxembourg State (the "State"), and/or Société Nationale de Crédit et d'Investissement (the "SNCI"), a Luxembourg public law banking institution, and/or the Banque et Caisse d'Epargne de l'Etat (the "BCEE"), an "établissement public autonome" under the laws of Luxembourg, shall obtain at any time upon one or more successive requests from the State individually or the State and the SNCI jointly, or the State and the BCEE jointly, or the State, the SNCI and the BCEE jointly, if applicable each time for a portion (and regardless of the level of participation of Encevo S.A. in the subsidiaries) a direct participation and if so requested even a qualified (e.g. two third) majority in the share capital of Creos Luxembourg S.A. and the shareholders shall take the necessary actions, resolutions and approvals to be taken to such effect (including by Encevo S.A.) and in particular to cause the resolutions of the shareholders and/or the subsidiaries to be taken in order to allow the State and/or the SNCI and/or the BCEE to obtain the participation(s) as set forth here above in one or more successive operations. All transactions necessary in that respect must respect the arm's length principle. The State and/or the SNCI and/or the BCEE, as applicable, agree not to transfer for commercial reasons, during a period of ten (10) years, starting at the date of the acquisition of the relevant shares in Creos Luxembourg S.A., all or part of the shares it/they has/have acquired in the share capital of Creos Luxembourg S.A., subject to certain exceptions, including transfers between the State and SNCI, or between the State and the BCEE, transfers to their affiliates or municipalities or public bodies or transfers pursuant to legal or regulatory constraints or a court order.

Subject to the same exceptions, if at any time after the above 10 year period, the State and/or the SNCI and/or the BCEE (or the affiliates, municipalities or public bodies referred to in the preceding sentence), as applicable, propose to make a transfer of all or part of such shares, Encevo S.A. has a pre-emption right over such shares.

Transfer of shares in Encevo S.A. by the shareholders will be subject to pre-emption rights (with certain exceptions in case of transfer to affiliates) which are largely reflected in the Articles of Association of Encevo S.A.. The same pre-emption rights apply in case of a change of control of a shareholder.

The Board of Directors is of the opinion that all necessary provisions have been made to cover potential losses out of the off-balance sheet liabilities and commitments..

#### NOTE 41 - SUBSEQUENT EVENTS

In the frame of the development of Technical Services, Enovos Luxembourg S.A. purchased an additional 2.75% in Minusines S.A. on 8<sup>th</sup> of January 2021, bringing the total percentage of ownership in the company to 75.46%.

There are no other subsequent events affecting the 2020 accounts.



## Independent auditor's report

To the Shareholders of  
Encevo S.A.  
2, Domaine du Schlassgoard  
4327 Esch-sur-Alzette

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Encevo S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated profit and loss account and consolidated cash flow for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its cash flow for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements.

#### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the "consolidated profit and loss account for the year ended 31 December 2020 – List presentation" but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Olivier Lemaire



Monika Reschka

Luxembourg, 2 April 2021

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A member firm of Ernst & Young Global Limited



# Extract of the annual accounts of Encevo S.A.



The main activity of Encevo S.A. the “Company”, as the parent company of the Encevo Group, is the holding of financial interests in affiliated companies and the providing to the latter of financing and corporate services. The balance sheet and profit and loss account are therefore largely influenced by the financing needs of the group’s subsidiaries, the dividend income from the subsidiaries, as well as by the income from corporate services and the costs associated to provide these services, costs which are re-allocated to group companies based on specific keys or individual projects. Purely holding related costs are kept at Encevo S.A. level.

As the Company is centralizing the financing for the main subsidiaries, management follows external net financial debt as one of the key performance indicators. Adequate treasury tools are implemented and management ensures a strict cash flow follow-up, including daily reporting of consolidated cash in the Company’s cash pool system which regroups 17 subsidiaries, as well as a monthly cash forecast, in order to support the development of the group and to ensure sufficient liquidity at all times.

