

# 2022

We embrace  
energy  
transition

Annual Report  
Encevo S.A.



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energy  
transition

Annual Report •  
Encevo S.A.





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.

VISION

# Index

08

Message from the  
Chairman:  
Marco Hoffmann

10

Management  
Reflections

24

About the  
Report

30

Encevo's Profile

52

Governance

66

Performance  
Review

70

Management  
Report

78

Consolidated  
Annual Accounts

118

Extract of the Annual  
Accounts of Encevo S.A.

126

Environmental  
performance

148

Social  
performance

170

Community  
empowerment

180

Appendices

# A year of multiple crises

The year 2022 once again posed major challenges for the Encevo Group. Early 2022 saw the Russian Federation's unjustified war of aggression against Ukraine. Issues that had long since disappeared in the energy sector were suddenly on the agenda again, with energy scarcity and energy supply adding to the question of how to deal with high energy prices. The Encevo Group took responsibility on several levels.

A decisive element in overcoming this crisis-hit year was good cooperation – both within the group in our various teams, but also with authorities, grid operators and energy suppliers.

It is hard to think of a time when so many regulations and laws were passed and had to be implemented in such a short time. Not only was national legislation enacted, such as the gas price cap, but so too were European regulations, for example on specifications for gas storage levels, on liaising with other transmission system operators within the framework of ENTSOE and ENTSG, and on the regular stocktake with Belgium in the gas sector. Creos's role remained particularly important in the area of security of supply and especially in risk preparedness management.

The group was hit by a cyberattack in 2022, which exacerbated the impact of the crisis but thankfully did not affect any critical data. It led to an even greater workload and meant customer enquiries could not be answered adequately for a while, which was made all the worse by the fact that many people had lots of questions about energy.

Nevertheless, we made it through the year well, not least thanks to the commitment and dedication of our people, for which I am very grateful. Their hard work allowed the group to make progress on important issues beyond crisis management, namely the ever-present climate crisis.

We forged ahead with key projects in this area, like the 380 project, which involves replacing and upgrading the existing electricity interconnector from Germany

to Bofferdange and Bertrange – a quantum leap for securing energy supply and advancing the energy transition in Luxembourg. Other examples include the new PV and wind power plants that were commissioned or entered the planning phase.

Enovos also ventured into new innovative projects, such as agrivoltaics, while increasing its renewable footprint in the Greater Region.

To drive the energy turnaround at all levels, we also built up new competences in Technical Services. New technical service companies joined the group, including for the first time in Germany. Creos Deutschland continued with its partnership project to use parts of existing gas grids to transport and distribute hydrogen between Lorraine and Saarland. All these examples once again illustrate the group's commitment to furthering the energy transition across the Greater Region.

Despite the difficult environment, in 2022 the group was able to drive forward the energy transition, keep offering customers good services and products and also close the year on a good financial footing – clear evidence of the stability of our broad structure. Our robust business model lets us withstand crises and gives us the strength to continue making the necessary investments for driving forward the energy transition.

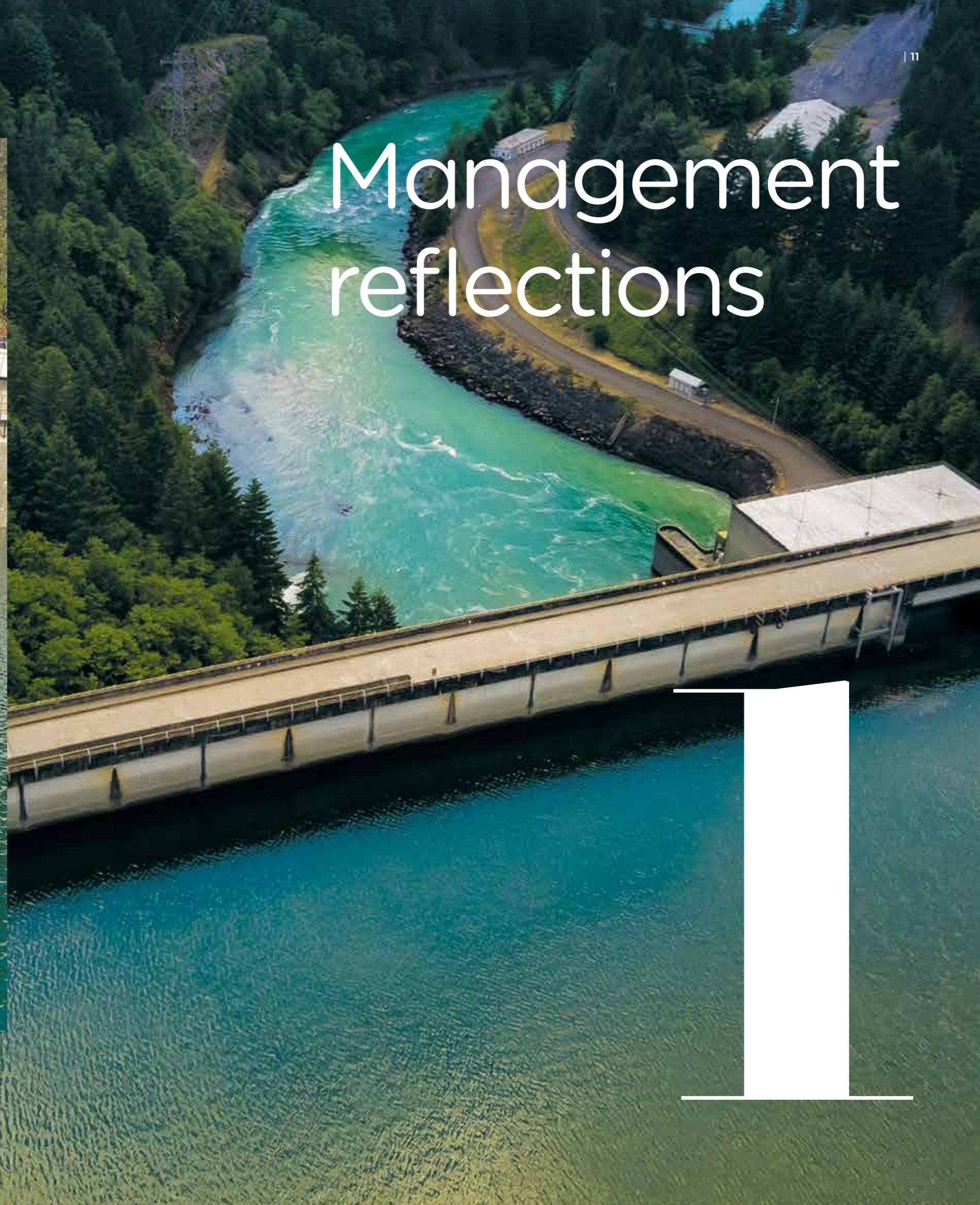
A successful energy transition is the best hedge against crisis in the long term. I am confident that we will hit further milestones in this direction in 2023, in the hope that we will soon be able to leave crises like the current ones behind us.

**A successful energy transition is the best hedge against crisis in the long term.**

Marco Hoffmann

Chairman of the Board of Directors





# Management reflections





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

# Resilience and stability

In 2022, the Encevo Group had to operate under difficult conditions as the energy crisis dominated the day-to-day. Nevertheless, not only did the group successfully manage the crisis, but was also able to push forward on important projects to further the energy transition.

## 2022 was yet another year that was anything but ordinary. How did the group fare?

The context was indeed extremely difficult. With the war in Ukraine, the energy price spikes we had been witnessing by the end of 2021 turned into a full-scale energy crisis – you might even say an energy war. In these unforeseen and difficult circumstances, we ended the year far better than expected. We saw a rapid succession of events impact our markets, plus massive volatility on the energy exchanges, resulting in a great amount of uncertainty for our business. All of this affected energy prices, consumption behaviour and our sourcing, resulting in huge knock-on effects on our clients and suppliers. For us it meant unprecedented market risk exposure. With the energy crisis still ongoing, we are not out of the woods yet, but our performance in 2022 on the whole was very satisfactory. For me, this proves two things: one, our overall risk management is strong, with mitigation measures that allow us to cope with such extreme volatility, and two, our structure as a group and our business model with its different pillars give us a certain level of resilience to external shocks.

## So, the group's strength lies in its broad positioning?

Exactly. A negative impact in one area might have the opposite effect in another area. Thanks to our diversification, Encevo's overall structure is sound and can withstand a great deal. I would like to highlight the efforts made by our people – they worked tirelessly to constantly adapt to the changing circumstances and

were highly flexible in their approaches. Therefore, for me, despite the multiple crises, 2022 was a successful year because we proved that we are nimble and stable.

## How confident are you that this model will continue to be robust?

We are quite confident that it will remain robust for the foreseeable future and that we can maintain our earnings capacity. What we are seeing, however, are higher working capital needs in addition to the high investment demand in grids and renewables. Higher energy prices and overall inflation drive up the capital requirements for the energy industry. Here too, though, we feel well positioned thanks to our very sound balance sheet and strong shareholders.

That being said, the volatility we have seen in energy market prices, even over a single day, would not have been thought possible before and it does put some strain on our organisation. We have managed to maintain a certain amount of stability in the B2C area, i.e. our residential end clients, and in particular on the power side. The energy price cap agreed on in the autumn is helping, but so too is our solid, forward-looking procurement strategy. For our larger industrial customers, which are more exposed to the spot market, the situation was a bit different. We know that the sector is taking a hit from the price changes and sharp fluctuations, but we have worked closely with our clients to offer new products that allow for some predictability, albeit not at the price levels we had two years ago.

**We proved that we are nimble and stable**

**Another new topic this year was security of supply, which has never been such an issue before. How was the group involved here?**

This concerns Creos Luxembourg in particular, which by law is responsible for the security of supply of power and gas in Luxembourg. It is true that we found ourselves in a situation that was previously unimaginable, where there was a real risk of a prolonged energy shortage. Together with the authorities, we revised or revisited the emergency plans because the previous versions were mainly designed for infrastructure breakdowns or incidents over a limited period of time. We are now well prepared for future crises thanks to the new plans – though hopefully we will never have to activate them. I should stress at this point that it is thanks to coordinated efforts across Europe and Creos's constant liaising with other European transmission system operators that the energy supply was assured at all times – limiting the crisis to that of high energy prices.

**And the solutions to the current crisis are in part the same as for the long-term climate crisis, right?**

Absolutely. Energy efficiency and renewable energy are definitely part of the answer. These topics are more pressing than ever and remain at the core of our strategy. At no point have we thought about cutting back on our investments in these areas – despite all the uncertainties we faced. We in fact worked hard to push on with – even speed up – our programme, both in the grid sector (upgrades to allow for higher renewable energy volumes so that we can speed up the general electrification of the economy and become more resilient) and in renewable energy production itself. We connected new PV and wind plants to the grid in Luxembourg and the Greater Region, plus we expanded our development capacity in renewables with the full takeover of WES Green. Renewable energies will allow us to reduce our dependence on fossil energy sources from countries such as Russia, so we are in no doubt that they are part of the answer to both climate change and the current geopolitical crisis.

Energy efficiency is something we have always focused on, through both enoprimes and other tools. This year our group boosted its efforts in this area, with a view to providing even more incentives and advice for our clients, for example in building management. I believe the crisis has led to an overall mindset shift and greater awareness in our society, and we have been thrilled to see so many political initiatives too. In general I see more of an impetus and an acceptance to push forward more quickly with all aspects of the energy transition.

**Tell us more about the expansion of the grids.**

The most important grid expansion project is the planned new high-voltage line connecting Luxembourg to Germany, the “380 project”. Creos has made good progress here, carrying out further studies. We have also launched a consultation to give the public the opportunity to comment. This continuous dialogue with all stakeholders and the authorities has been crucial in allowing Creos to incorporate various constructive contributions into the project. My hope is that Creos can now finalise the planning and start the tendering process with a view to starting construction in early 2024.

**What is the situation with gas, particularly hydrogen?**

Our hydrogen projects are continuing, the prime example for our group being mosaHYc. We are also trying to bring together the driving forces in the Greater Region to potentially build a hydrogen ecosystem. In Luxembourg itself, we are still in an early development phase but have been having intense discussions with industry, the authorities and the research community. Creos has also been in talks with Fluxys (Belgium) and GRTgaz (France) to discuss possible connections to an emerging European H2 network. As a group we are thus exploring the possibilities of getting hydrogen to Luxembourg and how to match it to the potential demand.

## H2

Encevo Group is trying to bring together the driving forces in the Greater Region to potentially build a hydrogen ecosystem

**At no point have we thought about cutting back on our investments in energy efficiency and renewable energy.**

**Unfortunately, the cyberattack in the summer was yet another challenge. Can you tell us what happened?**

Indeed, this was another crisis we had to deal with last year. Though it is obviously always possible to protect ourselves better, overall I believe we responded quite well. Cyberattacks increased in 2022 throughout Europe, both in general and against energy companies in particular, and that is why we are all shoring up our defences. Following the malicious ransomware attack, we had our systems up and running again relatively quickly thanks to our internal teams, without having to respond to any demands. Nevertheless, the attack did paralyse us for a while, which was not ideal – especially since it happened during an ongoing energy crisis and over the summer period. Our customers already had lots of questions, and our being unavailable to answer them must have been even more frustrating. We can only apologise once again. I would also like to stress that none of our critical systems was impacted at any time and no critical data was lost.


**What else happened in 2022 besides crisis management?**

We continued to push ahead with key projects: the 380 project in the grid sector, the Südeifel project in the renewable energy sector and mosaHYc in the hydrogen sector, to name but a few. The Südeifel project is certainly a quantum leap for us

in the renewables business, especially in terms of volume. In the Technical Services area, the biggest development was diego, which we relaunched last year and is now well established in Luxembourg. We expanded our offering in Luxembourg by adding competences in the cooling sector. And in Germany we also acquired a first company as a launchpad for our technical services activities there. The Encevo Group has thus continued to advance very positively, even if this has been somewhat lost in the noise of the crisis.

**What is the outlook for the coming months?**

As I mentioned earlier, the group has proven itself to be resilient and stable. We will follow through with our strategy and our investments, and all planned projects will continue. We also want to grow even faster and add new projects or services, in Technical Services and in particular in Renewable Energies. That being said, 2023 will be a year with very big question marks. Nobody knows when the war will be over. Uncertainties and risks regarding prices and availability of gas and electricity will persist for quite a while. We are also faced with high inflation and rising interest rates, which will give rise to additional challenges on the cost and financing side. 2023 will remain a turbulent year for the industry, but I have confidence in the Encevo Group.



**We continued to push ahead with key projects**

# 2022: strong and resilient performance in a year marked by crisis

**Solid financial results against a backdrop of record volatility and price levels for power & gas and the resulting unprecedented market and credit risk exposure for the group.**

While total sales volumes of power & gas dropped by 16% between 2021 and 2022 (solely due to lower gas sales), Group Turnover increased by EUR 907 million (+36%) from EUR 2,517 million in 2021 to EUR 3,424 million in 2022, driven by historically high energy prices.

Consequently, EBITDA/Turnover decreased from 9.5% in 2021 to 7.8% in 2022.

In absolute terms, however, the group’s operational result (EBITDA of EUR 268 million) has exceeded expectations and is EUR 30 million higher than in 2021.

This is despite unprecedented volatility and the price levels for gas, power and EUAs soaring to never-before-seen levels during summer 2022.

The improved EBITDA stems from a strong performance in Markets, Technical Services, Grids and Renewable Energies, driven by price effects.

In this very challenging environment, the group’s stringent market and credit risk management showed its resilience, supported by an excellent performance by the Energy Management & Trading teams.

Encevo’s overall investment activity reached a new record at EUR 272 million – EUR 4 million above 2021 – of which EUR 185 million was invested in Grids and EUR 55 million in Renewables.

No material impairments or impairment reversals have impacted the 2022 results.

The group’s net profit for the year 2022 stands at EUR 107 million – EUR 28 million higher than in 2021.

**Robust operating cash flow and increased working capital in a challenging environment.**

In 2022, the group generated sustained sufficient cash flows to finance its record investment activities.

Operating cash flow of EUR 282.4 million exceeded the 2021 amount by EUR 3.6 million, largely due to improved results.

Free cash flow of EUR -18 million decreased by EUR -15 million compared to 2021, driven by greater investments, higher working capital requirements and increased loans to participations.

Faced with increased liquidity requirements resulting from the very high volatility and energy price levels (including EUAs) driven by the Russia/Ukraine war, the Encevo Group, with the support of its shareholders and banks, increased its RCF (Revolving Credit Facility) from EUR 200 million prior to the war to EUR 400 million in June 2022 and then to EUR 750 million in January 2023. As of 31<sup>st</sup> December 2022, the RCF was fully unutilised. Additionally, in December 2022 the Encevo Group signed and fully drew down a 180 M€ loan with a 6 year maturity with 3 banks guaranteed by the State of Luxembourg.

Net financial debt increased only slightly to EUR 511 million at the end of 2022, and gearing – the ratio of net financial debt to total equity – stayed essentially flat at 34%.

Capital and reserves further increased to EUR 1,507 million. This represents 38% of total assets, illustrating the group’s continued strong balance sheet

**Challenging outlook for 2023 due to the ongoing Russia/Ukraine war and its impact; investments still expected to rise from 2022 record levels.**

Russia’s invasion of Ukraine in February 2022 and the ensuing war has significantly increased the risks related to the European energy sector and the European economy in general, with increased energy prices, higher overall inflation and rapidly rising interest rates.

This remains a continued source of uncertainty regarding the overall economic outlook as well as for market prices, counterparty risk and physical supply risk. Potential further regulatory/government intervention needs to be monitored.

The group will continue with its high levels of

investment in power grid infrastructure. It will further intensify and accelerate its efforts in developing renewable projects in its core markets of Luxembourg, Germany, Belgium and the Netherlands, as well as in France.

In addition, the group will continue to focus on supporting 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 in these very challenging conditions to minimise the impact of price increases on customers.

Given the insight gained from the first few months of 2023, and subject to a positive resolution of the uncertainties surrounding the Russia/Ukraine conflict, we expect to maintain our financial performance from previous years at operational level.

**Marc Schroeder**  
Chief Financial Officer Encevo S.A.  
Member of the Executive Committee



Key figures consolidated	2022	2021
Sales volume gas (TWh)	14.5	21.1
Sales volume electricity (TWh)	14.4	13.2
Sales (EUR millions)	3,424.2	2,516.8
EBITDA	268.4	238.6
Operating cash flow	282.4	278.8
Free cash flow	-18.3	-3.2
Net profit for the year	107.3	79.7
Total assets	3,973.1	3,266.8
Capital and reserves	1,507.0	1,403.9
Net financial debt <sup>(*)</sup>	511.4	488.9
as a % of capital and reserves (gearing ratio)	33.9%	34.8%
Capital expenditures	272.0	268.4

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

# Crisis management and future planning

**2022 brought a lot of challenges – not only the energy crisis but also a severe cyberattack. How did the company handle these challenges?**

Against the backdrop of the energy crisis and the new geopolitical situation created by the war in Ukraine, Creos's load-shedding plans were updated in close coordination with the Ministry of Energy. Although the risk of a shortage in Luxembourg this winter was no higher than in previous years, we remain cautious and prepared.

We also saw that the government's appeal to citizens to reduce their energy consumption bore fruit.

Creos also launched the "StroumMonitor", a graphical tool that shows the national load forecasts for the current day and the three following days. The aim is to minimise the generation of electricity from fossil fuels and make better use of renewable energy when it is available by encouraging individuals and industries to reduce their consumption during peak hours.

As for the cyberattack, it hit us at the most inopportune moment, in the middle of an energy crisis. Our IT teams' immediate and effective response quickly stopped the intrusion. No third party – be it a customer, supplier or other stakeholder – suffered any damage and security of supply was guaranteed at all times.

**Nevertheless, Creos maintained an ambitious investment strategy. What are the main points in this regard?**

Most of our investments were devoted to reinforcing and extending our electricity network, but our investments in digitalisation also remained at a high level. Unfortunately prices of materials needed for both maintenance and investments,

**We need to increase and strengthen the capacity of our electricity grids.**

such as pipes, cables and transformers, have risen significantly.

The most important project for the future is of course the 380 kV project ("Project 380"), which is progressing on schedule. We expect to receive the administrative approvals by the end of 2023 and to start work the following year.

Another major project is the national, centralised energy data IT platform, the aim of which is to collect all gas and electricity consumption and production data and make it available to the various market players, facilitating communication between them.

**What are the next challenges for Creos?**

The first is electricity. Demand for electricity will grow due to greater digitalisation, increasing electromobility and the decarbonisation of the heating/cooling of buildings. We need to increase and strengthen the capacity of our electricity grids and will need to add more intelligence to our electricity network.

The second is gas. We need to keep the natural gas network in good condition while reducing costs as much as possible. The use of natural gas, mainly for domestic heating, will gradually disappear as part of the decarbonisation process.

Lastly, hydrogen will play an important role in the coming years, especially in industry. We are taking part in studies on the subject in close cooperation with industrial customers and potential partners. We are also involved in the European Hydrogen Backbone (EHB), an initiative involving 31 European network operators.

**Mario Grotz**  
Chairman and Managing Director  
Creos Luxembourg S.A.



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



## Moving forward in the face of crisis

**Last year, we went from an energy price crisis to a tangible energy crisis. How did Enovos fare against this backdrop?**

Over the course of 2022, conditions became extremely difficult overall. The energy price crisis became an energy crisis – you might even say an energy war. For months, we have been navigating significant crisis-related changes and immense risk. But despite this, our business model and risk management capabilities allowed us to keep the price of electricity stable throughout the year. Unfortunately, the same cannot be said for gas, which we had to adjust several times, but our efforts to partially absorb the short-term market price and consumption fluctuations have played a key role in helping our customers.

**Yet the crisis has sped up other developments, such as energy efficiency and renewable energies.**

We put in a lot of work into energy efficiency in 2022 and are seeing that customers are incredibly willing to do their bit – this is crucial as every bit of energy saved makes us more independent and helps bring prices down. Things are also looking good with renewables. Across the Greater Region we have laid the groundwork for renewable energy projects in France and continued to make good progress in Germany (especially with the Südeifel project), Belgium and the Netherlands. In Luxembourg, we have connected new PV plants while also preparing for more innovative projects, such as a pilot project in agri-voltaics. As for our wind farm projects with Soler (a joint venture with SEO), we were able to connect new plants to the grid in 2022 and upgrade others. In terms of customers, we have made

good progress with renewable PPAs, where our experience is starting to pay off.

**So, crisis management was not the only thing Enovos did last year. What are the next challenges ahead?**

The crisis – or rather the crises – took a lot out of us, but we handled them well. However, we will be stuck with high inflation and interest rates for a while, not to mention the changing weather conditions due to climate change (after a very dry summer, mild weather conditions in winter helped lower gas consumption and prices in Europe). In the short term, we must continue to manage the enormous volatility in our markets – and we absolutely have to get back to a good customer service level. Looking a little further ahead towards the medium term, our goal is to work with stakeholders and customers to do everything we can to ensure a competitive energy supply.

In the long term, we are faced with two crises – the energy crisis and climate change. And the principal weapons for tackling both are the same: saving energy and expanding renewables. These are at the forefront of my mind whenever I talk about a competitive energy supply – and whenever I talk about the climate in general. The crisis has boosted the acceptance of renewable energies and sped up the development of new projects. We want to be a driving force behind this change because that is our responsibility.

# 160

GWh

Enovos achieved more than 160 GWh in energy savings in 2022.

# Growth picking up pace

**When we took the decision to go behind the meter, we did so with the aim of advancing and speeding up the energy transition.**

## What were the most important developments in Technical Services in 2022?

Overall, Technical Services had a great year 2022. The year started with our repositioning of diego as its own autonomous entity in Luxembourg. The new company posted great performance, both in e-mobility and PV.

Minusines, a cornerstone of our supply chain, has also played a key role in the overall progress with PV and e-mobility.

As for Paul Wagner et Fils, the company has established itself as one of the most important players in the country when it comes to installing PV systems. It has also broadened its scope with the acquisition of Arctic Cooling Systems and now additionally covers the cooling sector, where great emphasis is placed on the environment and energy efficiency with every cooling system.

Power Panels has continued to grow, too, posting record turnover with energy distribution systems for PV and e-mobility systems delivered both to Luxembourg and around the world.

Turning to Global Facilities its energy-monitoring system has helped customers reduce and optimise their energy consumption. Over the last year we have seen an even greater focus on energy efficiency and have expanded our energy consulting and audit services together with energieageance.

Another key development in 2022 was the acquisition of Wieland & Schulz, our first subsidiary in this business area in Germany.

We are very satisfied with how Technical Services operations are progressing in general.

## In retrospect, does that mean the decision to enter this field was the right one?

Absolutely. When we took the decision to go behind the meter, we did so with the aim of advancing and speeding up the energy transition. The war in Ukraine – an unfortunately tragic trigger – has now cemented the need to get away from fossil fuels, and our Technical Services business is gearing up to deliver our energy transition projects even faster.

We are starting to see our strategy bear fruit, and it is becoming ever clearer that the services we are offering are very much in demand. As a group, we are able to offer more integrated solutions, for example in e-mobility and PV. We always keep in mind that the individual group companies are separate entities, each with their own distinct focus and each growing their operations with their respective business partners in their own markets. But the strategy of combining their individual strengths and competences is working – and we will continue on this path.

## What challenges does this area hold in store?

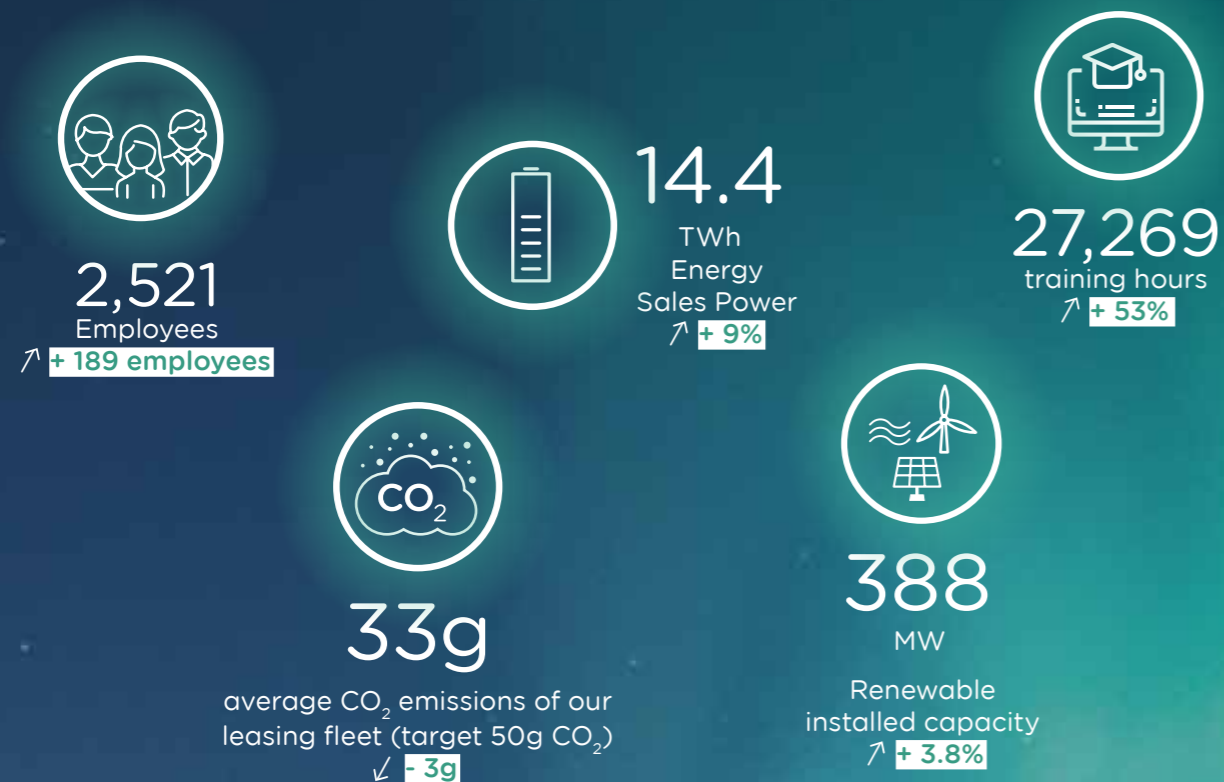
In 2022, the business unit did a fantastic job, overcoming the supply chain challenges that were encountered particularly in the first half of the year. But the topic of inflation rose to prominence in the second half and will be increasingly concerning in 2023 – staff and material costs cannot simply be passed onto customers. We will also have to keep a closer eye on the overall economic situation since a slowdown in the construction sector in particular might impact our order intake. And finding the right people in terms of workforce remains a challenge. Nevertheless we see plenty of opportunities in technical services, thanks to the speeding up of the energy transition – which has become a political priority and an absolute necessity.



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

# About the report

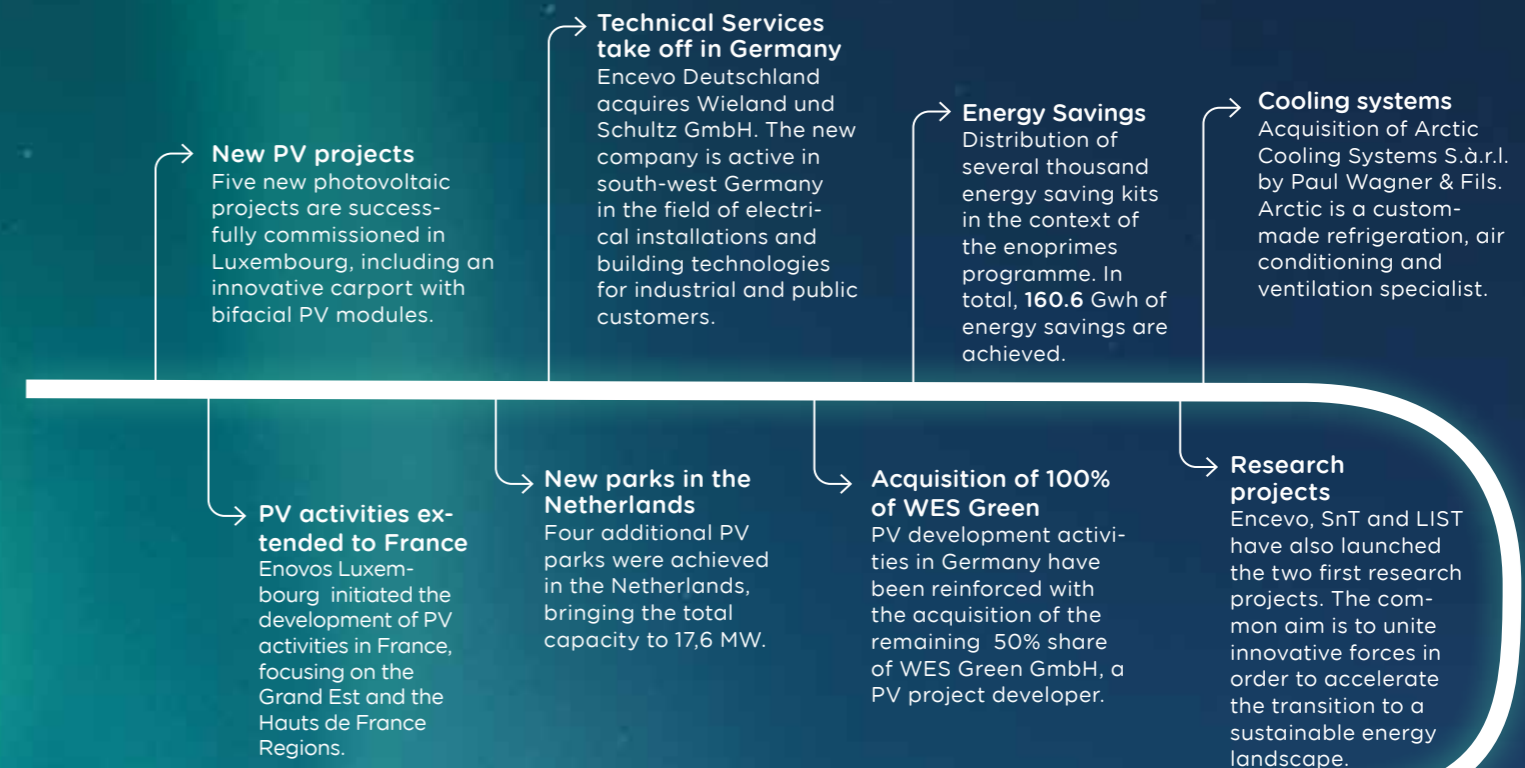
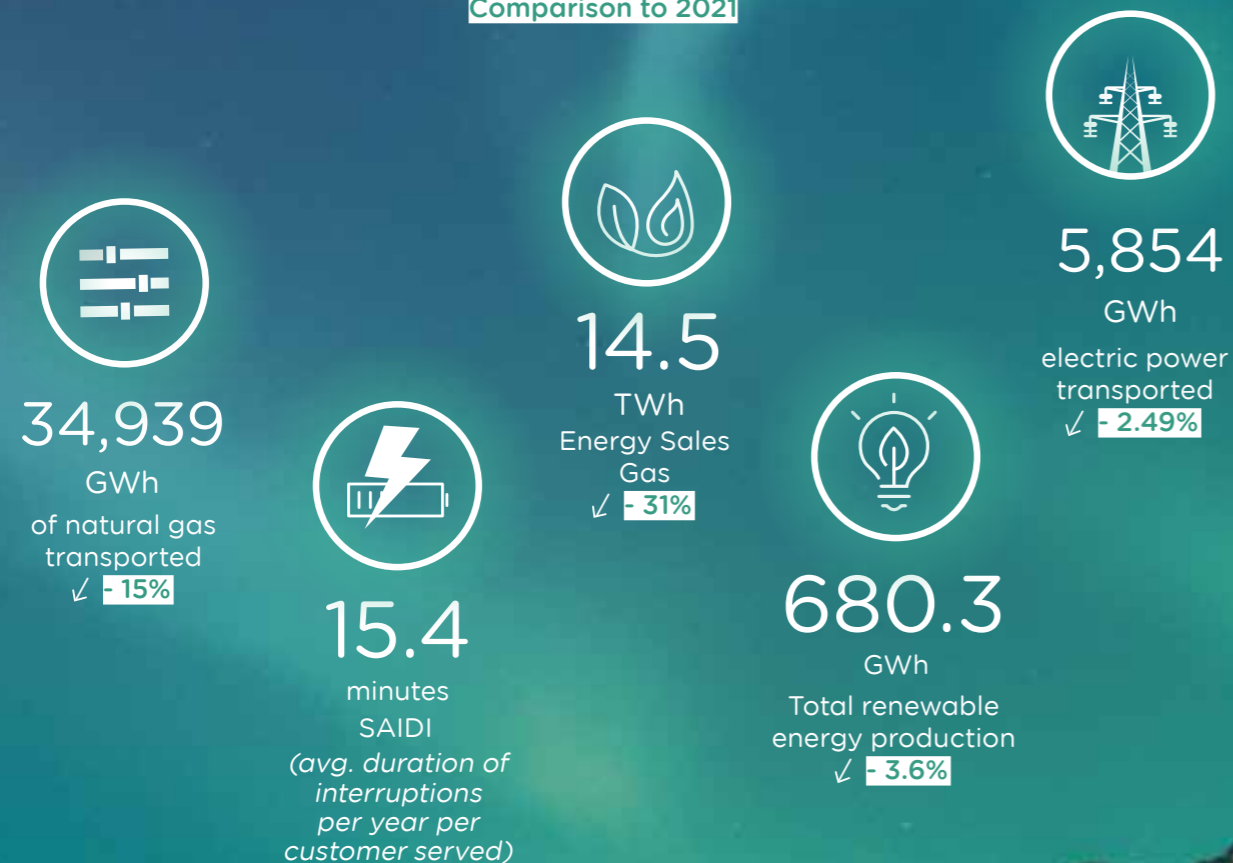




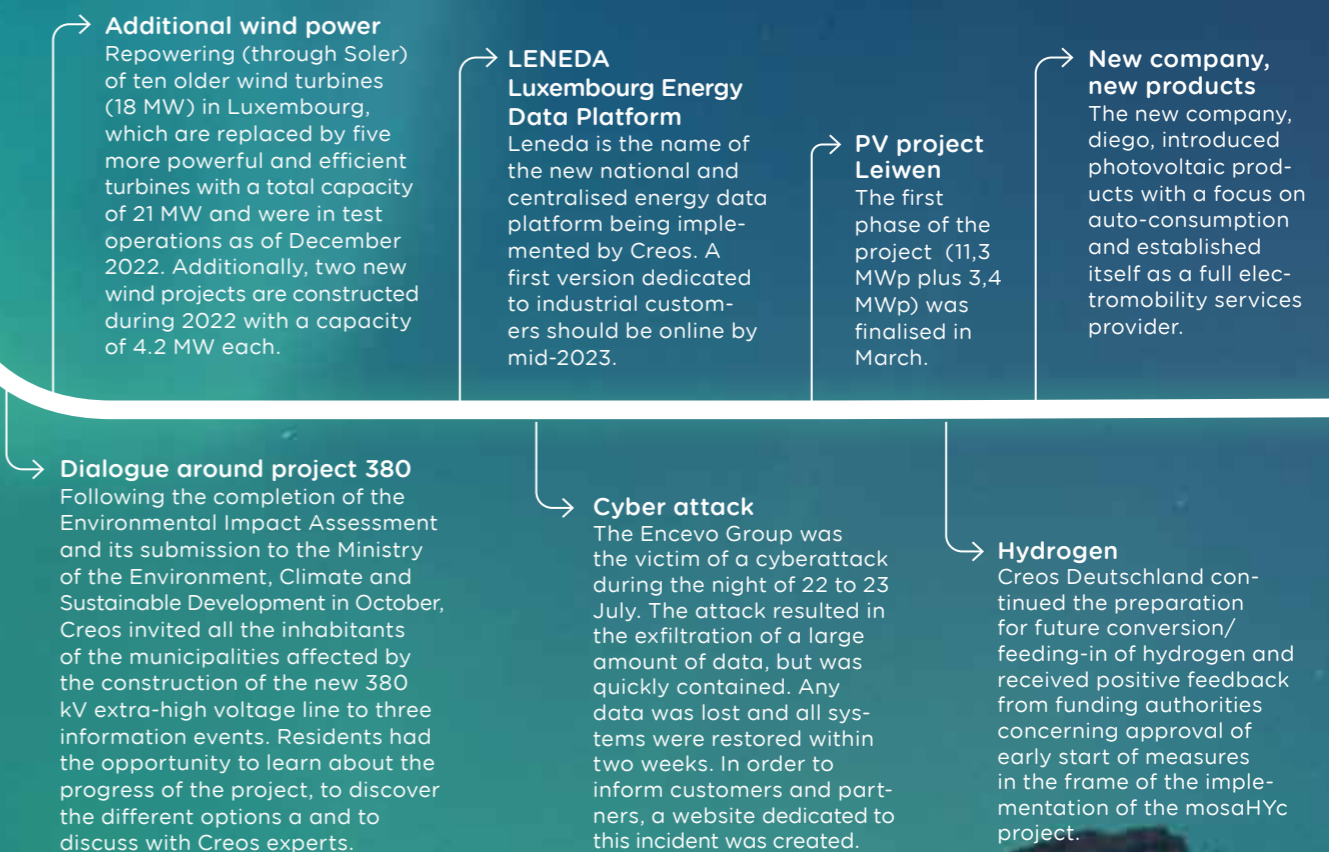
# KEY FIGURES 2022

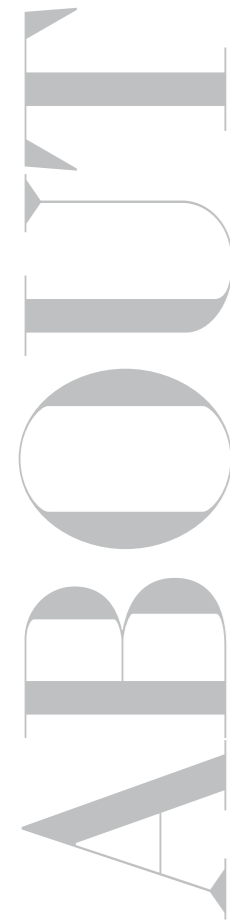
Consolidated figures of Encevo Group

Comparison to 2021



# MILESTONES 2022



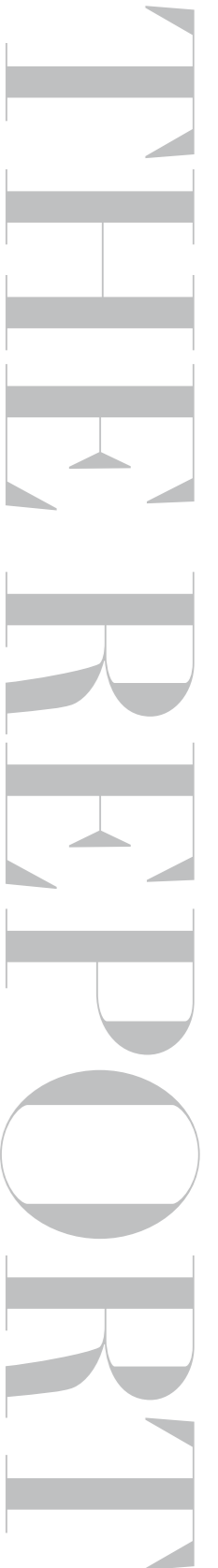


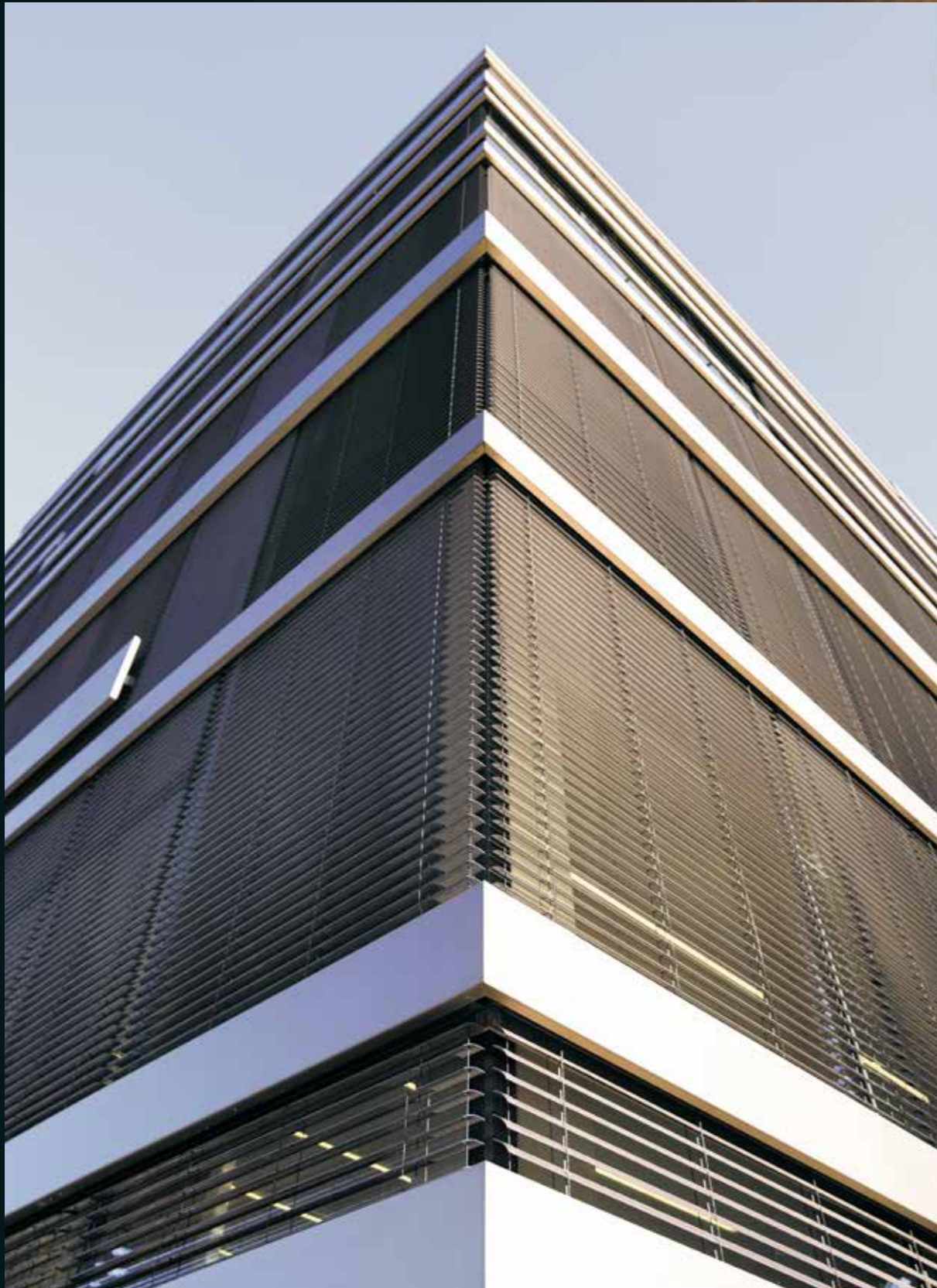
This report is the official publication of Encevo's financial and sustainable development achievements and performance for 2022. This report has been prepared in accordance with the latest Global Reporting Initiative (GRI) standards published 24<sup>th</sup> of November 2021. Following to a GRI publication, GRI has hailed the European Sustainability Reporting Standards (ESRS) as an important step towards implementing the Corporate Sustainability Reporting Directive (CSRD) and holding companies operating in the EU market accountable for their impacts. GRI has actively engaged in the development of the ESRS, from the initial phase lead by the Project Task Force through to the collaboration with the European Financial Reporting Advisory Group (EFRAG), the Sustainability Reporting Board (SRB) and Technical Expert Group. The work concentrated on ensuring optimal interoperability between the global GRI Standards, focused on impact materiality, and the European ESRS focused on double materiality. The GRI Standards are already the impact reporting standards used by most large companies, in the EU and around the world. It covers all Encevo S.A. activities and entities for the period from 1 January to 31 December 2022, corresponding to the company's fiscal year. Our fully consolidated companies have been included – consequently, the reporting cycle is annual. The previous publication was released in 2022 and covered Encevo's sustainable development achievements and performance for 2021. The next publication will be released in 2024 and will cover Encevo's sustainable development achievements and performance for 2023.

This report was supported by the sustainability advisory firm Forethix, which provided the methodology for the materiality analysis shown on page 182. The report's content index refers to general and topic specific disclosures from the GRI standards.

Please find GRI index on page 188.

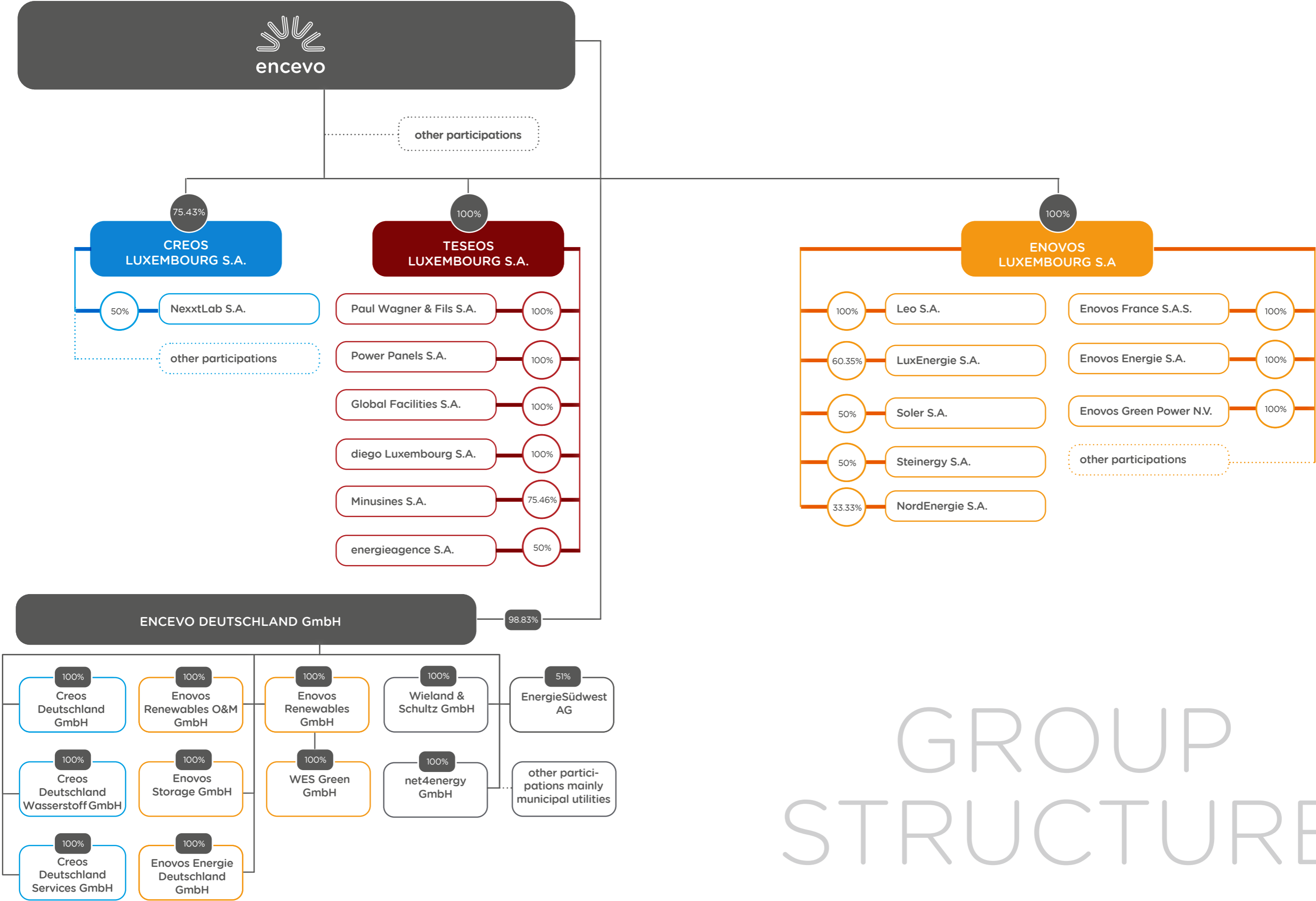
All of our publications are available on our website: [www.encevo.eu](http://www.encevo.eu). Encevo S.A. with its registered headquarters office in 2, Domaine du Schlassgoard, L-4327 Esch-sur-Alzette, is at your disposal to provide any other information on our sustainability approach. To this end, we are providing a dedicated email address to our stakeholders, who we encourage to give feedback on their expectations and concerns: [CSR@encevo.eu](mailto:CSR@encevo.eu). Under this address, you will contact Jan Ricken, the Head of Group Organisation & Process Excellence, who is responsible for Encevo Group's CSR standards.





# Encevo's profile





GROUP  
STRUCTURE

Encevo Group Value Chain

Energy Supply

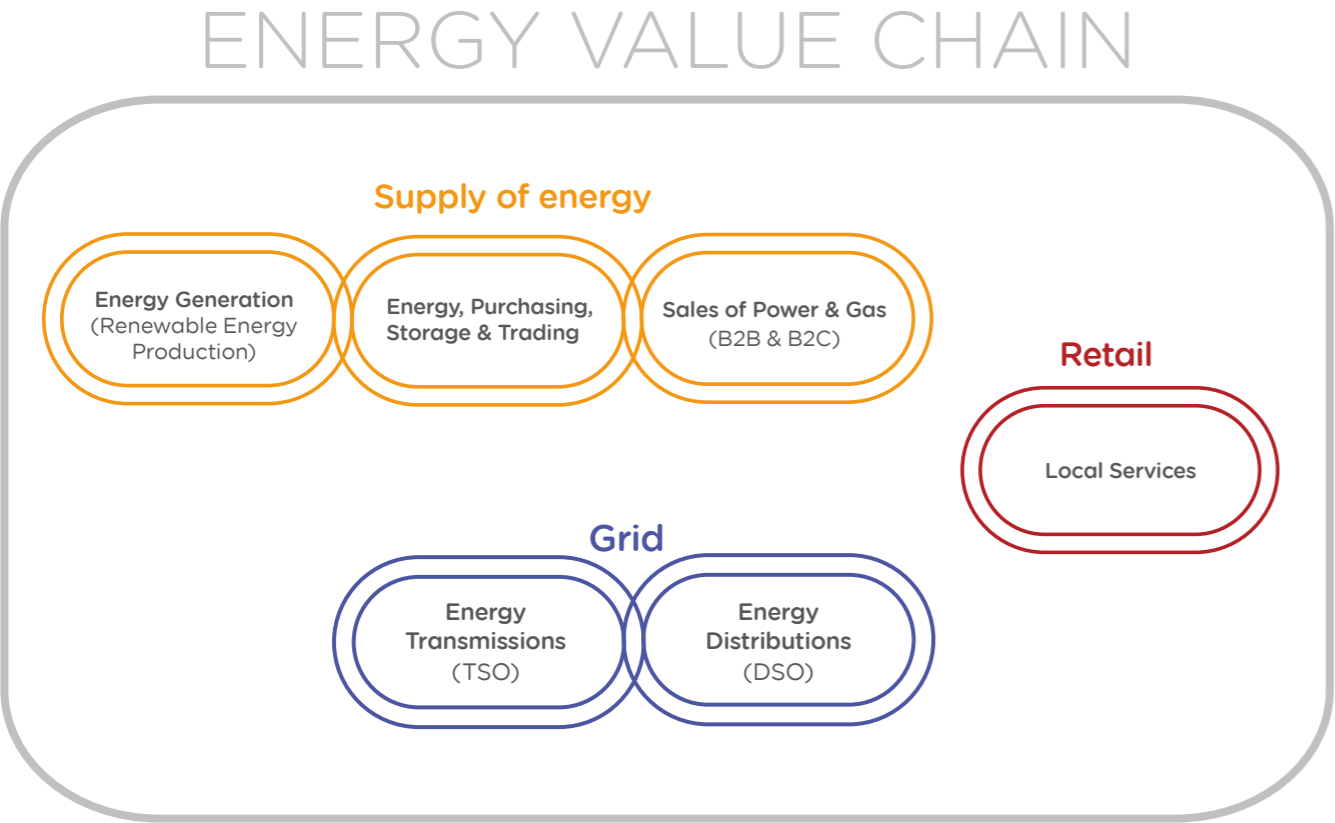
Enovos is Luxembourg's main energy supplier. Our mission consists of two main pillars. On the one hand, Enovos provides electricity, natural gas and renewable energies to a wide range of customers. On the other hand, Enovos is active in the development of renewable energy projects. Thus, Enovos continuously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

Grid

Creos's mission 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.

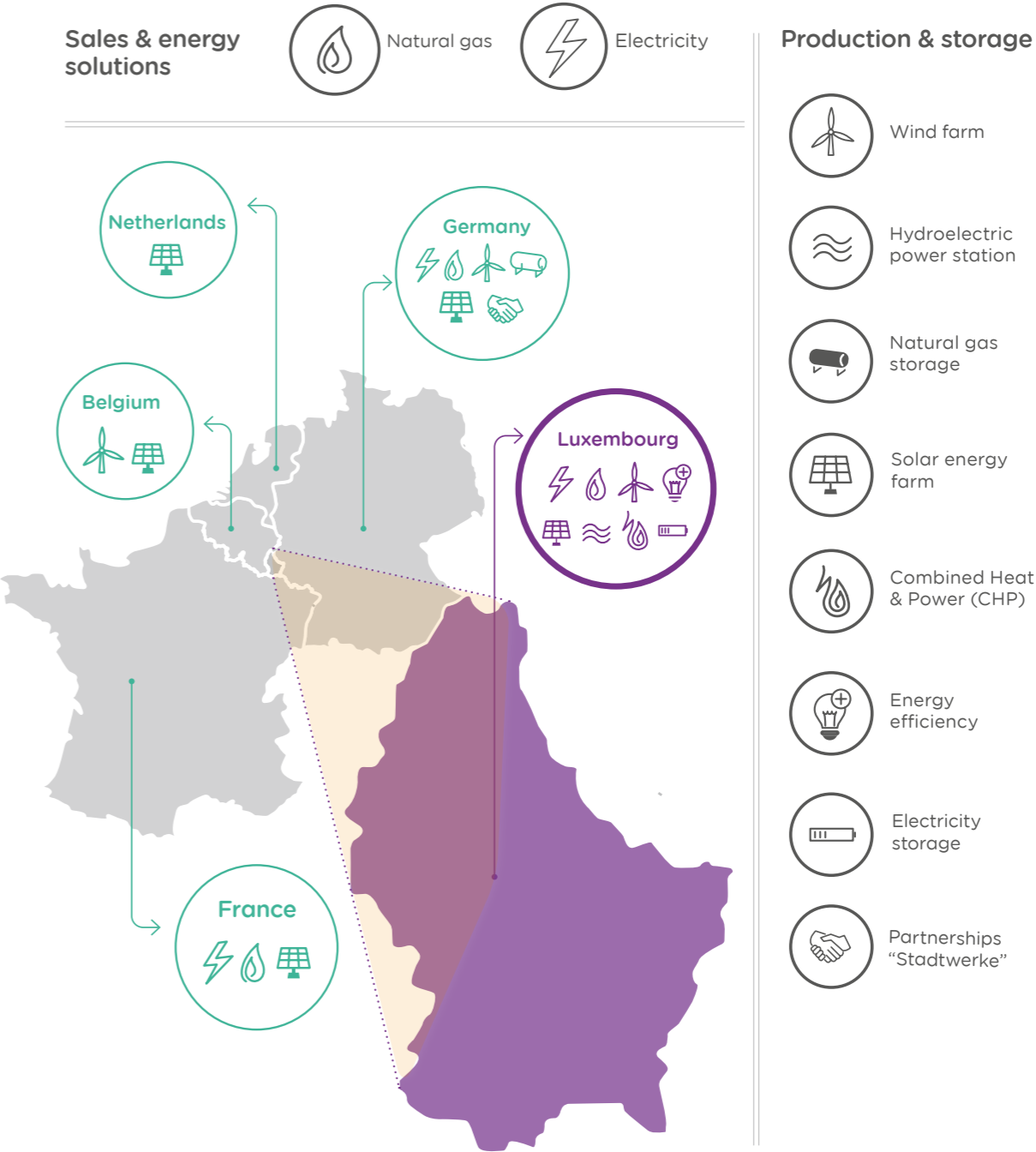
Retail

Teseos handles the group's presence and activities regarding installations and technical services in the domain of building equipment, distributed energy production, e-mobility and energy efficiency. Teseos 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 Presence in the Greater Region

Luxembourg's main energy supplier is Enovos, which also operates in Germany, France, Belgium and in the Netherlands. Enovos is also active in the development of renewable energy projects and continuously invests in renewable energy production. By doing so, Enovos ensures a sustainable and competitive energy supply for all its customers.



# Our Value Creation Model

Times of crisis refocus the value creation around resilience in our operations through our value chain. Especially, resilience in security of supply and managing critical infrastructure for the sustainable energy transition is key. Creating value for our stakeholders by being a leader in the energy transition and delivering a solid financial performance is a must for a sustainable business model. We strongly believe that these interests align. To ensure that we continue to create value, we need to prioritise business opportunities that fully leverage the aspects of sustainability including market risk and return. Creating value by being an integrated energy group is at the core of our strategy. This reduces overall risks through diversification and means that we can create competitive advantages by leveraging synergies. We also become an attractive partner through in-depth expertise and delivery capabilities across the energy value chain. We believe that this puts us in an excellent position to generate value for our stakeholders. Our sustainability strategy objectives, on page 38, illustrate concretely how we engage in different parts of the value chain and the organisation. We are growing in renewables and fostering the energy transition by modernising and expanding the electricity distribution grid (including electric vehicle charging points), optimising market services and supporting our customers in their efforts to decarbonise.

Our value creation model summarizes the input we use and the added value we create for our 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.
- **Innovation capabilities** including skills in engineering, services, market analysis, trading, market knowledge, digital competence and technical innovation
- **Stakeholder relations** ensuring credibility and trust as a partner and driver of the energy transition with customers, suppliers, government 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 our adjusted EBIT KPI:

- **Supply of Energy:** 44.0% contribution
- **Grid:** 54.8% contribution
- **Retail:** 1.2% contribution

We aim to optimise the use of our resources. We fully integrate sustainability into our decision-making process to create more solid value for our stakeholders. Our business model focuses on 3 growth engines: 1) Energy supply and renewable energy production, 2) smart and reliable grid system ensuring security of supply,

3) Services. With these strong businesses along our value chain, we ensure:

- A responsible and inclusive corporation.
- More sustainable operation.
- The sharing of value with communities.

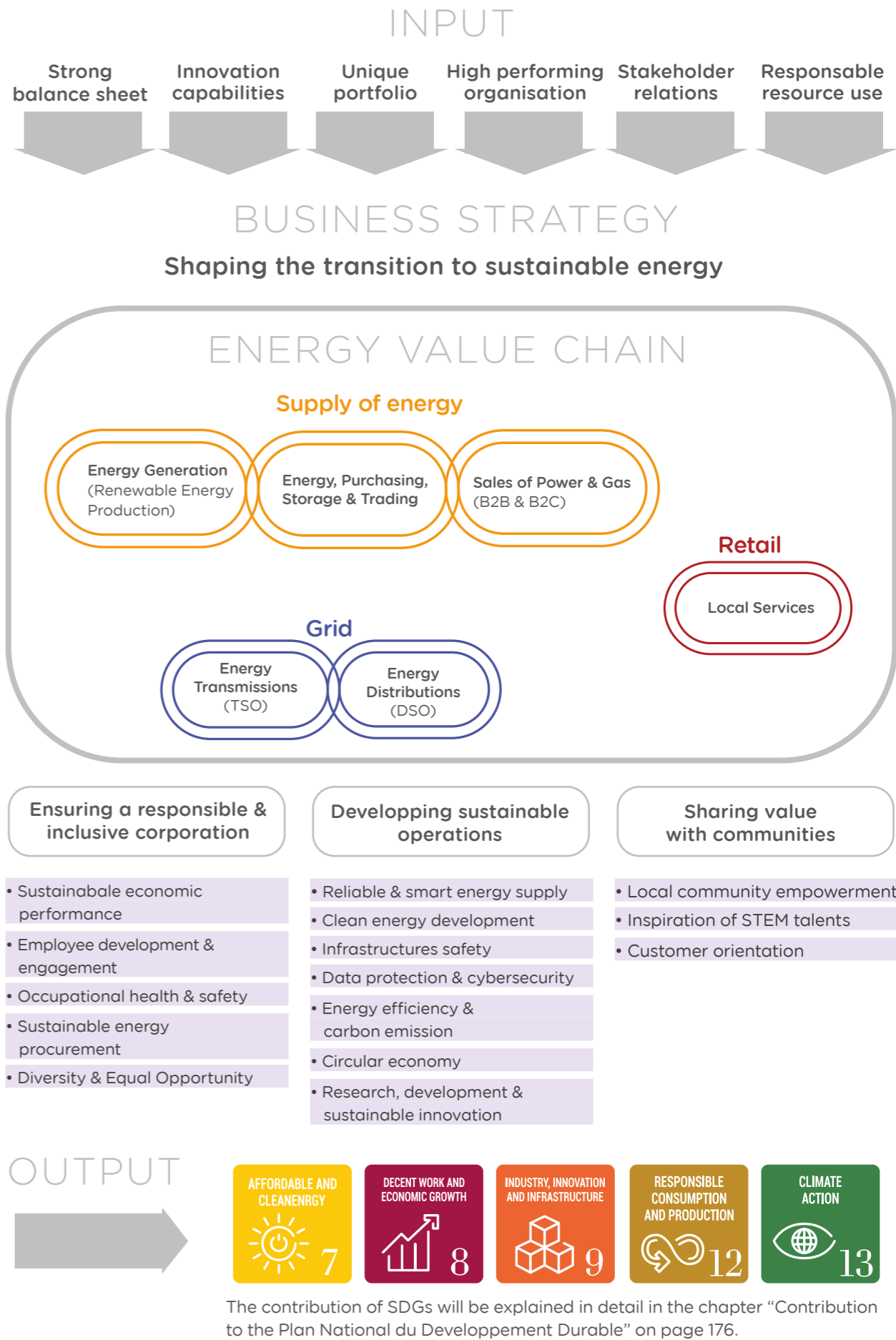
The objective of Encevo's sustainable development strategy is to favour the sustainable creation of value. This is done by engaging in activities focused on our corporate objects, considering stakeholder's needs based upon their business interests and current institutional realities. Our list of stakeholders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

**Output**

Based on our group strategy, we pursue our plans to drive the energy transition forward. We are dedicated to the sustainable creation of value for all stakeholders, using environmentally friendly energy sources to provide quality service, staying alert to opportunities offered by the knowledge economy, and 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 continuously contributes to it 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.



# Materiality Analysis & Sustainability Strategic Priorities

Our materiality analysis uses an inclusive approach with its stakeholders and is currently in the transition towards a double-materiality method, which is an upcoming CSRD requirement. During 2022, we prepared a double-materiality update, which will be performed during 2023 and communicated for the Annual Report 2023 with new insights from our employees and our Group Strategy Committee (GSC), which is our highest decision board in terms of CSR governance. 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.

Six 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 with identified sustainability issues and objectives. Each issue and how we manage it are detailed in the corresponding chapters of this report. We have defined our core challenges as follows:

[RE]

RESSOURCE EFFICIENCY

Accelerating carbon reduction through improved energy management

[BI]

BUSINESS INTEGRITY

Improving standards and controls for ethical business conduct that strengthen customer relationship, supplier partnerships and workplace integrity

[PI]

PRODUCT IMPACT

Delivering optimal products and ensuring security of supply

[EW]

EMPLOYEE WELL-BEING

Fostering a high performance, inclusive workplace culture that engages employees and creates rewarding career paths for our current and future workforce

# Sustainability Management Plan

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

	Material Topics (Mat) & Secondary Topics	ID	Sustainability Management Plan as communicated in Annual Report 2022	Target Date (Year)	Progress
PRODUCT & SERVICES IMPACT (PI)	Reliable and Smart Energy Supply (Mat)	PI1	Build-up of public electric vehicle loading points (=800) and high speed loading points (=88)	2023	<div></div>
		PI2	Develop self-consumption and smart district concepts to guarantee low carbon or zero carbon energy supply via Encevo subsidiaries	2025	<div></div>
		PI3	Build and implement National Data Platform for Luxembourg	2022	<div></div>
	Clean Energy Development (Mat) - Renewables Production	PI4	Target renewable production (PV/WIND/Biomass via District Heating) to support governmental objective of 25% green power	2030	<div></div>
	Infrastructure Safety (Mat)	PI5	Building of new interconnection of infrastructures with Germany to secure supply & demand challenges	2026	<div></div>
		PI6	Invest 200M EUR Green Bond Capital into Group Infrastructure	2024	<div></div>
	Energy Efficiency	PI7	Increase Energy Efficiency Services Sales to increase energy savings (compared to 132GWh in 2019)	2022	<div></div>
		PI8	Increase the number of services delivered in the field of decarbonization to the different economic sectors of Luxembourg compared to 2022, in particular increase the number of energy audits, carbon assessments, decarbonization studies, trainings.	2025	<div></div>
EMPLOYEE WELL-BEING (EW)	Employee Development & Engagement (Mat)	EW1	Pursue efforts in increasing time spent on e-learnings and create learning communities for knowledge sharing	2026	<div></div>
	Employment Training	EW2	Perform regular Employee satisfaction survey in 4-5 -years cycle and implement validated action plan	2024	<div></div>
	STEM Talents and Local Communities	EW3	Social impact - Pursue effort in coaching and being a reliable partner for ministries, local entities, students and jobseekers	2023	<div></div>
	Occupational Health & Safety (Mat)	EW4	Re-certify SGS (Sécher a Gesond mat System) for Encevo and Re-certify VISION ZERO (Creos)	2022	<div></div>
		EW5	Evaluate and prepare for ISO 45001 Certification Lux Grid and Encevo	2023	<div></div>
	Diversity and Equal Opportunity	EW6	Raise awareness to our general management on interpersonal skills/emotional intelligence through dedicated sessions/conferences	2024	<div></div>
		EW7	Train our leaders on our managerial competencies (including diversity & inclusion mindset/approach) through a dedicated leadership programme	2026	<div></div>
		EW8	Include Diversity & Inclusion in employer branding to attract more women or other minorities	2025	<div></div>
BUSINESS INTEGRITY (BI)	Data Protection & Cybersecurity (Mat)	BI1	GDPR: Implementation of continuous improvement program 2021-2023	2023	<div></div>
	GRI 418	BI2	Updating ISMS (Information Security Mg. System) certifications to the new ISO/IEC 27001:2022 norms and standards	2025	<div></div>
		BI3	Information Security Improvement Plan: Implementation of 2 years Cyber Security Plan (2022-2024)	2024	<div></div>
	Human Rights	BI4	Adhere to national "Business and Human Rights Pact" charter in Luxembourg and implement human rights roadmap	2025	<div></div>
		BI5	Perform due diligence of Human Rights related to our procurement and HR practices	2023	<div></div>
RESOURCE EFFICIENCY (RE)	Energy Consumption (Energy Usage of Production)	RE1	Achieve and keep Energy Management Certifications ISO 50001 in 3 year-cycle	2022	<div></div>
	Emissions Mgt.	RE2	Define Emissions Trajectory for Encevo Group	2023	<div></div>
		RE3	Measure Emissions Scope 2 (by 2022) and scope 3 (by 2023)	2022/2023	<div></div>
		RE4	Reduce CO <sub>2</sub> emissions for Leasing fleet in Luxembourg (Encevo/ Creos/Enovos/Teseos) to ZERO emission	2025	<div></div>

Objective met       Objective in progress

This sustainability management plan summarises our core sustainability topics, goals, target dates and progress, which we review and update on a yearly basis. We briefly explain here only the achievement of objectives due for 2022 or newly defined objectives. The status of ongoing objectives are further detailed in the specific chapters:

## Product & Services Impact (PI)

- **PI2 (new): Develop self-consumption and smart district concepts to guarantee low-carbon or zero-carbon energy supply via Encevo subsidiaries**  
Encevo Group strives to offer complete solutions for smart districts, covering among other things the construction/ commissioning and operation/maintenance of low-temperature heating grids based on geothermal or fatal heat. The services should include the operation/ maintenance of PV installations, provision of a charging service for on-site charging stations and the management of sharing platform services for collective self-consumption. With this offering, the Encevo Group and its subsidiaries want to contribute to partial and ideally full decarbonisation of new and existing buildings and districts in Luxembourg.
- **PI3 (update): Build and implement national data platform for Luxembourg (Project Leneda, Luxembourg ENergy DAta Platform)**  
The objective of the project is to develop and implement a national and centralised energy data IT platform which will gradually centralise energy market processes between market players, integrate the common smart metering system, provide reporting to the regulator and the government and give energy customers access to consumption and production data. Creos, in its role as TSO for electricity in Luxembourg, has prepared a concept paper describing the proposed technical and organisational concept. From November 2021 to April 2022, Creos ran a tendering



zero-carbon energy



interconnection



national energy data platform

- procedure for the development of the Leneda software. From May 2022 to September 2023, a first version of Leneda will be implemented for industrial customers, energy producers and energy communities. The project will be consequently continued in 2023.
- **PI5 (new): Building phase for new interconnection of infrastructures with Germany to secure supply & demand challenges**  
The building phase for the 380 kV interconnection to Germany with a total investment of EUR 195 million has successfully started. This interconnection will ensure reinforcement of energy supplies and therefore contribute to Luxembourg's security of energy supply.
  - **PI7 (met/recurrent):** Energy efficiency was satisfactory with total savings of 160.6 GWh. The achievement is below 2021 efficiency savings.
  - **PI8 (new): Increase the number of services delivered in the field of decarbonization to the different economic sectors of Luxembourg compared to 2022, in particular increase the number of energy audits, carbon assessments, decarbonization studies, trainings.**  
Training sessions in the field of energy efficiency increased substantially compared to 2021. Also, trainings on the new legal framework for tertiary buildings and schools (energy efficiency and sustainability in general) increased over 2022 compared to 2021. We will report as of next year on the progress of new services delivered.

Employee Well-Being (EW)

- **EW1 (new): Pursue efforts in increasing time spent on e-learnings and create learning communities for knowledge sharing by 2026**  
In 2022 we increased our digital learning offering and we now plan to focus on promoting and increasing time spent on e-learnings by our employees. We also plan to develop communities for knowledge sharing to promote knowledge transfer among our employees and to contribute to developing wider social connections and a collaborative culture within the organisation.
- **EW4 (objective met/recurrent):** Re-certify SGS (Sécher & Gesond mat System) for Encevo and re-certify VISION ZERO (Creos) was successfully achieved
- **EW5 (new): Certify for ISO 45001 Certification Lux Grid and Encevo by 2023**  
After some preparation for this extensive certification during the last year, our health & safety teams decided to certify both Grid and Sales entities by 2023. This will increase our maturity related to our health & safety practices. .
- **EW6 (new): Raise awareness to our general management on interpersonal skills/emotional intelligence through dedicated sessions/conferences by 2024**  
As part of our employees' development programme we plan to raise awareness about social and emotional skills since these are the foundation of positive working relationships and of improved work performance. Enabling employees to develop their skills at work helps them progress in their careers and contributes to enhancing employee engagement and retention and overall employee well-being.



collaborative culture



e-learning



certification



emotional intelligence

- **EW7 (new): Train our leaders on our managerial competencies (including diversity & inclusion mindset/approach) through a dedicated leadership programme by 2026**  
Throughout the upcoming years we will be implementing a dedicated leadership programme that aims to further develop our managerial competencies. This programme will put special emphasis on developing and embracing a Diversity & Inclusion mindset that ensures that diverse perspectives are being considered and are able to influence decision-making in an ongoing way.

Business Integrity (BI)

- **BI2 (new): Updating ISMS (Information Security Management System) certifications to the new ISO/IEC 27001:2022 norms and standards**  
The Information Security Management System of Creos Grid Operations was successfully certified ISO/IEC 27001:2013 in January 2022. A new standard was published in October 2022 which requires an adaptation of the 2022 achievement. In order to maintain this critical certification, our Grid entity has three years (October 2025) to adapt the current ISMS to the new ISO/IEC 27001:2022 standard.
- **BI3 (new): Information security improvement plan – Definition of new two-year strategic information security plan (2023-2024) and implementation of phase 1**  
We are constantly striving to align information security objectives with business objectives in view of evolutions of European and national regulations. Moreover, considering the evolutions in the threat landscape, we are continuously evaluating the most appropriate positioning and technologies to support a safe and secure digital transformation. One concrete action is the definition of an adapted new strategic plan, composed of various specific projects, both technological and organisational, in the fields of information security, resilience, awareness and continuity.

Resource Efficiency (RE)

- **RE1 (objective met): Achieve and keep energy management certifications ISO 50001 in a three-year cycle**  
Encevo and Enovos Luxembourg have already been ISO 50001-certified for the energy management system at the Esch-sur-Alzette site for six years. In 2022, Global Facilities, which has moved into Building A at our sites, was awarded the certificate in October 2022.  
The current international context reminds us daily of the importance of operational control of energy consumption, both at work and at home. Various measures have been identified across divisions and implemented at all Creos, Encevo and Enovos sites. We have identified opportunities for improvement everywhere and are speeding up their implementation.  
As a result, Global Facilities and energieage were officially appointed as Technical Support for Energy-Intensive Buildings by the Luxembourg government as part of the national energy saving programme “Zesumme Spueren, Zesummenhalen”.



information security management



clean energy

- **RE2 (new): Define Emissions Trajectory for Encevo Group by 2023**  
During 2022, the remaining fully consolidated entities performed their emission inventories by applying the Bilan Carbone method. This input is now used to define emission trajectories for each individual fully consolidated entity, which will then be aggregated towards an Encevo Group trajectory. This trajectory will be presented and communicated in our Annual Report 2023.
- **RE3 (objective met): Measure emissions scope 2 (by 2022) and scope 3 (by 2023)**  
We have achieved the objective to measure emissions scope 2 for all our fully consolidated entities by 2022. Please refer to the details in our environmental performance chapter.
- **RE4 (new): Reduce CO<sub>2</sub> emissions for leasing fleet in Luxembourg (Encevo/Creos/Enovos/Teseos) to zero emissions by 2025**  
Since 2015, our leasing fleet has emitted on average 132 g CO<sub>2</sub>. We have set the objective to reduce emissions down to zero by 2025. This year 2022, we achieved 33g CO<sub>2</sub> (WLTP).



# Our Integrated Approach to Sustainable Development

## Encevo's sustainability context

The third year under pandemic restrictions was still challenging, but overall was handled excellently. Unfortunately, the energy market prices because of the war led to **volatile market movements** throughout the year, at levels never seen before. **These posed a significant challenge to overcome in relation to risk management and energy procurement.**

Sustainability is increasingly becoming a competitive advantage and business necessity. This is driven by commitments as well as requirements from corporations, investors, customers and governments and encompasses all aspects of sustainability (financial, social and environmental).

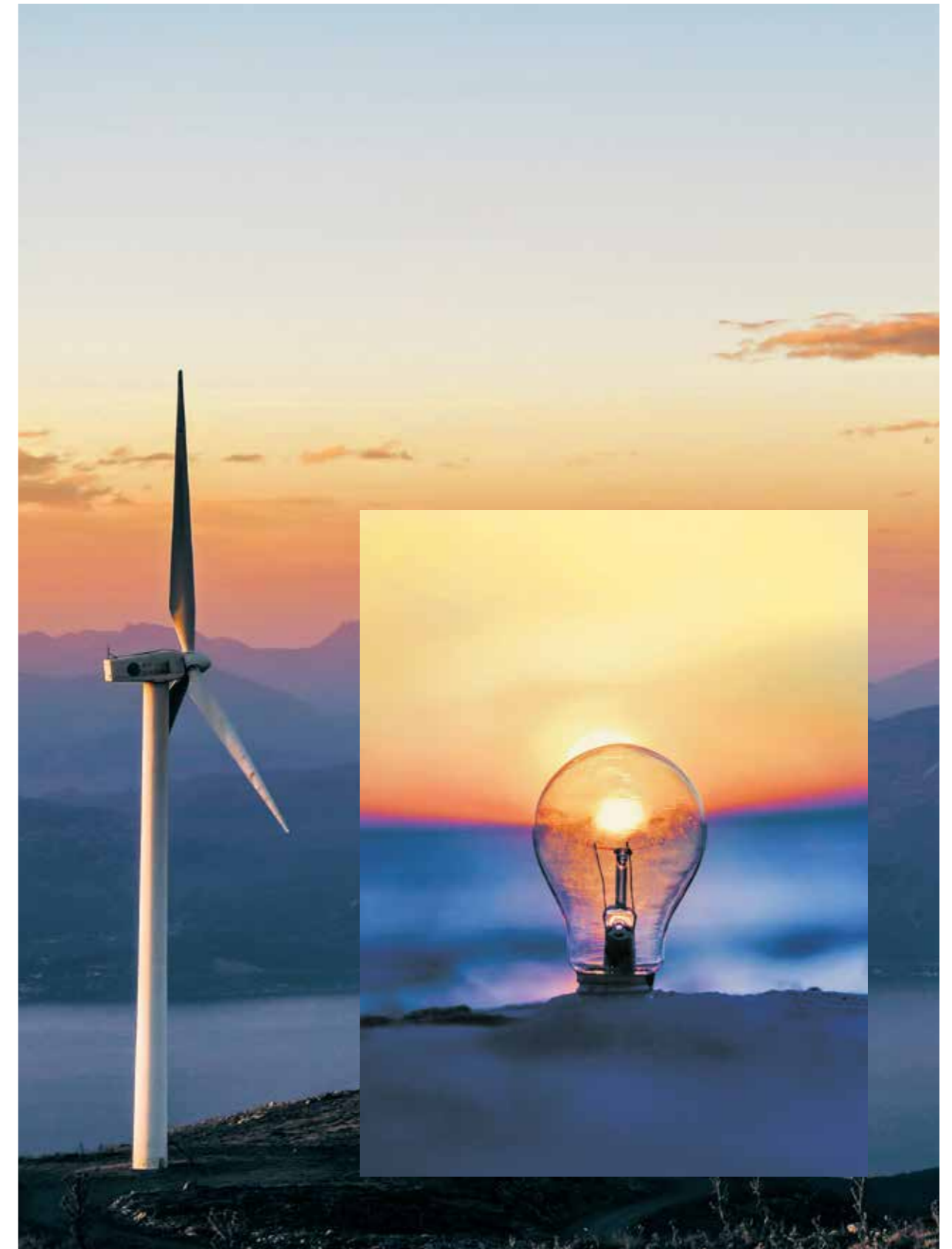
As electrical vehicles are rolled out, and heating and industrial processes increasingly become powered by electricity, the demand for fossil-free electricity will accelerate. As a consequence, generation of electricity needs to increase. This will challenge the energy system as it will have to cope with unprecedented fluctuations in electricity supply and demand. Capacity, sufficiently flexible to cover periods when weather-dependent sources cannot deliver, and the necessary grid infrastructure will therefore be crucial to ensure security of supply.

Competition is intensifying further, with new players and capital entering the market. We believe more players want to join the race towards sustainability as the competitive advantage of sustainable business models and products grows. For the energy market, this means intensified competition for business opportunities within generation, distribution and consumption of sustainable and fossil-free energy solutions. Cash-rich oil and gas companies and automotive manufacturers will continue to move into the sector, as well as digital giants and innovators introducing disruptive innovations, to find new and attractive ways of engaging with energy customers. Stronger competition will pressure future margins and force companies to clearly leverage competitive advantages.

Bridging the skills gap will be critical to succeeding in the energy transition. Changing demographics and an accelerating energy transition will create an increasing labour shortage, resulting in fierce competition for key technical and project management skills. In addition, a competence shift is expected, where new skills within analytics and digitalisation, business development and cross-functional collaboration are needed. To attract talent, it will be essential for companies to offer innovative and competitive benefits and new, more flexible ways of working. Companies also need to retain and re-train current employees to ensure the right competence and to leverage the full potential of the workforce.

While regulation and policy drive the transition forward, a common view for infrastructure build-out is lacking, which risks slowing down permitting processes and the implementation of projects. Support for various technologies may vary over markets and time. Therefore, it will be important for companies as well as politicians and other organisations to both monitor the public opinion and work together with all stakeholders to achieve the necessary pace in the energy transition.

Corporations need to build resilience to unexpected change. Driven by increased digitalisation, geopolitical instability and new types of criminal activities, companies will increasingly be forced to tackle new and evolving threats such as cyberattacks, disruptive events, disinformation and espionage. Companies must build the ability to secure assets and to ensure business continuity while facing these threats.



# Our Continous Improvement Framework

The formal and structured approach to determine our most relevant sustainability issues is used in our CSR management systems. We constantly challenge our status quo with expert reviews and advices, and adapt our plans where necessary. We are proud to demonstrate evidence for our success in the concrete achievements in our sustainability management plan dashboard. We track and disclose progress against our objectives, reassess our issues and adjust, where necessary, by reviewing instructions or processes. Our continuous improvement cycle is inclusive and embeds feedbacks from multiple stakeholders.



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



One of our key verifications is done through the three-year cycle of ESR certification, which was due and successfully achieved during 2021. We even extended the scope of our verified and certified entities on our 100%-owned entities in the technical services area. Organisation and governance ensure we can achieve these objectives, which are closely linked to the SDGs.

We are proud that we could present and validate our CSR strategy and roadmap at the highest levels of our governance structure (Group Strategy Committee, GSC)

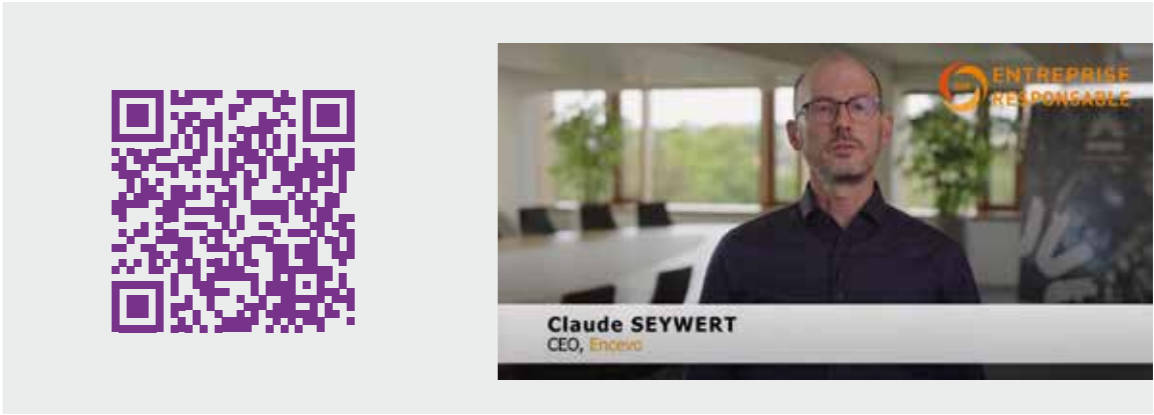
Encevo Group recertifies the most important CSR label to successfully demonstrate good practices. The certification starts with an

initial evaluation of all CSR-related dimensions:

- CSR Strategy
- Environmental
- Social
- Governance

and was finalized during 2022 with ESR video on good practices.