#### 2020 Highlights

The year 2020 was marked by the Covid-19 pandemic, which had an impact on the Company and its main subsidiaries, without however causing any major disruption of services. The Encevo executive committee, together with the managers of core subsidiaries and support departments, formed a group crisis coordination team that met on a daily basis at the beginning of the crisis in spring in order to closely monitor the evolution of the pandemic, and more particularly to ensure continued operations while protecting the well being of all employees. In that respect, a general switch to home office work started on March 16<sup>th</sup> and, while partially lifted in late spring, was maintained throughout the remainder of the year.

The positive side effect to the pandemic crisis was a decrease of the costs of the holding company, mainly in the context of catering, travel expenses, and events management, due to less employees on site as well as the travel restrictions.

One of the key items monitored by Encevo S.A. Management was the overall liquidity of the Company and its core subsidiaries. In this context, Group Finance department was in early contact

with the Company’s core banks at the beginning of the pandemic to discuss potential needs for increasing the group’s short term lines of credit in order to face potential additional financing needs in case of delays from customer payments. As it turned out, hardly any such delays occurred during the year, consequently no additional financing for short term working capital needs was required.

During 2020, Encevo S.A. as the parent company of the group, coordinated the review of the group’s strategy as defined last in 2017. This bottom up exercise with input from all operational units has led to a further refinement of the group’s strategic orientation and offers a number of specific actions items to be implemented, as well as a clear innovation roadmap to meet the challenges of the energy transition. The updated strategy was thus presented to the Group Strategy Committee in September and approved by the Encevo Board of Directors in October. One of the key developments defined in that strategy is the goal to further develop the group’s presence in the field of technical services. Enovos Services Luxembourg S.A., a 100% subsidiary of Encevo S.A., thus took over 100% of the shareholding of Global Facilities S.A. in May 2020, until then a 50/50 joint venture between Enovos Services Luxembourg S.A. and Omnitec Participation S.A.. Global Facilities S.A. is mainly active in three domains, consulting & audit, facility management services and building management.

Still in regards to the expansion and development strategy of the “technical services” pillar within the Encevo Group, Enovos Services Luxembourg S.A. acquired a majority stake in Minusines S.A., leading distributor and consultant in the field of electrical equipment and professional lighting

in Luxembourg. Minusines S.A. is a valuable addition to the 'behind the meter' part of the group's value chain. Enovos Services Luxembourg S.A. will bring its expertise to Minusines S.A. for future developments in the fields of energy efficiency, decentralised energy production and electromobility. Minusines S.A. is already a member of the "diego" platform, a cooperation with the "Fédération des artisans".

Following this significant external growth, and in order to consolidate the Technical Services organization, decision was taken to integrate the Real Estate and Facility Management (REFM) department into the Technical Services Luxembourg business unit, with the aim also to share the REFM technical expertise in building management with the group's newly acquired subsidiaries.

Continuing its investments in innovative companies in the energy domain, Encevo S.A. took a minority participation in the Luxembourgish startup DataThings S.A.. In to the context of the strategy review, management and the board of directors undertook a thorough analysis of the group's evolution in the German B2B supply market. As a result, the board of directors took in November the decision to exit this business and look for new "best owner" of its German B2B sales activities.

In 2019, the Company had launched a "Digital4Finance" project aiming at identifying improvement potentials in core finance processes in the main group companies, as well as developing a high level roadmap including budget and resources required for migrating its core ERP systems to the latest available technology. During 2020, further progress was made in the project "OneFinance" including a detailed action plan on simplifying and harmonizing core finance processes and the elaboration of a detailed RFP for migrating the ERP systems of most of the group companies.

As for the long-term financing, the 2012 retail bond of 200,000,000 EUR had been reimbursed on 17<sup>th</sup> June 2019. No new long-term financing was issued by the Company since the 250,000,000 EUR Green Schuldschein raised in 2018 with an average maturity of 9.9 years, of which in 2019 100% of the funds have been allocated to eligible green projects.

The amount drawn on the Revolving Credit Facility ("RCF") – maturing in August 2023 with a committed amount of EUR 200,000,000 with 7 banks – as of 31st December 2020 is EUR 0 (2019: EUR 0). Non-convertible loans including the EUR 30,000,000 due in 2021 amount to EUR 397,000,000 and remain stable compared to previous year (2019: EUR 397,000,000).