You can scan this QR Code to view our ESR certification video:

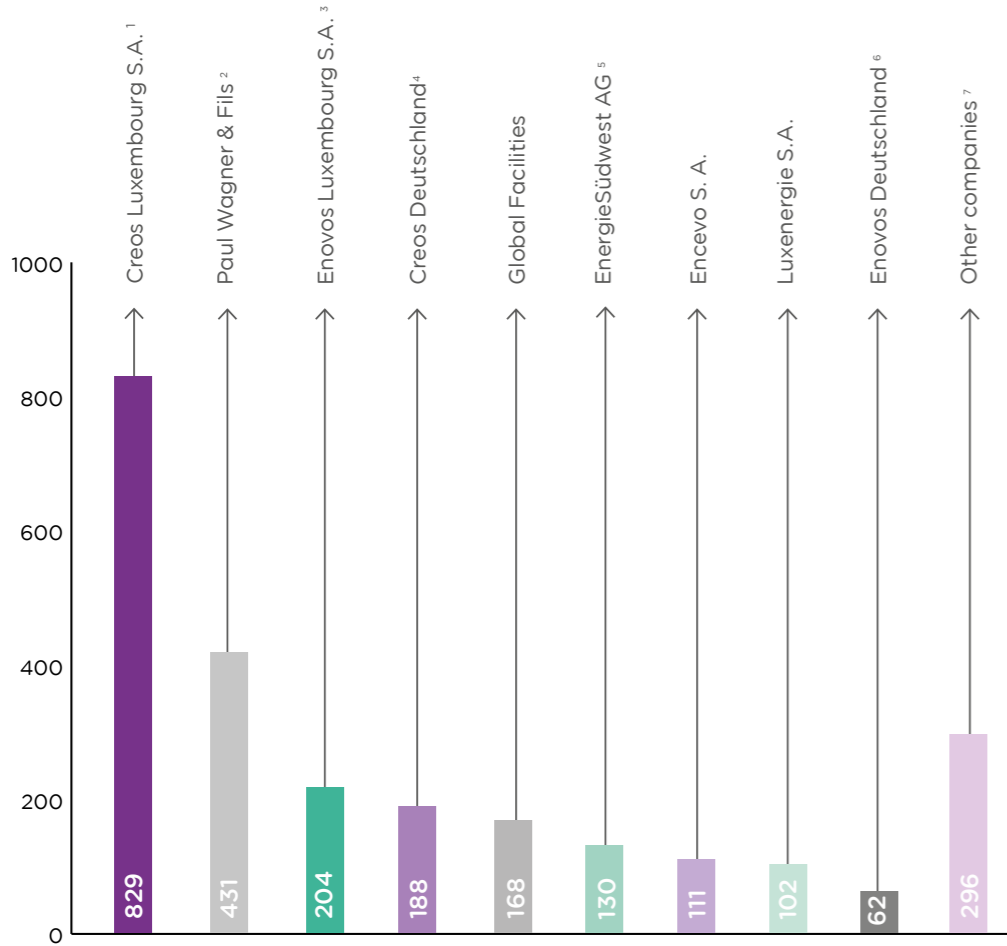


# Overview of Encevo Group Employees

## Encevo Group average headcount

(without trainees & parental leaves) |  
Data 2022

2,521



### Workers who are not employees and whose work is controlled by the organisation

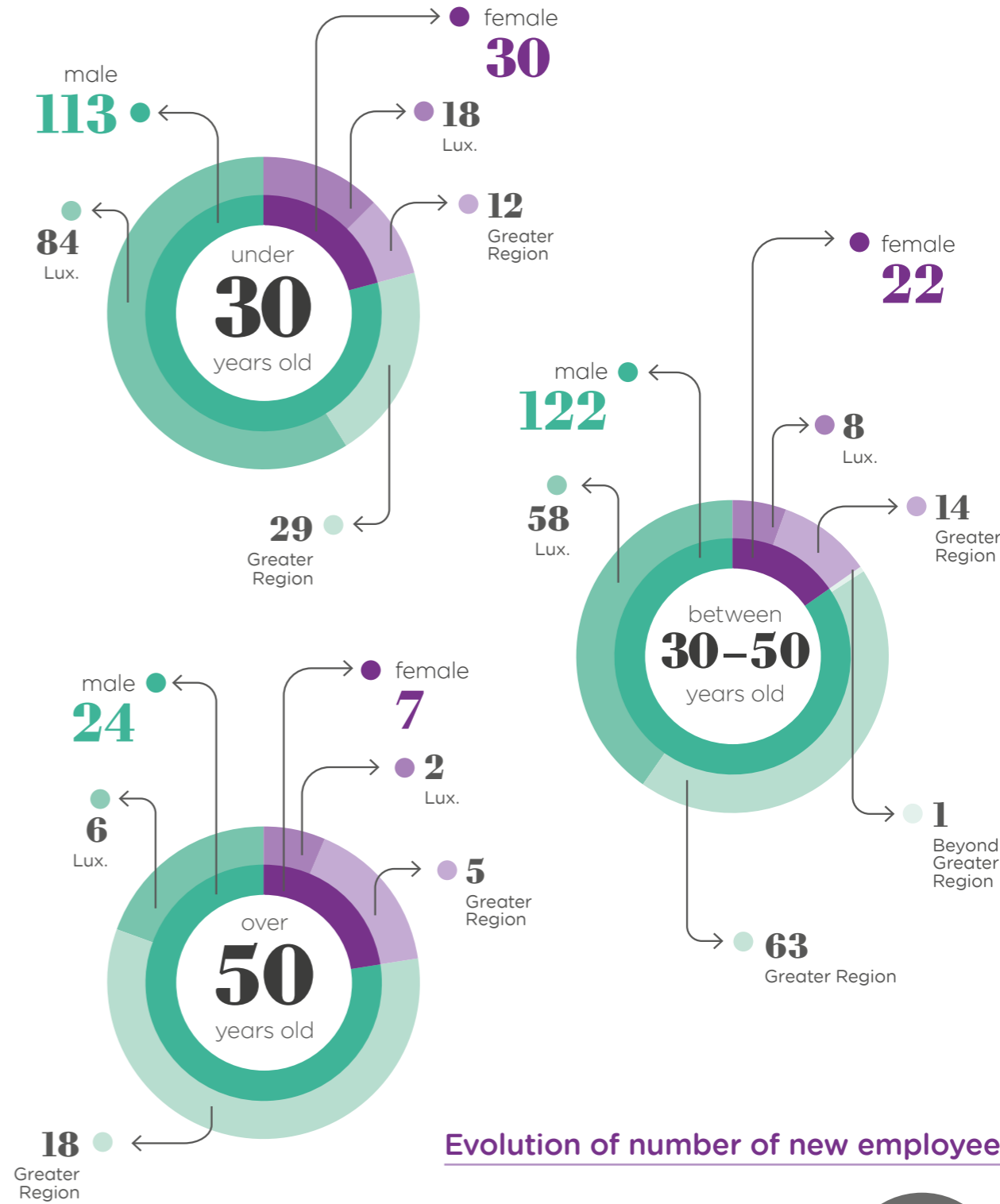
In order to develop its activities, Encevo group, through some of its subsidiary companies, engages workers who are not employees and whose work is controlled by the organisation. This information is presented with further detail in the section “Occupational Health and Safety” in page 164.

### Collective Bargaining Agreements

At Encevo Group we have established collective bargaining agreements with most of our group companies in Luxembourg and in the Greater Region, reaching 81% of companies with collective bargaining agreement within our group.

<sup>1</sup> Ville de Luxembourg included  
<sup>2</sup> Hoffmann S.A.S, Electricité Wagner S.A., Blitzschutzbau Rhein-Main, Arctic Cooling Systems S.à r.l. incl.  
<sup>3</sup> Leo S.A. & Enovos France SAS incl.  
<sup>4</sup> Creos Deutschland Services, net4energy GmbH incl.  
<sup>5</sup> EnergieSüdwest AG, EnergieSüdwest Netz GmbH, EnergieSüdwest Projektges. GmbH, EnergieSüdpfalz Shared Service GmbH  
<sup>6</sup> Enovos Energie Deutschland GmbH, Enovos Renewables O&M GmbH, Enovos Renewables GmbH, Enovos Storage GmbH incl.  
<sup>7</sup> Enovos Green Power, Enovos France, DISUN Deutsche Solarservice GmbH, WES Green GmbH, Power Panels S.A., Minusines S.A., Diego Luxembourg S.A, Wieland & Shultz incl.

## Number of new employees 2022: 318



## Evolution of number of new employees



Please note that data for GRI 401-1 is not available for Wieland & Schultz.

# Introduction to EU Taxonomy Reporting

The sustainability reporting landscape in Europe is moving from voluntary to mandatory. The main sustainability regulations in Europe aim to make a substantial contribution to the EU Environmental Objectives, in alignment with the European Green Deal and The Paris Agreement, and to make Europe the first climate-neutral continent by 2050.

In this context, the European Commission has adopted an action plan to finance sustainable growth, and has developed the EU Taxonomy Regulation EU 2020/852 that was published in the Official Journal of the European Union and entered into force on 12<sup>th</sup> July 2020.

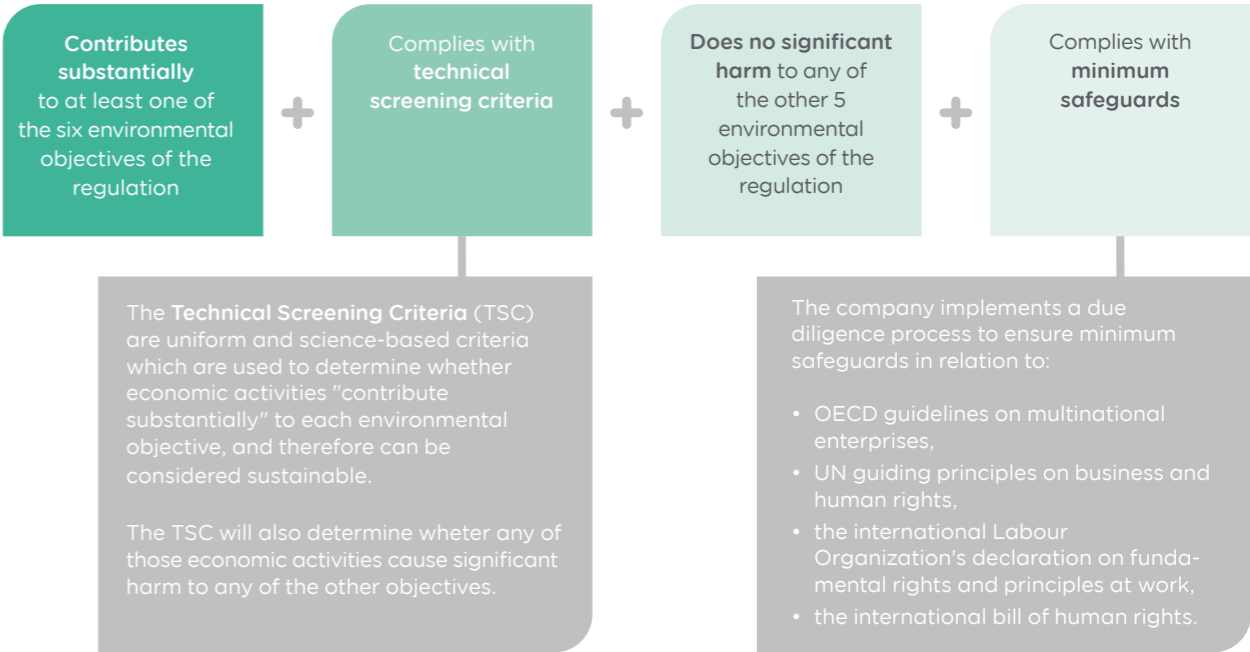
The EU Taxonomy is a classification system for sustainable economic activities that aims to scale up sustainable investment.

- In particular, it helps companies:
- understand to what extent they are generating revenues from sustainable, taxonomy-aligned activities,
  - manage their portfolio of activities with the aim of gradually increasing the share of green activities,
  - identify and define investment plans according to the improvement potential of economic activities that are Taxonomy-eligible but not yet aligned.

The EU Taxonomy includes a standard set of definitions for sustainable activities centred around six environmental objectives:



To be classified as a sustainable economic activity according to the EU Taxonomy there are four main criteria to consider.



The economic activity must not only contribute to at least one environmental objective but must not violate the remaining ones, and it should also comply with minimum safeguards.

At the moment, the technical screening criteria for the first two environmental objectives have been defined: climate change mitigation and climate change adaptation. The European Commission has recently published a proposal for Delegated Act defining the screening criteria for the other four objectives..

- The process to report on the EU Taxonomy follows six main steps:
- Identify EU Taxonomy-eligible activities: the company's economic activities (e.g. renewable power generation) that are capable of being aligned with the EU Taxonomy environmental objectives,
  - Identify EU Taxonomy-aligned activities: test the identified activities with the Taxonomy's Technical Screening Criteria,

- Test these activities for alignment with the Do No Significant Harm (DNSH) criteria, and on compliance with minimum safeguards,
- For each economic activity, calculate their KPIs: turnover and, if relevant, capital expenditure and operating expenditure,
- Prepare the EU Taxonomy information that will be disclosed in the Annual Report, based on EU Taxonomy reporting guidelines and KPIs,
- When the CSRD becomes applicable for financial years starting on or after 1<sup>st</sup> January 2024, external assurance will be mandatory on Taxonomy-related disclosures.

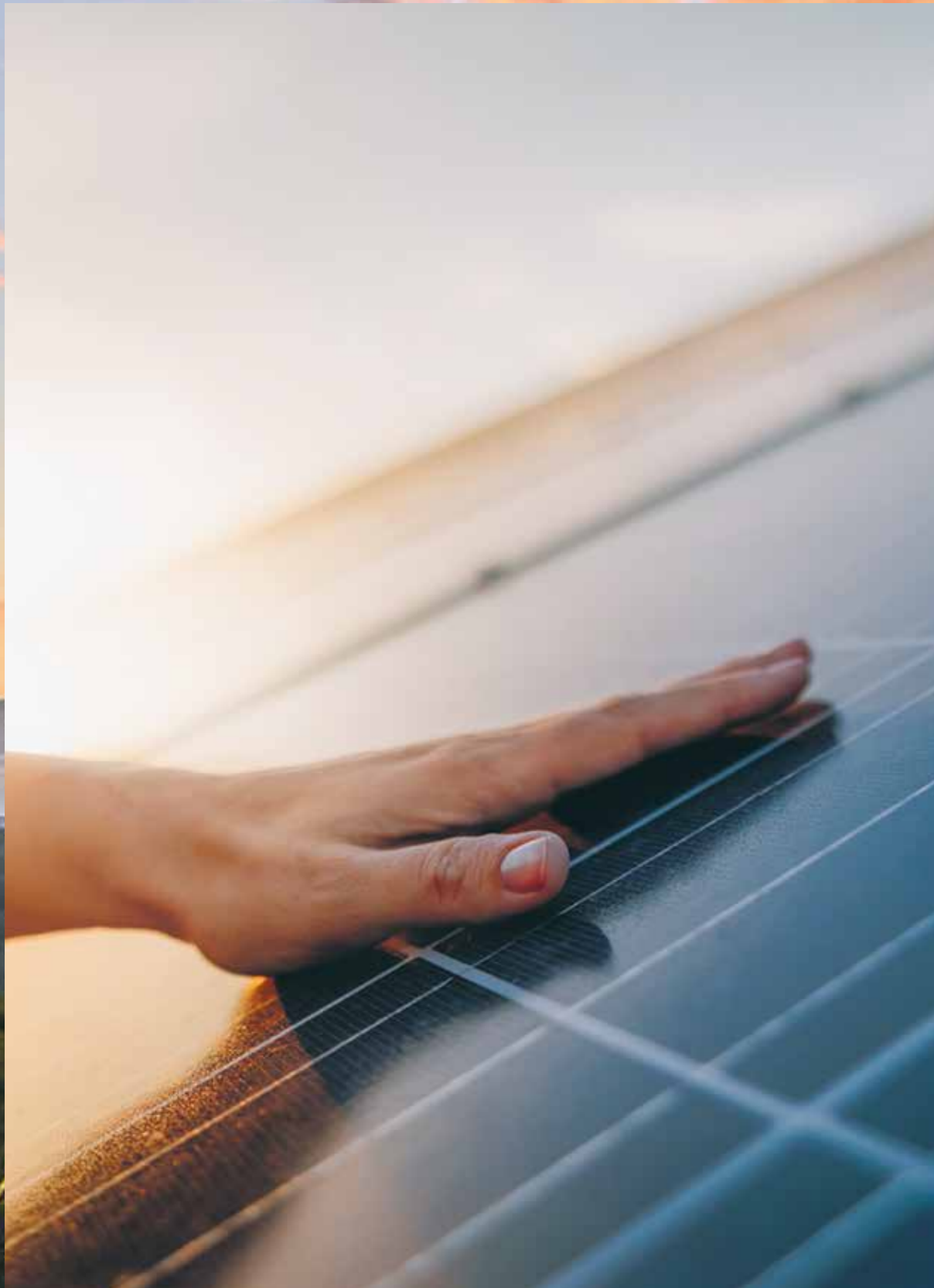
The Turnover KPI (the turnover generated by EU Taxonomy-aligned activities) aims to give a clear picture of the company's current situation relative to the EU Taxonomy and provides an understanding of to what extent the company is generating revenues from sustainable, Taxonomy-aligned activities.

The CapEx and OpEx KPIs (capital expenditures and operating expenditures related to assets or processes associated with economic activities that qualify as environmentally sustainable) give an indication of a company's strategy for improving environmental performance and resilience. They are future-oriented, as they can give our stakeholders an understanding of how the company is implementing its sustainability strategy and its direction of travel.

Finally, it is important to note that the requirement to report on the EU Taxonomy is still on a voluntary basis for Encevo. However, it is encouraged to start reporting early to gain experience and ease access to green financing opportunities.

It will be mandatory for Encevo to report on the EU Taxonomy starting in financial year 2025 with first publication in 2026, in alignment with the CSRD.

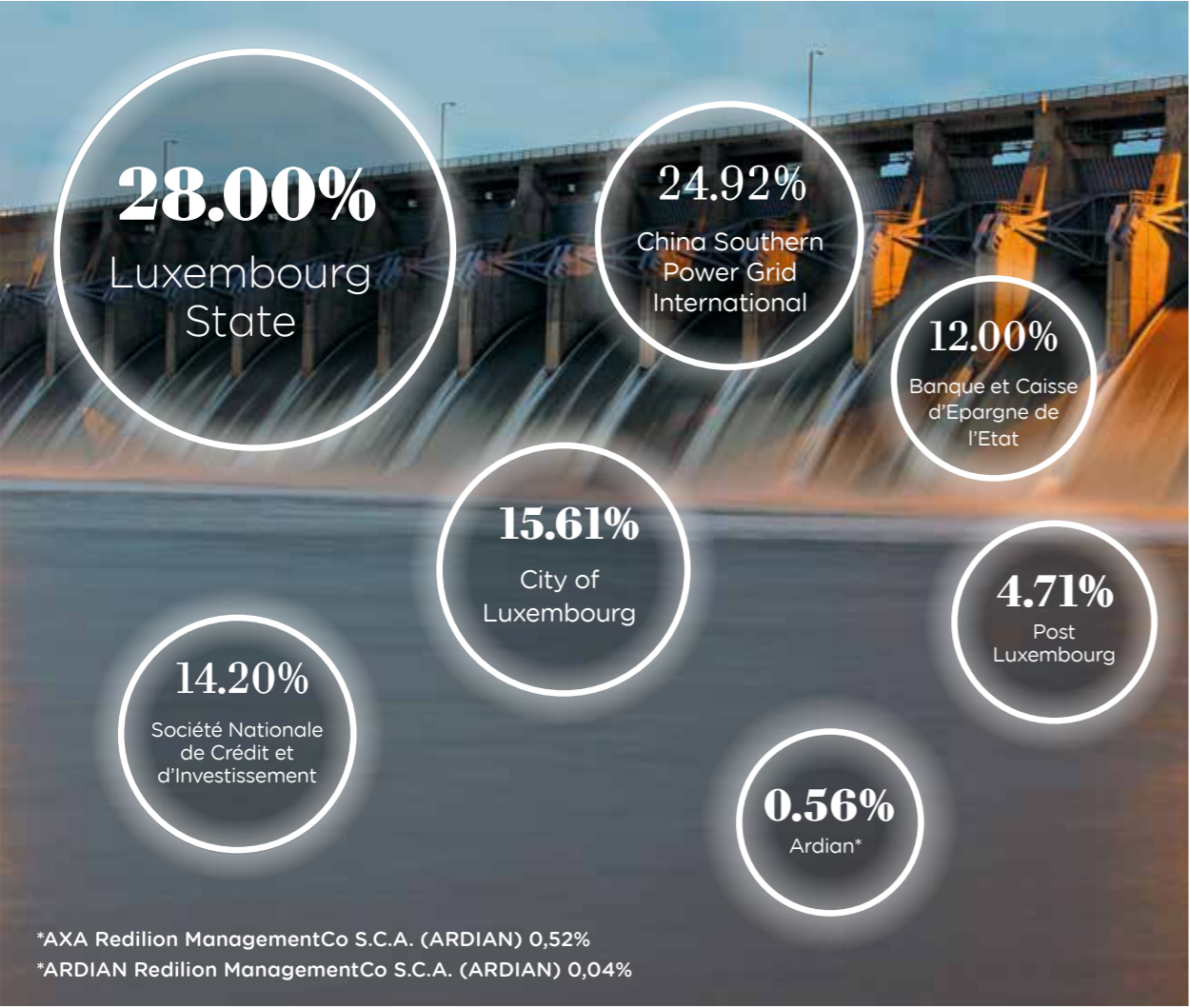
# Governance



# Transparent Governance <sup>[1]</sup>

## The Shareholders

As of December 31<sup>st</sup>, 2022, Encevo S.A. share capital was distributed between the various shareholders as follows:



According to the by-laws, the general meeting of shareholders is vested with the powers expressly reserved to it by law and by the articles of association. It is in particular responsible for the approval of the annual accounts, for the allocation of profit as well as the appointment of the directors and of the external auditor.

In accordance with its by-laws, the annual general meeting of shareholders (“AGM”) took place on 10<sup>th</sup> May 2022. Having first ratified the appointment by co-optation by the Board and made the final appointment of three directors and having

acknowledged the appointment of a director representing the employees and 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 the consolidated accounts of Encevo Group with respect to the year 2021.

In addition, the AGM decided not to distribute any dividend, and granted full and unrestricted discharge to all directors having held a mandate in 2021.

[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 at [www.encevo.eu](http://www.encevo.eu)

# Other Corporate Bodies – Role and Composition

## Role of the Board and Board Committees

### The Board of Directors

The Board is in charge of 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 objective, except those reserved for the general assembly of shareholders.

### Board Committees

Board committees are committees set up by the Board of Directors in different areas with the aim of assisting the Board in the preparation or supervision of items for which it is competent and/or in relation to which it is required to take a decision.

### Audit Committee (“AC”)

The AC has been set up primarily for the purpose of overseeing the following areas: financial statements, legal and regulatory compliance, external and internal auditor-related topics, system of internal controls and risk management. The Audit Committee is also the committee at which level governance and integrity issues are discussed, at least on an annual basis. Risk management topics are followed up on a quarterly basis.

### Group Strategy Committee (“GSC”)

The GSC has been set up primarily to assist the Board in defining, developing and implementing a business strategy.

### Investment Committee (“IC”)

The IC has been established primarily for the purpose of assisting the Board in reviewing and providing advice or recommendations on significant investments before investment decisions are actually taken, as well as of periodically reviewing the performance of investments already made. The CEO and the CFO of Encevo S.A. are members of the IC.

### Remuneration and Nomination 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 of reviewing the global remuneration policy within the Encevo Group.



Composition of the Board and Board Committees

Board member Gender, Nationality	Since	Term expires	Main occupation and mandates within Encevo Group	Other main occupations and mandates
Marco Hoffmann M, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Chair of the Board of Encevo S.A. Chair of the Board and Managing director of Enovos Luxembourg S.A. Board Committee member (AC, GSC, IC, RemCo) Chair of the supervisory board of Encevo Deutschland GmbH	Head of Energy Markets directorate at the Luxembourg Ministry of Energy and Spatial planning
Danielle Castagna F, Luxembourgish	elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board Committee member (IC)	Head of Finance and Organisation at the City of Luxembourg Board member of the Luxembourg Agency for Cultural Action asbl Board member of the Luxembourg Urban Garden asbl Board member of the Luxembourg Convention Bureau
Luc Decker M, Luxembourgish	coopted on April 1 <sup>st</sup> , 2022 and confirmed on May 11 <sup>th</sup> , 2022	AGM 2026	2 <sup>nd</sup> Vice-Chair of the BoD of Encevo S.A. Board Committee member (IC)	Deputy Chief of staff of the Minister Economy
Jeff Feller M, Luxembourgish	coopted on September 20 <sup>th</sup> , 2021 and confirmed on May 11 <sup>th</sup> , 2022	AGM 2026	Board member of Encevo S.A.	Chief of staff of the Prime Minister
Stefan Grützmacher M, German	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board member of Enovos Luxembourg S.A. Board Committee member (GSC)	Owner and Managing Director of SGBB GmbH, Berlin Member of the Supervisory Board of Gas Netz Hamburg GmbH, Hamburg Member of the Investment Advisory Board of SET Ventures, Amsterdam Member of the Executive Board of Stadtwerke Osnabrück AG, Osnabrück Several Supervisory Board Member- ships within the Stadtwerke Osnabrück Group and its affiliates
Mike Kirsch M, Luxembourgish	elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Employee of Creos Luxembourg S.A.	Member of the national committee of the trade union LCGB
Aloyse Kohll M, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board member of Enovos Luxem- bourg S.A. Board Committee member (AC, GSC, IC, RemCo)	Deputy CEO of Banque et Caisse d'Epargne de l'Etat, Luxembourg Board member of La Luxembour- geoise Group, La Luxembourgeoise SA d'Assurances & La Luxembour- geoise-Vie SA d'Assurances President of the supervisory Board of BCEE Asset Management SA Board member of Bourse de Luxem- bourg S.A. Board member of Paul Würth Real Estate S.A. Board member of European fund administration SA (until 31/10/2022)
Romain Lanners M, Luxembourgish	elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board member of Enovos Luxem- bourg S.A. Board Committee member (AC, GSC)	Secretary General of POST Luxem- bourg Daily Manager of POST Capital S.A. Member of the Board of Directors of LuxTrust S.A. i-Hub S.A. and ITTM S.A.
Uwe Leprich M, German	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board Committee member (AC, GSC) Board member of Encevo Deutschland GmbH"	Deputy Chairman of the supervisory Board of the ABOWind AG, Wies- baden Honory member of the "Bürgerener- giegenossenschaft Köllertal"
Olaf Münichsdorfer M, Luxembourgish	elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board Committee member (RemCo) Board member of Encevo Deutschland GmbH Board member of Creos Deutschland GmbH	Head of the Energy department at the Luxembourg Ministry of Energy and Spacial Planning

Composition of the Board and Board Committees

Board member Gender, Nationality	Since	Term expires	Main occupation and mandates within Encevo Group	Other main occupations and mandates
Georges Reuter M, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board Committee member (AC) Employee of Encevo S.A. Chair of the common staff delegation of Encevo S.A., Enovos Luxembourg S.A., Creos Luxembourg S.A., LEO S.A. and Teseos S.A.	Member of the national committee of the trade union OGBL
Geneviève Schlink F, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board member of Encevo S.A. Board member of Enovos Luxembourg S.A. Board Committee member (AC, GSC, IC)	Head of the participations depart- ment at the Société Nationale de Crédit et d'Investissement
Monika Scholz F, German	designated on April 1 <sup>st</sup> , 2022 and confirmed on May 11 <sup>th</sup> , 2022	AGM 2026	Board member of Encevo S.A. Board member of Encevo Deutschland GmbH Employee of Encevo Deutschland GmbH	n/a
Min Shen F, Chinese	elected on May 11 <sup>th</sup> , 2021	AGM 2026	3 <sup>rd</sup> Vice-Chair of the Board of Encevo S.A. Vice-Chair of the Board Enovos Lux- embourg S.A. Board Committee member (GSC, RemCo)"	Deputy Representative of China Southern Power Grid Co., Ltd Lux- embourg Branch Office
Christian Tock M, Luxembourgish	coopted on April 1 <sup>st</sup> , 2022 and confirmed on May 11 <sup>th</sup> , 2022	AGM 2026	Board member of Encevo S.A.	Deputy Head of the general direc- torate industry, new technologies and research at the Ministry of the Economy Board Member of Fonds Belval établissement public Board Member of Conseil National de la Construction Durable asbl Chairman of the Board Neobuild GIE Chair of the Board Terra Matters GIE
Yu Xue M, Chinese	elected on May 11 <sup>th</sup> , 2021	AGM 2026	1 <sup>st</sup> Vice-Chair of the BoD of Encevo S.A. Board Committee member (AC) Vice-Chair of Creos Luxembourg S.A.	General Representative of China Southern Power Grid (International) Co., Ltd, Agencia en Chile

Board Committee members which are not Board members of Encevo S.A.

Board member Gender, Nationality	Since	Term expires	Main occupation and man- dates within Encevo Group	Other main occupations and mandates
Vafa Moyed M, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board Committee member (AC, RemCo) Board member Enovos Luxembourg S.A.	Board member of Fondation Bahaie du Luxembourg Board member of Duferco International Holding Luxembourg
Georges Reding M, Luxembourgish	elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board Committee member (GSC) Member of the Board of Enovos Luxembourg S.A.	Head of Renewables energies direc- torate at the Luxembourg Ministry of Energy Chair of the Board and managing di- rector of Société électrique de l'Our S.A. Board member of CeFralux Sàrl - director (subsidiary of SEO S.A.) Board member of Cedecel France S.A. - director (subsidiary of SEO S.A.) Observer of the State of Luxembourg at the Board of Soler S.A. Board member of Klima-Agence G.I.E.
Yingpeng Shi M, Chinese	elected on May 11 <sup>th</sup> , 2021	AGM 2026	Board Committee member (IC) Board member of Creos Luxembourg S.A.	Vice General Manager of Project Development Department of China Southern Power Grid Co., Ltd
Christiane Schaul F, Luxembourgish	re-elected on May 12 <sup>th</sup> , 2020	AGM 2026	Board Committee member (RemCo) Board member of Creos Luxembourg S.A.	Head of Human Resources and Safety at the City of Luxembourg
Yu Wu M, Chinese	elected on May 10 <sup>th</sup> , 2022	AGM 2026	Board Committee member (IC) Board member of Creos Luxembourg S.A.	General Representative of China Southern Power Grid Co., Ltd Luxembourg Branch Office

The main governance principles as to the appointment of Board members of Encevo S.A.’s Board and Board Committees are as follows:

- All directors are non-executive, three of them are employee representatives and they are appointed in principle for a period of six years.
- All directors are appointed amongst the candidates submitted by the shareholders in accordance with the shareholders agreement the latter have entered into.
- The file of each person who has been nominated by a shareholder is examined by the RemCo before the candidacy of a person for Board membership is submitted to the general assembly of shareholders (for final appointment) or, as the case may be, to the Board of Directors (for provisional appointment).
- The Chair of the Board is appointed among the candidates submitted by the shareholder holding the highest number of shares <sup>[1]</sup>.
- The Chair of the Audit Committee is appointed at the request of the second largest shareholder (after the three aforementioned ones considered together).
- Board Committee members are chosen among Board members of Encevo S.A., Enovos Luxembourg S.A. and/or Creos Luxembourg S.A.

None of the directors are considered independent. The independence assessment has been performed in line with the

independence criteria set out in the ten governance principles of the Luxembourg stock exchange and inspired by the Recommendation of the European Commission of 15<sup>th</sup> February 2005 regarding the role of non-executive directors. Regarding possible conflicts of interest, see dedicated section below.

**Biographical Note on 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 Luxembourg 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 from 2<sup>nd</sup> 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. (Enovos International S.A. at the time of his appointment).

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

**Biographical note on Vafa MOAYED**

Chairman of the Audit Committee  
  
Vafa Moayed was born to 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 focused spanning 33 years on statutory audit, risk management and forensic assignments for the banking and financial services industry for 33 years.

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 (2005-2010) and created and led Deloitte Luxembourg Russia & CIS desk (1998-2015).

In addition to being a director of Enovos Luxembourg S.A. and the Chairman of the Audit Committee, Vafa Moayed is currently serving as an independent director with another company and a not-for-profit organisation.

Number of meetings and attendance rates in 2022 – additional information

**The Board of Directors**

The Board met six times in 2022.

The average attendance rate for all meetings, either physically or by phone conference, reached 97% on average.

Board meetings are in principle attended by the members of the Executive Board.

The secretary of the Board is the Secretary General of Encevo S.A.

**Board committees**

Several board committees assisted the Board in its supervisory role, in the preparation of the information it receives and in its decision-making process.

**Audit Committee**

The Audit Committee met five times in 2022. The average attendance rate for all meetings, either physically or by phone conference, reached 95% on average.

Executive Board members are invited to the Audit Committee and at least the Chair of the Executive Board and the Chief Financial Officer (CFO) of Encevo S.A. systematically attend the meetings.

The secretary of the Audit Committee is the Head of Group Internal Audit.

**Group Strategy Committee (“GSC”)**

The GSC met five times in 2022. The average attendance rate for all meetings, either physically or by phone conference, reached 93% on average.

Executive Board members are also members of the GSC and invited to attend the meetings but are not computed for the calculation of the attendance rates.

The secretary of the GSC is the Secretary of the Board.

**Investment Committee (“IC”)**

The IC met three times in 2022. The average attendance rate for all meetings, either physically or by phone conference, reached 86% on average.

The Chair of the Executive Board and the group CFO are also members of the IC and invited to attend the meetings. They are not computed for the calculation of the attendance rates.

The secretary of the IC is the secretary of the Board of Encevo S.A.

**Remuneration and Nomination Committee (“RemCo”)**

The RemCo met four times in 2022.

The average attendance rate for all meetings, either physically or by phone conference, reached 97% on average.

The secretary of the RemCo is an external adviser who supports the committee’s work based on his expertise in this area.



<sup>[1]</sup> The state of Luxembourg, SNCI and BCEE are counted as one shareholder for this purpose.

Encevo Board

Members as of December 31 <sup>st</sup> , 2022	Nr of attended meetings / total nr of meetings
Marco Hoffmann	6/6
Danielle Castagna	6/6
Luc Decker	5/5
Jeff Feller	6/6
Stefan Grützmacher	6/6
Aloyse Kohll	6/6
Mike Kirsch	6/6
Romain Lanners	4/6
Uwe Leprich	6/6
Olaf Münichsdorfer	6/6
Georges Reuter	6/6
Geneviève Schlink	6/6
Monika Scholz	5/6
Min Shen	6/6
Christian Tock	5/5
Yu Xue	6/6
former members in 2022*	
Tom Theves	1/1
Daniel da Cruz	1/1
Total average rate**	
97%	

Group Strategy Committee

Members as of December 31 <sup>st</sup> , 2022	Nr of attended meetings / total nr of meetings
Marco Hoffmann	5/5
Stefan Grützmacher	5/5
Aloyse Kohll	4/5
Romain Lanners	5/5
Uwe Leprich	5/5
Georges Reding	4/5
Geneviève Schlink	4/5
Min Shen	5/5
Total average rate**	
93%	

Audit Committee member

Members as of December 31 <sup>st</sup> , 2022	Nr of attended meetings / total nr of meetings
Marco Hoffmann	7/7
Aloyse Kohll	7/7
Romain Lanners	6/7
Uwe Leprich	7/7
Vafa Moayed	7/7
Georges Reuter	7/7
Geneviève Schlink	7/7
Yu Xue	5/7
Total average rate**	
95%	

Investment Committee

Members as of December 31 <sup>st</sup> , 2022	Nr of attended meetings / total nr of meetings
Marco Hoffmann	3/3
Danielle Castagna	2/3
Luc Decker	2/3
Aloyse Kohll	2/3
Geneviève Schlink	3/3
Yingpeng Shi	3/3
Yu Wu	1/1
former members in 2022*	
Yu Gong	2/2
Tom Theves	1/1
Total average rate**	
86%	

Nomination and Remuneraition Committee

Members as of December 31 <sup>st</sup> , 2022	Nr of attended meetings / total nr of meetings
Marco Hoffmann	6/6
Aloyse Kohll	6/6
Vafa Moayed	6/6
Olaf Münichsdorfer	6/6
Christiane Schaul	5/6
Min Shen	6/6
Total average rate**	
97%	

\*these members left before the 31<sup>st</sup> of December 2022.

\*\*total average rate is based on total of average attendance rate per meeting.

Executive Board



Claude Seywert | Marc Schroeder | Erik von Scholz

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 48 meetings in 2022. It is composed of four members, it being understood that a quorum of three members is required for the Executive Board to take decisions.

As at 31<sup>st</sup> December 2022, the Executive Board was composed of the following persons:

**Claude SEYWERT** | CEO of Encevo S.A.

Claude Seywert was born on 13 July 1971 in Luxembourg.

He graduated in physics from 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 a strategy consultant with McKinsey in Germany. In 2002,

he joined the group controlling department of Arcelor (now ArcelorMittal) at 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 on various boards of directors in the Enovos Group). At the beginning of 2014, he was appointed Deputy CEO of Creos Luxembourg S.A.

As of 1<sup>st</sup> 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 15th 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 Strategy and Innovation Management, Group Human Resources, 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<sup>th</sup> June 1969 in Brussels, graduated in Civil Engineering and Economics at Technische Universität Berlin and has an MBA from Heriot-Watt University in Edinburgh.

From 1995-1998, 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<sup>st</sup> March 2017.

He took over the responsibility of CEO and member of the Board of Directors of Enovos Luxembourg S.A. on 15<sup>th</sup> 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 SCHROEDER** | CFO & CRO <sup>2</sup> of Encevo S.A.

Marc Schroeder was born on 23 April 1964 in Luxembourg.

He graduated with a Master in Economics from the University Louis Pasteur in Strasbourg (France).

Marc Schroeder started his professional career in 1989 in the Treasury department of the steel industry group ARBED (now ArcelorMittal) in Luxembourg.

Between 1989 and 2014, he held various executive positions in the ARBED, Arcelor & ArcelorMittal Group including nine years as General Manager Finance

and Legal at ArcelorMittal WireSolutions (2005-2014), six years as Vice President Strategy of TrefilArbed Arkansas (USA) (1995-2001) and four years as Treasurer of ARBED (1991-1995).

In May 2014, Marc Schroeder joined the aviation group Luxair as Executive Vice President Finance and member of the Executive Board of the Luxair Group.

Finally in February 2021, he joined the Encevo Group as deputy CFO before being appointed to his current position as CFO and member of the Executive Board in October 2021, in charge of Finance, Tax, Treasury, Accounting, Controlling, Internal Audit, Information Security, Risk Management, Business Continuity, Insurance & Finance Transformation.

Marc Schroeder can be reached at [marc.schroeder@encevo.eu](mailto:marc.schroeder@encevo.eu)

### Conflicts of interest reported in corporate bodies

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

Without prejudice to what is set out herein after, no conflict which would have needed reporting to the Executive Board, the Board of Directors and/or, as the case may be, the general meeting of shareholders under applicable law was reported in 2022.

Notwithstanding the foregoing, the Encevo Group had to deal with a possible material violation

of applicable conflicts of interest rules in 2022. Appropriate action was taken to address the issue.

For further information in relation to conflicts of interest, please see the section "Business Integrity: General Compliance".

### Risk Management, Compliance, Audit & Information Security

#### Risk Management

Encevo's Executive Board established a dedicated Group Risk Policy and assigned specific responsibilities and resources to risk management. The CFO acts as 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 Encevo Group, risk management deals with operational risks, specific energy market risks, regulatory risks 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 Executive Board, whose members meet with the representatives of governance functions in a Group Risk Management Committee twice a year, as well as to the Audit Committee.

<sup>2</sup> CRO stands for Chief Risk Officer



#### Compliance

See details under Business Integrity: General Compliance on page 149.

#### Internal Audit

The activities of the Internal Audit function were exercised in accordance with the annual audit plan, derived from the four-year audit plan which was reviewed and approved by the Audit Committee. The four-year audit plan is based on a 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 Internal Audit function was staffed by a team of four people; the Head of Group Internal Audit (at 77%), two senior auditors (one at 70% and another one at 13%) and an auditor (at 38%).

In 2022, the following areas were audited in accordance with the annual audit plan: Group IT at Creos Luxembourg, Business IT at Enovos Luxembourg and External Reporting at Creos Luxembourg.

#### Information Security

Encevo's Executive Committee mandated the Group Information Security Committee, chaired by the CFO acting as Chief Risk Officer, with the

responsibility for cross-department definition and coherence of security governance. It is also in charge of annually defining improvement plan priorities. Under his lead, the Head of Group Information Security coordinates the coherent definition and implementation of the policies, improvements and methodologies as well as the meetings of the local organisations managing information security.

He reports to ComEx and the Audit Committee annually on the overall implementation of governance and policies.

#### Group Risk Committee (GRC)

The GRC, which is composed of the Executive Board members and of the heads of each of the main governance functions, i.e. Risk Management, Internal Audit, Compliance and Information Security, meets twice a year to review and decide on risk-related topics, which are also reviewed by the Audit Committee at a later stage.

#### External audit

Ernst & Young S.A. was appointed statutory auditor for the years 2021 and 2022, following the resolution of the annual general meeting of shareholders held in 2021. The statutory auditor regularly reported on its work to the Executive Board and to the Audit Committee.

# Driving Sustainability: Our CSR Organisation and Governance

• **The Board of directors**

Once a year the Board is informed about, and reviews, CSR achievements and KPIs of the previous year, upcoming challenges and priorities as well as how these can best be addressed.

Further, the main strategic CSR-related priorities are approved by the Board as part of the group strategy after a review at Group Strategy Committee level.

The Board approved an updated CSR governance framework in 2022, the description of which is reflected in this section. Executive Board members are systematically invited to and attend Board of Directors meetings.

The company engages with Board members in stakeholder surveys on a regular basis.

The Board members of Encevo S.A., Enovos Luxembourg S.A. and Creos Luxembourg S.A. were invited to attend a training session on corporate social responsibility on December 26th, 2022. Those who could not attend will be invited to a catch-up session in 2023.

• **Audit Committee**

The Audit Committee is the committee at which governance and integrity issues are discussed, at least on an annual basis.

• **Group Strategy Committee (“GSC”)**

The GSC is consulted once a year on CSR topics before a CSR item is put on the agenda of a Board meeting. Executive Board members are members of the GSC and attend the meetings. The CSR dimension is systematically embedded into the overall strategy of the group during the strategy reviews in respect of which the GSC provides recommendations to the Board.

The company also engaged with GSC members in a CSR survey in 2022.

• **Executive Board**

The Executive Board defines the CSR policy and validates all related topics (strategy, materiality, sustainability plans, certifications, etc.).

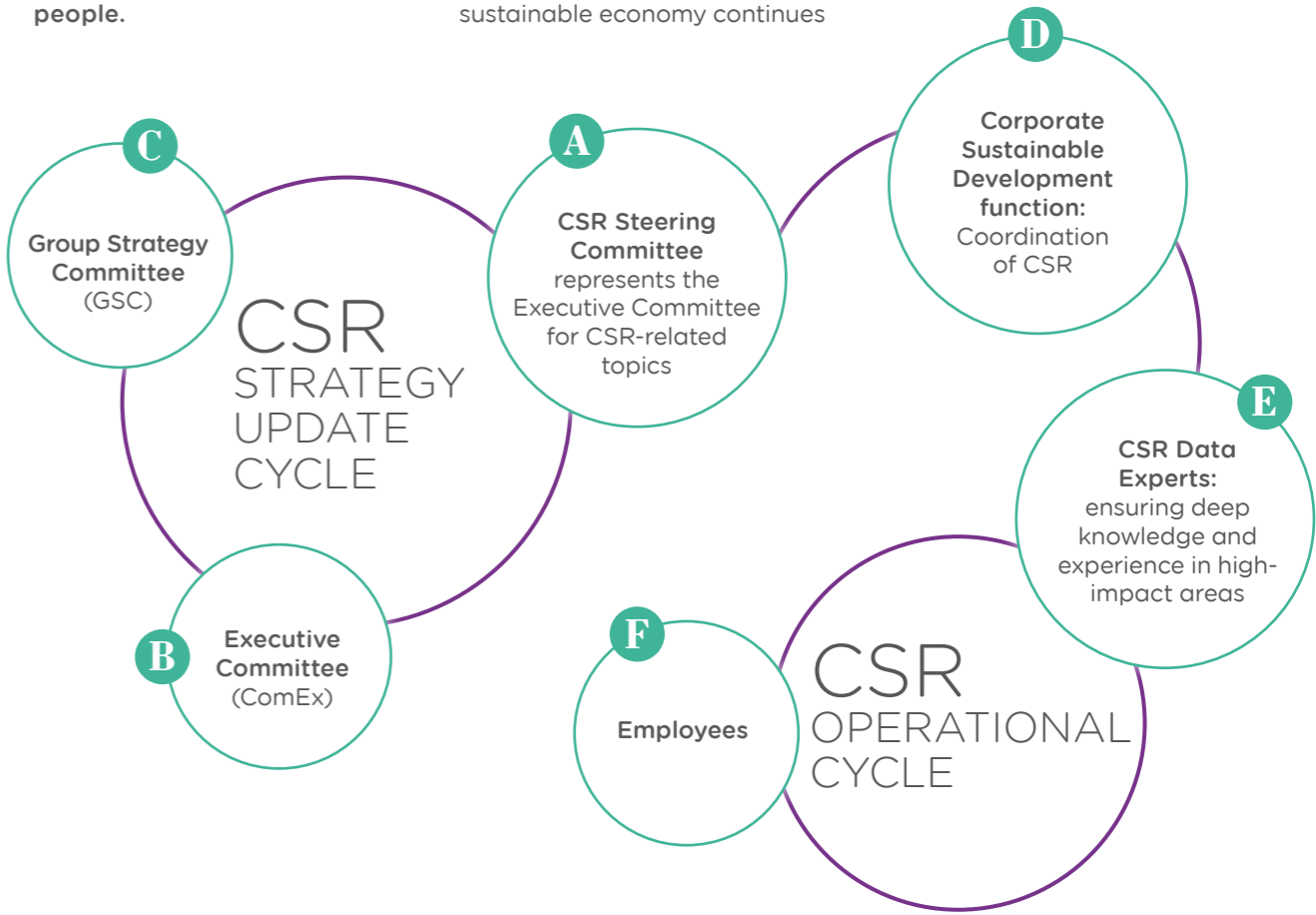
• **Corporate Social Responsibility Committee (“CSR”) Committee**

Encevo S.A. has set up a CSR Committee, the mission of which is to develop the group CSR policy and supervise its implementation. The CSR Committee’s composition was reviewed and extended in 2022 to cover additional key functions such as HR and Procurement. It is composed of the CEO of Encevo S.A., the Head of Group Organisation and Process Excellence in charge of the CSR programme, the Secretary General of Encevo S.A., in charge of governance, ethics and compliance as well as group communication, the Head of Group Human Resources, the Head of Group Strategic Procurement, the Head of Group Health & Safety and the Head of Marketing of Enovos Luxembourg, who supports CSR activities at the level of the energy supplier Enovos Luxembourg S.A.