On the other hand, loans granted to affiliated undertakings and participations did slightly increase to EUR 397,290,906 (2019: 384,399,476) mainly from new loans of EUR 4.3 million to Enovos Services Luxembourg S.A. to cover the Global Facility S.A. acquisition, EUR 10 million to Creos Deutschland GmbH, EUR 7.9 million to Solar SPV's of Enovos Green Power in the Netherlands. All partially compensated by reimbursement of EUR 5 million by Enovos Deutschland SE, EnergieSüdwest AG, Windpark Mosberg GmbH & Co. KG, and Creos Deutschland Holding GmbH and EUR 4.3 million by four subsidiaries of Enovos Green Power NV.

During the year, the Company distributed a dividend of EUR 24,878,353 (EUR 18,920,283 in 2019).

Cash and cash equivalents of the Company decreased from EUR 45,698,127 in 2019 to EUR 19,854,039 in 2020 largely from the various group financing transactions mainly related to Capex activities for Enovos Services Luxembourg S.A., higher dividends paid and due to the increase of the loans to affiliated undertakings as described above (EUR 397.3 million in 2020 vs EUR 384.4 million in 2019).

Consequently, net financial debt did increase from 367,615,649 EUR end of 2019 to 393,474,181 EUR end of 2020.

As of 31<sup>st</sup> December 2020, the total cash managed on behalf of the subsidiaries with which the Company entered into a cash pooling agreement is EUR 109,726,776 (2019: EUR 103,754,906). This increase is mainly due to higher deposits from Enovos Luxembourg S.A. and its subsidiary Leo S.A. partially compensated by lower deposits from Enovos Deutschland SE, Enovos Real Estate Luxembourg S.A. and Creos Deutschland GmbH.



## PERSONNEL

The number of employees slightly increased from 107 FTE at year end 2019 to 111 FTE at year end 2020.

The Board of Directors and the Management of Encevo S.A. would like to thank all the employees for the fulfilment of their duties, for their contribution throughout the year, and for their full support in providing reliable and strong operational support for the group's core activities.

## FINANCIAL RESULTS

In 2020, the net turnover amounted to EUR 24,745,919 (2019: EUR 30,042,996) and is mainly generated by the service level agreements with affiliated companies. The shared services are related to central services for Facility Management, Human Resources, Internal Communication, Finance and Tax, Corporate Development, Risk Management, Insurance, Legal, Internal audit, Management, Controlling, Regulatory and Public Affairs, services provided by Encevo S.A. to the main subsidiaries and re-invoiced through a transparent and systematic allocation key or through specific projects for which the Company has rendered these services. The decrease of the turnover is due to lower external costs incurred as well as to the recognition that a higher proportion of costs relate to pure holding activities and are thus not billable to subsidiaries, following the review of the detailed cost basis of several departments at the beginning of the year.

Income from participating interests decreased from EUR 26.128.596 in 2019 to EUR 16.046.900 in 2020 mainly due to no dividends received from Enovos Luxembourg S.A. in 2020 while the company distributed 3.242.896 EUR in 2019, and due to lower dividends from Creos Luxembourg S.A. from 22.5 MEUR in 2019 to 15 MEUR in 2020.

Interest payable and similar expenses decrease to EUR 8,733,919 in 2020 (EUR 14,357,950 in 2019), mainly from lower interest expense following the redemption of the EUR 200 million retail bond in June 2019, and the lower hedge costs for the 2018 green Schuldschein compared to the hedge costs of the retail bond.

Similarly, Other interest receivable and similar income of EUR 9,582,082 on total in 2020 (EUR 13,660,634 in 2019) mainly relating to the interests received on the shareholder loans granted to the group companies, have decreased since Enovos Luxembourg S.A. reimbursed its EUR 200 million shareholder loan to Encevo S.A. in June 2019 (back-to-back loan with the proceeds from the 2012 retail bond).

## RISK MANAGEMENT

The Group Risk Management department is centralizing all risk management reporting from the core group companies including i.a. market risks related to the commercial activities of the Company's subsidiaries, and reports to the Group Risk Committee who monitors the main risks identified across the Encevo Group.

Specific risks directly managed at the Company level relate to the financial liquidity risk, the credit risk of the subsidiaries supported by financings from Encevo S.A. as well the interest rate risk. While the credit risk of the subsidiaries is followed on a monthly basis for the core companies and on a quarterly basis for the non-core companies by the Group Controlling department, the liquidity risk is mitigated by the Group Finance & Tax department through the setting up of a EUR 200,000,000 revolving credit facility ("RCF") which ensures sufficient liquidity to the main group companies. As previously mentioned, 2020 saw a particular attention to this topic in light of the potential increase in financing needs that could have risen due to the Covid-19 pandemic. Group Finance & Tax department is further monitoring on a continuous basis the evolution of short- and long-term interest rates to evaluate the need to hedge the interest rate risk. It should be noted that in regards to the long term financings in place amounting to EUR 147,000,000 German Certificate (Schuldschein I and II) and the new Schuldschein III of EUR 250,000,000 obtained in 2018, the interest rates on the various maturities are all fixed rates, either directly by the underwriter, or fixed via 2 Interest Rate Swap for an amount of EUR 18 million respectively EUR 17 million on the day of the closing of the transaction in order to mitigate the related risk.

During 2020, Group Risk Management department has led a review of the reporting

process of the risks and mitigation actions into the Eagle tool by the core companies, and thus identified a number of improvement opportunities in order to further increase the maturity level in regards to risk management.

With regards to the Italian renewable activities, in the main litigation, after appeals filed against the first instance judgement rendered in April 2019, the Milan Court of Appeal has issued its decision on January 20<sup>th</sup>, 2021. It has confirmed the first instance judgement rejecting again both (i) the claim brought by the Norwegian investor EAM against Enovos Luxembourg S.A., thus confirming the absence of any civil liability of Enovos Luxembourg S.A. towards EAM and (ii) the claim brought by the Italian Public Prosecutor against ESI II, the Italian subsidiary of Enovos Luxembourg S.A.. It has further, amongst others, ruled that no contractual fraud has been committed against EAM and revoked condemnations against Aveleos S.A. as civilly liable party.

## OUTLOOK

The Encevo group positions itself as a driving force of the energy transition in the greater region around Luxembourg. As such the group will continue to invest in the grid activity, to expand renewable production capacities, and to grow in the technical services field, while consolidating the supply business. Management is furthermore expecting that the Company will continue to provide corporate services in order to support the various business units to achieve their respective targets.

Following the update of the group's business plan 2021-2025 identifying increased investments in the areas of grid and renewable asset, the Company's Group Finance department will screen the financial markets and liaise with its core banks in order to be prepared to raise additional financing for these investments towards the end of 2021 or latest in the first half of 2022.

Encevo S.A. reinforces also its position on innovation strategy with the creation of a Group Innovation Fund (GIF), including dedicated application procedures and a roadmap until 2030. 26 pre-selected innovation areas have been defined including 10 innovation areas integrated in the group's strategy.

Regarding the Company's OneFinance project, the goal is to find an agreement with a business partner supporting the Company in migrating its core finance systems to a new platform, with a kick-off for the implementation scheduled for late summer.

Following the decision to sell B2B sales activities of the group in Germany, the process to sell all the shares in Enovos Energie Deutschland GmbH has been initiated, with a target closing date before the end of 2021.

In the context of the Corona pandemic, Management took the overall assumption to not foresee any major impact in the business plan for 2021. Given the overall uncertainty on the further evolution of the situation in the coming months, it is not possible yet at this point to confirm this assumption. Like in 2020, Management will continue to closely monitor the evolution of the pandemic and the potential impact on its workforce and its operations, in order to be able to take the necessary mitigation steps as soon as the need arises.

## OTHER INFORMATION

No research and development activities have been performed during the year.

The Company does not hold own shares.

The Company does not operate any branches.

## BOARD OF DIRECTORS OF ENCEVO S.A.

No changes occurred in 2020 in the shareholding of Encevo S.A.