Sustainability is a key asset for the group, driving the success of Encevo’s strategy and performance, and 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



- A CSR Steering Committee**
  - 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
- B Executive Committee**
  - acting final authority over launch of CSR initiatives and projects, as well as the validation of the CSR approach and materiality analysis
- C Group Strategy Committee**
  - acting final authority over launch of CSR initiatives and projects, as well as the validation of the CSR approach and materiality analysis

- D Corporate Sustainable Development function**
  - 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

- E CSR Data Experts**
  - 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
- F Employees**
  - contributing to CSR projects & actions
  - integrating sustainability
  - in day-to-day operations in their business entities



# Performance review

- Financial performance
- Environmental Performance
- Social performance
- Community empowerment



# Direct Economic Impact

During 2022, Encevo Group confirmed its position as a driving force of the energy transition in Luxembourg and the Greater Region. Besides growth of the asset base and venturing into new innovative projects in the field of renewable energies, the group kept up with an evolving value chain to be prepared for tomorrow’s energy world.

Financially speaking, the group is looking at a good year with results similar to the previous year and in line with expectations. The group’s strategy remains unchanged, further expanding renewable energy production throughout the Greater Region to produce energy locally from renewable sources, all in the context of a sustainable energy transition.

## Progress 2022

PL6: Invest EUR 200 million Green Bond Capital into group infrastructure by 2024

In this context, Encevo is obliged to report to its investors on a yearly basis about the progress of the allocation of the funds and the resulting positive

impact on the environment. The Green Report issued in Q1 2023 is the first report related to the MEUR 200 Green Schuldschein issued in 2021 and covers the investments made in eligible projects in the years 2020 and 2021.

For further details, please consult our Green Schuldschein Framework and detailed reporting by scanning following qr-code:



Our direct financial performance for 2022 compared to previous years is as follows:

Data in EUR millions		2019	2020	2021	2022
Direct economic value generated*	Revenues	2,105.9	2,003.4	2,526.8	3,435.3
Economic value distributed**	Total	356.0	360.3	389.9	398.2
Direct economic value generated and distributed***	Total	2,461.9	2,363.7	2,916.7	3,833.9
Economic value retained****	Total (revenues economic value distributed)	1,749.8	1,643.1	2,136.8	3,037.6

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

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

\*\*\* Direct economic value generated and distributed: Direct economic value generated plus economic value distributed.

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

Further details on our economic performance 2022 can be found in our Management Report and related Consolidated Annual Accounts Sections.

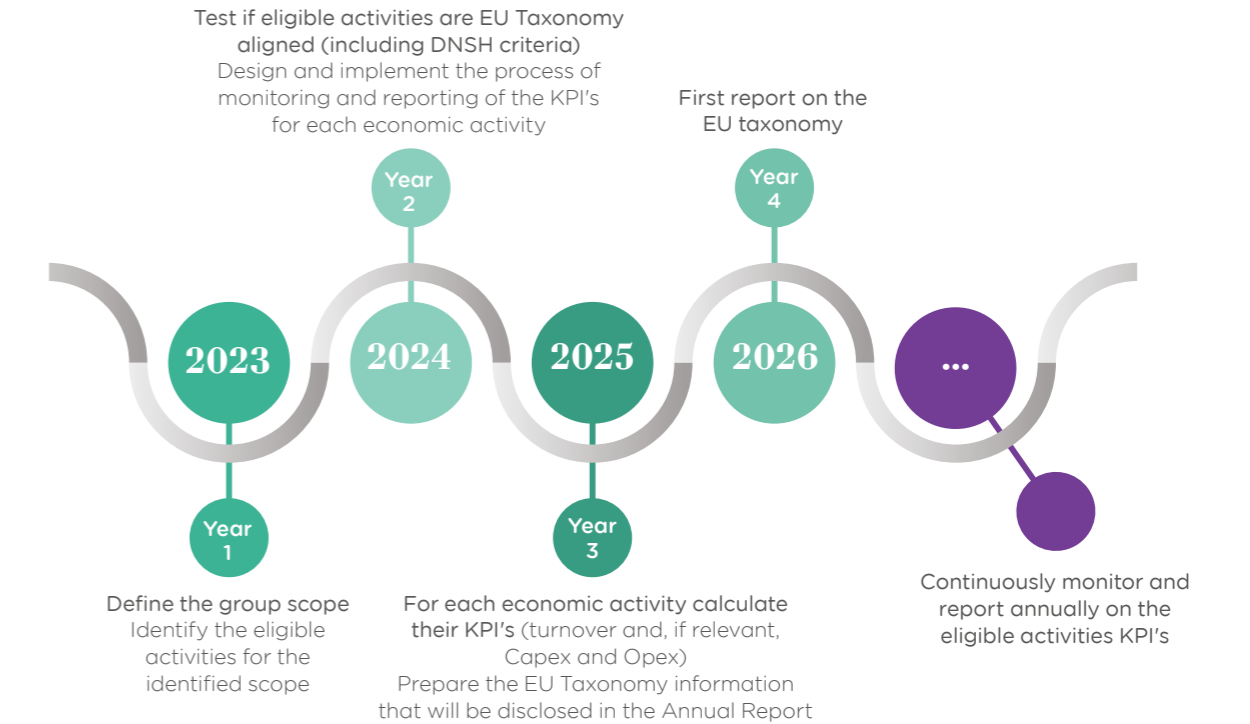
# EU Taxonomy plan

At Encevo Group we have the vision to be a leading and sustainable energy player in Luxembourg and in the Greater Region and to actively shape the transition to a sustainable energy sector. In line with these ambitions, this year we have prepared our roadmap to report on the EU Taxonomy. This will help us understand our portfolio of activities that are sustainable and aligned with the EU Taxonomy and also our activities that are Taxonomy eligible but not yet aligned. For these activities, we will analyse the possibilities to align them with the EU Taxonomy and increase our share of green activities.

We also plan to incorporate the EU Taxonomy environmental objectives and technical screening criteria in our investments analysis in order to consider them in our investment plans and thus, continue to gradually increase our share of green activities.

In the figure presented below we provide a clear roadmap for the next four years, to prepare the information and requirements to start reporting on the EU Taxonomy on financial year 2025 with first publication in 2026, as required by the EU Taxonomy regulation and the Corporate Sustainability Reporting Directive (CSRD).

## Our EU Taxonomy Roadmap



Our EU Taxonomy roadmap is in line with the six main steps required to report on the EU Taxonomy, as described in the section “Introduction to EU Taxonomy Reporting” in page 50. In relation to the minimum safeguards described in the EU Taxonomy, Encevo Group already has a Human Rights due diligence process in place that is aligned with the UN Global Compact, the International Labour Organization’s (ILO) eight fundamental conventions, the OECD’s guidelines

for Multinational Enterprises (OECD), and the UN’s Guiding Principles for Business and Human Rights (UNGPs). For 2023, we have elaborated a human rights action plan that outlines the company’s journey to implement a robust approach to human rights. This will ensure that we comply with the minimum safeguards as described in the EU Taxonomy. More detailed information about our Human Rights due diligence process can be found in the Human Rights section in this report, in page 154.

# Management Report

Encevo S.A. is the holding company of the Encevo group. Its main subsidiaries in Luxembourg are the energy supplier Enovos Luxembourg S.A. and the technical service provider Teseos Luxembourg S.A. which are both not regulated, and the grid operator Creos Luxembourg S.A. which is a regulated entity. In addition, it holds the German subsidiaries of the group via Encevo Deutschland GmbH. The consolidated annual accounts include those of Encevo S.A. and those of its affiliates (the “group”), including 86 companies (2021: 81), of which 64 are fully consolidated (2021: 59) and 22 are consolidated under the equity method (2021: 22)<sup>1</sup>.

## Highlights

From February onwards, 2022 was marked by the Russia/Ukraine conflict which strongly influenced European Gas and Power prices. This remained a continued source of uncertainty regarding the overall economic outlook and regarding energy market prices, counterparty credit risk as well as physical supply risk. Regulatory/government intervention to cap the prices for B2C customers (amongst others) has occurred in several countries. In this challenging environment, the Group is focusing even more on serving its customers, energy efficiency and renewable energy production. Encevo Group continued to develop its risk management capabilities and to invest in operational excellence and digitalisation.

With regards to energy sales activities, on the one hand, markets reacted with unprecedented price levels and volatility in natural gas and the highly correlated electricity driven by the fear of gas shortages and nuclear power outages in France. On the other hand, policy makers across Europe reacted with state aid to key market players to stabilise the market, with investments into LNG terminals and new regulations to ensure security of supply, and with subsidies for end customers to partly buffer the price increases.

Furthermore, in this context, one of the main concerns was the risk of a shortage of natural gas and electricity, which would affect Luxembourg through its imports from neighbouring countries, especially in view of the gradual reduction or even cessation

of Russian gas exports to the European Union. Therefore, Creos Luxembourg S.A., as gas and electricity Transmission System Operator (TSO), started intensive consultations with the national authorities, its European counterparts and representatives of major industrial consumers to review and verify the procedures and impact of its contingency plans, including the gas load shedding plan and the electricity defence plan. A safe and reliable energy transmission and distribution infrastructure is a key element in ensuring the well-being of citizens and the sustainable development of the economy. Creos Luxembourg S.A. therefore continued to invest heavily in its networks especially in electricity to be able to meet future energy needs, and security of supply remains its top priority. In addition to these primary tasks as a network operator, Creos Luxembourg S.A. continued to develop functionalities, particularly digital ones, to facilitate the development of renewable energies and to pave the way for new trends such as electromobility, electric heating, decentralised electricity production and batteries or other means of storing electricity.

Still in the context of the energy crisis, the Luxembourg government took a number of decisions aimed at limiting the increase in integrated energy tariffs in the interest of residential consumers in particular. Thus, since May 2022, Creos Luxembourg S.A. has been charging the Luxembourg State for its tariffs for the use of the gas networks.

In July 2022, the Group was the victim of a cyber-attack that affected, to varying degrees, several

of the Encevo Group’s IT systems. The affected departments carried out all analyses and took corrective measures to limit the impact of the incident. As a result, no ransom was paid, all services returned to normal within two weeks and no data was lost. The data leakage resulting from this attack was rigorously managed, both in terms of personal data and data that could potentially affect the security of the country’s critical infrastructure. The Group cooperated in an exemplary manner with all national authorities and ensured strict compliance with data protection laws. Apart from the reputational impact, the impact of the attack remained limited, but managing the crisis cost the IT Department more than 1,000 working days and delayed a number of projects. In view of the increasing cyber threats, the Group will accelerate the implementation of its information security strategy. It should be noted that the IT systems that monitor and manage the energy networks (“Grid Operations”) were not affected, and the country’s energy supply was guaranteed at all times.

The composition of the Executive Committee of Encevo S.A. changed during the year, following the retirement of the CEO of Creos Luxembourg S.A, Marc Reiffers with effect from 31st October 2022. Mario Grotz, Chairman of the Board of Directors of Creos Luxembourg S.A., was then invited to the Executive Committee of Encevo S.A. in parallel with his current additional function as sole managing director of Creos Luxembourg S.A.

Although the above-mentioned topics strongly influenced day-to-day operations and required an intensive customer relationship, further progress was made on the operational side and in business development, resulting in a better financial performance of the Group in 2022 with a net result EUR 27.7 million higher compared to 2021. Furthermore, the Group continued its investments, with expenditures totalled to EUR 272 million, thereof EUR 185 million for Grids and EUR 55 million for renewables assets. Furthermore, EUR 16 million were invested in Technical Services, including the acquisition of two new companies in Luxembourg and Germany.

## Evolution of operational activities in 2022

### Sales Luxembourg

The year 2022 was shaped by historically unseen wholesale market prices. Enovos Luxembourg S.A.’s careful procurement strategy, in combination with well-balanced and adaptive day-to-day purchasing

management, allowed the Company to mitigate the impact of the wholesale price increases on its retail customers. Nonetheless, significant B2C gas tariff increases became necessary in the last quarter of the year, which led to the introduction of a gas price cap for residential customers. B2B customers who had to renew their contracts were however fully exposed to this new price environment. Therefore, and in close collaboration with all departments, Sales actively looked for innovative solutions.

Keeping the customer at the centre, the strong commitment of Enovos Luxembourg S.A.’s employees was put to the test, and once again confirmed, during the cyber-attack in July 2022. Customer service activities were reinforced to stabilise operations, while state aid on gas supplies was swiftly implemented. To support its customers in their energy saving endeavours, Enovos Luxembourg S.A. offered special training in energy efficiency measures for the customer service centre team and further extended the service range of its enoprimes programme.

A particular focus was put on supporting the electrification of heat production, distributing energy saving kits in cooperation with municipalities, encouraging the replacement of fluorescent tubes, incentivising insulation activities and the purchase of high-performance household appliances and providing project management assistance for energy efficiency projects. Hence, about 4,900 files were introduced, confirming the trend of the previous years, and thus reaching new heights in realised energy savings.

Thanks to its strong and steady risk profile, Enovos Luxembourg S.A. remained a reliable supplier for all its customers, including new ones in terms of its position as a supplier of last resort and default supplier in Luxembourg. Volumes remained at robust levels totalling 5.4 TWh in gas and 4.5 TWh in electricity (compared to 7.0 TWh and 4.7 TWh in 2021, respectively), despite the energy savings successfully realised by its stable customer base.

### Sales France

French sales activities were adjusted to extraordinary market conditions and the illiquidity of certain products on the French wholesale power market. The financial performance was positively impacted by an overall lower consumption at high market prices in gas, and the settlement of peak prices at lower levels compared to base prices in power. An overall long position over winter to mitigate this peak price risk also contributed positively in 2022.

<sup>1</sup> Fully consolidated entities include sub-consolidated entities in the Paul Wagner & Fils Group and the Enovos Green Power Group

Sales Germany

Following the decision taken in 2020 to sell B2B sales activities of the group in Germany, the sales process of the shares in Enovos Energie Deutschland GmbH was initiated in 2021 but did not come to a positive conclusion during 2022 because of the continued highly volatile market environment. During the fourth quarter of 2022, the Group took the decision to stop acquiring new contracts for its B2B business in Germany and to fulfil all obligations related to existing contracts for the remaining lifetime of such contracts. EED's sales activities will also be realigned in connection with other group activities (including renewables and municipal utilities) and the PPA activities will continue.

Municipal utilities Germany

With regard to the municipal utilities in the participation portfolio (and in Germany in general), the market environment was very demanding in 2022. In the grid sector, the municipal utilities especially were preparing for a potential gas shortage situation in their respective grid infrastructure. In the sales sector, the further increasing purchase prices for power and gas and the extraordinarily high market volatility challenged the municipal utilities. Additionally, a wide range of - and quick changes to - legal requirements and their implementation on the customer side also led to a high amount of complexity in 2022.

Nonetheless, the participation portfolio of Encevo Deutschland GmbH has – again – achieved a strong operational result and remains very resilient, especially due to the diversified activity fields of the municipal utilities.

EnergieSüdwest Landau has in accordance with its strategic approach continued to further examine and develop new, local district heating concepts in and around Landau as an alternative to classic gas supplies.

Energy Management and Trading

The execution of strategic risk management and intense portfolio management activities made it possible to counterbalance negative impacts related to consumption deviations in our portfolios within a very volatile price environment. Spreads for gas storage and transport capacities, as well as for our pumped-storage power plant were optimised during the year, leading to positive results in 2022. Power Purchase Agreement (PPA) and direct marketing activities gained substantial momentum which is expected to continue in 2023.

Renewables Luxembourg

The growth of the renewable assets portfolio in Luxembourg maintained its positive momentum from previous years. At year-end the operational assets comprised 84.4 MW (2021: 80.2 MW) of onshore wind, 35.6 MW (2021: 30.2 MW) of photovoltaic (PV) installations, 32.6 MW (2021: 32 MW) of hydro power and 21.9 MW (2021: 40.9 MW) of combined heat and power (CHP). The total installed capacity amounts to 174.5 MW (2021: 183.6 MW), mainly because of the decommissioning of gas-fired CHP installations at LuxEnergie compensated for by additions in solar and wind assets. In addition to these capacities, six new wind turbines (25.2 MW) were put in test operations in December 2022 with final commissioning planned for Q1/2023.

The total electrical production for the year 2022 reached 391 GWh (2021: 461 GWh). On one hand the decommissioning of CHP installations reduced the total annual production by 50 GWh. The floods of July 2021 caused major damage to the hydro assets in Rosport, which have remained out of operation since then with an estimated production loss of 20 GWh for 2022. On the other hand, photovoltaic installations showed a production increase of 16 GWh.

PV installations saw another increase in capacity in 2022, adding 5.4 MW. Altogether five new projects were successfully commissioned, including an innovative carport with bifacial PV modules for increased full load hours. The other projects consist of large-scale rooftop installations on industrial halls. Seven projects (7.7 MW) are due for construction in 2023, four of which (2.1 MW) were successfully granted a Feed-in Premium in the 2022 national tender for large photovoltaic installations.

Soler S.A. successfully finalised the repowering of ten older wind turbines (18 MW). These were replaced by five more powerful and efficient turbines with a total capacity of 21 MW and were in test operations as of December 2022. Additionally, two new wind projects were constructed during 2022 with a capacity of 4.2 MW each. Moreover, two wind turbines (8.4 MW) are currently under construction with commissioning planned in Q3/2023.

LuxEnergie S.A. recorded another successful year by efficiently operating its CHP assets. The construction of the large biomass cogeneration project in Strassen (7.5 MWth and 1 MWe) was finalised in Q1/2022. Having secured several other biomass projects, LuxEnergie S.A. continues to achieve its objective to replace fossil fuel sources with wood

energy in its heating and CHP installations. In addition, heat pump projects in combination with geothermal energy are being implemented in 2023.

Renewables Germany

Due to high market prices the planned results of the existing German renewable energy plants were exceeded. PV development activities in Germany were reinforced with the acquisition of the 50% share of WES Green GmbH, a PV project developer with 13 employees headquartered in Föhren. Enovos Renewables GmbH now holds 100% of the shares in WES Green. In addition, the team successfully progressed in the Südeifel project (200 MWp in 11 locations). Financial close was reached, PPA were signed, feed-in tariff was awarded and construction started and is progressing as planned.

In addition, the first phase of the PV project Leiwen (11.3 MWp+3.4 MWp) was finalised in March 2022. The second phase will start in Q1/2023. Furthermore, Hasborn PV project (12.3 MWp) has been approved, EPC was signed, and construction will start in February 2023. Other PV and Wind projects in earlier stages as part of the current pipelines have further progressed.

The O&M Renewables teams based in Berlin and Waghäusel successfully managed 802 MWp of PV installations mainly located in Germany. Targeted growth, both organic and inorganic, both along the value chain and in other European countries, continues to be a basic prerequisite to be able to leverage synergies in this business area and thus counteract the decline in margins. In this context, it is positive to note that the acquisition of the E.ON Energie Deutschland GmbH portfolio in 2022, the takeover of the open space plants of the LHI Group and the conclusion of contracts in the Südeifel project have laid the foundation for the further development of O&M services.

Renewables International

The implementation of the strategy - involving expanding the footprint in renewable energies - further continued in 2022, with again a focus on PV development in the Netherlands. As a result, four additional parks for a capacity of 2.3 MW were achieved, bringing the total capacity in the Netherlands to 16.1 MW (compared to 15.3 MW in 2021). Furthermore, approximately 19 MW are under construction and to be commissioned during the first few months of 2023 in combination with a pipeline in constant progression.

The operational performance of the existing assets ended above target on satisfactory wind conditions for the park in Sankt Vith, combined with good sun levels in both Belgium and the Netherlands. Higher energy wholesale prices have enabled an excellent financial performance.

Furthermore, the wind project Condreole (15 MW), in Engis near Liège started its construction on time and as per schedule. Commissioning is planned by mid-2023.

Enovos Luxembourg S.A. also initiated the development of PV activities in France, focusing on the Grand Est and the Hauts de France regions. The team was set up including developers in the targeted zones and local ones in Metz. The scouting activity has already started, and the pipeline is progressing.

With regards to the Italian renewable activities, in the main litigation in Italy, after a Cassation judgement rendered in October 2021, part of the case was referred for a re-examination by another section of the Court of Appeal of Milan. No hearing date has been set yet.

Regarding Enovos Solar Investments II S.r.l. Unipersonale (ESI II), the criminal acquittal became definitive in June 2021, and the Italian Justice Fund hence released a bank guarantee amounting to EUR 7.5 million posted by Enovos Luxembourg S.A. in 2014.

The request filed by EAM Solar ASA for private criminal proceedings against Enovos Luxembourg S.A. in May 2021 in Norway was dismissed successively by the Oslo District Court on 1<sup>st</sup> July 2022 and the Oslo Court of Appeal on 21<sup>st</sup> October 2022, in both cases for absence of sufficient grounds.

Regarding the remaining claims of the EAM group against Enovos Luxembourg S.A. filed in Italy and Luxembourg, management continues to deem the associated risks to be remote.

Technical services

The year 2022 was marked by the change of Enovos Services Luxembourg S.A.'s name to Teseos Luxembourg S.A, the reorganisation of staff, the implementation of corporate governance procedures, and the completion of a carbon footprint, with savings targets in all major technical services subsidiaries.

The new company, diego Luxembourg S.A, introduced photovoltaic products with a focus on auto-consumption and acted as a full electromobility services provider, including a national and European roaming platform with charging cost reimbursement to leasing customers in the B2C and B2B segments. The new Diego branding has been implemented and the next products to be launched will be heat pumps and later storage batteries. The product and service portfolio of technical services was also increased within Paul Wagner & Fils S.A. in the domain of big photovoltaic and charging stations projects and through the acquisition of Arctic Cooling Systems S.à.r.l., a custom-made refrigeration, air conditioning and ventilation specialist.

As part of the strategic expansion of the third pillar "Technical Services" in Germany, Encevo Deutschland GmbH signed a Share Purchase Agreement, on 23<sup>rd</sup> November 2022, for the acquisition of all the shares in Wieland und Schultz GmbH. The new company is active in south-west Germany in the field of electrical installations and building technologies for industrial and public customers. About 100 new colleagues will join Encevo Deutschland GmbH at the locations of Neustadt an der Weinstraße and Karlsruhe. With this acquisition, Encevo Deutschland GmbH is expanding its portfolio to include electrical engineering, building services and systems engineering, thus implementing the Group's strategy of providing technical services to support customers' energy transition.

**Grid Luxembourg (regulated activity)**  
During 2022, Creos Luxembourg S.A. invested a total of EUR 152.1 million (excluding investments in participations), slightly below the record year of 2021 (2021: EUR 169.2 million), which saw the completion of the "Bové" project with the delivery of the new head office and administrative headquarters and the technical centre in Luxembourg City.

This major investment program mainly concerns the electricity sector (EUR 105.4 million in 2022, compared to EUR 96 million in 2021), with a focus on the medium voltage sector and the initiation of studies for the 380 kV extra high voltage project. Investments increased by around 10% compared to 2021, with a surplus of EUR 10.6 million for 65/110kV projects and the realisation of numerous low and medium voltage projects. Replacement of network components remains important, while network areas are not extended in the gas sector. With a total

of EUR 18.5 million, investments have decreased by around 15% compared to 2021. With investments of EUR 9.5 million in 2022, compared to EUR 9.7 million in 2021, the digitisation of the electricity network remains an important area of investment and includes equipment for communication and remote control of the infrastructure.

On the power side, by the end of 2022, the number of electricity meters installed in the Creos network reached 296,583 low-voltage meters (2021: 289,786 m), an increase of 2.3% compared to 2021, and 11,743 medium-voltage meters (2021: 11,306 meters), an increase of 3.8% compared to 2021. The deployment of smart meters exceeds 99%. A total of 4,999 GWh were transported in the network (2021: 5,132 GWh), which represents a decrease in consumption of 2.6% compared to the average of the previous five years, with the decrease coming from industrial customers, while medium and low voltage customers continue to maintain a stable average consumption in 2022. The volume of national electricity production, mainly renewable, was 1,141 GWh in 2022 (2021: 1,186 GWh). Hydro, wind, photovoltaic and biogas producers injected a total of 914 GWh into the Creos grids. The electricity network covers 10,382.8 km. This represents an increase of 115.4 km compared to the end of 2021.

In addition to the usual maintenance and replacement activities on the low and medium voltage networks, Creos continued with the replacement of several transformer sites and high-voltage overhead lines. In order to further strengthen the interconnection with Germany, Creos continued the "Project 380", which involves the reconstruction of the existing high-voltage lines to raise the voltage level from 220 kV to 380 kV. The lines concerned range from Trier/Quint to Steinsel/Bofferdange and from there to Bertrange, including a new substation in the Steinsel/Bofferdange area. The environmental impact studies were carried out in 2022, as were the first public information meetings. Commissioning of this major project, which is currently in the environmental impact assessment phase, is still planned for 2027.

On the gas side, the number of active gas meters in the Creos network reached 49,384 at the end of 2022 (+0.8% compared to 2021: 48,993 meters). A total of 6,797 GWh were transported on the network, a decrease of 21.5% compared to the average consumption of the last five years (2021: 8,655 GWh). At -33.6%, the decrease in consumption by

GRI 2-7

high-pressure industrial consumers was more significant than in the distribution networks (-13.3%). Compared to previous years, the size of the natural gas network remains almost unchanged at 2,192.5 km (2021: 2,176 km). In the broader context of decarbonisation, Creos no longer plans to expand its network, except for security of supply, replacement or at the request of third parties at their own expense.

In 2020, the government requested the conversion of 90 standard Chargy charging points into fast charging points, all of which are located on the Creos network. To meet this demand, Creos has developed the "SuperChargy" infrastructure (with a charging capacity of 160-350 kW) with specific branding, to be installed at 16 sites along motorways and main roads throughout the country. A first SuperChargy site was inaugurated on 20<sup>th</sup> January 2021 in Luxembourg-Kirchberg for a test phase. At the end of 2022, 32 SuperChargy stations and 1 "SuperChargy OK" station were in operation, including four motorway service areas with six stations per area. Its success is reflected in growing consumption, which reached 7,660 MWh in 2022 (+108% compared to 2021: 3,670 MWh).

Finally, Creos Luxembourg S.A. confirmed its commitment to Balansys S.A., a 50/50 joint venture between Creos Luxembourg S.A and Fluxys Belgium providing balancing services for the joint Belgian-Luxembourg gas market, which performed well in 2022. While the European gas markets were severely shaken by price spikes and risks of shortages in 2022, Balansys's shareholders granted several tranches of credit lines in the form of shareholder loans to ensure the company's operational continuity.

**Grid Germany (regulated activity)**  
In Germany, investments in gas and power grids networks continued and amounted to EUR 30.4 million in 2022 (2021: EUR 27.9 million).

In the context of the Russia/Ukraine crisis, Creos Deutschland GmbH launched a Gas Shortage Task Force on 24<sup>th</sup> February 2022 and coordinated closely with the relevant German authorities to ensure security of gas supply.

Furthermore, Creos Deutschland GmbH continued preparations for the future conversion/feeding-in of hydrogen in 2022 and received positive feedback from the funding authorities concerning approval of the early start of measures within the framework of the implementation of the MosaHYc project, which is part of the Grande Region Hydrogen Initiative.

Personnel

The average number of employees of the Encevo Group further increased from 2,332 people in 2021 to 2,521 people in 2022. The increase compared to 2021 is mainly related to Grid activities and Technical Services.

Over the past few years, the Covid pandemic has been mitigated in all group companies by relying heavily on remote working. In April 2022, a group policy was put in place as a framework for remote working, which will now remain a practice across the board where the nature of the employee's function allows it.

The Board of Directors and the Management of Encevo S.A. would like to thank all 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 in a very challenging environment marked amongst others by the war between Russia and Ukraine and all the related impacts as well as by the cyber-attack.

Financials

The consolidated operating profit (EBITDA) of EUR 268.4 million exceeds the 2021 value of EUR 238.6 million by EUR 29.9 million mainly related to the core Encevo Group companies Enovos Luxembourg S.A. and Creos Luxembourg S.A.

Furthermore, regular depreciations are EUR 12.7 million higher than in 2021 from the continuously increasing investment plan. Value adjustments in respect of current assets increased by EUR 11.6 million mainly from the increase of the flat rate provision on trade debtors booked in Enovos Luxembourg S.A.

Finally, contribution of participations including dividends and share in companies consolidated under the equity method increased by EUR 0.7 million to EUR 31.1 million, (2021: EUR 30.4 million), while interest payables and taxes increased by EUR 1.4 million and 0.7 million to EUR 17.2 million and EUR 20.9 million, respectively (2021: EUR 15.8 million and EUR 20.2 million).

Total consolidated profit for the financial year increased by EUR 27.7 million to EUR 107.3 million due to the above impacts.

Risk Management and  
Regulatory Affairs

The year 2022 was very challenging due to the war between Russia and Ukraine. As a result of the very volatile commodity prices and the related increase in Credit, Market and Liquidity risk, the Board of Directors needed to significantly increase the Risk Capital limits for the core business activities. The aforementioned risks are foreseen to remain significant in 2023. In this context, enhanced monitoring tools were developed for better monitoring and management of such risks.

With the ongoing extreme price and volatility levels in the commodities markets, core business activities continued to operate under elevated credit risk (versus our wholesale counterparts) and market risk (due to the flexibility inherent to customer contracts), reflected in the allocated Risk Capital limits by the Board of Directors. If these risks materialise, they might have a significant impact. A return to lower commodity price levels might shift some of the credit risk exposure from our wholesale counterparts to our customers.

Specific risks directly managed at Group parent company level (i.e Encevo S.A.) relate to the financial liquidity risk, the credit risk of the subsidiaries supported by financings from Encevo S.A. as well as the interest rate risk. While the credit risk of the subsidiaries is tracked on a monthly basis for the core companies, the increased liquidity risk driven by very high energy prices (reaching historically record levels in August 2022) as a result of the Russia/Ukraine war has been mitigated by the Group Finance & Tax department through a first increase of the existing EUR 200,000,000 Revolving Credit Facility (RCF) to EUR 400,000,000 in June 2022 and a further increase to EUR 750,000,000 in January 2023 in order to ensure sufficient liquidity to the main group companies. Furthermore, on 22nd December 2022, Enovos Luxembourg S.A. signed with three counterparties a 6-year bullet state guaranteed bank loan (“Prêt Garanti par l’Etat”) for a total amount of EUR 180,000,000 that was drawn on 28<sup>th</sup> December 2022.

The Regulatory Affairs team, in addition to its day-to-day activities regarding transaction reporting and trade surveillance, is following the upcoming, planned, and proposed changes regarding EMIR, REMIT and MiFID and reflected the corresponding changes in the rules, e.g. the EMIR clearing threshold changes. The Risk team successfully supported

all internal stakeholders in their decision-making processes and in designing effective hedging approaches in these volatile market conditions and will continue to support the build-up of our PPA portfolio in terms of reporting, modelling and suitable risk assessment.

Furthermore, the team is closely following and assessing the impacts of the currently rapidly changing regulatory interventions in the energy markets owing to the Ukraine crisis, which include price caps for customers, the EU Energy Crisis Framework including the revenue cap for Inframarginal generation, and proposed changes to the wholesale market design.

On the Grid activity side, the main operational risks faced were accidents to people (employees and third parties) and damage to the network caused by certain meteorological events. Creos Luxembourg S.A. continuously implements active risk management processes through a reporting tool to assess, record, review and monitor mitigation measures for identified operational, financial, legal or strategic risks.

Outlook

The evolution in energy prices has decreased compared to the peaks observed during summer 2022 supported by a mild winter 2022/23, which relieved some of the pressure resulting from gas shortage fears. However, markets remain volatile and natural gas and electricity prices are still far above pre-crisis levels. For many customers, pre-crisis price fixations expired at the end of 2022, so in 2023 they will be impacted by increased costs for the first time during this crisis. Thus, credit risk focus will move from trading counterparts to customers. Increased customer costs go hand in hand with an increased turnover and the necessity to closely follow liquidity needs in 2023.

The crisis has shown the importance of energy independence, with Encevo Group making its contribution to the energy transition by further promoting energy efficiency and investing in renewable energy, especially in the Greater Region.

Customer centricity starting with improved customer communication and digitalisation will be key in 2023. The overall financial perspective is positive with a stable contribution from the Sales business and a good outlook on the asset base, yet market and credit risks are still high.

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

The Group investment plan is to reach a total EUR 335 million in 2023, thereof EUR 225 million in Grids, EUR 34 million in Markets, EUR 70 million in Renewables and EUR 4 million in Technical Services. After 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. In parallel the group intends to further develop its activity in Germany.

Other information

Some research and development activities have been performed within affiliated undertakings.

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

No changes occurred in 2022 in the shareholding of Encevo S.A.

Regarding board members, the following changes occurred in 2022:

As of 1<sup>st</sup> April 2022, Mrs Monika Scholz, Mr Luc Decker and Mr Christian Tock were appointed as new board members due to the resignations of Mr Joachim Scherer, Mr Tom Theves and Mr Daniel da Cruz.

The board members are:  
**Marco Hoffmann**, Chair  
**Yu Xue**, 1<sup>st</sup> Vice-Chair  
**Luc Decker**, 2<sup>nd</sup> Vice-Chair\*)  
**Min Shen**, 3<sup>rd</sup> Vice-Chair  
**Danielle Castagna**, Director  
**Christian Tock**, Director\*)  
**Jeff Feller**, Director  
**Stefan Grützmacher**, Director  
**Aloyse Kohll**, Director  
**Mike Kirsch**, Director  
**Romain Lanners**, Director  
**Uwe Leprich**, Director

**Olaf Münichsdorfer**, Director  
**Georges Reuter**, Director  
**Monika Scholz**, Director\*\*)   
**Geneviève Schlink**, Director

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, expired with the audit review of the financial year 2020. Considering the Board of Directors’ recommendation, the shareholders appointed Ernst & Young for a new mandate for the financial years 2021 and 2022 during the annual general meeting of shareholders held on 11<sup>th</sup> May 2021. A new public tender was initiated to appoint an external auditor for the financial years 2023 and 2024. The external auditor for 2023 and 2024 will be appointed by the annual general meeting of shareholders to be held on 10<sup>th</sup> May 2023.

**The board of Directors**  
**Esch-sur-Alzette, 31<sup>st</sup> March 2023**

\*) Mr Luc Decker and Mr Christian Tock were co-opted on April 1<sup>st</sup>, 2022 to replace Mr Tom Theves and Mr Daniel da Cruz.  
\*\*) Mrs Monika Scholz joined the Board as employee representative on April 1<sup>st</sup>, 2022 to replace Mr Joachim Scherer..

Consolidated annual accounts

2.1 Consolidated balance sheet as of 31<sup>st</sup> December 2022  
Denominated in EU

ASSETS	Notes	31/12/2022	31/12/2021
		€	€
A. Goodwill on first consolidation	Note 4	56,603,415	55,411,740
B. Formation expenses	Note 6	1,078	1,927
C. Fixed assets		2,375,346,071	2,227,860,087
I. Intangible assets	Note 7	70,120,227	69,892,970
2. Concessions, patents, licences, trademarks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3.		34,277,548	37,986,816
3. Goodwill, to the extent that it was acquired for valuable consideration		8,249,806	15,949,704
4. Payments on account and intangible assets under development		27,592,873	15,956,449
II. Tangible assets	Note 8	1,997,337,698	1,910,752,269
1. Land and buildings		247,361,279	233,210,994
2. Plant and machinery		1,462,041,836	1,418,606,106
3. Other fixtures and fittings, tools and equipment		87,400,942	89,380,893
4. Payments on account and tangible assets in the course of construction		200,533,640	169,554,275
III. Financial assets		307,888,146	247,214,849
1. Companies consolidated under the equity method	Note 9.1	132,031,849	129,036,399
2. Investments carried at cost	Note 9.2	104,938,092	83,595,144
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests		70,343,495	33,875,210
5. Investments carried at cost		6,462	1,441
6. Other loans		568,249	706,655
D. Current assets		1,468,680,057	952,375,168
I. Stocks	Note 10	150,046,711	54,862,172
1. Raw materials and consumables		24,491,162	16,257,828
2. Work in progress		30,964,781	26,677,852
3. Finished goods and goods for resale		94,590,769	11,926,492
II. Debtors		933,663,881	660,293,683
1. Trade debtors	Note 11.1	833,624,854	578,768,636
a) becoming due and payable within one year		833,561,313	578,760,454
b) becoming due and payable after more than one year		63,540	8,182
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	Note 11.2	7,833,313	19,527,926
a) becoming due and payable within one year		7,807,313	19,501,926
b) becoming due and payable after more than one year		26,000	26,000
4. Other debtors	Note 11.3	92,083,594	61,888,767
a) becoming due and payable within one year		88,654,687	58,442,860
b) becoming due and payable after more than one year		3,428,907	3,445,907
5. Deferred tax assets	Note 11.4	122,121	108,355
III. Investments	Note 12	287,635	308,776
4. Other investments		287,635	308,776
IV. Cash at bank and in hand	Note 13	384,681,830	236,910,537
E. Prepayments	Note 14	72,438,968	31,192,150
TOTAL ASSETS		3,973,069,590	3,266,841,073

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

2.1 Consolidated balance sheet as of 31<sup>st</sup> December 2022  
Denominated in EU

CAPITAL, RESERVES AND LIABILITIES	Notes	31/12/2022	31/12/2021
		€	€
A. Capital and reserves, group share	Note 15	1,236,489,132	1,144,818,904
I. Subscribed capital		90,962,900	90,962,900
II. Share premium account		387,028,449	387,028,449
IV. Consolidated reserves		570,865,737	527,244,398
IV.b Other non available reserves		23,615,758	23,615,758
V. Profit or loss brought forward		70,952,095	48,186,733
VIII. Capital investment subsidies		7,898,345	5,378,132
Consolidated Profit or loss for the financial year, group share		85,165,848	62,402,534
A.1. Minority interests		270,557,575	259,040,525
A.2. Capital and reserves, total		1,507,046,706	1,403,859,429
B. Provisions		304,271,180	274,279,479
1. Provisions for pensions and similar obligations	Note 16.1	135,607,323	129,204,675
3. Other provisions	Note 16.2	168,663,858	145,074,804
C. Creditors		1,929,553,546	1,430,553,671
1. Debenture loans			
b) Non convertible loans	Note 17	569,556,161	569,311,268
i) becoming due and payable within one year		22,556,161	2,311,268
ii) becoming due and payable after more than one year		547,000,000	567,000,000
2. Amounts owed to credit institutions	Note 18	267,794,260	92,932,562
a) becoming due and payable within one year		17,636,148	26,318,134
b) becoming due and payable after more than one year		250,158,111	66,614,428
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	Note 19	42,676,674	29,766,797
a) becoming due and payable within one year		42,676,674	29,766,797
b) becoming due and payable after more than one year		0	0
4. Trade creditors	Note 20	718,880,609	455,525,245
a) becoming due and payable within one year		718,834,481	455,402,735
b) becoming due and payable after more than one year		46,128	122,510
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	Note 21	9,129,697	7,579,208
a) becoming due and payable within one year		6,904,621	5,714,295
b) becoming due and payable after more than one year		2,225,075	1,864,914
8. Other creditors	Note 22	212,258,289	176,152,788
a) Tax authorities		54,170,755	46,575,792
b) Social security authorities		6,024,378	6,343,079
c) Other creditors		152,063,156	123,233,917
i) becoming due and payable within one year	Note 23	91,140,350	57,160,640
ii) becoming due and payable after more than one year		60,922,806	66,073,277
9. Deferred income tax	Note 24	109,257,857	99,285,803
D. Deferred income	Note 25	232,198,157	158,148,493
TOTAL CAPITAL, RESERVES AND LIABILITIES		3,973,069,590	3,266,841,073

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 2022 – Legal presentation

Denominated in EUR

PROFIT AND LOSS ACCOUNT	Notes	31/12/2022 €	31/12/2021 €
1. Net turnover	Note 26	3,424,196,876	2,516,821,627
3. Work performed by the undertaking for its own purposes and capitalised	Note 1	59,120,523	56,533,112
4. Other operating income	Note 27	32,744,886	18,676,578
5. Raw materials and consumables and other external expenses	Note 28	(2,974,083,782)	(2,114,766,080)
a) Raw materials and consumables		(2,858,103,128)	(2,004,960,477)
b) Other external expenses		(115,980,653)	(109,805,602)
6. Staff costs	Note 29	(240,045,903)	(225,407,289)
a) Wages and salaries		(193,855,816)	(181,160,236)
b) Social security costs			
i) relating to pensions		(15,753,946)	(15,694,345)
ii) other social security costs		(22,177,999)	(22,063,561)
c) Other personnel costs		(8,258,142)	(6,489,148)
7. Value adjustments		(168,792,345)	(144,468,765)
a) in respect of formation expenses and of tangible and intangible fixed assets	Notes 4, 6, 7, 8	(153,845,182)	(141,148,637)
b) in respect of current assets	Note 10	(14,947,163)	(3,320,128)
8. Other operating expenses	Note 30	(18,542,743)	(9,983,255)
9. Income from participating interests		9,745,174	9,024,294
b) other income from participating interests	Note 31	9,745,174	9,024,294
11. Other interest receivable and similar income		3,269,853	2,552,235
b) other interest and similar income	Note 32	3,269,853	2,552,235
12. Share of profit or loss undertakings accounted for under the equity method	Note 33	21,309,924	21,403,039
13. Value adjustments in respect of financial assets and of investments held as current assets	Note 34	(1,427,196)	(13,059,004)
14. Interest payable and similar expenses		(17,182,806)	(15,780,711)
b) other interest and similar expenses	Note 35	(17,182,806)	(15,780,711)
15. Tax on profit or loss	Note 36	(20,916,535)	(20,191,036)
Consolidated Profit or loss after taxation		109,395,927	81,354,745
17. Other taxes not shown under items 1 to 15		(2,051,571)	(1,667,675)
Consolidated Profit or loss for the financial year		107,344,356	79,687,071
Minority interests		(22,178,508)	(17,284,537)
Consolidated Profit or loss for the financial year, group share		85,165,848	62,402,534

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 2022 – List presentation

Denominated in EUR

PROFIT AND LOSS ACCOUNT	31/12/2022 €	31/12/2021 €
Net turnover	3,424,196,876	2,516,821,627
Other operating income	24,887,778	15,623,756
Gain on disposal of fixed assets	416,670	128,571
Work performed by the undertaking for its own purposes and capitalised	59,120,523	56,533,112
Cost of sales	(2,858,103,128)	(2,004,960,477)
Staff costs	(240,045,903)	(225,407,289)
Other operating expenses	(142,030,122)	(120,184,734)
Ordinary operating profit (EBITDA)	268,442,693	238,554,566
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	(153,845,182)	(141,148,637)
Operating profit (EBIT)	114,597,512	97,405,928
Income from investments carried at cost	9,745,174	9,024,294
Gain on disposal of financial assets	0	0
Other interest receivable and similar income	3,848,658	2,552,235
Share in result of companies accounted under the equity method	21,309,924	21,403,039
Interest and other financial charges	(19,188,806)	(28,839,715)
Consolidated Profit or loss before taxation	130,312,462	101,545,781
Current income tax (including net wealth tax)	(12,998,394)	(12,077,247)
Deferred income tax	(9,969,712)	(9,781,463)
Consolidated Profit or loss after taxation	107,344,356	79,687,071
Minority interests	(22,178,508)	(17,284,537)
Consolidated Profit or loss for the financial year, group share	85,165,848	62,402,534

2.3 Consolidated cash flow statement for the year ended 31<sup>st</sup> December 2022

Denominated in EUR

	31/12/2022	31/12/2021
	€	€
Result for the financial year, group share	85,165,848	62,402,534
+ Minority interests	22,178,508	17,284,537
+ Amortization and depreciation	153,845,182	141,148,637
+/- Capital gain/loss on disposals financial assets	0	0
- Capital gain on disposals fixed assets	(416,670)	(128,571)
+/- Change in provisions	29,001,618	32,521,849
- Share in result of companies accounted under the equity method	(21,309,924)	(21,403,039)
+ Dividends received from companies accounted for under the equity method	19,244,392	16,190,063
+ Current and deferred income taxes	22,968,106	21,858,710
- Taxes paid	(12,996,052)	(24,834,978)
- Increase / (+) Decrease in current assets	(400,244,682)	(247,745,366)
+ Increase / (-) Decrease in current liabilities	384,968,856	281,480,067
Operating cash flow	282,405,181	278,774,442
- Capital expenditures on intangible assets	(23,227,888)	(20,218,624)
- Capital expenditures on tangible assets	(209,527,742)	(237,945,996)
- Capital expenditures on financial assets	(21,942,448)	(7,333,573)
- Net Capital expenditures on purchases of subsidiaries	(17,258,331)	(2,892,608)
- Cash received from disposal of fixed assets	1,830,781	933,989
+ Cash received from disposal of financial assets	950	0
+ Net cash received from disposal of subsidiaries	0	0
+ Impact of change in scope	5,903,474	130,395
+/- Change in loans to participations (Not consolidated)	(36,468,285)	(14,680,538)
Cash flow from investing activities	(300,689,488)	(282,006,955)
- Dividends paid to the group shareholders	0	(9,205,445)
- Dividends paid to the minorities of consolidated companies	(10,601,140)	(10,696,572)
+ Change in equity	3,809,161	304,053
+ Subsidies received	2,634,899	60,135
- Net change in financial liabilities	170,191,541	166,816,167
+ Proforma reclass on opening balance	0	2,489,872
Cash Flow from financing activities	166,034,460	149,768,210
CHANGE IN CASH	147,750,152	146,535,697
Situation at the beginning of the year	237,219,313	90,683,615
Situation at the end of the year	384,969,465	237,219,313

Comparative 2021 figures above including reclassifications of EUR 4,915,050 from item line “Increase / Decrease in current liabilities” (2021 Published: EUR 276,565,017) to item “Net change in financial liabilities” (2021 Published: EUR 171,731,217) corresponding to the long-term debt variation of the period related to the financing of the 11th turbine at the Vianden pumping station of SEO (Note 23 – Other creditors).

2.4 Notes to the consolidated annual accounts

Table of contents	
Note 1	Summary of significant accounting principles
Note 2	Creation of the Encevo Group
Note 3	Authorisations
Note 4	Goodwill on first consolidation
Note 5	Scope of consolidation and list of consolidated companies
Note 6	Formation expenses and similar expenses
Note 7	Intangible assets
Note 8	Tangible assets
Note 9	Financial assets
Note 10	Stocks
Note 11	Debtors
Note 12	Investments
Note 13	Cash at bank and in hand
Note 14	Prepayments
Note 15	Capital and reserves
Note 16	Provisions
Note 17	Debenture loans
Note 18	Amounts owed to credit institutions
Note 19	Payments received on account of orders
Note 20	Trade creditors
Note 21	Amounts owed to undertakings with which the group is linked by virtue of participating interests
Note 22	Tax authorities
Note 23	Other creditors
Note 24	Deferred income tax
Note 25	Deferred income
Note 26	Net turnover
Note 27	Other operating income
Note 28	Raw materials and consumable and other external expenses
Note 29	Staff costs
Note 30	Other operating expenses
Note 31	Income from participating interests
Note 32	Other interest receivable and similar income
Note 33	Share of profit or loss undertakings accounted for under the equity method
Note 34	Value adjustments in respect of financial assets and of investments held as current assets
Note 35	Interest payable and similar expenses
Note 36	Current and deferred income tax expense
Note 37	Remuneration paid to members of the administration and management bodies
Note 38	Auditor's fees
Note 39	Financial derivatives
Note 40	Off-balance-sheet liabilities and commitments
Note 41	Subsequent events

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 10th August 1915 as amended and the amended Law of 19th 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 Russia/Ukraine conflict continues to strongly influence European Gas and Power prices. This remains a continued source of uncertainty regarding the overall economic outlook and regarding energy market prices, counterparty credit risk as well as physical supply risk. Regulatory/ government intervention to cap the prices for B2C customers (amongst others) has occurred in several countries. In this challenging environment, the Group is focusing even more on serving its customers, energy efficiency and renewable energy production. Encevo Group will continue to develop its risk management capabilities, and invest in operational excellence and digitalisation.

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 2022, the Enovos Luxembourg S.A. changed its bad debt flat rate provision from 1.5% to 3%. In addition, Enovos Luxembourg S.A. extended the provision to all accounts receivables including energy and gas suppliers having a receivable balance at year-end.

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.

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 of 31<sup>st</sup> December.

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 recognised 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
Concessions, patents, licences, trademarks and similar rights and assets	10% - 33.33%	Straight-line
Goodwill, to extent that it was acquired for valuable consideration	5% - 20%	Straight-line
Customer contracts	6.67% - 20%	Straight-line
Long-term tolling contract	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
Buildings	2% - 10%	Straight-line
Plant and machinery	2% - 10%	Straight-line
Other fixtures and fittings, tools and equipment	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 permanent in nature, value adjustments are made in respect of 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 realisable 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.

**Provisions for pensions and similar obligations**

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.

**Provisions for contractual agreements**

Enovos Luxembourg S.A. (through the Energy Management & Trading department (“EMT”)) is the entity in charge of purchasing electricity and gas for all Encevo group companies.

EMT purchases on behalf of the sales entities in Luxembourg, Germany, France and Belgium. Within a consistent risk framework, EMT provides sales entities with electricity & gas sourced via bilateral procurement contracts with large energy producers (with maturities ranging

from 2025 to 2037), via EFET (European Federation of Energy Traders) agreements and via energy exchanges mainly in Germany, France, Belgium and the Netherlands.

Additionally, it is EMT’s role to balance the physical and financial exposure on the sales side with the overall sourcing commitments across the group. The procurement side is managed based on the expected total consumption of all sales contracts. There is no direct link between a specific sourcing contract and a specific customer or group of customers. Accordingly, the Group regroups all contracts related to a commodity portfolio when assessing onerous contract requirements.

The power & gas supply contracts are tested within a global portfolio approach based on the overall Gross Profit Margin (GPM) expectation to be achieved for Enovos Luxembourg sales contracts based on the mid-term planning extrapolated until the end of the maturity of the Long-Term Contracts (LTC’s).

The GPM is determined by comparing the total sales and the total purchases for a given commodity (i.e., power, gas), irrespective of the contract type and duration.

If the overall GPM for each commodity portfolio is expected to remain positive for the duration of the commitment in the LTC, no provision for onerous contracts is recorded. If the overall GPM for each commodity portfolio is expected to be negative, then a provision for onerous contracts is recorded for the amount of the negative margin.

GPM is computed based on the expected commodity sales prices (using contracted quantities and prices and extrapolated volume and price assumptions) net of any taxes/grid fees minus contracted or expected purchase prices for the equivalent sales volumes.

In the event a long-term supply contract can be linked directly to a sale contract in a one-to-one relationship, the GPM is then computed for such relationship and if negative, a provision for onerous contract is recorded.

**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 contract 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 5<sup>th</sup> February 1974. The Company is registered under R.C.S. nr. B11723. In the context of the below-described operations, the Company was 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 was 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 was contributed to Enovos Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities were 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.

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 Teseos Luxembourg S.A. (formerly named Enovos Services Luxembourg S.A.), a 100% subsidiary of Encevo S.A.. As of 31<sup>st</sup> December 2022, Teseos Luxembourg S.A. thus manages the participations held in Global Facilities S.A., Paul Wagner & Fils S.A., Power Panels S.A., Minusines S.A., diego Luxembourg S.A. and Agence de l’Energie S.A..

Finally, in 2021, in the framework of project Gamos, the group reorganized the structure of its activities in Germany to have a holding company on top of all German subsidiaries. All the German activities are now coordinated under the ownership of Encevo Deutschland GmbH (merged entity of the former Enovos Deutschland SE and Creos Deutschland Holding GmbH) which is owned at 98.83% by Encevo S.A..

Note 3 – Authorisations

Following the two European Directives 2003/54 and 55, of 26<sup>th</sup> 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 1<sup>st</sup> August 2007, as amended by the Laws of

18<sup>th</sup> December 2009, 17<sup>th</sup> October 2010 and 7<sup>th</sup> 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 31<sup>st</sup> December 2022, the group has recognised goodwill on the following acquisitions (see also note 5):

	31/12/2022	31/12/2022	31/12/2021	31/12/2021
	Goodwill	Goodwill	Goodwill	Goodwill
	Gross value	Net value	Gross value	Net value
	€	€	€	€
Leo S.A.	21,157,085	4,231,417	21,157,085	5,641,889
Minusines S.A.	15,072,295	11,922,378	15,020,649	13,374,863
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	14,871,586	2,313,358	14,871,586	3,304,797
Paul Wagner & Fils S.A.	13,123,167	6,647,444	13,123,167	7,976,933
Creos Deutschland GmbH	9,721,789	5,662,730	9,721,789	6,310,849
Creos Luxembourg S.A.	9,285,305	1,444,381	9,285,305	2,063,401
Enovos Energie Deutschland GmbH	7,296,109	0	7,296,109	0
Power Panels S.A.	7,090,421	5,062,462	7,090,421	5,785,671
Global Facilities S.A.	6,077,451	4,254,215	6,077,451	4,861,960
NPG Energy Group	5,767,968	506,847	5,767,968	594,578
Wieland & Schultz GmbH	5,423,935	5,423,935	0	0
Enovos Renewables O&M GmbH	3,243,786	2,977,075	3,243,786	2,977,075
Enovos Solar Investment II S.r.l. Unipersonale	3,035,199	0	3,035,199	0
WES Green GmbH	2,819,970	2,537,973	0	0
ESW Energie Südwest AG	2,205,965	625,023	2,205,965	772,088
Artic Cooling Systems S.à.r.l.	1,499,122	1,499,122	0	0
Encevo Deutschland GmbH	1,992,075	664,025	1,992,075	796,830
DiSUN Deutsche Solarervice GmbH	1,106,662	590,220	1,106,662	663,997
Enovos Solar Investment I S.r.l. Unipersonale	805,849	0	805,849	0
Luxenergie S.A. (prev. In SURRE S.A.)*	989,661	0	989,661	0
Encevo Deutschland GmbH (CDH GmbH share)	689,966	240,808	689,966	286,805
	133,275,368	56,603,415	123,480,694	55,411,740

\* SURRE S.A. was absorbed by LuxEnergie S.A, its parent company, in 2022.

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

	31/12/2022	31/12/2021
	€	€
Gross book value - opening balance	123,480,694	121,123,552
Additions for the year	9,794,673	2,357,142
Disposals for the year	(0)	0
Transfers for the year	0	0
Gross book value - closing balance	133,275,368	123,480,694
Accumulated value adjustment - opening balance	(68,068,955)	(59,831,785)
Allocations for the year	(8,602,998)	(8,318,934)
Opening balance correction	0	81,764
Disposals for the year	0	0
Exceptional depreciation for the year	0	0
Accumulated value adjustment - closing balance	(76,671,953)	(68,068,955)
Net book value - closing balance	56,603,415	55,411,740

The additions of the year concern:

- the purchase of 100% of the shares in Wieland & Schultz GmbH with a first payment of EUR 10,900,219 generating a goodwill amounting to EUR 5,423,935,
  - the acquisition of the remaining 50% shares in WES Green GmbH for a purchase price of EUR 3,100,000 generating a gross goodwill amounting to EUR 2,819,970,
- the acquisition of 100% of the shares in Arctic Cooling Systems S.à.r.l. for a purchase price of EUR 3,150,000 generating a goodwill amount of EUR 1,499,122
  - the additional five shares in Minusines S.A. for a purchase price of EUR 92,190 generating a goodwill of EUR 51,646.

Note 5 – Scope of consolidation and list of consolidated companies

The consolidation scope is as follows as of 31<sup>st</sup> December 2022:

Fully consolidated group companies:

Name	Country	Percentage of control 2022	Percentage of interest 2022	Percentage of control 2021	Percentage of interest 2021	Main activity
Encevo S.A.	Luxem-bourg	100.00%	100.00%	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	Luxem-bourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	Luxem-bourg	75.47%	75.47%	75.47%	75.47%	Transport and distribution of gas and power
Encevo Re S.A.	Luxem-bourg	100.00%	100.00%	100.00%	100.00%	Reinsurance
Enovos Energie S.A.	Luxem-bourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Luxenergie S.A.	Luxem-bourg	60.35%	60.35%	60.35%	60.35%	Production of heat and power
Surré S.A.**	Luxem-bourg	0.00%	0.00%	100.00%	60.35%	Production of heat and power
Panhelios S.A.	Luxem-bourg	51.00%	51.00%	51.00%	51.00%	Production of power
Voltranovos S.A.	Luxem-bourg	51.00%	51.00%	51.00%	51.00%	Production of power
Heliovos S.A.	Luxem-bourg	51.00%	51.00%	51.00%	51.00%	Production of power

Leo S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Real Estate Enovos Esch S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Real estate
Enovos Real Estate Lux- embourg S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Holding company in Real estate
Power Panels S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Minusines S.A.	Luxem- bourg	75.67%	75.67%	75.46%	75.46%	Technical services provider
diego Luxembourg S.A.	Luxem- bourg	100.00%	100.00%	0.00%	0.00%	Technical services provider
Global Facilities S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Facility management
Teseos Luxembourg S.A.	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Holding company in technical services
Conosolar S.A.	Luxem- bourg	51.00%	51.00%	51.00%	51.00%	Production of power
Windpark Mosberg GmbH & Co KG	Germany	100.00%	100.00%	100.00%	100.00%	Production of power
Encevo Deutschland GmbH	Germany	98.83%	98.83%	98.83%	98.83%	Holding company and shared service provider
Enovos Energie Deutschland GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Supply of power and gas
Enovos Renewables O&M GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Operation & maintenance of solar- and windparks
Enovos Storage GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Gas Storage
Enovos Renewables GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Holding company for power producers
Enovos Power GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Supply of power
Energie Südpfalz Shared Service GmbH	Germany	64.00%	32.26%	64.00%	32.26%	Service provider
Creos Deutschland GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Transport and distribution of gas
Creos Deutschland Ser- vices GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Service provider
Net4Energy GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Operation of digital infrastructures
Energie Südwest AG	Germany	51.00%	50.40%	51.00%	50.40%	Supply of power, gas and heat
Energie Südwest Netz GmbH	Germany	100.00%	50.40%	100.00%	50.40%	Transport and distribution of gas, power, water and heat
Energie Südwest Projek- tentwicklung GmbH	Germany	100.00%	50.40%	100.00%	50.40%	Supply of heat / Provider of services in gas and power
Solkraftwerk Frauen- tal GmbH	Germany	90.40%	53.12%	90.40%	53.12%	Production of power
DiSUN Deutsche So- larservice GmbH	Germany	80.00%	79.06%	80.00%	79.06%	Operation & maintenance of solar- and windparks
Neustromland Energie- projekt 1 GmbH & Co. KG	Germany	100.00%	98.83%	100.00%	98.83%	Production of power
Neustromland Energie- projekt 2 GmbH & Co. KG	Germany	100.00%	98.83%	100.00%	98.83%	Production of power
Queichtal Energie Of- fenbach Netz GmbH	Germany	100.00%	98.83%	100.00%	98.83%	Transport and distribution of gas, power, water and heat
WES Green GmbH	Germany	100.00%	98.83%	50.00%	49.42%	Production of power
Wieland & Schultz GmbH & CO KG	Germany	100.00%	98.83%	0.00%	0.00%	Technical services provider
Creos Deutschland Wasserstoff GmbH	Germany	100.00%	98.83%	0.00%	0.00%	Promotion of of hydrogen development

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
Enovos France SAS	France	100.00%	100.00%	100.00%	100.00%	Supply of power and gas
Paul Wagner & Fils S.A. *	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Electricité Wagner S.A. *	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Artic Cooling Systems S.à.r.l. *	Luxem- bourg	100.00%	100.00%	100.00%	100.00%	Technical services provider
Blitzschutzbau Rhein- Main GmbH *	Germany	100.00%	100.00%	100.00%	100.00%	Technical services provider
Hoffmann SAS *	France	100.00%	100.00%	100.00%	100.00%	Technical services provider
Enovos Green Power n.v. **	Belgium	100.00%	100.00%	100.00%	100.00%	Production of power
NPG Green n.v. **	Belgium	100.00%	100.00%	100.00%	100.00%	Production of power
NPG Green II n.v. **	Belgium	100.00%	100.00%	100.00%	100.00%	Production of power
Wind Farm Sankt-Vith n.v. **	Belgium	51.84%	51.84%	51.84%	51.84%	Production of power
Enovos Green Power NL n.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
NPG Solar Dedemsvaart b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
NPG Solar Boekel b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
Solar Rijssen b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
Solar Bocholtz b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
Zon op NL-Snelwegen b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
EGP solar Brakel I b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
EGP Solar Brakel II b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
EGP Solar Laarbeek b.v.**	Nether- lands	100.00%	100.00%	0.00%	0.00%	Production of power
Solar EGP NL South b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
EGP Solar De Vlaas b.v. **	Nether- lands	100.00%	100.00%	100.00%	100.00%	Production of power
EGP Solar Reuver b.v. **	Nether- lands	100.00%	100.00%	0.00%	0.00%	Production of power

(\*) Sub-consolidated under the Paul Wagner & Fils Group  
(\*\*) Sub-consolidated under the Enovos Green Power Group  
(\*\*\*) The Company SURRE S.A. owned at 100% by LuxEnergie S.A. was absorbed by the latter in 2022 and deregistered from the R.C.S.

In 2022, the scope of fully consolidated companies changed following the acquisition of additional shares in already consolidated companies and the acquisition of shares on new companies as follows:

- Purchase of 100% of the shares in Wieland & Schultz GmbH by Encevo Deutschland GmbH with a first payment of EUR 10,900,219 (newly owned company located in Germany).
- Acquisition of the remaining 50% shares in WES Green GmbH by Enovos Renewables GmbH for a purchase price of EUR 3,100,000 changing the consolidation scope for this company from being

consolidated under the equity method to full consolidation in 2022 (see note 9.1).

- Acquisition of 100% of the shares in Arctic Cooling Systems S.à.r.l. by Paul Wagner & Fils S.A. for a purchase price of EUR 3,150,000. The newly acquired company was integrated in the sub-consolidation of the Paul Wagner & Fils Group in 2022.
- Purchase of additional five shares in Minusines S.A. by Teseos Luxembourg S.A. for a purchase price of EUR 92,190 changing the percentage of ownership and interest from 75.46% in 2021 to 75.65% in 2022.

Furthermore, in 2022, Creos Deutschland Wasserstoff GmbH which is an affiliate of Creos Deutschland GmbH, and diego Luxembourg S.A. which is an affiliate of Teseos Luxembourg S.A., were fully consolidated for the first time following the development of their respective activities. Finally, in 2020 Enovos Green Power NL, the parent company of renewable activities in the Netherlands

(held itself at 100% by Enovos Green Power n.v.) installed the entitiy EGP Solar Reuver b.v., which is dedicated to operating PV assets. The entity was fully consolidated in 2022 following its recent start of operations. The entity is owned at 100% by the Encevo Group and is included in the sub-consolidation of Enovos Green Power Group.

Companies consolidated under the equity method:

Name	Country	Percentage of control 2022	Percentage of interest 2022	Percentage of control 2021	Percentage of interest 2021	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%	49.42%	50.00%	49.42%	0.00%	Supply of energy
Projecta 14 GmbH	Germany	50.00%	49.42%	50.00%	49.42%	0.00%	Holding company
Energis GmbH	Germany	28.06%	27.73%	28.06%	27.73%	0.00%	Supply of energy
Windpark Wremen GmbH & Co. KG	Germany	40.00%	29.85%	40.00%	29.85%	0.00%	Production of power
SK Ahorn GmbH & Co. KG	Germany	49.10%	48.53%	49.10%	48.53%	0.00%	Production of power
NSL Projekt 2 GmbH	Germany	75.00%	62.02%	75.00%	62.02%	0.00%	Production of power
Bioenergie Merzig GmbH	Germany	39.00%	38.54%	39.00%	38.54%	0.00%	Production of power
WES Green GmbH	Germany	0.00%	0.00%	50.00%	49.42%	-49.42%	Production of power
ESW Grune Energie GmbH	Germany	84.90%	42.79%	84.90%	42.79%	0.00%	Production of power
Energie Sudpfalz GmbH & Co KG	Germany	50.00%	25.20%	50.00%	25.20%	0.00%	Production of power
Solarpark Lauperath GmbH&Co.KG	Germany	59.95%	59.25%	59.95%	59.25%	0.00%	Production of power
Solarkraftwerk Barderup GmbH & Co. KG	Germany	32.50%	19.45%	32.50%	19.45%	0.00%	Production of power
SP Leiwen-Sonnenberg KG	Germany	59.95%	59.25%	0.00%	59.25%	0.00%	Production of power
NPG Willebroek NV	Belgium	50.00%	50.00%	50.00%	50.00%	0.00%	Production of power
Conre'Eole S.A.	Belgium	40.00%	40.00%	40.00%	40.00%	0.00%	Production of power

In 2021, Enovos Renewables GmbH owned 50% of the shares of WES Green GmbH. On 2nd June 2022, Enovos Renewables GmbH purchased the remaining 50% of the shares of WES Green GmbH from Wircon GmbH. This purchase resulted in an ownership increase to reach 100%. Therefore, the company was no longer consolidated under the

equity method in 2022, but it was fully consolidated instead (see also note 9.1).

Furthermore, the entity Solarpark Leiwen-Sonnenberg Verwaltung GmbH, owned at 59.95% by Enovos Renewables GmbH, was not operational as of year-end 2021 and was thus held at cost.

Following the development of its activities, it was consolidated under the equity method in 2022 (see also note 9.2).

No other changes occurred in the scope of consolidation under the equity method in 2022.

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:

	31/12/2022	31/12/2021
	€	€
Gross book value - opening balance	318,574	317,522
Additions for the year	0	0
Disposals for the year	0	0
Transfers for the year	0	1,052
Change in consolidation scope	0	0
Gross book value - closing balance	318,574	318,574
Accumulated value adjustment - opening balance	(316,647)	(315,628)
Allocations for the year	(849)	(849)
Reversals for the year	0	0
Transfers for the year	0	(170)
Change in consolidation scope	0	0
Accumulated value adjustment - closing balance	(317,496)	(316,647)
Net book value - closing balance	1,078	1,927

The Board of Directors considers that no value adjustments are needed as of 31<sup>st</sup> December 2022.

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	31/12/2022	31/12/2021
	€	€	€	€	€
Gross book value - opening balance	261,774,426	125,280,000	17,735,442	404,789,868	384,646,814
Additions for the year	2,517,263	887,750	19,629,126	23,034,140	20,188,907
Disposals for the year	(72,841)	0	0	(72,841)	(101,951)
Transfers for the year	8,183,045	0	(7,992,702)	190,343	29,927
Change in consolidation scope	32,455	0	0	32,455	26,171
Gross book value - closing balance	272,434,348	126,167,750	29,371,867	427,973,964	404,789,868
Accumulated value adjustments - opening balance	(223,787,610)	(109,330,296)	(1,778,993)	(334,896,899)	(311,746,711)
Allocations for the year	(14,379,394)	(8,587,648)	0	(22,967,042)	(23,175,258)
Exceptional depreciation for the year	0	0	0	0	0
Reversals for the year	32,581	0	0	32,581	48,542
Transfers for the year	(4,356)	0	0	(4,356)	(196)
Change in consolidation scope	(18,022)	0	0	(18,022)	(23,275)
Accumulated value adjustment - closing balance	(238,156,801)	(117,917,944)	(1,778,993)	(357,853,738)	(334,896,899)
Net book value - closing balance	34,277,548	8,249,806	27,592,873	70,120,227	69,892,970

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 additions of the year amount to EUR 887,750 and related to LuxEnergie S.A. in the context of the absorption of its affiliate SURRE S.A..

The total additions of the year of EUR 23,034,140 relate mainly to software required for operations, standardised electronic market communication and smart meter systems.

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	31/12/2022	31/12/2021
	€	€	€	€	€	€
Gross book value - opening balance	328,843,390	2,993,018,045	214,384,510	169,554,275	3,705,800,220	3,469,175,651
Additions for the year	1,088,995	893,694	4,576,983	203,226,266	209,785,938	233,987,417
Disposals for the year	(9,093)	(11,472,070)	(1,171,589)	(132,177)	(12,784,928)	(3,945,873)
Transfer of fairvalue from conso to local (merger)	0	0	0	0	0	0
Transfers for the year	21,590,687	142,050,235	8,297,637	(172,114,723)	(176,164)	3,502,776
Change in consolidation scope	0	69,482	592,330	0	661,812	3,080,248
<b>Gross book value - closing balance</b>	<b>351,513,979</b>	<b>3,124,559,387</b>	<b>226,679,872</b>	<b>200,533,640</b>	<b>3,903,286,878</b>	<b>3,705,800,220</b>
Accumulated value adjustment - opening balance	(95,632,396)	(1,574,411,938)	(125,003,617)	0	(1,795,047,951)	(1,681,851,272)
Allocations for the year	(8,525,221)	(98,440,204)	(15,381,843)	0	(122,347,268)	(114,011,103)
Exceptional depreciation for the year	0	0	0	0	0	1,729,000
Reversals for the year	4,916	10,334,622	1,071,540	0	11,411,078	3,200,535
Transfers for the year	0	(30)	0	0	(30)	(3,473,046)
Change in consolidation scope	0	0	34,991	0	34,991	(642,065)
<b>Accumulated value adjustment - closing balance</b>	<b>(104,152,701)</b>	<b>(1,662,517,550)</b>	<b>(139,278,929)</b>	<b>0</b>	<b>(1,905,949,181)</b>	<b>(1,795,047,951)</b>
<b>Net book value - closing balance</b>	<b>247,361,279</b>	<b>1,462,041,836</b>	<b>87,400,942</b>	<b>200,533,640</b>	<b>1,997,337,698</b>	<b>1,910,752,269</b>

Over the past few years, Enovos Luxembourg S.A. has been participating in the construction of the 11th 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 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

The transfers of concessions and patents for the year of EUR 8,183,045 relate mainly to Creos Luxembourg S.A.’s software required for operations, standardised electronic market communication and smart meter systems, and to Enovos Luxembourg S.A.’s investments into data quality and architecture, as well as data anonymisation, GDPR and cloud migration amongst other things.

The Board of Directors is of the opinion that no exceptional value adjustments of the intangible assets are necessary in 2022.

The transfers of concessions and patents for the year of EUR 8,183,045 relate mainly to Creos Luxembourg S.A.’s software required for operations, standardised electronic market communication and smart meter systems, and to Enovos Luxembourg S.A.’s investments into data quality and architecture, as well as data anonymisation, GDPR and cloud migration amongst other things.

The Board of Directors is of the opinion that no exceptional value adjustments of the intangible assets are necessary in 2022.

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In 2022, Creos Luxembourg S.A. invested EUR 105,047,231 (2021: EUR 93,132,617) in the electricity grid and EUR 18,943,763 (2021: EUR 21,503,774) in the gas grid and EUR 18,115,467 (2021: EUR 45,634,059) in other assets. As of 31<sup>st</sup> December 2022, investment projects by Creos Luxembourg S.A. of EUR 138,798,335 (2021: EUR 216,313,493) have been definitively closed and transferred to their respective asset class.

Also, Creos Deutschland GmbH invested EUR 30,371,893 (2021: EUR 27,934,855) in its electricity and gas grid. As of 31st December 2022, investment projects of EUR 11,892,542 (2021: EUR 19,480,466) have been definitively closed and transferred to their respective asset class.

The disposals of the year of EUR 12,784,928 (2021: EUR 3,945,873) and the reversals of adjustments

for the year amounting to EUR 11,411,078 (2021: EUR 3,200,535) are mainly related to reversal of the gross value and amortisation of assets disposed during the year in LuxEnergie S.A. for an amount of EUR 7,876,493 for cogeneration engines disposed to be replaced by newer assets; and in Creos Luxembourg S.A. for an amount of EUR 2,270,476 for disposed transformers.

The item “Change in consolidation scope” concerns the first full consolidation of Wieland & Schultz GmbH, WES Green GmbH., Creos Deutschland Wasserstoff GmbH, diego Luxembourg S.A., Arctic Cooling Systems S.à.r.l. and EGP Solar Reuver b.v..

The Board of Directors is of the opinion that no additional 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 (see note 5). The undertakings consolidated accordingly break down as follows:

	31/12/2022	31/12/2021
	€	€
Energis GmbH	37,404,704	41,623,990
Soler S.A.	25,003,435	22,270,465
Pfalzgas GmbH	22,830,084	23,051,980
Projecta 14 GmbH	14,498,917	13,531,587
Datacenterenergie S.A.	6,790,360	6,229,605
Kiowatt S.A.	4,921,491	5,127,850
Cegyco S.A.	3,091,579	2,768,097
NSL Projekt 2 GmbH	2,192,004	1,512,365
SK Ahorn GmbH & Co. KG	2,181,575	2,069,421
Solarpark Lauperath GmbH&Co.KG	1,741,635	1,023,289
ESW - Grüne Energie GmbH	1,586,909	1,825,081
Enovos Green Power AE entities	1,543,563	1,485,146
SKW Barderup GmbH&CoKG	1,543,166	1,372,129
SP Leiwen-Sonnenberg KG	1,539,368	0
Bioenergie Merzig GmbH	1,522,234	1,387,746
EnergieSüdpfalz GmbH & Co. KG	1,317,265	1,382,922
Nordenergie S.A.	889,535	795,100
Windpark Wremen GmbH & Co. KG	798,406	715,335
Steinergy S.A.	350,452	276,890
Airportenergy S.A.	285,169	294,885
WES Green GmbH	0	292,519
Aveleos S.A.	0	0
	<b>132,031,849</b>	<b>129,036,399</b>

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

Furthermore, following the acquisition of the remaining 50% shares in WES Green GmbH by Enovos Renewables GmbH, bringing the ownership on the Group in the company to 100%, a change of the consolidation method occurred for the latter, going from a consolidation under the equity method to full consolidation in 2022 (see note 5).

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 of 31<sup>st</sup> December 2022:

Name	Location	2022		2021	
		Percentage owned	Net value €	Percentage owned	Net value €
Solkraftwerk Südeifel GmbH & Co. KG	Germany	49.90%	21,406,741	0.00%	0
Stadtwerke Bad Kreuznach GmbH	Germany	24.52%	15,122,600	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%	7,423,000	12.99%	7,367,000
Stadtwerke Trier Versorgungs GmbH	Germany	24.90%	5,736,677	24.90%	5,544,586
Enovos Pfalzwerke BG St. Ingbert GmbH	Germany	50.00%	5,000,000	50.00%	5,000,000
GasLINE GmbH & Co. KG	Germany	5.00%	4,887,519	5.00%	4,062,519
Stadtwerke Völklingen Netz GmbH	Germany	17.60%	4,345,274	17.60%	4,345,274
Pfalzwerke AG	Germany	1.86%	3,549,000	1.86%	4,628,000
AMPACIMON S.A.	Belgium	21.48%	2,509,212	21.48%	2,509,212
Stadtwerke Sulzbach GmbH	Germany	15.00%	2,389,062	15.00%	3,306,062
SEO S.A.	Luxembourg	4.46%	1,971,596	4.46%	1,971,596
Stadtwerke Bliestal GmbH	Germany	23.50%	1,855,804	23.50%	1,333,000
Solar Kraftwerk Kenn GmbH	Germany	49.00%	1,749,526	49.00%	1,749,526
Energiency S.A.	Luxembourg	22.86%	1,695,086	22.86%	1,595,078
Encevo Ezzing Renewable Energies S.L.	Luxembourg	7.32%	1,499,946	7.32%	1,499,946
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
Stadtwerke Völklingen Vertrieb GmbH	Germany	17.60%	1,100,000	17.60%	1,100,000
E-WATTCH S.A.S.	Luxembourg	12.00%	999,984	12.00%	999,984
REGAB GMBH	Germany	49.50%	976,235	49.50%	976,235
TSCNET Services GmbH	Germany	6.25%	756,250	0.00%	0
Datathings S.A.	Luxembourg	10.31%	695,455	10.31%	695,455
Windpark Meckel/Gilzem GmbH & Co. KG	Germany	10.00%	560,340	10.00%	560,340
Solkraftwerk Niersbach GmbH	Germany	37.50%	551,309	37.50%	551,309
Anteile Versorger Allianz 450 MHz	Germany	1.63%	503,500	1.63%	360,500
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	40.00%	440,000
Solarpark Nordband GmbH & Co. KG	Germany	49.00%	338,590	49.00%	363,090
Encasol S.A.	Luxembourg	50.00%	320,000	50.00%	320,000
Stadtwerke Lambrecht GmbH	Germany	15.00%	259,608	15.00%	259,608
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
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
Windaprk Saarwellingen GmbH & Co	Germany	100.00%	121,000	100.00%	101,000
Solarpark St. Wendel GmbH	Germany	15.00%	112,500	15.00%	112,500
IZES GmbH	Germany	100.00%	67,700	100.00%	67,700
Solarpark Bartreng S.A.	Luxembourg	100.00%	53,550	100.00%	30,000
BALANSYS S.A.	Luxembourg	50.00%	50,000	50.00%	50,000
Haus zum Maulbeerbaum eG	Germany	15.00%	30,000	15.00%	30,000
Enovos Projekt 3 GmbH	Germany	100.00%	25,736	0.00%	0
Solarpark Hasborn-Rosenberg GmbH	Germany	100.00%	25,736	0.00%	0
ESWL.CAB GmbH	Germany	100.00%	25,000	100.00%	25,000

Stammeinlage WES Verw.	Germany	100.00%	25,000	0.00%	0
Windpark Gimbweiler & Mosberg Infr. GbR	Germany	100.00%	24,530	100.00%	26,493
Solkraftwerke Speicherer Land GmbH & Co. KG	Germany	100.00%	21,000	100.00%	1,000
Solkraftwerke Trier-Land GmbH & Co. KG	Germany	100.00%	21,000	100.00%	202,000
Enselux S.A.	Luxembourg	50.00%	15,000	0.00%	0
Solarpark Leiwen-Sonnenberg Verwaltung GmbH	Germany	59.95%	14,988	59.95%	181,349
Expert GmbH & Co KG	Germany	0.50%	13,000	0.00%	0
Energie Südpfalz Verwaltung GmbH	Germany	50.00%	12,500	50.00%	12,500
Concorde Gestion S.à.r.l.	Luxembourg	100.00%	12,395	0.00%	0
My green e Beteiligungsgesellschaft GmbH	Germany	49.00%	12,250	49.00%	12,250
WES Green 11. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	7,000	0.00%	0
Neustromland Projekt 1 GmbH	Germany	100.00%	5,000	0.00%	5,000
WES 13. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	5,000	0.00%	0
WES 15. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	5,000	0.00%	0
WES 16. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	5,000	0.00%	0
WES 17. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	4,000	0.00%	0
WES 18. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	4,000	0.00%	0
WES 19. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	4,000	0.00%	0
WES 20. Projektgesellschaft GmbH & Co. KG	Germany	100.00%	4,000	0.00%	0
Solarpark Geisfeld GmbH & Co. KG	Germany	100.00%	3,000	0.00%	0
GasLINE Geschäftsführungs GmbH	Germany	5.00%	1,278	5.00%	1,278
GuD KW Krefeld GmbH	Germany	100.00%	1	0.00%	0
SP Leiwen-Sonnenberg KG	Germany	59.95%	0	59.95%	433,139
diego Luxembourg S.A.	Luxembourg	100.00%	0	100.00%	200,000
			104,938,092	83,595,144	

In 2022, Enovos Renewables GmbH gradually increased the capital in Solkraftwerk Südeifel GmbH & Co. KG up to the amount of EUR 21,406,741 to finance the development of its activities. The company is not yet operational as of 31<sup>st</sup> December 2022 and therefore not yet consolidated.

In the same view, Encevo Deutschland GmbH operated an increase of capital (without increasing the percentage of shares owned) in the companies Stadtwerke Bad Kreuznach GmbH, Stadtwerke Trier Versorgungs GmbH, GasLINE GmbH & Co. KG and Anteile Versorger Allianz 450 MHz for EUR 122,600, EUR 192,091, EUR 825,000, and EUR 143,000, respectively. Furthermore, in the framework of the impairment testing performed at group level on all of the participations owned, impairments of EUR 1,079,000 and EUR 917,000 were booked on the participations in Pfalzwerke AG and Stadtwerke Sulzbach GmbH,

respectively. Reversals of impairments of EUR 522,804 and EUR 56,000 were booked on the participation in Stadtwerke Bliestal GmbH and Stadtwerke Pirmasens Versorgungs GmbH, respectively (see note 34).

In order to comply with European regulations, Creos Luxembourg S.A. subscribed in June 2022 for a 6.25% stake in the Munich-based company TSCNET Services GmbH, for an amount of EUR 756,250 thus becoming an equal partner with 15 other Central European transmission system operators. TSCNET provides Regional Coordination Centre services on behalf of its shareholders and for their respective territories.

In 2021, Enovos Renewables GmbH owned 50% of the shares of WES Green GmbH. On 2nd June 2022, Enovos Renewables GmbH purchased the remaining 50% of the shares of WES Green GmbH from Wircon GmbH. This

purchase resulted in an ownership increase to reach 100%. WES Green GmbH owns several participations that are all photovoltaic parks that are owned at 100%, all incorporated in 2022 but not operational yet and therefore held at cost. The list of these participations is as follows:

- Stammeinlage WES Verw. with a participation of EUR 25,000
- WES Green 11. Projektgesellschaft GmbH & Co. KG with a participation of EUR 7,000
- WES 13. Projektgesellschaft GmbH & Co. KG with a participation of EUR 5,000
- WES 15. Projektgesellschaft GmbH & Co. KG with a participation of EUR 5,000
- WES 16. Projektgesellschaft GmbH & Co. KG with a participation of EUR 5,000
- WES 17. Projektgesellschaft GmbH & Co. KG with a participation of EUR 4,000

- WES 18. Projektgesellschaft GmbH & Co. KG with a participation of EUR 4,000
- WES 19. Projektgesellschaft GmbH & Co. KG with a participation of EUR 4,000
- WES 20. Projektgesellschaft GmbH & Co. KG with a participation of EUR 4,000

Following the acquisition and full consolidation of the company Wieland and Schultz GmbH in 2022, the participation the latter has in Expert GmbH & Co KG for an amount of EUR 13,000 is considered as an investment carried at cost as of 2022.

Following the development of their respective activities, the company SP Leiwen-Sonnenberg KG was consolidated under the equity method, and diego Luxembourg S.A. was fully consolidated in 2022, and therefore they no longer appear in the list of the investments carried at cost.

Global Facilities S.A. acquired 100% in Concorde gestion S.à.r.l. for an amount of EUR 12,395. The latter has as a mission the management of the maintenance of the shopping centre City Concorde. The participation is considered as an investment carried at cost.

Enovos Luxembourg S.A. incorporated Enselux S.A. in July 2022. The participation is owned by the group at 50% for an amount of EUR 15,000 and is considered as an investment carried at cost since its activities were not yet launched. Furthermore, Enovos Luxembourg S.A. increased its capital in Solarpark Bartreng S.A. for an amount of EUR 23,550.

Encevo S.A. reinvested in September 2022 for an amount of EUR 100,008 in Energiency S.A..

Reimbursements of equity of EUR 24,500 and EUR 1,963, respectively, were made by

Solarpark Nordband GmbH & Co. KG and Windpark Gimbweiler & Mosberg Infr. GbR to Enovos Renewables GmbH and to Windpark Mosberg GmbH & Co KG in 2022 without reductions of the respective participations. Furthermore, Enovos Renewables GmbH increased the capital in Windpark Saarwellingen GmbH & Co and Solarkraftwerke Speicherer Land GmbH & Co. KG for respective amounts of EUR 20,000 and EUR 20,000, and it acquired the company Solarpark Geisfeld GmbH & Co. KG from WES Green GmbH for an amount of EUR 3,000. Finally, Enovos Renewables GmbH incorporated two new companies (Enovos Projekt 3 GmbH and Solarpark Hasborn-Rosenberg GmbH) which it owns at 100% for respective capital amounts of EUR 25,736 and EUR 25,736.

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 24,491,162 (2021: EUR 16,257,828) consist mainly of inventory of Creos Luxembourg S.A., LuxEnergie S.A., Minusines S.A., Wieland & Schultz GmbH and WES Green GmbH.

Work and contracts in progress of EUR 30,964,781 (2021: EUR 26,677,852) 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. and Wieland and Schultz GmbH which will be invoiced to customers once completed.

Finished goods of EUR 94,590,769 (2021: EUR 11,926,492) mainly consist of gas stocks held in France and

Germany. A value adjustment of EUR 3,485,653 was recognised in 2022 under the financial statement line item “Value adjustments in respect of current assets” (2021: EUR 0).

Note 11 – Debtors

11.1. Trade debtors

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

	31/12/2022 €	31/12/2021 €
Trade debtors - Gross value	859,261,156	591,285,784
Value adjustment	(25,636,302)	(12,517,148)
<b>Trade debtors - Net value</b>	<b>833,624,854</b>	<b>578,768,636</b>

Trade debtor’s value adjustments are calculated for customers for which realisation of the outstanding receivable is not assured. An additional flat rate provision of 3% (2021: 1.5%) is also applied in Enovos Luxembourg S.A.