Regarding board members, the mandates came to term on the day of the annual general meeting of shareholders of 12<sup>th</sup> May 2020 and the following members were appointed for a period of six years\*):

Marco Hoffmann, Chairman  
Danielle Castagna, Director  
Daniel Da Cruz, Director  
Stefan Grützmacher, Director  
Changqing Ji, 3<sup>rd</sup> Vice-Chairman  
Mike Kirsch, Director\*\*)  
Aloyse Kohll, Director  
Paul Konsbruck, Director

Romain Lanners, Director  
Prof. Dr. Uwe Leprich, Director  
Olaf Münichsdorfer, Director  
Georges Reuter, Director\*\*)  
Joachim Scherer, Director\*\*)  
Geneviève Schlink, Director  
Li Sun, 1<sup>st</sup> Vice-Chairman  
Tom Theves, 2<sup>nd</sup> Vice-Chairman

\*) The mandates of Mr Marc Reding, Mr Frank Reimen, Mr Claude Strasser and Mr Claude Mores were not renewed and expired on 12<sup>th</sup> May 2020.

\*\*) Mr Mike Kirsch, Mr Georges Reuter and Mr Joachim Scherer have been appointed in accordance with specific rules applying to employee representatives

## AUDITOR

The mandate of the external independent statutory auditor, Ernst & Young, initially appointed for a three year term at the annual general meeting of shareholders held on 8<sup>th</sup> May 2018, ends with the financial year 2020. The Board of directors will submit a proposal on this behalf to the annual general meeting of shareholders to be held on 11<sup>th</sup> May 2021.

## PROPOSED APPROPRIATION OF NET PROFIT

The profit available for appropriation of EUR 57.392,179 includes the profit for the year of EUR 10.122,193 and the profit brought forward of EUR 47,269,985.47 The Board of Directors proposes to the Annual Shareholder's Meeting to be held on 11<sup>th</sup> May 2021 the following appropriation of net profit:

Proposed appropriation of net profit	
Dividend of 10.12 Euros per share*	9,205,445
Allocation to the legal reserve	0
Allocation to the blocked reserve	0
Allocation to other reserves	0
Amount carried forward	48,186,734
	<b>57.392.179</b>

\* Number of shares 909,629

ASSETS	2020	2019
Denominated in EUR	€	€
<b>C. Fixed assets</b>	<b>1,206,220,486</b>	<b>1,189,754,401</b>
I. Intangible assets		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	Note 3	
a) acquired for valuable consideration	2,007,045	2,080,378
4. Payments on account and intangible assets under development	811,422	521,558
II. Tangible assets	Note 4	
3. Other fixtures and fittings, tools and equipment	568,533	763,206
4. Payments on account and tangible assets in the course of construction	0	22,658
III. Financial assets	Note 5	
1. Shares in affiliated undertakings	803,715,583	800,835,583
2. Loans to affiliated undertakings	397,290,906	382,156,485
3. Participating interests	1,826,997	1,131,542
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	0	2,242,991
<b>D. Current assets</b>	<b>89,370,889</b>	<b>101,383,702</b>
II. Debtors		
1. Trade debtors		
a) becoming due and payable within one year	1,053	2,522
2. Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	Note 6	69,138,579
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		
a) becoming due and payable within one year	39,385	22,358
4. Other debtors	Note 7	
a) becoming due and payable within one year	328,833	136,475
b) becoming due and payable after more than one year	9,000	12,000
IV. Cash at bank and in hand	19,854,039	45,698,127
<b>E. Prepayments</b>	Note 8	<b>6,343,131</b>
<b>TOTAL ASSETS</b>	<b>1,301,934,506</b>	<b>1,298,260,967</b>

The notes in the annex form an integral part of the annual accounts.