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 and other amounts receivable from non-commercial counterparts.

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.

Note 12 – Investments

The amounts in Investments relate mainly to cash for payment of pension liabilities in Germany

and CO<sub>2</sub> certificates and guarantees of origin certificates in Luxembourg.

Note 13 – Cash at bank and in hand

This financial statement line item comprises sight & term deposits for investment periods of less than 3 months. Cash at bank of EUR 384,681,830 (2021: EUR 236,910,537) increased from proceeds of new state-guaranteed bank loan (“Prêt Garanti par l’Etat”) in Enovos Luxembourg S.A. for a total amount of EUR 180,000,000 (see note 18).

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 were done: The first one on 09<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> 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 06<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 were unwound and the related costs of EUR 6,341,590 were deferred, as part of the financing fees, over the lifetime of the underlying “Schuldschein” financing. As of 31<sup>st</sup> December 2022, an amount of EUR 3,646,125 was posted under the financial statement line item “Prepayments” (2021: EUR 4,288,740) related to these forward swap contracts, EUR 642,616 having been transferred to P&L in 2022 (2021: EUR 642,616).

In 2022, this financial statement line item includes French capacity guarantees with delivery year 2023 for an amount of EUR 6,480,955 (2021: EUR 3,872,229) and sales commissions for an amount of EUR 504,816 (2021: EUR 1,470,930) relating to the subsequent year and endowments 2023 until 2025 to Fondation Enovos for an amount of EUR 990,000 (2021: EUR 0). The financial statement line item also includes guarantees fees paid to the Luxembourg State for an amount of EUR 3,234,066. These fees, related to the state-guaranteed bank loans given to Enovos Luxembourg S.A. (“Prêt Garanti par l’Etat” - PGE), will be amortised over 6 years (corresponding to the duration of the underlying bank loans).

Furthermore, the financial statement line item also relates to European Commodity Clearing (ECC) performed in the context of Energy Management and Trading activities, thereof, unmatured unrealised trading transactions (net

of “initial margin” and “variation margin”) for an amount of EUR 26,326,330 (2021: EUR -58,454,479 in deferred income, see note 25). Considering the current situation on the energy markets, ECC positions are volatile and may be subject to high fluctuations. The balance sheet reflects the situation as of 31<sup>st</sup> December 2022 and may be subject to positive and/or negative fluctuations on a daily basis.

According to the regulation scheme, a cumulated difference (2022 and prior years) is calculated individually for each regulated activity and is recorded, when positive, in the financial statement line item “Prepayments” for an amount of EUR 9,955,897 (2021: EUR 4,308,703) and when negative, in the financial statement line item “Deferred income” for an amount of EUR 17,719,843 (2021: EUR 31,506,077 – see note 25). Furthermore, Creos Luxembourg S.A. participated in 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 4,638,341 paid to Luxmetering G.I.E. are posted under the financial statement line item “Prepayments” (2021: EUR 2,190,268).

The same financial statement line item also comprises prepaid expenses related to software licenses for an amount of EUR 2,926,920 (2021: EUR 2,521,867) relating to a subsequent financial year.

The financial statement line also included prepaid charges in Enovos Energie S.A. amounting to EUR 7,312,437 and related to sales commissions relating to the subsequent years up until 2025.

An amount of EUR 962,002 represents advance leasing payments by Enovos Solar Investment I S.r.l. Unipersonale for the year 2022 (2021: EUR 1,108,664).

Note 15 – Capital and reserves

As of 31<sup>st</sup> December 2022, 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 (2021: 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

	31/12/2021	Distribution	Appropriation	Change	Other	Profit for	31/12/2022
	€	of dividends	of profit	in scope	€	the year	€
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	527,244,398	0	39,637,172	2,294,159	1,690,008	0	570,865,737
Legal Reserve	9,096,290	0	0	0	0	0	9,096,290
Reserve of 1 <sup>st</sup> consolidation	(58,546,186)	0	0	0	0	0	(58,546,186)
Consolidation reserves	511,762,141	0	39,637,172	2,294,159	1,690,008	0	555,383,480
Other reserves	64,932,152	0	0	0	0	0	64,932,152
Retained earnings	48,186,733	0	22,765,362	0	0	0	70,952,095
Capital investment subsidies	5,378,132	0	0	0	2,520,213	0	7,898,345
Temporarily not taxable capital gains	23,615,758	0	0	0	0	0	23,615,758
Profit for the year	62,402,534	0	(62,402,534)	0	0	85,165,848	85,165,848
<b>Total shareholder's equity Group share</b>	<b>1,144,818,904</b>	<b>0</b>	<b>0</b>	<b>2,294,159</b>	<b>4,210,221</b>	<b>85,165,848</b>	<b>1,236,489,132</b>
Minority interest	259,040,525	(10,601,140)	0	6,925	(67,244)	22,178,508	270,557,575
<b>Total shareholder's equity</b>	<b>1,403,859,429</b>	<b>(10,601,140)</b>	<b>0</b>	<b>2,301,084</b>	<b>4,142,977</b>	<b>107,344,356</b>	<b>1,507,046,706</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., Encevo Deutschland GmbH and its subsidiaries (including Creos Deutschland GmbH) 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 2.63%
- estimated salary at time of retirement based on past experience
- turnover rate of employees

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:

	31/12/2022	31/12/2021
Provisions for regulatory and environmental risks	74,511,916	64,291,741
Provisions for staff costs	22,074,970	19,293,049
Provisions for sales risks	4,510,823	4,510,823
Provisions for derivatives	175,520	90,670
Provisions for litigation	833,326	841,563
Other provisions	66,557,303	56,046,959
	<b>168,663,858</b>	<b>145,074,804</b>

The caption includes a provision of EUR 9,794,880 (2021: EUR 9,794,880) related to guarantees issued in the context of the Company’s participations in Enovos Solar Investments I S.r.l. Unipersonale (“ESI I”) and Aveleos S.A. and to cover the litigation risks in relation with

Enovos Solar Investments II S.r.l. Unipersonale (“ESI II”).

Enovos Luxembourg S.A. entered into an interest rate swap agreement in 2013 in relation to the financing of Enovos Solar Investment II S.r.l. Unipersonale. On 14th December 2022, the outstanding interest rate agreement showing a notional amount of EUR 8,087,524 at that date was unwound with a profit of EUR 51,102 which was compensated for by accrued interest amounting to EUR 82,102.

Furthermore, “Other provisions” comprise provisions to cover risks related to energy trading for an amount of EUR 175,520 (2021: EUR 90,670), representing the negative impact against the market valuation of the Company’s proprietary trading positions when netting by commodity type and by maturity year. For all commodity types and maturities together, the net position is a profit of EUR 33,961 (2021: loss of EUR 4,716) (see also note 39 – Financial derivatives).

In addition, provisions for potential losses linked to hedging

	31/12/2022	31/12/2021
Provisions for regulatory and environmental risks	74,511,916	64,291,741
Provisions for staff costs	22,074,970	19,293,049
Provisions for sales risks	4,510,823	4,510,823
Provisions for derivatives	175,520	90,670
Provisions for litigation	833,326	841,563
Other provisions	66,557,303	56,046,959
	<b>168,663,858</b>	<b>145,074,804</b>

transactions for a damaged run-of-river power plant of EUR 1,687,000 are included in the caption (2021: EUR 0).

Creos Luxembourg S.A. posted a provision for other risks for an amount of EUR 14,081,606 (2021: EUR 7,000,000) has been

accounted for to consider the risks related to:

- Defective assets (HV transformers for EUR 4,100,000 (2021: EUR 4,100,000) and cable terminal EUR 650,000 (2021: EUR 0)
- Other sundry risks including defective works for EUR 2,400,000 (2021: EUR 900,000),
- Potential legal cases for EUR 6,031,606 (2021: EUR 0)
- Sharing factor risks for EUR 900,000 (2021: EUR 2,000,000)

The provision in Enovos Energie Deutschland GmbH for commercial risks in the biogas supply contract with Bioenergie Merzig GmbH amounts to EUR 3,908,143 (2021: EUR 3,908,143).

Finally, in the framework of the exit of the activities in B2B Germany, a provision for an amount of EUR 32,229,004 was booked in Encevo Deutschland GmbH (2021: EUR 32,229,004)

Note 17 – Debenture loans

On 26<sup>th</sup> June 2013, Encevo S.A. issued a first German Certificate of Indebtedness (“Schuldschein”) of EUR 102,000,000 with tenors of 7, 10, 12 and 15-year. In 2018, the Schuldschein bearing a tenor of 7 years was reimbursed early (EUR 35,000,000). The remaining Schuldschein bears a fixed interest rate of 2.814%, 3.224% and 3.5% for the 10, 12- and 15-years tenors respectively. The interest on the fixed tenors is paid in June every year. The accrued interests payable as of 31st December 2022 amount to EUR 1,083,193 (2021: EUR 1,083,193).

On 21<sup>st</sup> November 2014, Encevo S.A. issued an additional German

Certificate of Indebtedness (“Schuldschein”) of EUR 80,000,000 with tenors of 7, 10 and 12 years. In 2021, the 7-year Schuldschein tranche was reimbursed in November 2021 (EUR 30,000,000). The Schuldschein bears a fixed interest rate of 1.547% for the 7 years, 2.004% for the 10 years and 2.297% for the 12 years. The interest on the fixed tenors is paid in November every year. The accrued interests payable as of 31st December 2022 amount to EUR 110,483 (2021: EUR 110,483).

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 23rd August 2018 (EUR 150,000,000) for the 7- and 10-year tranches and the second pay-out date was on 23rd October 2018 (EUR 100,000,000) for the 12- and 15-year tranches. One of the two 7year tranches as well as one of the two 10-year 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-year maturities respectively. Both floating interest rate tranches were hedged on the date of the closing on 26<sup>th</sup> July 2018. The interests for the floating 7-year tenor and

10-year tenor are paid twice a year in April and October whereas the interests on the fixed 7- and 10-year tenors are paid once in October every year and the fixed 12- and 15-year tenors are paid once in August every year. The accrued interests payable as of 31<sup>st</sup> December 2022 amount to EUR 1,194,907 (2021: EUR 1,054,514).

On 16<sup>th</sup> December 2021, Encevo S.A. issued a fourth (green) German Certificate of Indebtedness (“Schuldschein”) of EUR 200,000,000 with tenors of 7, 10, and 15 years with a pay-out date of 16th December 2021. One of the two 7 years tranches as well as one of the two 10year tranches bear a floating interest rate. The remaining tranches bear fixed interest rates of 0.60%, 0.832%, and 1.375% for the 7,10- and 15-year maturities respectively. The interests for the floating 7year tenor and 10-year tenor are paid twice a year in June and December whereas the interests on the fixed 7, 10 and 12 years tenor are paid once every year in December. The accrued interests payable as of 31<sup>st</sup> December 2022 amount to EUR 167,578 (2021: EUR 63,078).

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 2022	Total 2021
	€	€		€	€
Non-convertible debenture loans	22,556,161	220,000,000	327,000,000	569,556,161	569,311,268
<b>Total</b>	<b>22,556,161</b>	<b>220,000,000</b>	<b>327,000,000</b>	<b>569,556,161</b>	<b>569,311,268</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 seven 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.

On 9<sup>th</sup> June 2022, an additional RCF with a maturity of 1 year for a committed amount of EUR 200,000,000 was agreed with two banks. The amount drawn on the committed RCFs as of 31<sup>st</sup> December 2022 is EUR 0 (2021: 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 utilisation rate of the credit facility.

The amounts owed to credit institutions break down as follows:

	31/12/2022 €	31/12/2021 €
Current financial liabilities due to financial institutions		
due within one year	17,636,148	26,318,134
Non-current financial liabilities due to financial institutions		
due after one year and within five years	38,495,815	37,333,956
due in more than five years	211,662,296	29,280,473
<b>Total</b>	<b>267,794,260</b>	<b>92,932,562</b>

The main outstanding current financial liabilities are loans of EUR 11,568,835 due by LuxEnergie S.A, EUR 1,554,006 due by Real Estate Enovos Esch S.A., EUR 1,294,672 due by NSL Energieprojekt 2 GmbH & Co.KG, EUR 1,260,000 due by NSL Energieprojekt 1 GmbH & Co.KG, and EUR 180,000 due by Conosolar S.A..

The main outstanding non-current financial liabilities are loans in Enovos Luxembourg S.A., which signed on 22<sup>nd</sup> December 2022 with three counterparties a 6-year bullet state guaranteed bank loan (“Prêt Garanti par l’Etat”) for a total amount of EUR 180,000,000 that was drawn on 28<sup>th</sup> December 2022, a loan of EUR 24,503,043 due by LuxEnergie S.A., EUR 14,850,000 due by Real Estate Enovos Esch S.A., EUR 11,979,612 due by NSL Energieprojekt 2 GmbH & Co.KG, EUR 11,340,000 due by NSL Energieprojekt 1 GmbH & Co.KG , EUR 2,539,683 due by Conosolar S.A., and EUR 1,039,950 due by EnergieSüdwest AG.

Note 19 – Payments received on account of orders

Recorded under this financial statement line item are 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. Furthermore, this financial statement line includes bridge financings to new renewable participations in Germany and Luxembourg.

Note 22 – Other Creditors - 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., Teseos Luxembourg S.A. (formerly Enovos Services Luxembourg S.A.) and Encevo Ré S.A.. At the beginning of 2012, LEO S.A. joined that fiscal unity. In 2014, Enovos Real Estate Luxembourg S.A. and Real Estate Enovos Esch S.A. joined the fiscal unity. On 1<sup>st</sup> January 2021, Paul Wagner et Fils S.A., Power Panels S.A. and Global Facilities S.A. joined the fiscal unity. In the framework 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.

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 this five-year period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

There are two other fiscal unities in Germany, one for Encevo Deutschland GmbH, bringing together Creos Deutschland GmbH, Creos Deutschland Services GmbH, Enovos Energie Deutschland GmbH, Enovos Renewables GmbH and Enovos Storage GmbH since 2021, and a second one bringing together Enovos Power GmbH and Enovos Renewables O&M GmbH since 2020.

No change occurred in the fiscal unities of the Group in 2022

Note 23 – Other creditors

In the course of the financing agreement reached with SEO S.A. over the financing of the 11th turbine at the Vianden pumping station of SEO, an amount of EUR 58,982,100 (2021: EUR 63,897,150) has been posted under this financial statement line item in 2022, of which EUR 54,067,050 are due after more than one year (2021: EUR 58,982,100 - see also note 8).

As of 31<sup>st</sup> December 2022, Encevo Deutschland GmbH and Creos Deutschland GmbH have a long-term liability of EUR 1,700,000 and 1,500,000 respectively towards “Pensionskasse der Encevo Deutschland VVaG” (2021: 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 2,684,450 (2021: EUR 2,684,475), which becomes due in 2029.

Finally, the caption also comprises a payable of EUR 27,046,225 (2021: EUR 21,160,574) in the context of the mechanism of compensation and salaries to be paid (see note 11.3).

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

- the different calculation method of the pension obligations in consolidated accounts compared with statutory accounts of several group companies
- a provision reversal at Encevo Re S.A. in the consolidated accounts.

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 17,719,843 (2021: EUR 31,506,077) related to the regulated activities (see note 14).

This financial statement line item also relates to derivatives which are used to hedge operations to be settled in subsequent years for an amount of EUR 27,273,697 (2021: EUR 13,303,325).

Furthermore, the financial statement line item also relates to European Commodity Clearing (ECC) performed in the context of Energy Management and Trading activities, thereof:

- Cleared unmatured realised trading transactions for future deliveries for an amount of EUR 182,753,767 (2021: EUR 52,026,192);
- Unmatured unrealised trading transactions (net of “initial margin” and “variation margin”) of EUR 26,326,330 (booked in “Prepayments” see also note 14) (2021: EUR 58,454,479 booked in “Deferred income”).

Considering the current situation on the energy markets, ECC positions are volatile and may be subject to high fluctuations. The balance sheet reflects the situation as of 31st December 2022 and may be subject to positive and/or negative fluctuations on a daily basis.

Note 26 – Net turnover

Sales break-down is as follows:

	2022	2021
	€	€
Sales electricity	1,982,068,620	1,502,491,001
Sales gas	1,027,001,005	619,720,045
Other energy sales	50,428,078	32,889,605
Grid sales electricity	82,903,389	52,346,624
Grid sales gas	124,066,769	115,088,385
Sales Technical Services	122,174,435	122,601,153
Other sales	73,898,348	75,652,844
Rebates & discounts	(38,343,766)	(3,968,028)
Total sales	3,424,196,876	2,516,821,627

Other sales include sales of services to electricity and gas customers like metering and costs for grid connections. Sales relating to gas and electricity trading are shown net of purchases under “Raw materials and consumables”.

Geographical sales break down as follows:

	2022		2021	
	€		€	
Luxembourg	1,444,619,805	42.19%	950,550,837	37.77%
Germany	1,796,402,320	52.46%	1,420,659,102	56.45%
France	170,230,686	4.97%	121,144,230	4.81%
Belgium	5,064,933	0.15%	13,157,511	0.52%
Other countries	7,879,131	0.23%	11,309,944	0.45%
Total sales	3,424,196,876	100.00%	2,516,821,627	100.00%

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

	2022	2021
	€	€
Electricity supplies	1,333,488,415	960,064,501
Gas supplies	964,240,859	543,067,625
Other supplies	560,373,855	501,828,352
Total Raw materials and consumables	2,858,103,128	2,004,960,477

The financial statement line item “Raw material and consumables” includes energy procurement and energy trading costs.

The financial statement line item “Other external expenses” includes amongst other things professional

fees, subcontracting and maintenance costs, marketing and communication costs, rental costs and insurance premiums

Note 29 – Staff costs

The group had on average 2,521 employees (i.e. headcount) in 2022 (2021: 2,332). The figure includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A., 46 employees (2021: 53 employees), whose costs are shown under wages and salaries for EUR 5,258,778 (2021: EUR 6,021,655).

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. The increase in 2022 to EUR 18,542,743 (2021: EUR 9,983,255) is mainly due to the provisions for risks booked in Creos Luxembourg S.A., the provision related to Rosport plant and the losses on receivables in Enovos Luxembourg S.A. (see note 16).

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

The amount of EUR 3,269,853 (2021: EUR 2,552,235) 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:

	2022	2021
	€	€
Soler S.A.	4,434,683	2,457,360
Pfalzgas GmbH	4,225,904	4,484,086
energis GmbH	4,044,254	9,149,098
Datacenterenergie S.A.	1,573,474	1,597,699
Projecta 14 GmbH	1,465,722	505,778
SP Leiwen-Sonnenberg KG	975,691	0
Solarpark Lauperath GmbH&Co.KG	777,307	62,518
Neustromland Projekt 2 GmbH	772,500	92,860
Kiowatt S.A.	701,084	1,375,678
Solarkraftwerk Ahorn GmbH & Co. KG	599,461	389,677
Cegycy S.A.	323,482	245,204
Solarkraftwerk Barderup GmbH & Co. KG	292,763	62,797
Bioenergie Merzig GmbH	243,401	112,939
Enovos Green Power AE entities	183,318	170,798
Nordenergie S.A.	169,428	171,038
Windpark Wremen GmbH & Co. KG	151,834	68,764
Airportenergy S.A.	141,185	120,080
ESW - Grüne Energie GmbH	101,528	92,375
Steinergy S.A.	73,562	57,076
EnergieSüdpfalz GmbH & Co. KG	59,343	28,234
WES Green GmbH	0	158,979
Total	21,309,924	21,403,039

Note 34 – Value adjustments in respect of financial assets and of investments held as current assets

In the framework of the impairment testing performed at group level on all the owned participations, impairments of EUR 1,079,000 and EUR 917,000, respectively, were booked on the participations in Pfalzwerke AG and Stadtwerke Sulzbach GmbH, both owned by Encevo Deutschland GmbH. Furthermore, a reversal of impairments EUR 522,804 and EUR 56,000, respectively, were booked on the participation in Stadtwerke Bliestal GmbH and Stadtwerke Pirmasens Versorgungs GmbH (see note 9.2). Finally, the Company WES Green GmbH booked a reversal of adjustment on financial assets for an amount of EUR 10,000. These bookings result in a total impact on the value adjustments in respect of financial assets amounting to EUR 1,427,196 (2021: 13,059,004).

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, the 2018 German certificate of indebtedness and the SSD that was issued in December 2021 for an amount of EUR 200 million (see note 17).

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.

Note 37 – Remuneration paid to members of the administration and management bodies

Remuneration paid to members of the administration and supervisory bodies totalled EUR 659,500 (2021: EUR 611,500). No advance or loan was 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 2022 amount to EUR 679,514 (2021: EUR 637,673). Non-audit related fees amount to EUR 0 (2021: EUR 0).

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 unrealised losses are accounted for in the profit and loss account according to principles disclosed in note 1 to the accounts.

Unrealised losses on sell positions decreased by EUR 466 million while unrealised gains on buy positions decreased by EUR 466 million due to commodity prices reaching lower levels at year-end 2022, after major raises during the year.

Derivative financial instruments – Unrealised gains (losses) on Sell positions:

	31/12/2022	31/12/2021
	€	€
Financial derivatives on electricity futures	(162,817,413)	(497,795,700)
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	(1,717,948)	(132,869,176)
Total	(164,535,362)	(630,664,876)

Derivative financial instruments – Unrealised gains (losses) on – Buy positions:

	31/12/2022	31/12/2021
	€	€
Financial derivatives on electricity futures	162,844,085	497,799,186
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	1,725,238	132,870,406
Total	164,569,323	630,669,592

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

	31/12/2022		31/12/2021	
	€		€	
	Nominal value	Fair value	Nominal value	Fair value
Financial derivatives on electricity futures	655,184,484	26,671	393,250,030	3,486
Other financial derivatives (gas, CO <sub>2</sub> certificates, coal)	115,722,965	7,290	154,674,587	1,230

The net fair value of the derivative contracts, consisting of unrealised gains (losses) on sell and buy positions, amounts to a gain of EUR 33,961 (2021: gain of EUR 4,716), thereof EUR -175,520 of unrealised losses. A provision of EUR 175,520 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. Enovos Luxembourg S.A. has thus contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 7.81 billion, as of 31<sup>st</sup> December 2022 (2021: EUR 2.84 billion). The amount of the aforementioned forward purchase contracts includes only forward contracts signed with counterparties. In addition, the company holds a long-term electricity-sourcing contract at a fixed price until 2025 amounting to EUR 25 million (2021: EUR 38 million) and a natural gas purchase commitment indexed at market price until 2025 for a volume of 14.4 TWh. The cross-border gas-transportation capacity commitments account for EUR 18.3 million and run until 2025 (2021: EUR 19.8 million).

Enovos Luxembourg S.A. furthermore has a lignite-based power-sourcing contract running until 2037 with a total volume outstanding of 6.6 TWh, with costs linked to CO<sub>2</sub> prices and fixed & variable operating costs. Management performs on a regular basis an assessment of the impact of those above-described long-term power & gas contracts on the overall power & gas 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. power & CO<sub>2</sub>. Those contracts are accounted for under the portfolio approach and therefore no provision has been recorded.

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 2022, the unrealised gain of these transactions amounts to EUR 214.51 million (2021: unrealised gain of EUR 187.83 million).

Financial commitments

Enovos Luxembourg S.A. also provided a letter of comfort amounting to EUR 200,000 (2021: 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 provided a guarantee of EUR 4,796,788 (2021: EUR 4,796,788) to ensure commitments arising from a loan agreement between SW Saarbrücken Netz AG und Encevo Deutschland GmbH (formerly 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 (2021: EUR 20,946,075) to hold the buyer harmless from contingent liabilities. A provision of EUR 8,600,000 was 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 5,679,375 (2021: EUR 6,357,720) maturing in 2029. All leasing obligations are guaranteed by a comfort letter issued by Enovos Luxembourg S.A.

In 2018 Encevo S.A. entered into two Interest Rate Swaps (IRS) for an amount of EUR 18 million and EUR 17 million, respectively, to hedge the interest rate exposure on the two floating rate tranches of the Green Schuldschein that was issued the same year. As of 31<sup>st</sup> December 2022, the fair market value of both IRS amounts to EUR 3,167,754 (2021: EUR -1,172,268).

Bank and parent company commitments

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 14,695,700 (2021: EUR 11,734,645). This amount includes two bank guarantees for the account of its subsidiary Enovos Energie S.A. for a total amount of EUR 1,859,791 (2021: EUR 1,087,983).

Enovos Luxembourg S.A., as the sister company and former parent company of Enovos Energie Deutschland GmbH (“EED”), has entered into an adherence agreement with one of the suppliers of EED to guarantee the financial commitments stemming from future energy deliveries for a total amount of EUR 69,327,349 (2021: EUR 17,198,295).

Finally, Encevo S.A. provided Enovos Luxembourg S.A. with a total amount of EUR 250,000,000 in parent company guarantees and letters

of comfort, mainly as collateral under existing EFET and ISDA agreements (2021: EUR 120,000,000).

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 Schlassgoard for a maximum amount of 50% of the outstanding debt, or EUR 8,100,000 at the end of 2022 (2021: EUR 8,775,000).

LuxEnergie S.A., together with Société de l’Aéroport de Luxembourg S.A., has provided joint and several guarantees 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 31st December 2022 amounts to EUR 5,527,760 (2021: EUR 6,155,699).

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 (2021: EUR 6,630,000). While the premises are no longer rented, the guarantee is awaiting the depollution final report to be lifted. Furthermore, Encevo S.A. provided a bank guarantee of EUR 325,000 (2021: EUR 325,000) to Real Estate Strassen S.A. to guarantee its commitments under the lease agreement 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 1,359,895 (2021: EUR 1,562,443).

Encevo Deutschland GmbH and Enovos Renewables GmbH have granted various shareholder loans to non- consolidated participations for which the undrawn portions amount to EUR 4,543,000 in total (EUR 4,565,000 in 2021). Furthermore, Encevo Deutschland GmbH gave parental guarantees of EUR 6,410,561 (2021: EUR 0) to suppliers of Solarkraftwerk Südeifel GmbH & Co. KG. and EUR 800,000 (2021: EUR 800,000) to suppliers of Enovos Energie Deutschland GmbH.

Paul Wagner & Fils S.A. and its three subsidiaries have provided various guarantees to its customers for a total amount of EUR 13,052,333 (2021: EUR 11,664,077).

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 3,250,992 (2021: EUR 3,250,992).

Other off-balance guarantees

Under the shareholder agreement to which Encevo S.A. is a signatory, and as mentioned in the bylaws 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 thirds) 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 years 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.

For the electricity and gas trades, Enovos Luxembourg S.A. has received from counterparties parental support letters totalling EUR 120,000,000 (2021: EUR 125,000,000).

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

On 20<sup>th</sup> January 2023, Encevo S.A successfully completed the replacement & increase of the agreements linked to the Revolving credit Facility with ten banks. The new agreement has one Revolving Credit Facility with a committed amount of EUR 350,000,000 for a tenor of 5+1+1 (years) and a Swingline with a committed amount of EUR 400,000,000 for a tenor of 24+6+6 (months). The EUR 350,000,000 Revolving Credit Facility provides for an ESG mechanism foreseeing the conversion of this Facility into a Sustainability-Linked Loan by July 2024 (please refer to note 18).

After the approval of the annual accounts for 2022 by the Board of Directors of Encevo Deutschland GmbH and retro-actively as of

1<sup>st</sup> of January 2023, Encevo S.A. will sell a total of 1.13% of its shares in Encevo Deutschland GmbH for a total consideration of EUR 5,790,000 (to Stadtwerke Zweibrücken GmbH, Stadtwerke St.Ingbert GmbH and SKW Stadtwerke Kaiserslautern Versorgung AG for EUR 800,000, EUR 1,134,000 and EUR 3,856,000, respectively, bringing the total percentage of ownership of Encevo S.A. in Encevo Deutschland GmbH from 98.83% to 97.7%.

In January 2023, a share purchase and option agreement signed in April 2022 between Enovos Renewables GmbH and E.ON Bioerdgas GmbH was executed, resulting in the sale of the shares owned in Bioenergie Merzig GmbH to E.ON Bioerdgas. Bioenergie Merzig GmbH which is current consolidated under the equity method, is thus deconsolidated as of 1<sup>st</sup> of January 2023.

On 8<sup>th</sup> February 2023, Encevo S.A. signed an agreement for the progressive sale of its participation in Energiency S.A. to EPSA Growth for a total amount of EUR 3,739,161. The disposal of the share will take place in several tranches, with the first one being effective on 28<sup>th</sup> February 2023 at the latest, for an amount of EUR 399,912 (representing a sale of 497 shares and results in a stake of 16.6%). The following tranches are still subject to options and depend on the Energiency's results.





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## Independent auditor's report

To the Shareholders of  
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2 Domaine du Schlassgoard  
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### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Encevo S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2022, 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 2022, and of the consolidated results of its operations and the consolidated 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 "consolidated profit and loss account for the year ended 31 December 2022 – 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, 25 April 2023

# 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 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, by the dividend income from the subsidiaries, as well as by the income from corporate services and the costs associated with providing 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 centralising 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 comprises 31 subsidiaries (2021: 27 subsidiaries), as well as a monthly cash forecast, in order to support the development of the group and to always ensure sufficient liquidity. The four new subsidiaries included in the cash pool during 2022 are renewable entities in the Netherlands.

## 2022 Highlights

2022 was marked since February by the Russia/ Ukraine conflict which strongly influences European Gas and Power prices. This remained a continued source of uncertainty regarding the overall economic outlook and regarding energy market prices, counterparty credit risk as well as physical supply risk. Regulatory/ governmental intervention to cap the prices for B2C customers (amongst others) has occurred in several countries. In this challenging environment, the Group is focusing even more on serving its customers, energy efficiency and renewable energy production. Encevo Group continued to develop its risk management capabilities and to invest in operational excellence and digitalisation.

During this energy crisis that marked the year, Encevo S.A, as the holding company, continued to provide its usual services to its subsidiaries.

Also, in this context, a particular focus was put on strengthening the Group’s financing by obtaining an additional Revolving Credit Facility (RCF) and implementing a tight liquidity management. Following the decision taken in 2020 to sell B2B sales activities of the group in Germany, the sales process of the shares in Enovos Energie Deutschland GmbH was initiated in 2021 but did not come to a positive conclusion during 2022 because of the continued highly volatile market environment. During the fourth quarter of 2022, the Group took the decision to stop acquiring new contracts for its B2B business in Germany and to fulfil all obligations related to existing contracts for the remaining lifetime of such contracts.

The composition of the Executive Committee of Encevo S.A. changed during the year, following the retirement of the CEO of Creos Luxembourg S.A, Marc Reiffers with effect from October 31<sup>st</sup>, 2022. Mario Grotz, Chairman of the Board of Directors of Creos Luxembourg S.A., is since then invited to the Executive Committee of Encevo S.A. in parallel to his current additional function as sole managing director of Creos Luxembourg S.A.

## Financial activities

No new long-term financing was issued by the Company after the EUR 200,000,000 Green Schuldschein raised on 16<sup>th</sup> December 2021.

On 9<sup>th</sup> June 2022, an additional RCF with a maturity of one year for a committed amount of EUR 200,000,000 was agreed with 2 banks.

The amount drawn on the two RCFs – maturing respectively in June and August 2023 with a total committed amount of EUR 400,000,000 is EUR 0 as of 31<sup>st</sup> December 2022 (2021: EUR 0).

As a result of the above, non-convertible loans amount to EUR 569,556,161 at year-end 2022 (2021: EUR 569,311,268). Loans granted to affiliated undertakings and participations increased to EUR 571,434,986 (2021: EUR 519,902,891) mainly due to the financing of Capex investments to Solarkraftwerke Südeifel GmbH & Co. KG, Creos Deutschland GmbH and Paul Wagner & Fils S.A. and due to Capex bridge loans granted to EGP subsidiaries.

As of 31<sup>st</sup> December 2022, the total net cash managed on behalf of the subsidiaries with which the Company entered into a cash pooling agreement is EUR 501,100,542 (2021: EUR 425,500,632). This increase is mainly due to, higher deposit from Encevo Deutschland GmbH and from LEO S.A., partially compensated by lower deposits from Enovos Luxembourg S.A. and from Creos Luxembourg S.A..

Cash and cash equivalents of the Company increased from EUR 158,968,868 in 2021<sup>1</sup> to EUR 185,568,693 in 2022 mainly due to positive operational cashflows from subsidiaries managed within the cash pooling.

Amounts owed to credit institutions of EUR 68,639 in 2022 (2021: EUR 27,588) are related to the utilisation and non-utilization fees of the credit facility.

Given the current price volatility on the energy markets, and in a prudent approach to assure availability of cash for the support of the activities, the shareholders have endorsed the recommendation of the Board of Directors and have agreed for Encevo S.A. not to pay any dividend in 2022 (2021: EUR 9,205,445).

Consequently, the Net Financial Debt decreased from EUR 410,369,987 at the end of 2021 to EUR 384,055,655 at the end of 2022 (EUR -26 million).

## Corporate venture capital activities

In the context of its venture capital activities, Encevo S.A. has continued to actively scout the market but faced adverse market dynamics for investing (high valuations or delayed fundraising rounds). However, it continued to support its portfolio companies including Energiency S.A. where

Encevo S.A. re-invested slightly in autumn 2022 for an amount of EUR 100,008. Energiency S.A. subsequently received an offer from EPSA to take a progressive equity stake, a transaction planned to materialise in Q1 2023.

## Information technology (IT)

The Encevo Group was the victim of a cyber-attack on 23<sup>rd</sup> July 2022 affecting the Group management systems and involving the exfiltration of some data. The attack was quickly contained, no data was lost, and all systems were restored within two weeks. A website dedicated to this incident was set up to inform customers and stakeholders.

The project OneFinance was launched in 2021 with the main objective of harmonizing and automating the group’s financial processes and migrate to SAP S/4 HANA. The company progressed on its financial transformation in 2022.

## Group innovation

In the framework of the partnership agreement signed in 2022, between Encevo S.A, the Luxembourg Institute of Science and Technology (LIST) and the Interdisciplinary Centre for Security, Reliability and Trust of the University of Luxembourg (SnT) two innovation projects are now up and running. The first project, entitled Flexibility Potentials and User Behaviour Analysis (FlexBeAn), will focus on smart grids, the second research project addresses the subject of intraday electricity market price forecasting and is a collaboration between Enovos Luxembourg S.A. and SnT.

## Personnel

The number of employees slightly increased from 108 FTE at year end 2021 to 109 FTE at year end 2022.

The Board of Directors and the Management of Encevo S.A. would like to thank all 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 in a very challenging environment marked amongst others by the war between Russia and Ukraine and all related impacts as well as by the cyber-attack.

<sup>1</sup> Amount including the reclass of EUR 1,517 from financial item line D.IV. (Cash at bank and in hand) to item C.4.a (Trade creditors becoming due and payable within one year) in 2021

Financial results

In 2022, the net turnover amounted to EUR 25,342,584 (2021: EUR 28,672,330) 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, Communication, Finance & Tax, Strategy Innovation & Acquisition, Risk Management, Insurance, Business Continuity, Legal, Internal Audit, Management, Secretariat General, Controlling and Accounting 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 net turnover decreased mainly due to the one-off proceeds from re-invoicing of the provision for the depollution of Strassen in 2021 to affiliated undertakings (EUR 2 million) and due to the lower income for rental in 2022, because since the move of Creos Luxembourg S.A. to Bové, rental fees are no longer charged by Encevo S.A. to Creos Luxembourg S.A.

Income from participating interests decreased from EUR 255,568,617 in 2021 to EUR 15,000,000 in 2022 mainly due to the extraordinary dividend received from Enovos Luxembourg S.A in December 2021 (EUR 229.6 million), related to the gain on sale realised on the disposal of shares held in Encevo Deutschland GmbH, and due to the regular dividend paid in May 2021 from Enovos Luxembourg S.A. for EUR 11 million whereas no dividend was received from Enovos Luxembourg S.A. in 2022. The amount of EUR 15 million corresponds to the dividend paid by Creos Luxembourg S.A. to Encevo S.A. in 2022 (2021: EUR 15,000,000).

Interest payable and similar expenses increased to EUR 11,471,818 in 2022 (EUR 8,947,608 in 2021). The increase is mainly related to the new green Schuldschein interest expenses and the commitment fees for the new RCF. Similarly, other interest receivable and similar income increased to EUR 12,470,355 in 2022 (EUR 10,932,374 in 2021) mainly including the interest received on the shareholder loans granted to the group companies which increased due to the higher financing pulled by the affiliated undertakings of the Company.

Risk management

The Group Risk Management department is centralising all risk management reporting from the core group companies and reports to the Group Risk Committee, the Executive Committee and the Audit Committee, which monitor the main risks identified across the Encevo Group.

The year 2022 has been very challenging due to the war between Russia and Ukraine. As a result of the very volatile commodity prices and the related increase in Credit, Market and Liquidity risk, the Board of Directors needed to significantly increase the Risk Capital limits for the core business activities. The aforementioned risks are foreseen to remain significant in 2023. In this context, enhanced monitoring tools were developed for better monitoring and management of such risks.

Specific risks directly managed at Company level relate to the financial liquidity risk, the credit risk of the subsidiaries supported by financings from Encevo S.A. as well as the interest rate risk. While the credit risk of the subsidiaries is tracked on a monthly basis for the core companies, the increased liquidity risk driven by very high energy prices (reaching historically record levels in August 2022) as a result of the Russia/Ukraine war has been mitigated by the Group Finance & Tax department through a first increase of the existing EUR 200,000,000 RCF to EUR 400,000,000 in June 2022 and a further increase to EUR 750,000,000 in January 2023 in order to ensure sufficient liquidity to the main group companies.

Group Finance & Tax is monitoring the evolution of short- and long-term interest rates on a continuous basis to evaluate the need to hedge the interest rate risk. It should be noted that for the SSD’s existing before 2021 (for an amount of EUR 367,000,000), the interest rate risk has been mitigated as the interest rates on the various maturities are all fixed rates, either directly fixed by the underwriter, or fixed via Interest Rate Swaps for a total amount of EUR 35,000,000 on the day of the closing of the underlying SSD transaction.

Out of the EUR 200,000,000 of the new 2021 SSD, three tranches of 7-, 10- and 15- years respectively for an amount of EUR 108,500,000 bear fixed interest rates. The remaining tranches for an amount of EUR 91,500,000 bear variable interest rates. With regard to the Italian renewable activities, in the main litigation in Italy, after a Cassation judgement

rendered in October 2021, part of the case has been referred for a re-examination by another section of the Court of Appeal of Milan. No hearing date has been set yet.

Regarding Enovos Solar Investments II S.r.l. Unipersonale (ESI II), the criminal acquittal became definitive in June 2021.

The request filed by EAM Solar ASA for private criminal proceedings against Enovos Luxembourg S.A. in May 2021 in Norway was dismissed successively by the Oslo District Court on 1<sup>st</sup> July 2022 and the Oslo Court of Appeal on 21<sup>st</sup> October 2022, in both cases for absence of sufficient grounds.

Regarding the remaining claims of the EAM Group against Encevo S.A. and/or Enovos Luxembourg S.A. filed in Italy and Luxembourg, management continues to deem the associated risks to be remote.

Outlook

The Company will provide further financing means to implement the ambitious green investment programme of its subsidiaries in the Greater Region mainly into the power grid and the renewable energy generation activities.

On 20<sup>th</sup> January 2023, Encevo S.A successfully completed the replacement of the agreements linked to the RCF with ten banks. The new agreement has one RCF with a committed amount of EUR 350,000,000 for a tenor of 5+1+1 (years) and a Swingline with a committed amount of EUR 400,000,000 for a tenor of 24+6+6 (months). The EUR 350,000,000 RCF provides for an ESG mechanism foreseeing the conversion of this Facility into a Sustainability-Linked Loan by July 2024.

Other information

Research and development activities have been performed within the affiliated undertaking Creos Luxembourg S.A. which has a department dedicated to innovation in the field of the flexibility of electrical networks and electromobility.

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 2022 in the shareholding of Encevo S.A.

Regarding board members, the following changes occurred in 2022:

As of 1<sup>st</sup> April 2022, Mrs Monika Scholz, Mr Luc Decker and Mr Christian Tock were appointed as new board members due to the resignations of Mr Joachim Scherer, Mr Tom Theves and Mr Daniel da Cruz.

The board members are:

- Marco Hoffmann**, Chairman
- Yu Xue**, 1<sup>st</sup> Vice-Chairman
- Luc Decker**, 2<sup>nd</sup> Vice-Chairman \*\*
- Min Shen**, 3<sup>rd</sup> Vice-Chairman
- Danielle Castagna**, Director
- Christian Tock**, Director \*\*\*
- Jeff Feller**, Director
- Stefan Grützmacher**, Director
- Aloyse Kohll**, Director
- Mike Kirsch**, Director
- Romain Lanners**, Director
- Uwe Leprich**, Director
- Olaf Münichsdorfer**, Director
- Georges Reuter**, Director
- Monika Scholz**, Director \*\*\*\*
- Geneviève Schlink**, Director

\*\* Mr Theves resigned with effect of 31<sup>st</sup> March 2022 and was replaced by Mr Luc Decker as of 1<sup>st</sup> April 2022.  
\*\*\* Mr da Cruz resigned with effect of 22<sup>nd</sup> February 2022, and was replaced by Mr Christian Tock as of 1<sup>st</sup> April 2022  
\*\*\*\* Mr Scherer resigned with effect of 31<sup>st</sup> December 2021 and was replaced by Mrs Monika Scholz with effect as from 1<sup>st</sup> April 2022.

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, expired with the audit review of the financial year 2020. Considering the Board of Directors’ recommendation, the shareholders appointed Ernst & Young for a new mandate for the financial years 2021 and 2022 during the annual general meeting of shareholders held on 11<sup>th</sup> May 2021. A new public tender was initiated to appoint an external auditor for the financial years 2023 and 2024. The external auditor for 2023 and 2024 will be appointed by the annual general meeting of shareholders to be held on 10<sup>th</sup> May 2023.

Proposed appropriation of net profit

The profit available for appropriation of EUR 321,097,436 includes the profit for the year of EUR 20,570,315 and the profit brought forward of EUR 300,527,121.

The Board of Directors proposes to the Annual Shareholder’s Meeting to be held on 10<sup>th</sup> May 2023 the following appropriation of net profit:

Dividend of 0 Euros per share*	0
Allocation to the legal reserve	0
Allocation to the blocked reserve	0
Allocation to other reserves	0
Amount carried forward	321,097,436
	<b>321,097,436</b>

\* Number of shares 909,629

The Board of Directors  
Esch-sur-Alzette, 31<sup>st</sup> March 2023

Balance sheet as at 31<sup>st</sup> December 2022  
Denominated in EUR

ASSETS	Notes	2022 €	2021 €
C. Fixed assets		1,851,502,883	1,797,038,378
I. Intangible assets		5,890,052	4,500,958
2.Concessions, patents, licences, trade marks and similar rights and assets, if they were	Note 3	2,141,400	2,303,254
a) acquired for valuable consideration		2,141,400	2,303,254
4. Payments on account and intangible assets under development		3,748,652	2,197,704
II. Tangible assets	Note 4	277,519	514,212
3. Other fixtures and fittings, tools and equipment		270,567	504,931
4. Payments on account and tangible assets in the course of construction		6,952	9,281
III. Financial assets	Note 5	1,845,335,312	1,792,023,208
1. Shares in affiliated undertakings		1,269,009,854	1,267,329,854
2. Loans to affiliated undertakings		571,434,986	519,902,891
3. Participating interests		4,890,472	4,790,463
D. Current assets		264,883,999	304,333,738
I. Stocks		0	798,378
3. Finished goods and goods for resale	Note 6	0	798,378
II. Debtors		79,315,306	144,566,492
1. Trade debtors		0	179,415
a) becoming due and payable within one year		0	179,415
2. Amounts owed by affiliated undertakings		78,253,496	143,734,452
a) becoming due and payable within one year	Note 7	78,253,496	143,734,452
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		28,973	116,494
a) becoming due and payable within one year		28,973	116,494
4. Other debtors	Note 8	1,032,837	536,131
a) becoming due and payable within one year		1,032,837	528,131
b) becoming due and payable after more than one year		0	8,000
IV. Cash at bank and in hand		185,568,693	158,968,868
E. Prepayments	Note 9	4,641,271	6,162,869
TOTAL ASSETS		2,121,028,153	2,107,534,985

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

Comparative 2021 figures above including reclassifications:

- EUR 1,517 from financial item line D. IV. Cash at bank and in hand (2021 Published: EUR 158,970,385) to item C.4.a Trade creditors becoming due and payable within one year (2021 Published: EUR 3,440,452);
- EUR 9,500,000 from financial item line C.III.4 Loans to undertakings with which the undertaking is linked by virtue of participating interests (2021 Published: EUR 9,500,000) to item C.III.2 Loans to affiliated undertakings (2021 Published: EUR 510,402,891)

As a result, 2021 Total Assets slightly differ from those published of EUR 2,107,536,502.