**CAPITAL, RESERVES AND LIABILITIES**

		2020	2019
Denominated in EUR		€	€
<b>A. Capital and reserves</b>	Note 9	<b>706,357,656</b>	<b>721,113,816</b>
I. Subscribed capital		90,962,900	90,962,900
II. Share premium account		387,028,449	387,028,449
IV. Reserves			
1. Legal reserve		9,096,290	9,096,290
4. Other reserves, including the fair value reserve			
a) other available reserves		161,438,164	161,438,164
b) other non available reserves		439,674	439,674
V. Profit or loss brought forward		47,269,986	41,796,926
VI. Profit or loss for the financial year		10,122,193	30,351,413
<b>B. Provisions</b>		<b>8,804,623</b>	<b>7,383,896</b>
1. Provisions for pensions and similar obligations	Note 10.1	7,324,256	5,993,858
3. Other provisions	Note 10.2	1,480,367	1,390,038
<b>C. Creditors</b>		<b>586,772,227</b>	<b>569,763,255</b>
1. Debenture loans	Note 11		
b) Non convertible loans			
i) becoming due and payable within one year		32,296,122	2,288,627
ii) becoming due and payable after more than one year		367,000,000	397,000,000
2. Amounts owed to credit institutions	Note 12		
a) becoming due and payable within one year		25,083	25,083
4. Trade creditors			
a) becoming due and payable within one year		2,093,760	1,365,995
6. Amounts owed to affiliated undertakings	Note 6		
a) becoming due and payable within one year		167,020,527	165,078,164
b) becoming due and payable after more than one year		14,000,000	0
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year		22,224	21,321
8. Other creditors			
a) Tax authorities	Note 13.1	1,349,649	1,327,222
b) Social security authorities		422,018	404,534
c) Other creditors			
i) becoming due and payable within one year	Note 13.2	2,538,644	2,248,109
ii) becoming due and payable after more than one year		4,200	4,200
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>1,301,934,506</b>	<b>1,298,260,967</b>

The notes in the annex form an integral part of the annual accounts.



PROFIT AND LOSS ACCOUNT		2020	2019
Denominated in EUR		€	€
<b>1. Net turnover</b>	Note 14	<b>24,745,919</b>	<b>30,042,997</b>
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	Note 15	<b>99,720</b>	<b>0</b>
<b>4. Other operating income</b>		<b>447,281</b>	<b>606,662</b>
<b>5. Raw materials and consumables and other external expenses</b>			
a) Raw materials and consumables		(11,258)	(1,006,352)
b) Other external expenses		(13,729,479)	(14,867,587)
<b>6. Staff costs</b>	Note 16		
a) Wages and salaries		(15,049,424)	(14,062,993)
b) Social security costs			
i) relating to pensions		(928,830)	(873,550)
ii) other social security costs		(594,219)	(408,971)
c) Other staff costs		(1,722,909)	(1,866,037)
<b>7. Value adjustments</b>			
a) in respect of formation expenses and of tangible and intangible fixed assets	Notes 3, 4	(1,377,338)	(1,674,153)
b) in respect of current assets	Note 6	0	(34,650)
<b>8. Other operating expenses</b>		<b>(1,192,080)</b>	<b>(2,191,560)</b>
<b>9. Income from participating interests</b>	Note 17		
a) derived from affiliated undertakings		16,046,900	26,139,285
b) other income from participating interests		0	4,175,650
<b>11. Other interest receivable and similar income</b>			
a) derived from affiliated undertakings		9,553,701	13,613,001
b) other interest and similar income		<b>28,382</b>	<b>47,633</b>
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	Note 5	<b>0</b>	<b>4,745,220</b>
<b>14. Interest payable and similar expenses</b>			
a) concerning affiliated undertakings		(10,895)	(516,089)
b) other interest and similar expenses	Note 5	(8,723,025)	(13,841,861)
<b>15. Tax on profit or loss</b>	Note 13.1	<b>2,684,822</b>	<b>2,585,856</b>
<b>16. Profit or loss after taxation</b>		<b>10,267,268</b>	<b>30,612,501</b>
<b>17. Other taxes not shown under items 1 to 16</b>		<b>(145,075)</b>	<b>(261,088)</b>
<b>18. Profit or loss for the financial year</b>		<b>10,122,193</b>	<b>30,351,413</b>

*The notes in the annex form an integral part of the annual accounts.*







We embrace  
energy  
transition





The Encevo Annual Report is published in English.  
We would like to thank all those involved in the preparation and publication of this annual report.

### Publication team:

Under the leadership of the Corporate Communication Department of Encevo

Design, production and editorial direction:  
Corporate Communication Encevo S.A.

Photos:  
Edouard Olszewski  
Kim Fink  
Adobe Stock

Printers:  
Reka







**Encevo S.A.**

2, Domaine du Schlassgoard  
L-4327 Esch-sur-Alzette

Postal address:

B.P. 558  
L-2015 Luxembourg

Tel.: (+352) 2737-1  
[encevo.eu](http://encevo.eu)