Balance sheet as at 31<sup>st</sup> December 2022  
Denominated in EUR

CAPITAL, RESERVES AND LIABILITIES	Notes	2022	2021
		€	€
<b>A. Capital and reserves</b>	<b>Note 10</b>	<b>970,062,914</b>	<b>949,492,600</b>
I. Subscribed capital		90,962,900	90,962,900
II. Share premium account		387,028,449	387,028,449
IV. Reserves		170,974,128	170,974,128
1. Legal reserve		9,096,290	9,096,290
4. Other reserves, including the fair value reserve		161,877,838	161,877,838
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		300,527,121	48,186,734
VI. Profit or loss for the financial year		20,570,315	252,340,389
<b>B. Provisions</b>		<b>10,692,748</b>	<b>11,530,439</b>
1. Provisions for pensions and similar obligations	<b>Note 11.1</b>	7,660,040	7,346,212
3. Other provisions	<b>Note 11.2</b>	3,032,708	4,184,227
<b>C. Creditors</b>		<b>1,140,272,026</b>	<b>1,146,345,259</b>
1. Debenture loans	<b>Note 12</b>	<b>569,556,161</b>	<b>569,311,268</b>
b) Non convertible loans		569,556,161	569,311,268
i) becoming due and payable within one year		22,556,161	2,311,268
ii) becoming due and payable after more than one year		547,000,000	567,000,000
2. Amounts owed to credit institutions	<b>Note 13</b>	<b>68,639</b>	<b>27,588</b>
a) becoming due and payable within one year		68,639	27,588
4. Trade creditors		<b>2,854,723</b>	<b>3,438,935</b>
a) becoming due and payable within one year		2,854,723	3,438,935
6. Amounts owed to affiliated undertakings	<b>Note 7</b>	<b>563,316,300</b>	<b>569,132,673</b>
a) becoming due and payable within one year		549,316,300	569,132,673
b) becoming due and payable after more than one year		14,000,000	0
8. Other creditors		<b>4,476,203</b>	<b>4,434,795</b>
a) Tax authorities	<b>Note 14.1.</b>	1,247,911	1,474,433
b) Social security authorities		435,269	432,679
c) Other creditors		2,793,023	2,527,683
i) becoming due and payable within one year	<b>Note 14.2.</b>	2,793,023	2,523,483
ii) becoming due and payable after more than one year		0	4,200
<b>D. Deferred income</b>		<b>464</b>	<b>166,687</b>
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>2,121,028,153</b>	<b>2,107,534,985</b>

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

Comparative 2021 figures above including reclassifications of EUR 1,517 from financial item line D. IV. Cash at bank and in hand (2021 Published: EUR 158,970,385) to item C.4.a Trade creditors becoming due and payable within one year (2021 Published: EUR 3,440,452).  
As a result, 2021 “Total Capital, Reserves and Liabilities” slightly differ from the one published of EUR 2,107,536,502.

Profit & Loss account for the year ended 31<sup>st</sup> December 2022  
Denominated in EUR

PROFIT AND LOSS ACCOUNT	Notes	2022	2021
		€	€
<b>1. Net turnover</b>	<b>Note 15</b>	<b>25,342,584</b>	<b>28,672,330</b>
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	<b>Note 16</b>	<b>241,721</b>	<b>241,821</b>
<b>4. Other operating income</b>		<b>3,485,131</b>	<b>398,630</b>
<b>5. Raw materials and consumables and other external expenses</b>		<b>(15,328,645)</b>	<b>(15,938,491)</b>
a) Raw materials and consumables		(2,436,915)	(1,021,244)
b) Other external expenses		(12,891,730)	(14,917,247)
<b>6. Staff costs</b>	<b>Note 17</b>	<b>(19,715,714)</b>	<b>(19,624,021)</b>
a) Wages and salaries		(16,292,591)	(16,591,054)
b) Social security costs		(1,739,527)	(1,676,468)
i) relating to pensions		(1,008,480)	(986,562)
ii) other social security costs		(731,047)	(689,906)
c) Other staff costs		(1,683,597)	(1,356,499)
<b>7. Value adjustments</b>		<b>(1,008,932)</b>	<b>(1,185,393)</b>
a) in respect of formation expenses and of tangible and intangible fixed assets	<b>Notes 3,4</b>	(1,008,932)	(1,185,393)
<b>8. Other operating expenses</b>		<b>(3,303,180)</b>	<b>(1,319,239)</b>
<b>9. Income from participating interests</b>	<b>Note 18</b>	<b>15,000,000</b>	<b>255,568,617</b>
a) derived from affiliated undertakings		15,000,000	255,568,617
<b>11. Other interest receivable and similar income</b>		<b>12,470,355</b>	<b>10,932,374</b>
a) derived from affiliated undertakings	<b>Note 5</b>	11,857,941	10,860,437
b) other interest and similar income		612,414	71,937
<b>14. Interest payable and similar expenses</b>		<b>(11,471,818)</b>	<b>(8,947,608)</b>
a) concerning affiliated undertakings		(78,592)	(3,322)
b) other interest and similar expenses		(11,393,226)	(8,944,286)
<b>15. Tax on profit or loss</b>	<b>Note 14.1</b>	<b>15,037,332</b>	<b>3,661,369</b>
<b>16. Profit or loss after taxation</b>		<b>20,748,833</b>	<b>252,460,389</b>
<b>17. Other taxes not shown under items 1 to 16</b>		<b>(178,518)</b>	<b>(120,000)</b>
<b>18. Profit or loss for the financial year</b>		<b>20,570,315</b>	<b>252,340,389</b>

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

# Performance review

- Financial Performance
- Environmental Performance
- Social Performance
- Community Empowerment

## Product & Services Impact: Reliable & Smart Energy Supply and Infrastructure Safety (Material Topic)

### Materiality

Encevo Group is a key player in the national energy sector, committed to ensuring secure access to and a competitive supply of energy.

The group manages highly critical infrastructure through its subsidiaries Creos Luxembourg and Creos Deutschland, the operator of the electricity and natural gas networks in Luxembourg, and in the Saarland and Rhineland-Palatinate regions in Germany.

Creos takes its responsibility as a public utility company very seriously and carefully plans its infrastructure to meet changing demand for electricity and natural gas. Ensuring security of supply and the reliability of energy networks are central topics to Creos.

The company is responsible for planning, maintaining and operating the electricity and gas networks. In order to secure the supply of electricity and gas, and to meet the increasing energy demand, Creos continuously invests in reinforcing its assets. For this reason, investing in extending and reinforcing the electricity grid and investing in smart grids is essential to our company, as it allows us to guarantee security and a high-quality supply of energy, and it also helps decarbonise the energy system.

Moreover, Creos places great importance on quality and is committed to continuously improving the quality management system and meeting customer requirements.

When planning network maintenance or development, the company takes great care to integrate 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 95% in Luxembourg) and most of the medium-voltage lines (more than 75% for Luxembourg) are buried underground.

### Organisation & Management

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.

Creos is investing in digitalising its energy grid, through asset digitalisation, with particular focus on smart meters, remote controls and system connectivity. It is also developing and implementing a national energy data platform for electricity and gas markets in Luxembourg, and Alva, a digital twin, that will help the grid operator to optimise the electricity grid in the context of the energy transition.

In order to guarantee security of supply, to 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, called “Network Codes” or guidelines, govern the cross-border transactions in the electricity and gas market and the operation of power and gas grids. They should facilitate the harmonisation, integration and efficiency of the European electricity and gas markets.

The transport grid for electricity managed by Creos satisfies 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 [www.entsoe.eu](http://www.entsoe.eu).

Similarly, the gas transport pipeline system managed by Creos complies with 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 Gas (ENTSO-G) and are published on the ENTSO-G website [www.entsog.eu](http://www.entsog.eu).

### Progress 2022

2022 was a successful year at Creos Luxembourg. Some of the key achievements in 2022 were:

- Security of energy supply to customers was not affected by Covid.

- The 380 Project and SuperCharge installations are progressing smoothly.
- The National Energy Data Platform project is progressing well and still ongoing.
- The Digital CRM portal launched in 2021 was highly appreciated and during 2022 efforts were focused on implementing a customer experience improvement project.
- On 17 June 2022 was the official inauguration of Creos' headquarters in the new ultramodern building in Luxembourg Merl.

In the framework of continuously reinforcing its infrastructure, Creos Luxembourg carried out a number of works during 2022:

**PI1: Building up public electric vehicle charging points (=800) and high-speed charging points (=88)**

Until end of 2022, approximately 600 charging points and 32 high-speed charging points have been installed. The remaining charging points are planned to be installed in the park and ride (P+R) that are still under construction (please refer to the Creos annual report for further details).

**Digitising assets, with particular focus on smart meters, remote control and system connectivity**

Electric smart meters were all deployed and activated, while during 2022 these efforts were continued with natural gas smart meters (please refer to the Creos annual report for further details).

**PI3: Building and implementing national energy data platform for Luxembourg**

This project is currently ongoing (please refer to the Creos annual report for further details).

**PI5: 380 project: building phase for the new inter-connection of electricity infrastructure with Germany to secure supply and demand challenges**

The electrification challenge is Creos' core business, where the planning of a sustainable, future-proof electrical infrastructure that considers future energy needs based on economic, social and environmental developments becomes very important. Efficient, flexible and reliable transmission networks are essential for a reliable supply of electrical energy. The "380 project" foresees several measures to ensure this supply in the future. The project represents a new, future-oriented replacement construction that provides a better cross-border connection between Luxembourg and Germany.

The study phase for the first part of the project, between Aach (D) and Bofferdange as well as between Bofferdange and Bertrange, with a total investment of approximately EUR 295 million, has successfully started. The environmental impact study for the 380kV project was submitted to the administrations concerned at the end of October 2022. This interconnection will ensure the reinforcement of the energy grid and therefore contributes to Luxembourg's security of energy supply. More information about this project can be found in: <https://www.creos-net.lu/creos-luxembourg/projets/380/projet-380.html>

**Other major works in the electricity network at the 220 kV and 110-65 kV levels carried out during 2022**

With the aim of preparing our company to face the energy transition challenges, and at the same time ensuring optimal energy security, Creos has continued its efforts to reinforce the infrastructure.

In addition to starting the 380 project, Creos has focused on reinforcing the 220 kV infrastructure. In particular, Creos has done reinforcement works to the 220 kV Flebour substation, and the new 220 kV Bissen substation has been put into service.

Regarding the 110-65kV network, works in the 110 kV level of the Bissen substation have started. In line with this, works in the Senningeberg substation have advanced with the construction of a new building that will replace the old aerial substation 65/20kV with a new substation 220/(110)65/20kV. In parallel to this, some additional electricity pipes have been placed in the territory of the city of Luxembourg. These works have the objective of reinforcing the security of energy supply around the capital city.

Creos has also continued works to switch the 65kV network to the 110 kV level, mainly in the northern region of the country (e.g. new 110 kV Flebour-Walsdorf-Marnach line).

**Major works for gas pipelines carried out during 2022**

**Transport network**

Modernisation of the high-pressure DN200 PN 40 network (1.2 km) on Avenue de l'Europe in Pétange and dismantling of the pressure reduction station in Rodange.

**Distribution network**

**Roost & Luxembourg City Operation Centres**

In Luxembourg City, intensive efforts were made to modernise the distribution network. 6.1 km of MP/BP pipelines were upgraded, and 171 obsolete connections were replaced.

In general, work continued on the extension of the medium-pressure (MP) distribution network over 5.5 km (Luxembourg City: 2.1 km / Roost: 3.4 km).

The extension of the low-pressure (LP) distribution network by 11.1 km continued with the same workload as in the previous year (Luxembourg City: 1 km / Roost: 10.1 km).

In total, 16.6 km of new distribution pipelines were laid.

Additional information can be found in Creos Annual Report 2022.

**Creos Deutschland**

Creos is working on the revision of the target network planning and investment strategy to ensure that all investment decisions are sustainable, especially in the context of future renewable gas demand. In 2022, several natural gas-fired heating plants for district heating were connected to the

natural gas grid and put into operation; these could be powered by hydrogen in the future.

Funding applications for the hydrogen project mosaHYc were prepared and submitted to the relevant authorities. The early start of the measures at national level was approved. The positive funding decision is expected in 2023.

To reduce methane emissions in connection with construction measures, a mobile compressor was used for the first time to recirculate gas volumes into the gas grid.

In the area of electricity supply, increasing industrial demand can be observed. In the area of electricity grid infrastructure, a study was carried out to determine the expansion potential of PV and wind power plants. Several applications for renewable energy feed-in are expected for 2023.

**Hydrogen development**

Creos Deutschland continued the reflections on how to make natural gas grids decarbonised, ready to be able to manage the forthcoming arrival of decarbonised gases, and the respective work in the mosaHYc project, together with GRTgaz S.A. (French TSO) in order to create a 100% pure hydrogen infrastructure, connecting the Saar (Germany), Lorraine (France) and the Luxembourg border.



# Product & Services Impact: Procurement Practices for Energy

## Materiality

In order to meet the country’s energy needs, Luxembourg relies on energy imports from neighbour countries. Since Encevo is a key company in the energy industry, it plays a central role in the procurement and commercialisation of energy in Luxembourg.

Luxembourg’s plan is to reduce dependence on energy imports and to increase local production of renewable energy. Encevo is actively contributing to this plan by investing through its company Enovos, in developing the renewable energy market.

Encevo also plays an important role in ensuring energy security in Luxembourg, it being crucial to maintain and strengthen regional cooperation to guarantee a secure supply of electricity and gas within the country.

It is important for our group to ensure a fully functioning and interconnected internal energy market where our company Creos plays a key role. Creos Luxembourg, the electricity and natural gas grids owner and operator, complies with all the European rules regarding interconnection with adjacent countries, at infrastructure level and in direct contact with adjacent transmission system operators to coordinate all the changes that might occur. An appropriate degree of harmonisation in technical, operational and communication areas is key to overcome potential barriers to the free flow of energy.

## Organisation and Management

On the grid side, the Network Codes on electricity and gas enable the necessary harmonisation of interconnection agreements and a common set of rules, therefore leading to effective market functioning.

On the procurement side, our Procurement & Logistics team ensures full compliance with professional procurement practices, e.g. by providing procurement checklists, procedures and guidelines. Our procurement processes are closely monitored with process performance management software, ensuring high process performance. Compliance with the applicable procurement procedures is mandatory within our group.

Enovos also has a role in energy procurement as it is responsible for energy purchasing, storage and trading with the aim of securing the provision of energy to its customers.

In addition, Enovos is working on the development of renewable energies in Luxembourg, by investing mainly in wind and solar energies. From a gas perspective, Encevo Group is engaged in the development of renewable hydrogen, and it is analysing how to make our natural gas grids decarbonised, ready to be able to manage the forthcoming arrival of decarbonised gases.

## Progress 2022

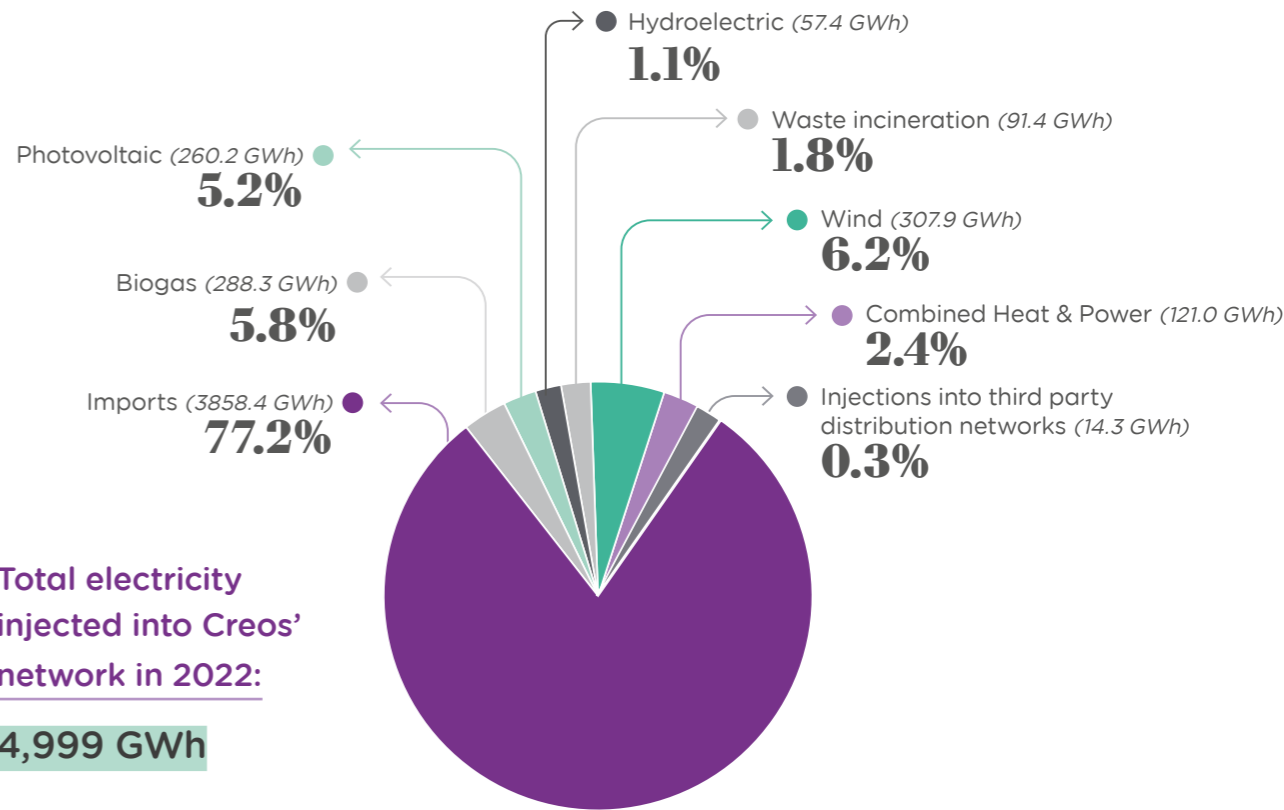
As can be observed in the chart in the next page, most electricity injected into the grid comes from imports principally from Germany (77% in 2022). It is important to note that Germany has an active policy of increasing climate protection and expanding renewable energies.

Compared to 2021, electricity imports have decreased by 2.2%.

Likewise, Luxembourg has the objective of increasing its renewable energy supply in Luxembourg, injecting 22.8% of renewable and partially renewable energies into Creos’ grid in 2022. In this year, there was a drop in the renewable electricity injected into Creos’ grid, representing a 3.9% decrease compared to 2021:

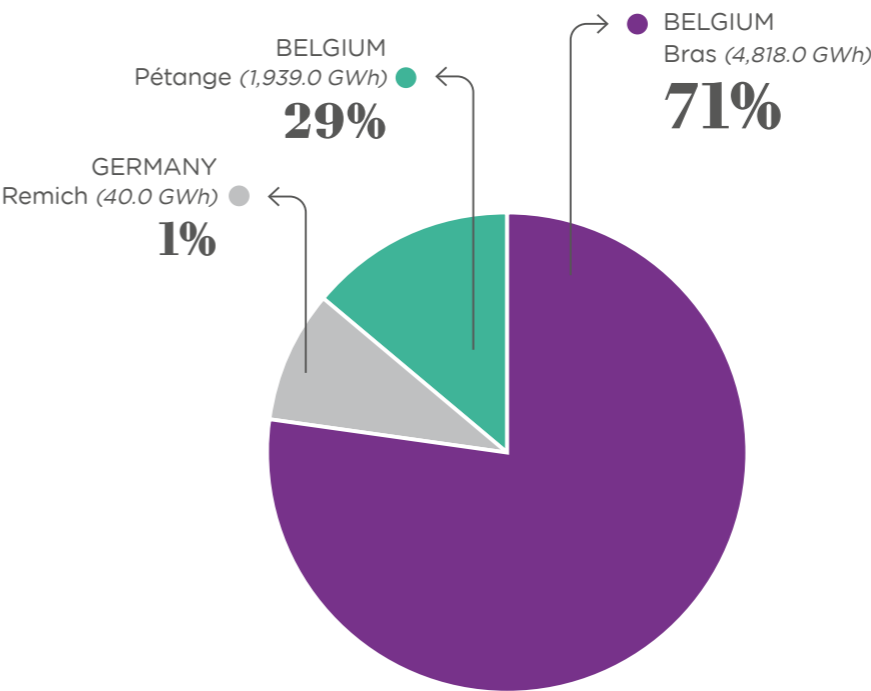
- 6.2% of wind in 2022, 0.1% decrease compared to 2021,
- 5.2% of PV in 2022, 42.9% increase compared to 2021,
- 5.8% biogas in 2022, 0.3% decrease compared to 2021,
- 1.1% hydroelectric in 2022, 38.2% decrease compared to 2021.

## Electricity injection into Creos’ network in 2022



As in previous years, there was no direct nuclear electricity production at national level in 2022.

## Natural gas flow distribution at interconnection points in 2022



In relation to natural gas flow injection into our transmission pipelines, the majority comes from Belgium via the interconnection points Bras (71%) and Pétange (28%), and the rest comes from Germany, via the interconnection point in Remich (1%). It is important to note that Germany and Belgium are countries with an active policy of switching to greener gases.

## Total natural gas flows at interconnection points in 2022:

6,797 GWh

# Product & Services Impact: Clean Energy Development (Material Topic)

Encevo Group has a clear objective centred around the development of renewable energies in Luxembourg and in the Greater Region.

The group contributes to the decarbonisation of the energy sector in Luxembourg and to the ambitions that the country has set itself in its Integrated National Climate and Energy Plan (2021-2030).

Encevo group is an important investor in the energy transition in the Greater Region. The production of sustainable energy is a key element to Encevo, and we strive to grow our sustainable energy production capacity by continuously investing in wind and solar energy.

We are also engaged in the development of renewable hydrogen, in alignment with the Luxembourg hydrogen strategy and the EU hydrogen strategy, which aims to explore the potential for renewable hydrogen to help decarbonise the EU in a cost-effective way.

## Organisation & Management

Encevo Group, through its subsidiary company Enovos, strives to make meaningful contributions to Luxembourg's climate ambitions, which include the achievement of a 25% share of renewable energies in total energy consumption in Luxembourg by 2030, by enabling increased production of local energy from renewable sources.

In line with this, at Encevo group we have defined the objective P14 in our Sustainability Management Plan (p. 40) to target renewable production (PV/WIND/Biomass via District Heating) to support governmental objective of 25% green power by 2030.

### Enovos Luxembourg is actively developing its wind, PV and CHP businesses by:

- Engaging in collaborations with customers, strategic partners and communities to develop renewable energy projects and initiatives.
- Applying our strong local market knowledge and expertise in asset development and operations.
- Focusing strongly on developing a project pipeline for renewable energy investment opportunities and sites and construction of additional assets to deliver business growth.

### The main activities involved in the development of the PV business are:

- 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 the development, construction and operation of PV assets.

### The primary focus of the CHP business is to advance Luxembourg's sustainable energy plan as a leader in energy contracting:

- Continue core business in LuxEnergie's energy contracting with the installation and operation of district heating and cooling infrastructure via pellet-based technology.
- Develop innovative business areas, i.e. low-temperature heating infrastructure.
- Provide modular green energy heating systems to meet temporary needs.

With regard to the development of wind energy production, Enovos is developing this business through the company Soler S.A., which is responsible for wind energy activities. Soler S.A. is also responsible for the operation of most of our hydroelectric activities.



excellence of PV-assets



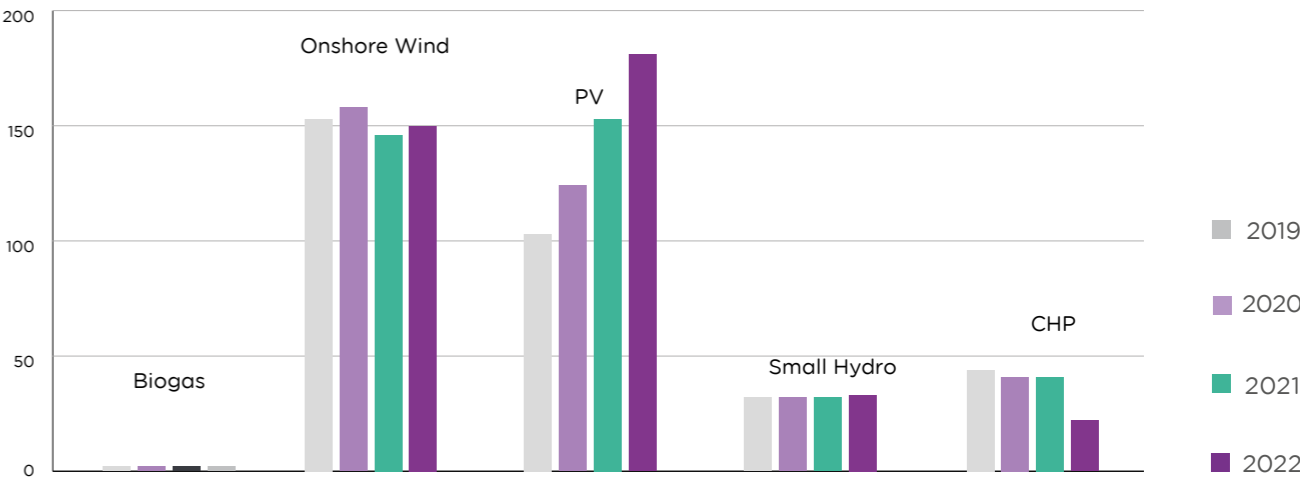
project pipeline for renewable energy



sustainable energy plan

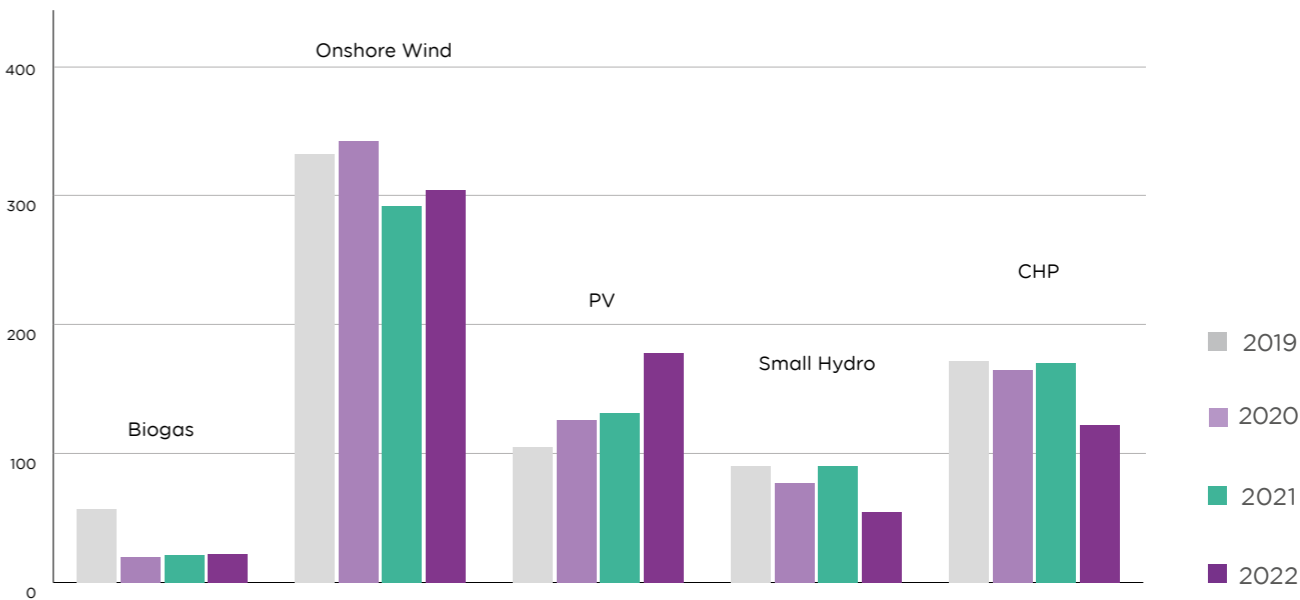
## Progress 2022

Encevo Group total installed renewable energy production capacity (MW)  
Luxembourg, Germany, Belgium, the Netherlands and Italy



Total installed gross renewable energy production capacity in 2022: 388 MW

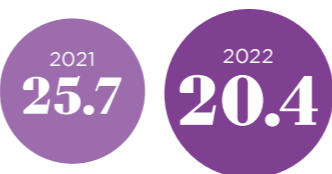
Encevo Group total renewable energy production (GWh)  
Luxembourg, Germany, Belgium, the Netherlands and Italy



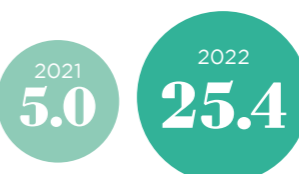
Total renewable energy production in 2022: 680.3 GWh

Encevo Group Consolidated Capital Investments in Renewable Energies (EUR millions) +46%

RES LUX



RES GER



RES INT



## Evolution of renewables in Luxembourg in 2022

The growth of our renewable assets portfolio in Luxembourg maintained its positive momentum from previous years. At year end the operational assets comprised 84.4 MW (2021: 80.2 MW) of on-shore wind, 35.6 MW (2021: 30.2 MW) of PV installations, 32.6 MW (2021: 32 MW) of hydro power and 21.9 MW (2021: 40.9 MW) of CHP. Our total installed capacity in Luxembourg amounts to 174.5 MW (2021: 183.6 MW), mainly because of the decommissioning of gas-fired CHP installations at LuxEnergie, for which the FiT period expired, compensated for by additions in solar and wind assets. In addition to these capacities, six new wind turbines (25.2 MW) were put in test operations in December 2022 with final commissioning planned for Q1 2023.

The total electrical production for the year 2022 in Luxembourg reached 391 GWh (2021: 461 GWh). On one hand, the decommissioning of CHP installations reduced the total annual production by 50 GWh. The floods of July 2021 caused major damage to the hydro assets in Rosport, which have remained out of operation since then, with an estimated production loss of 20 GWh for 2022. On the other hand, PV installations showed a production increase of 16 GWh.

Floating PV in Differdange



PV installations saw another increase in capacity in 2022, adding 5.4 MW. Altogether five new projects were successfully commissioned, including an innovative carport with bifacial PV modules for increased full load hours. The other projects consist of large-scale rooftop installations on industrial halls. Seven projects (7.7 MW) are due for construction in 2023, four of which (2.1 MW) were successfully granted a Feed-in Premium in the 2022 national call for large PV installations.

Soler S.A. successfully finalised the repowering of ten old wind turbines (18 MW). These were replaced by five more powerful and efficient turbines with a total capacity of 21 MW and were in test operations as of December 2022. Additionally, two new wind projects were constructed during 2022 with a capacity of 4.2 MW each. Moreover, two wind turbines (8.4 MW) are currently under construction with commissioning planned in Q3 2023.

LuxEnergie S.A. recorded another successful year by efficiently operating its CHP assets. The construction of the major biomass cogeneration project in Strassen (7.5 MWth and 1 MWel) was finalised in Q1 2022. Having secured several other biomass projects, LuxEnergie S.A. continues to achieve its objective to replace fossil fuel sources with wood energy in its heating and CHP installations. In addition, heat pump projects in combination with geothermal energy are being implemented in 2023.

## Evolution of renewables in Germany, in 2022

PV development activities in Germany have been reinforced with the acquisition of the 50% share of WES Green GmbH, a PV project developer with 13 employees headquartered in Föhren. Enovos Renewables GmbH now holds 100% of the shares in WES Green. This acquisition is fully in line with the strategy to increase Enovos renewables footprint in Germany.

In addition, the team successfully progressed in the Südeifel project (200 MWp in 11 locations); financial close was reached, PPA were signed, EEG was awarded, and construction started and is progressing in line with the planning.

Moreover, the first phase of the PV project Leiwen (11.3MWp+3.4MWp) MWp) was finalised in March 2022. The second phase will start in Q1 2023.

Furthermore, Hasborn PV project (12.3MWp) has been approved, EPC was signed, and construction will start in February 2023. Other PV and wind projects in earlier stages and which are part of the current project pipeline have progressed further.

The Enovos Renewables O&M teams based in Berlin and Waghäusel successfully managed 829.5 MWp of PV installations mainly located in Germany and exceeded the planned results in 2022.

Targeted growth, both organic and inorganic, both along the value chain and in other European countries, continues to be a basic prerequisite in order to be able to leverage synergies in this business area and thus counteract the decline in margins. In this context, it is positive to note that the acquisition of the E.ON Energie Deutschland GmbH portfolio in 2022, the takeover of the open space plants of the LHI Group and the conclusion of contracts in the South Eifel project have laid the foundation for the further development of O&M Services.

## Evolution of renewables international, in 2022

The implementation of the strategy centred on expanding the footprint in renewable energies further continued in 2022, with again a focus on PV development in the Netherlands. As a result, four additional parks with a capacity of 2.3 MW have been finished, reaching a total capacity of 17.6 MW in the Netherlands. Furthermore, approximately 19MW are

under construction and to be commissioned during the first months of 2023 in combination with a project pipeline in constant progress.

The operational performance of the existing assets ended above target due to correct wind conditions for the park in Sankt Vith, combined with good sun levels in both Belgium and the Netherlands. However, higher energy wholesale prices have enabled an extremely good financial performance.

Furthermore, regarding the wind project Condreole, in Engis near Liège, construction started on time and as per schedule. Commissioning is planned by mid of 2023.

Enovos Luxembourg S.A. also initiated the development of PV activities in France, focusing on the Grand Est and the Hauts de France Regions. The team has been set-up including developers in the targeted zones and local ones in Metz. The scouting activity has already started, and the project pipeline is progressing.

Regarding Enovos Solar Investments II S.r.l. Unipersonale (ESI II), following the definitive criminal acquittal since June 2021 for almost all the parks (one remaining under legal claims), all the other parks recuperated 90% of historical tariffs withheld by the local authorities.

The operational performance of the ESI I and ESI II assets was slightly below expectations due to sun levels, offset by good asset management.

## Evolution of renewable hydrogen, in 2022

Encevo considers that hydrogen, as well as renewable and other decarbonised gases, are important decarbonisation options in the energy transition towards achieving climate neutrality by 2050, especially in hard-to-decarbonise sectors, and at a later stage with a role in the storage of excess green energy.

To achieve its goal in becoming, together with its subsidiaries, a competent partner in hydrogen projects linked to the regulated and non-regulated key activities in its Core Area in Germany and Luxembourg (and potentially in other parts of its Regional Area composed of the BeNeLux countries, Germany and France at a later stage), Encevo has initiated and contributed to some activities and project developments, fully in line with its strategy.

mosaHYc project

In 2022, Creos Deutschland continued consolidating the mosaHYc (Moselle-Saar-Hydrogen-Conversion) infrastructure project.

With mosaHYc, the distribution network operators Creos (Germany) and GRTgaz (France), in cooperation with the energy company Encevo (Luxembourg), want to establish an approximately 100-kilometre hydrogen pipeline in the Greater Region. About 70 kilometres of existing gas pipelines, some of which are out of service, are to be converted into hydrogen pipelines. An additional construction of about 30 kilometres of hydrogen pipelines will create a first hydrogen island network.

mosaHYc represents the essential link to bring hydrogen producers and users together in this region: it allows potential hydrogen producers to safely feed in their volumes and hydrogen consumers to safely receive the quantities of hydrogen they need for their processes.

mosaHYc fits in with the European Commission’s hydrogen strategy. The aim is to create a carbon-neutral European economy in the long term. To achieve this, a single approach is not sufficient – the coupling together of all sectors is necessary. With the mosaHYc infrastructure, hydrogen can be made available as a fuel and energy carrier for industry, mobility, reverse power generation and heat in the Greater Region.

mosaHYc is a good example of a cross-border hydrogen infrastructure project. This regionally distinguished European network is needed on a larger scale. Since it is estimated that the demand for hydrogen in the future cannot be met locally alone, it is important to ensure the future import of the required green hydrogen from more distant countries. Thus, the supply of hydrogen in the Greater Region will be secured in the long term, when new technologies based on hydrogen are increasingly introduced and the demand for hydrogen grows. For the Greater Region, mosaHYc is therefore the nucleus that enables a connection to the larger European developing network.

At the end of 2022, Creos Deutschland Wasserstoff GmbH received permission from the Federal Ministry for Economic Affairs and Climate Protection (BMWK) for the pipeline project mo-saHYc for the so-called “early start of measures” within the framework of the Hydrogen IPCEI (“Important Project of Common European Interest”) programme.

This enables Creos to start the project now before the final funding decision has been received (IPCEI) and work towards the final investment decision in 2023 in close cooperation with the partners.

Together with the partners of the European Economic Interest Grouping (EEIG) Grande Region Hydrogen (GRH), mosaHYc is creating a functioning

hydrogen economy across borders with the participation of the various market players. Network operators, hydrogen producers and hydrogen consumers would work together in the GRH at the right time and in the right place.

Grand Region Hydrogen (GRH) – avant-garde in European hydrogen transformation

In the quest for decarbonised gases, the European Economic Interest Grouping (EEIG) with the name “Grande Region Hydrogen” (GRH) was created. By the end of 2022, the GRH had reached eight members with interests ranging from production, transmission and industrial usage of hydrogen.

The members of the GRH EEIG have set themselves the goal of establishing an integrated cross-border hydrogen ecosystem in the Greater Region of Saarland (Germany), Lorraine (Grand Est, France) and the Grand Duchy of Luxembourg. The aim is to promote a hydrogen economy along the entire value chain, taking advantage of the outstandingly suitable structural conditions of the area and the close cooperation of the acting bodies, concerned parties and the public in the region. The work and goals were further consolidated in 2022.

The industrial partners of GRH and the political actors unanimously stress the importance of a cross-border hydrogen economy.

Since the early stages of the development, GRH and its project partners have been taking up the political discussion on climate change, decarbonisation and energy security and working on their vision and investment to contribute to the European energy transformation.

Today, as an open platform GRH can integrate new project partners, and at the end of 2022 we received concrete interest from three new companies. They will benefit from experience, knowledge and the developing ecosystem in which they can integrate their project/investment.

Additional information: GRH – An initiative that aims to develop a hydrogen ecosystem (grande-region-hydrogen.eu).

Hydrogen interconnection studies with neighbouring countries

Creos Luxembourg has assessed different options for connecting Luxembourg to the hydrogen network with the adjacent gas network. The options consider both the re-use of existing infrastructures and the construction of new interconnections. The first results have been shared with national authorities.

Screening of the prerequisites to assess hydrogen readiness on high-pressure gas grid

Based on the technical and operational information available on the high-pressure gas grid of Creos Luxemburg, TÜV Rheinland has been commissioned to report on the provisions underlying a further evaluation of the H2-readiness of two different pipeline segments.

Hydrogen demand in industry

In order to better assess the hydrogen demand of the industrial sector in the context of their decarbonisation strategies, Creos worked closely with FEDIL and Luxembourg’s gas-intensive companies to evaluate their hydrogen needs for 2030 and beyond.

European Clean Hydrogen Alliance

Encevo Group continued to be a member of the European Clean Hydrogen Alliance in 2022. The purpose of the alliance is to create a facilitating platform (meetings, discussions, pipeline of projects, potential cooperation) among stakeholders (companies, MS, political experts, etc.) that support climate neutrality related to hydrogen initiatives. This alliance intends to be an important element in helping decarbonisation and supporting climate neutrality.



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Please note that this figure represents the project status in January 2023.



# Resource Efficiency: Energy Efficiency

## Materiality

Encevo Group ensures the optimisation of energy use throughout its entire energy chain of activities.

Being an energy supplier and energy services group, we strive to promote an efficient use of energy among customers and consumers through information, promotion and innovation in the supply of solutions and technologies that help customers and consumers better manage their use of energy and, therefore, to reduce the environmental impact of their energy consumption habits.

The group is engaged in several pioneering and innovative initiatives which will contribute to strengthening the efficient use of energy in Luxembourg. Through all these activities we are also contributing to Luxembourg's energy efficiency objectives.



## Organisation & Management

Energy efficiency is a relevant topic to our organisation that spans our entire chain of activities and all our group companies.

Enovos Luxembourg is the country's leading energy supplier, selling energy mainly to residential clients and to municipalities and industrial customers. Enovos continuously provides information and develops energy efficiency campaigns to educate its customers and consumers on these subjects.

Enovos supports and promotes energy efficiency improvements through the enoprimes programme, which provides grants to residential customers, companies and communes to implement energy-efficient renovations and obtain energy and costs savings. Furthermore, our entity energieagence provides a full portfolio of possible energy savings and efficiency services.

Enovos is also involved in the development of innovative projects and collaborates with government initiatives that include an energy efficiency dimension and develops projects that adapt to specific industrial clients' needs with a focus on improving energy efficiency.

For Creos the energy efficiency concept is developed by progressing on grid flexibility and smart grid solutions to ensure the optimal use of assets and advancing the adoption of renewable energies. Smarter and more flexible electric grids help reduce energy losses and optimise energy transfer, making the grid more efficient and sustainable. Moreover, Creos has a Facility Management service contract that is responsible for the management, tracking and improvement, whenever possible, of the company's overall energy consumption.

LuxEnergie also deals with energy efficiency. Its main goal is to provide a continuous energy supply using highly efficient installations. To reduce the environmental impact, non-renewable fuels are being increasingly replaced with renewables. Supervised 24/7, these installations guarantee a continuous supply for clients. The energy ratio as well as other parameters (water consumption, etc.) are regularly

monitored by the R&D department to guarantee highly efficient and clean energy production.

For Minusines, energy consumption data is collected by an external Facility Management service provider and is compiled in monthly and annual reports as part of a maintenance contract. Minusines is implementing an energy management system on the Schlossgoard site, according to the ISO 50001 standard. Minusines also has in place an energy policy aimed at monitoring and reducing energy consumption in the long term.

In addition to this, Encevo has its in-house Corporate Venture Capital capability that invests in select early-stage companies that develop innovative solutions for the energy transition, including technological innovations that enhance the efficient use of energy along our different business lines, addressing themes like smart grid and low-voltage grid optimisation, or energy efficiency for buildings, among others.

Finally, the group continuously and thoroughly monitors energy consumption across its different sites. The office building where Encevo, Enovos and Global Facilities are based in Esch-sur-Alzette has an energy management system in place according to the ISO 50001 standard (certified). Even if the other sites are not certified the same, we always extend the lessons learned – the actions taken for energy savings – in a cross-cutting way and apply them on all the sites where it is feasible. Our Esch site also has an energy policy in place, aimed at monitoring and reducing its energy consumption in the long term. Thanks to this strategy, our buildings are now consuming 20% less energy than the average office buildings (source IOD 2020 for France).

## Progress 2022

Promoting energy efficiency and energy savings has always been a group priority. In 2022, in the context of the energy crisis, this has been reinforced. Therefore, several campaigns and special actions have been implemented.

### The Let's Save Energy Campaign by Enovos

This campaign was launched in autumn 2022, with a new dedicated website: [lets-save-energy.lu](https://lets-save-energy.lu)

The campaign includes a combination of materials:

- Video material of this campaign:
  - Street interviews Enovos
  - Short energy saving tips Enovos
  - Corporate video Enovos
- Radio audio material
- Out of Home display
- Social media campaign

In this context, Enovos was awarded Best Engagement / RSE Communication 2022 at the annual Luxembourg Marketing & Communication Awards.

### enoprimes

In order to encourage even more people to save energy, the enoprimes programme has been strengthened and the premiums have been considerably increased and even doubled.

Moreover, several actions have been put in place, including partnerships with local authorities to distribute energy saving kits to citizens.

In addition to these campaigns, Encevo Group has implemented an internal informative campaign to contribute further to reducing energy consumption within our different sites. For this purpose, the "every gesture counts" campaign was repeated and extended this year, and employees were invited to apply the different gestures in their daily lives, at work and at home.

**P18:** for the upcoming years we have defined the objective in our Sustainability Management plan (p. 40) to increase the number of services delivered in the field of decarbonization to the different economic sectors of Luxembourg compared to 2022. In particular, increase the number of energy audits, carbon assessments, decarbonisation studies, and trainings.



enoprimes



Caption 1: Poster "Let's save energy"



Caption 2: Flyer "enoprimes - energy saving kits"



Caption 3: Trophy

Energy consumption within the organisation (GWh)

		2020	2021	2022
Total fuel consumption within the organization from non-renewable sources	Total GWh	688	842	626
Total fuel consumption within the organization from renewable sources	Total GWh	144	154	205
Electricity consumption (purchased or self-generated)	Total GWh	271	273	156
Heating consumption (purchased or self-generated)	Total GWh	361	461	438
Cooling consumption (purchased or self-generated)	Total GWh	1.29	0.86	0.66
Steam consumption (purchased or self-generated)	Total GWh	0.00	0.00	0.00
Electricity sold	Total GWh	223	227	184
Heating sold	Total GWh	329	372	316
Cooling sold	Total GWh	25	23	26
Steam sold	Total GWh	0.12	0.27	0.18
Total energy consumption	Total GWh	888	1,108	901

Please note that data for GRI 302-1 is not available for Wieland & Schultz and for Paul Wagner et Fils it is only available for 2021.

Resource Efficiency: Emissions: Energy and Carbon Management

Materiality

As awareness of climate change steadily increases, businesses and countries alike are stepping up their CO2 reduction plans. For Encevo Group, emissions management is a very important topic, with the majority of our greenhouse gas emissions arising from energy production and consumption along the energy value chain.

For this reason, we have defined the priority of increasing the production of renewable energy in Luxembourg by continuously investing in wind and solar energies.

We also support the development of renewable hydrogen to replace natural gas, and we are analysing how to make our natural gas grids decarbonised ready to be able to manage the forthcoming arrival of decarbonised gases.

Moreover, the group is engaged in developing activities and initiatives that promote energy efficiency among consumers and employees, and we are working on innovative energy efficiency projects with governments and industrial clients. We are also engaged in the development of energy efficiency products and services through some of our group companies and in supporting the energy transition, for instance by contributing with the advancement of e-mobility.

Our Corporate Venture Capital capability is engaged in analysing opportunities and investing in select early-stage companies

that are introducing innovative solutions for the energy transition, addressing themes like energy and climate technologies, supporting strategic connections with our group activities and our different business lines.

When looking at our own operations, we are actively committed to reducing energy consumption within our organisation. We have sustainability targets in place for our group operations that aim at reducing our direct emissions, for instance by turning our automotive fleet electric, reducing the impact of our buildings and burying power lines, among other measures.

For 2023 we aim to define a NetZero trajectory for the group, which includes the identification, development and description of short, mid and long-term carbon emission reduction measures.

We also plan to increase the maturity of our emissions management system and to adopt a tool to help us improve our sustainability information management system, which will feed our sustainability reporting process in alignment with the CSRD and the EU Taxonomy.

Organisation & Management

Sustainability is considered a strategic priority to Encevo Group, where energy and carbon management is a topic that concerns our entire organisation and affects all our group companies and chain of activities.

For this reason, we have established a Corporate Social Responsibility (CSR) function, which aims to scale up sustainable business practices within the group. Our CSR team is responsible for the development and implementation of sustainability policies and practices, with a special focus on emissions management.

In order to do this, select people working in the different group companies provide support to the CSR team with information requirements and other CSR projects and activities. At the same time, the CSR team assists other group companies and business units with their sustainability initiatives and requirements. At Encevo Group we believe that sustainability is not only the responsibility of the CSR team, but is embedded throughout the organisation.

In particular, the CSR team is responsible for our carbon emissions management and reporting process. We are advancing in the maturity of our calculation of carbon emissions, and we already have in place a rigorous process to calculate our scope 1 and scope 2 carbon emissions based on the "Bilan Carbone" method. In 2023, we plan to advance on scope 3 carbon emissions calculations and reporting.

Moreover, as part of our carbon emissions management process, every year we define new targets to continue reducing our carbon emissions.

For Encevo, Enovos and other group companies in Luxembourg we have in place a programme to optimise the operations of our buildings and minimise their energy consumption and carbon emissions.

Enovos is particularly engaged in the development of renewable energy production and the investment in new renewable energies. Enovos also develops sustainable products and services offer to its customers, including green electricity and climate neutral natural gas and it promotes energy efficiency initiatives.

For LuxEnergie, it is increasingly important to reduce the greenhouse gas emissions of its installations, especially in the context of rising CO2 prices and increasing environmental awareness. The continuous supervision and monitoring as well as regular maintenance of the company’s installations is very important to ensure the minimisation of greenhouse gas emissions. Moreover, LuxEnergie provides sustainable heating services to its customers through the use of modern technologies and renewable energies.

For EnergieSüdwest AG, a regional supplier for electricity, gas, district heating and water in and around Landau in der Pfalz, Germany, the company ensures that the electricity provided to its customers comes from renewable sources.

And diego, a recently created company within Teseos group, is supporting the energy transition through its range of products and services, such as PV installations for energy production, or the installation of chargers for electric cars.



Moreover, the goal of Creos Deutschland, as a network operator, is to act efficiently and in an environmentally friendly way.

In relation to its gas division, there are two main effects causing emissions:

- Gas preheating – consumption of heating gas necessary to balance the Joule Thomson Effect.
- Gas blow-outs – gas emissions in connection with pipeline maintenance and construction projects.

Creos generates greenhouse gas (GHG) emissions due to its activities as network operator, i.e. the loss/ amount of blown-out gas is dictated by the location and a number of measures.

At Creos Deutschland, the responsibilities related to GHG emissions are regulated by the Gas Technology division and are known to the department heads. A project has been developed to determine and evaluate the possibilities for reducing methane emissions.

An internal working group consisting of various departments has been established, the goals of the working group being:

- Monitoring of methane emissions.
- Monitoring of national and European initiatives and legislative procedures.
- Evaluation and participation in DVGW research projects, e.g. ME DSO/TSO.
- Development of concepts for the reduction of methane emissions, e.g. technical operating instructions for the reduction of methane emissions.
- Selection/evaluation of technical application possibilities (state of the art).
- Cost-effectiveness analysis of technical solutions – public relations/position paper.

Creos Germany evaluates its emissions management approach by external audits (e.g. energy audit DIN EN 16 247) and internal project presentations and working group sessions.

Progress 2022

**Overview of Encevo Group GHG emissions**

This year we performed a complete analysis and calculation of our GHG emissions using the “Bilan Carbone” method, including data for scope 1 and scope 2 emissions for all our group companies. The table on the next page presents our scope 1 and scope 2 GHG emissions, reaching 132,821 tonnes CO<sub>2</sub> equivalent. For 2023, we plan to include the disclosure of our scope 3 emissions, as a result of the trajectory project that we will work on during the year.

Encevo Group GHG emissions, t CO <sub>2</sub> eq.		2020	2021	2022
Total	CO <sub>2</sub>	73,308	82,711	58,235
	CH <sub>4</sub>	2,877	1,947	2,875
	N <sub>2</sub> O	0	0	159
	HFC	1	1	5,264
	PFC	0	0	0
	SF <sub>6</sub>	0	0	92
	NF <sub>3</sub>	0	0	0
Total scope 1 GHG emissions		76,186	84,659	66,625
Total	CO <sub>2</sub>			66,195
	CH <sub>4</sub>			0
	N <sub>2</sub> O			0
	HFC			0
	PFC			0
	SF <sub>6</sub>			0
	NF <sub>3</sub>			0
Total scope 2 GHG emissions				66,195
Scope 1 + scope 2 GHG emissions				132,821

Please note that data for GRI 305-1 on scope 1 emissions for Paul Wagner et Fils is available only for the year 2021 and for Wieland & Schultz data is not available; data for GRI 305-2 on scope 2 emissions for Creos, Encevo & Enovos Deutschland is available only for 2020, and for ESW and Paul Wagner et Fils it is available only for 2021 and for Wieland & Schultz data is not available.

The reduction of scope 1 emissions in 2022 is mainly attributed to our subsidiary company Luxenergie’s emissions reduction, due to the replacement of fossil fuel energy sources with wood biomass in its heating and CHP installations.

Encevo’s Carbon Management Programme

Over the last few years, Encevo Group has been advancing in maturity in its emissions management programme, which will further evolve in 2023 with the definition of the Net Zero trajectory and the adoption of the sustainability information management tool. We plan to continue reinforcing our emissions management in the upcoming years in alignment with the European Green Deal and the Paris Agreement, and at national level, with Luxembourg’s

Sustainable Development Plan and the Luxembourg Integrated National Energy and Climate Plan.

In particular, for 2023, we plan to implement an adequate and efficient tool that covers all reporting aspects from the CSRD and EU Taxonomy.

**RE 2: Define emissions trajectory for Encevo Group by 2023**

A Net Zero trajectory for the group will be a direct outcome of this initiative, which includes the identification, development and description of a first structuring of a package of short, mid and long-term carbon emission reduction measures. This should include a prioritisation process and the development of an implementation roadmap for the group and its different subsidiaries, while considering its integration and alignment with Encevo Group’s Strategy.

In order to further ensure trust and credibility in our Net Zero trajectory, Encevo Group intends to submit to the Science Based Targets initiative (SBTi), a globally recognised expert organisation for emission targets management.

**RE 3: Measure emissions scope 2 (by 2022) and scope 3 by 2023**

During 2022 we pursued our efforts in producing an inventory of our emissions by using the “Bilan Carbone” method including scopes 1 and 2 for the remaining fully consolidated entities. By the end of 2022, we achieved a complete GHG inventory of scopes 1 and 2 emissions and in 2023 we plan to perform a complete inventory of scope 3 emissions for all our group companies.

**RE 4: Reduce CO<sub>2</sub> emissions for leasing fleet in Luxembourg (Encevo/Creos/Enovos/Teseos) to zero emissions by 2025**

Since 2015, our leasing fleet has emitted on average 132 g CO<sub>2</sub>. We have reduced this to 74 g CO<sub>2</sub> in 2019, reaching an overperformance of 52 g CO<sub>2</sub> for 2020 (target 2020: 60 g CO<sub>2</sub>) and further achieving a performance of 36 g CO<sub>2</sub> in 2021 (target 50 g CO<sub>2</sub>) and 33 g CO<sub>2</sub> in 2022. We plan to achieve zero emissions from our leasing fleet by 2025.

While executing the measures defined in our carbon inventories since 2012 through continuous improvement, we continue to implement digital signatures to eliminate paper. Other actions which have led to a reduction in our CO<sub>2</sub> emissions have been the increase in the purchase of regional ingredients for our company restaurants and the replacement of our automobile fleet with electric cars.

Via Creos, we continue to install “Chargy” terminals throughout the country, and the “enodrive” services, with recharge cards offered by Enovos, allow for easy use. At building level, we have built the new headquarters in Esch to the highest possible standard and we have recently finalised the Creos headquarters, also at the highest possible standard, which were successfully inaugurated in June 2022.

**RE 1: Achieve and keep energy management certifications ISO 50001 in a three-year cycle**  
Encevo and Enovos Luxembourg have already been ISO 50001-certified for the energy management system at the Esch-sur-Alzette site for six years.

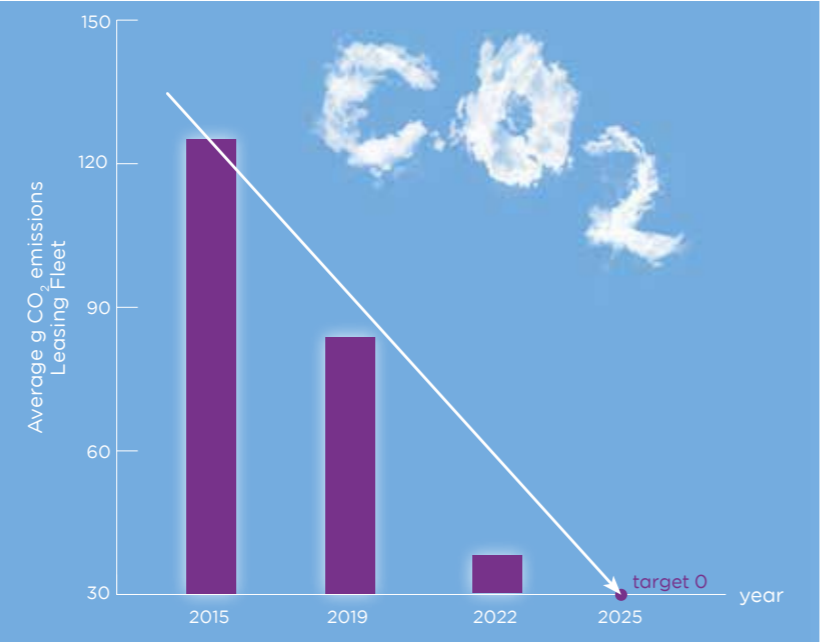
In October 2022, Global Facilities, which has moved into Building A at our sites, was awarded the certificate.

The current international context reminds us daily of the importance of operational control of energy consumption, both at work and at home.

Various measures have been identified across divisions and implemented at all Creos, Encevo and Enovos sites. We have identified opportunities for improvement everywhere and are accelerating their implementation.

As a result, Global Facilities and

CO<sub>2</sub> emissions in our leasing fleet



energieagence were officially appointed as Technical Support for Energy-Intensive Buildings by the Luxembourg government as part of the national energy saving programme “Zesumme Spueren, Zesammenhalen”.

**Climate-neutral natural gas**

During 2022, the green product for all residential customers, “naturgas”, climate-neutral natural gas, through our energy supplier Enovos, has been well accepted by our customers. The consumption volume corresponded to approximately 525,723 tonnes of CO<sub>2</sub> in 2022. This is a decrease compared to 598,830 tonnes of CO<sub>2</sub> during 2021.

This consumption was offset by Verified Carbon Standards (VCS) 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 in partner countries of Luxembourg’s development aid.

The support for these projects is based on selected emission certificates, which, among other things, meet the Gold Standard and are compatible with VCS-VER [www.naturgas.lu](http://www.naturgas.lu)).

During 2022, the eno4climate climate product was successfully sold to customers as well as public associations and municipalities. CO<sub>2</sub> emissions from transport, carbon footprint and energy consumption can be offset with eno4climate. Thanks to its many years of experience, Enovos can offer its customers CO<sub>2</sub> compensation projects from projects around the world. The necessary carbon footprint calculation can be determined by our subsidiary “energieagence” using a “Bilan Carbone” method.

**Replacement of IT equipment for circular cycle**

During 2022, we continued to recycle our IT equipment and contribute to a circular cycle, having recycled 1.5 tonnes of IT equipment. The 1.5 tonnes are made up of 175 kg of minors, 290 kg of printers and 1,065 kg of computers and servers.

# EU Taxonomy Environmental Objectives’ Analysis

The EU Taxonomy establishes six environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control, and (vi) protection and restoration of biodiversity and ecosystems, as explained in the section Introduction to EU Taxonomy Reporting in page 50.

According to the EU Taxonomy regulation, economic activities can be classified as sustainable based on their contribution to these environmental objectives. To be classified as a sustainable economic activity, the activity must not only substantially contribute to at least one environmental objective but also must not violate the remaining ones. At Encevo group we have already prepared a roadmap to report on the EU Taxonomy that is explained in the section EU Taxonomy Plan in page 69. In this section, we now develop an analysis of how Encevo group currently contributes to these six environmental objectives.

**The first objective, climate change mitigation, according to the EU Taxonomy definition, refers to projects or activities that contribute substantially to the avoidance or reduction of GHG emissions or the enhancement of GHG removals.**

This economic activity should be consistent with the long-term temperature goal of the Paris Agreement. At Encevo Group we take sustainability seriously and it is part of our vision to be a leading and sustainable energy player in the Greater Region and to actively shape the transition to a

sustainable energy sector. In this context, emissions management is a very important topic, with most of our GHG emissions arising from energy production and consumption along the energy value chain.

For this reason, we have defined the priority of increasing our production of renewable energy in Luxembourg by continuously investing in wind and solar energies. We also support the development of renewable hydrogen to replace natural gas where relevant. Moreover, the group is engaged in developing activities, initiatives and services that promote energy efficiency among our customers, employees and consumers. We are also engaged in supporting the energy transition by contributing to the development of sustainable products and services in our different business lines, including green electricity and climate-neutral natural gas offer, and e-mobility in Luxembourg, among others.

More detailed information in relation to our progress and contribution to this objective can be found in the sections Emissions: energy and carbon management (p. 141), Clean energy development (p. 132) and Energy efficiency (p. 138).

**The second objective, climate change adaptation, refers to the development of projects or activities that contribute substantially to reducing or preventing potential damage associated with climate change.**

It has now been confirmed by scientists that human-induced climate change is real and poses a significant risk to people and the planet in the decades ahead. Climate change is already affecting Luxembourg, the main threats identified for our region by the European Environment Agency (EEA) being:

- increase in heat extremes,
- decrease in summer precipitation,
- increasing risks of river floods,
- increasing risk of forest fire,
- decrease in economic value of forests.

In Luxembourg and in the Greater Region we have already experienced some weather events that could be considered a consequence of human-induced climate change, and which have provoked damage to our infrastructure, such as the floods of July 2021, which caused major damage to the hydro assets in Rosport.

Potential risks to the energy sector include the reduction in the efficiency rates of all types of power plants, the potential damage to energy infrastructure caused by extreme weather events and the increased exposure to energy infrastructure damage by changing climate conditions.

In the upcoming years we plan to further develop our understanding and our approach to this subject and how it relates to our current infrastructure and assets and to our future investment plans.

**The third objective, sustainable use and protection of water and marine resources, refers to the development of economic activities or projects that substantially contribute to safeguarding the good qualitative and quantitative status of all water bodies in Europe, including the protection of surface water, groundwater and marine resources against pollution and deterioration.**

At Encevo Group we consider that the water topic is less material to us in comparison to other more relevant topics, as we are not a water-intensive organisation. Regarding energy production, Encevo Group is mainly engaged in the development of wind and solar energies, which do not require water use for electricity production. However, our plan for the upcoming years is to enhance our understanding of our water use and our water-related impacts to people and the planet and to identify main improvement areas.

**The fourth objective is the transition to a circular economy. According to the EU Taxonomy regulation, “an economic activity can contribute substantially to the environmental objective of transitioning to a circular economy in several ways. It can, for example, increase the durability, reparability, upgradability, and reusability of products, or can reduce the use of resources through the design and choice of materials, facilitating repurposing, disassembly, and deconstruction [...] It can also contribute [...] by developing ‘product-as-a-service’ business models and circular value chains, with the aim of keeping products, components and materials at their highest utility and value for as long as possible”.**

Our involvement in the energy transition, through the development of renewable energies, an emissions-free power source, is our main contribution to a circular economy. In addition to this, we are engaged in helping our large professional customers to develop and adopt energy efficient production processes that use clean energies, and in this way

they enhance their circular operations. We are also promoting e-mobility, among other activities that contribute to circular economy.

Our support for the development of renewable hydrogen also contributes to a circular economy, since it is a solution for decarbonising different industrial sectors. Hydrogen is also attractive from the perspective that it could eventually be produced with excess output from solar and wind generation, providing a storage solution for renewable power output.

In the upcoming years we plan to develop a deeper understanding of circular economy in the energy industry, with further insight of our use of resources and materials and their future end of life and recycling options to enhance circularity. For instance, it would be interesting to evaluate and define how to treat and recycle future wind turbines and solar panel waste from our renewable energy production or the electrical transformers and the electronic smart meters from our grid operations. Up to now, these assets have not reached their end of life, but we will draw up a plan to take care of them.

In relation to our office buildings, we already have a system in place to recycle all our IT equipment, and in our canteen restaurants we have achieved an optimal use of food ingredients, producing almost zero food waste in our kitchens.

**The fifth objective, pollution prevention and control, refers to the avoidance or remediation of activities that could contaminate or cause damage to water (including surface water and groundwater), air, land or natural habitats, including the ceasing or phasing out of emissions, discharges and losses of hazardous substances that could pose actual or potential risk to human health or to the environment.**

At Encevo Group we consider that waste is a less material topic to our company. However, we still have a well-developed waste management system in place, and our plan for the upcoming years is to deepen our understanding of our main waste streams and to measure and report on waste generation and disposal.

Waste in the electricity sector is generally derived from the installation, periodic maintenance and renovation of electrical networks. Part of the waste generated in this sector can be categorised as electrical and electronic waste (or e-waste), especially

energy transmission and distribution equipment. Other waste generated in this sector is, for example, construction and demolition waste.

The development of the renewable energy industry involves new kinds of waste generation that require careful end-of-life management. For instance, for solar energy, toxic metals used in PV modules can leach into groundwater if the modules are not disposed of properly. For wind energy, as windmills are large structures composed of large components that are difficult to manage and transport, it becomes important to appropriately manage windmill components at the end of their useful lives, and especially the careful disposal of fluids and lubricants used by windmills that could leak and contaminate land and groundwater. It then becomes relevant to understand and define how to recycle or dispose waste streams from wind and solar power sources.

Regarding our company operations, at Encevo Group we comply with EU and Luxembourg legislation on waste management and disposal, and we have a waste management system in place. We work with the 3R's waste management concept – Reduce, Re-use, Recycle – which has contributed to better waste sorting and an overall reduction in the quantity of waste on the group's main sites.

Encevo and Creos Luxembourg both have been awarded the SuperDrecksKëscht label. This ecological waste management initiative – certified according to DIN EN ISO 14024 – supports and trains companies on recycling, transparent waste transaction and more sustainable waste management in general. Since July 2021, sales of single-use plastics such as drinking straws, cutlery and cotton buds have been banned in Europe. Encevo Group's action plan has banned single-use plastic items in all headquarters since 2019. For example, the group banned single-use plastic bottles from meeting facilities on our different sites and replaced them with re-usable glass bottles. The group has also stopped purchasing coffee creamers with plastic packaging and has replaced them with coffee creamer powder wrapped in individual paper sachets.

**Finally, the sixth objective, protection and restoration of biodiversity and ecosystems, according to the EU Taxonomy definition, refers to an activity that contributes to “protecting, conserving, or restoring biodiversity and ecosystems, and thereby**

**enhancing ecosystem services. Such services are grouped into four categories, namely provisioning services, such as the provisioning of food and water; regulating services, such as the control of climate and disease; supporting services, such as nutrient cycles and oxygen production; and cultural services, such as providing spiritual and recreational benefits”.**

Even though Encevo Group does not yet have an active biodiversity policy in place, we comply with all European and Luxembourg laws and regulations in relation to biodiversity. When developing a new project, we perform a biodiversity and environmental impact analysis study according to legal requirements.

With regards to the development of renewable energies, we have participated in some agrivoltaics projects, which involve a combination of biodiversity, agricultural and energy production and we plan to continue developing these projects in the future.

In the upcoming years we aim to enhance our understanding of this subject and to prepare a roadmap to improve our contribution to biodiversity throughout our different activities.



# Performance review

- Financial Performance
- Environmental Performance
- Social Performance
- Community Empowerment

## Business Integrity: General Compliance

### Organisation & Management

Encevo's compliance framework is basically composed of a Group Compliance Policy, which defines the compliance governance in the group, and of a Code of Business Conduct setting out the basic ethical and legal rules expected to be complied with by employees and directors.

The Secretary General of Encevo S.A. is the Group Compliance Officer, reporting to the Group CEO and Chairman of the Executive Board. Dedicated compliance managers are responsible for compliance in significant subsidiaries and their respective subsidiaries. Quarterly meetings are arranged by the Group Compliance Officer throughout the year with the aim of conveying key messages to the compliance community, receiving feedback on important topics, updating on specific topics and creating a dynamic of best practice exchanges. As for personal data protection compliance,<sup>[1]</sup> dedicated Data Protection Officers (DPOs) operate at group level and in significant subsidiaries. With respect to grid activities, compliance officers have also been appointed to ensure compliance with unbundling requirements.

In accordance with the Group Compliance Policy, the company launched a compliance training programme in 2022 with some of its subsidiaries, especially its newly acquired technical services subsidiaries so as to make their employees familiar with the Group's Code of Business Conduct. This programme focused on training white-collar workers whereas tailor-made dedicated sessions will be organised for the blue-collar workforce of these subsidiaries in 2023.

The Group Compliance Officer presented the annual compliance report to the Audit Committee and reported on its activities to the Group Risk Committee as well. A few times, the GCO reported to the Audit Committee on the outcome or status of significant investigations.

### Progress 2022

Compliance focused particularly on the following subjects in 2022:

- The Compliance Policy, which was updated in 2021 with a view to strengthening the governance framework and more specifically to setting out the basic rules of the compliance programme throughout the Encevo Group, entered into force in 2022 and started to be implemented.
- Code of Business Conduct training was provided to the whole white-collar workforce of the Technical Services business unit and of EnergieSüdWest. As a reminder, such compliance training had already been provided to the employees of Encevo, Creos and Enovos in Luxembourg, Belgium and Germany.
- Fraud risk assessments continued to be conducted in the Encevo group in 2022. As a reminder, Enovos Luxembourg had been covered in 2021 and the resulting action plan started to be implemented in 2022. Further assessments were conducted with respect to Creos Luxembourg and Encevo Deutschland including Creos Deutschland and the Enovos Renewables operations in Germany in 2022.

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, existing online Code of Business Conduct training includes modules dedicated to anti-corruption, whistleblowing and escalation of compliance issues. The group continues to deploy this training, covering newly hired employees and extending the scope to technical services subsidiaries. Also, Encevo's whistleblowing policy was further reviewed with a view to improving processes in the light of new upcoming legislation implementing the EU Whistleblowing Directive and/or more generally aiming at further regulating this area. As a reminder, whistleblowing ensures that improper or illegal practices, especially cases of fraud and corruption, can be reported confidentially through specific channels without the risk of retaliation. In addition, one of the channels enables anonymous reporting. This channel is also promoted on Encevo's website. The whistleblowing

<sup>[1]</sup> For more details on personal data protection compliance, see section Business Integrity: Data Protection & Cybersecurity.



channel was also further promoted in 2022 through the development of a dedicated video, which was the cornerstone of a dedicated internal communication campaign that covered the top parent company and the operations of Creos and Enovos in Luxembourg and Germany; it is planned to extend this to the rest of the group. In addition, the aforementioned fraud risk assessments have contributed to raising the level of awareness on fraud and corruption and to further strengthening anti-fraud processes. Furthermore, in 2022 the group extended the scope of its conflict-of-interest procedure, which requires a conflict-of-interest declaration to be completed on an annual basis, so as to not only cover Executive Board members and senior management reporting to an Executive Board member but also other target populations assessed as being potentially more exposed to a risk of conflict as a result of their position at subsidiary level or the nature of their function. This process was digitised in 2022 for Encevo S.A., Creos Luxembourg S.A. and Enovos Luxembourg S.A. as well as Global Facilities S.A., and the digitised platform launched for this part of the group at the end of January 2023. The intention is to extend the use of the platform, making further IT developments to the extent needed, to the rest of the group after this initial pilot, which proved successful.

With respect to antitrust compliance, the antitrust compliance online (e-learning) module developed in line with the anti-competition section of the Code of Conduct and included in Encevo's Code of Conduct training programme continues to be deployed along with the other modules (see above). Moreover, the whistleblowing policy also explicitly covers possible violations of antitrust regulations.

There were no significant instances of non-compliance with laws and regulations which would have resulted in substantial fines or non-monetary sanctions during the year 2022.

# Business Integrity: Data Protection & Cybersecurity

(Material Topic)

## Materiality

We are seeing an ever-increasing menace of threat actors on the market, certainly with additional pressure on critical infrastructures. Encevo Group is one such operator and the number of cyberattacks has been increasing dramatically every year. Our critical infrastructures and assets must guarantee security of supply for a large customer base in Luxembourg and the Greater Region. We are continuously working hard to improve our standards to maintain this high-trust relationship with customers and partners. In this context, we take the lawful and confidential handling of our customers', enterprise partners' and employees' data very seriously. On 25<sup>th</sup> May 2018, GDPR came into force, which ensures data privacy principles for individuals with rights to control and protect the use of their personal data. "Personal data" means any information relating to an identified or identifiable natural person. It is of utmost importance for us to ensure our key mission of ensuring supply of energy through increased cybersecurity defence and by applying regulatory requirements such as the EU Network and Information Security (NIS) Directive for the benefit of our customers.

## Organization & Management

Since 2017 Encevo has had a GDPR framework in place, so the major cross-cutting GDPR programme could be concluded successfully to achieve our set standards. We have been furthering the maturity for five years by improving the initial installed GDPR framework over the various dimensions such as Governance (e.g. Policies & Procedures, DPO nominations, Data Processing Registers, Data Privacy Roadmaps, Data Protection Impact Assessments, GDPR processes), Data Subject Rights (such as Information Notices, Cookie policies, Data Retention/Anonymisation or consent management) or awareness-raising through training programmes. The entities continued their discussions at the 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. All DPOs are registered at the respective national supervising agencies and have a direct reporting line to the respective CEOs. We continue to fully respect the DPO reporting line to the highest level in our entities, making sure GDPR compliance is taken seriously and decisions can be



taken quickly in case of urgency. We work closely together with our colleagues from various other departments as multidisciplinary approaches are required.

Performance 2022

BI1: Implementation of continuous improvement programme 2021-2023 due for 2023

Working on GDPR compliance is not a one-time exercise. We drove this further with a GDPR continuous improvement roadmap, under the responsibility of the DPOs. We have achieved major successes in strengthening the data privacy and maturity in various dimensions by:

- Installing and operating digital and fully compliant fleet management software
- Reviewing and updating our Privacy Impact Assessment tool (PIA)
- Updating GDPR policy to integrate further formalised requirements and guidelines for our entities
- Performing a deep analysis of smart meter data usage in the context of data privacy
- Creating new checklists and guidance for procurement processes

Managing a cyberattack successfully

As well as many other organisations, Encevo was a victim of a targeted cyberattack at the end of July 2022, which was launched by a well-known threat actor who had compromised many companies in the past. Several IT systems of the Encevo Group were impacted to varying degrees. The departments concerned carried out all the analyses and took corrective measures to contain the impact of the incident. As a result, no ransom was paid, all services returned to normal within two weeks and no data was lost. The data breach resulting from this attack was rigorously managed, both with regard to personal data and data that could potentially affect the security of the country’s critical infrastructure.

During this attack, some data was exfiltrated from computer systems or made inaccessible by hackers. The incident response team was immediately activated, which was composed of internal and external forensic IT experts.

Fortunately, and thanks to our high IT security standards, the highly secured critical infrastructure systems were not compromised, nor were any other important systems for our provisioning of electricity and natural gas.

As Encevo Group does not agree to pay criminals for their criminal actions, the IT teams took over the systems recovery and the DPO team managed the data breach resulting from this cyberattack. Defined data breach processes were executed instantly, and a multi-level information campaign was started to inform data subjects. Encevo followed the guidance of our national supervising agency, the CNPD (Commission Nationale de la Protection des Données), for the best practice actions for this emergency. For example, we immediately created a cyberattack website to give our stakeholders the latest information, including Frequently Asked Questions (FAQ) and press releases. The necessary obligations related to notification within 72 hours (Art. 33 GDPR) and information (Art. 34 GDPR) were taken very seriously. Two preliminary and one final notifications were sent to the CNPD, and more than 50,000 personalised information letters were sent to customers and partners to inform them in a transparent way about exfiltrated data and potential phishing risks which could occur as a consequence. The Encevo Group cooperated in an exemplary manner with all national authorities, and strict compliance with data protection laws was ensured.

This data breach was a true reality check of Encevo’s GDPR Framework, especially data breach processes; reporting lines to CEOs and fast decision-taking and collaboration with internal and external actors were managed successfully. After implementing the lessons-learned actions at the end of the year, the DPO team can bring this data breach to a successful close.

Apart from the reputational impact, the consequences of the attack remained limited but the management of the crisis required more than 1,000 working days for the IT department and delayed a number of projects. In view of the increasing cyber threats, the group will accelerate the implementation of its information security strategy. It should be noted that the IT systems monitoring and managing the energy networks were not affected and the country’s energy supply was assured at all times (Please see objective BI3: Information security improvement plan – Definition of new two-year strategic information security plan (2023-2024) and implementation of phase 1.).



BI2 (update): Updating ISMS (Information Security Management System) certifications to the new ISO/IEC 27001:2022 norms and standards

The Information Security Management System of Creos Grid Operations was successfully certified ISO/IEC 27001:2013 in January 2022. A new standard was published in October 2022, which requires an adaptation of the 2022 achievement. In order to maintain this critical certification, our Grid entity has three years (October 2025) to adapt the current ISMS to the new ISO/IEC 27001:2022 standard.

BI3: Information security improvement plan – Definition of new two-year strategic information security plan (2023-2024) and implementation of phase 1

We are constantly striving to align information security objectives with business objectives, in view of the evolutions in European and national regulations. Moreover, considering the evolutions in the threat landscape, we are continuously evaluating the most appropriate positioning and technologies to foster a safe and secure digital transformation. One concrete action is the definition of an adapted new strategic plan, composed of various specific projects, both technological and organisational, in the field of information security, resilience, awareness and continuity.

Substantiated complaints concerning breaches of customer privacy and losses of customer data

		2021	2022
Total complaints	Total in numbers	5	3
Total	complaints received from outside parties (eg. customers, associations, etc.) and substantiated by the organisation	5	1
Total	complaints from regulatory bodies/supervising authority	0	2
Total leaks, thefts, losses	Total in numbers	1	1
Total	identified leaks reported to supervising authority	1	0
Total	identified thefts reported to supervising authority	0	1
Total	identified losses of customer data reported to supervising authority	0	0

# Business Integrity: Human Rights

We are committed to respecting internationally recognised human rights throughout our value chain. We base our work on the UN Global Compact, the International Labour Organization’s (ILO) eight fundamental conventions, the OECD’s guidelines for Multinational Enterprises, and the UN’s Guiding Principles for Business and Human Rights (UNGPs). Based on our commitments, Encevo has multiple policies and measures to identify, prevent and mitigate any human rights risks.

## Organisation & Management

Our human rights policy outlines the values, standards and practices that Encevo promotes, and clearly defines our stance on the importance of human rights. Our Encevo Code of Conduct for Business Ethics defines how we are to act with integrity within the company when doing business (please refer to the General Compliance chapter). Next, our Code of Conduct for Suppliers defines the company’s basic requirements and expectations for our suppliers with respect to sustainability. As described in the Compliance chapter, a whistleblowing function is in place to anonymously report any violations related to business ethics or human rights (or any other irregularity). It is open to employees, consultants, contractors, suppliers and other stakeholders through a confidential postal box or a secure email address through our website. We train and raise awareness among our employees with available e-learning and communication messages through our intranet. Our implemented due diligence process is designed to identify and assess human rights, environmental and business ethics-related risks and impacts across our value chain. Finally, our human rights action plan 2023 outlines the company’s journey to implementing a robust approach to human rights.

Please note that we have used a reporting structure for our progress which is aligned with the Ministry of Foreign Affairs of Luxembourg, which is responsible for the Human Rights Pact in Luxembourg. The following reporting will structure the progress into 2 Parts, which is about Part A) Governance, and Part B) Salient Topics.

## Progress 2022

**BI5: Perform due diligence of human rights related to procurement and HR practices for core entities of Encevo, Enovos Luxembourg and Creos Luxembourg**

Please find information on ongoing work through our Human Rights Reporting here below.

### A) GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

#### A1 Publish the company’s public statements regarding its commitment to respect human rights

**A1.1. Process of public engagement development**  
Encevo has joined the National Pact “Business and Human Rights” (Pacte Nationale Entreprises Et Droits de l’Homme) in Luxembourg

On 6<sup>th</sup> July 2022, Encevo, together with 50 Luxembourg companies, joined the National “Business and Human Rights” Pact. Encevo was represented by Claude Seywert, CEO of Encevo, who together with the Minister of Foreign and European Affairs, Jean Asselborn, signed the National “Business and Human Rights” Pact for our company. The ceremony took place in the presence of the Union des Entreprises Luxembourgeoises (UEL), the National Institute for Sustainable Development and Corporate Social Responsibility (INDR) and other stakeholders.

The National Business and Human Rights Pact is a voluntary commitment for business leaders wishing to implement the UN Guiding Principles on Business and Human Rights.

“I am pleased to see that 50 companies have already committed themselves to a joint effort to promote and respect human rights by signing the National Business and Human Rights Pact, and I hope that many companies will follow suit,” the Minister stated.

By subscribing to the Pact, companies commit themselves to

- raising awareness among their staff and stakeholders about the protection of human rights in business,
- appointing a person responsible for human rights in the organisation,
- training relevant employees on business and human rights,
- developing governance tools to identify risks and prevent human rights violations,
- implementing one or more remedies to address reported human rights violations,
- publishing a standardised annual report on the measures implemented.

#### A1.2. Human rights referred to in the public commitment

The coverage for the public commitment is for the entire group with all its fully consolidated subsidiaries. As a first step, a common Human Rights Policy was drawn up during 2022 and is published on our Encevo Group website (see below in A1.3.). All human rights are considered and a first due diligence process was conducted during 2022. For 2023 we plan to have a better view on the particular human rights we want to focus on.

#### A1.3. Dissemination of public engagement

The dissemination was done through different channels of communication to our different stakeholders. The public was informed by the media on the signatories to this pact, whereas our employees were informed with internal messages on our company intranet. Our management boards such as the Executive Committee (ComEx), and the Board of Directors (BoD) were informed through



presentations. A Human Rights Policy is also made available on our website Encevo.eu.

Caption: Encevo Group Human Rights Policy



**A2 Impact on Encevo as regards implementing commitments in relation to human rights**

The UN Guiding Principles are based on a ‘Protect, Respect and Remedy’ framework, which says that:

- states have a duty to protect against human rights abuses by third parties, such as business, through their policies, regulation and adjudication,

- companies have a responsibility to respect human rights, that is, to avoid infringing on the rights of others and to address any infringements with which they are involved, and
- states and companies must take steps to ensure that there are effective judicial and non-judicial remedies available to people whose human rights are abused.

Therefore, Encevo Group understands the respect of human rights as a cross-cutting and absolutely material topic for the entire group.

**A2.1. Organisation of human rights responsibilities within Encevo**

Encevo has nominated an officer responsible for human rights, part of the CSR Coordinator role of the Head of Group Organisation and Process Excellence. During 2023 further responsibilities, e.g. on additional committees, will be defined. This role coordinates all human rights-specific topics and ensures maturity can be steadily improved. This role is responsible for training and raising awareness among employees, for driving and further developing human rights policies/governance and for the human rights publication and reporting through the annual report. The CSR Team and Human Rights Officer can be contacted at the following email address: [csr@encevo.eu](mailto:csr@encevo.eu)

**A2.2. Types of human rights issues discussed by members of management and by the Board of Directors**

So far, we have not yet introduced a systematic human rights issues process.

**A2.3. Actions performed to ensure employees are made aware of how human rights should guide their decisions**

During summer 2022, we introduced an extensive human rights e-learning, which is available on our internal Learning Management System Platform. We will strengthen the awareness on this topic among our employees in 2023.

**A2.4. Formalisation of Human Rights in its importance in the context of business relations**  
Encevo has embedded in its Supplier Code of Conduct extensive human rights chapters, with which all suppliers have to comply.

**A2.5. Lessons learned by Encevo Group during the reporting period on how to ensure respect for human rights and what changes have resulted**

Encevo has set up a first exercise to assess the risks and opportunities in terms of human rights in two of the riskiest processes: Purchasing and HR. The identified risks were formalised and an improvement plan for 2023 was established and validated through the CSR Governance process.

**B) DECLARE SALIENT TOPICS**  
**B1 Statement of salient human rights issues for its activities and business relationships during the reporting period.**

We can only report on an intermediate status on issues we have discovered related to:

- cross-cutting controls (H&S, Procurement, HR),
- alignment of human rights monitoring process with existing channels and processes (e.g. whistleblowing, harassment),
- implementation of human rights monitoring system into existing risk management systems.

**B2 Identification of salient topics: description of the applied methodology for identifying salient topics.**

- Objectives:
- Understand human rights and define its specific application to the Human Resources and Procurement departments
  - Identify the level of potential negative salient topics for each department
  - Identify the mechanisms, processes and policies in place
  - Define a concrete action plan.

**B3 Choice of main geographical areas and rationale of this choice**

In 2022 we focused, as described, on our objective B15 at Encevo Luxembourg, Enovos Luxembourg but will enlarge the scope gradually in a phased approach to the entire Encevo Group. The reason for starting with a more restricted scope was due to time and efficiency reasons during 2022. It is planned to enlarge the entity scope during 2023.

**B4 Other serious incidents: serious incidents occurring or being processed during the reporting period**

No serious incidents were recorded during 2022.



Please note that as of 2023 we will also report on Part C.), Management of Salient Topics

# Employee Well-Being: Employee Development & Engagement

(Material Topic)

At Encevo Group we place great importance on employee development and engagement. For this reason, we have in place a comprehensive array of tools, activities and initiatives that enable us to address the multiple areas that relate to this subject. It is crucial to our organisation to focus on this topic as it helps us enhance employee attraction and retention and ensure overall well-being within the organisation, which leads to higher productivity and performance.

## Organisation & Management

Our organisation has in place a comprehensive set of initiatives and tools that reinforce employee development and engagement, with a special focus on employee well-being.

It is important for us that our employees maintain a good work-life balance, and for this reason we provide workplace flexibility, including a remote working programme that allows employees to work remotely up to 52 days during the year..

We also provide equal opportunities for parental leave and part-time work for men and women. Every request is carefully analysed, and we always strive to support parental leave and part-time work requests in order to adjust the best work-life balance of our employees. We also provide the possibility to take six months of unpaid leave for employees that would like to have some time out of work for different personal reasons.

Financial well-being is a central element of our proposal, and we provide a comprehensive compensation package that includes:

- Competitive salary,
- Automatic salary increases to assure balanced purchasing power,
- Supplementary retirement plan,
- Supplementary health insurance (DKV),
- Interest subsidy scheme,
- Reduced price in the canteen,
- Free access to parking,
- Reduction of home electricity bills,
- Benefits among main banks in Luxembourg.

Moreover, with the aim of promoting employee development, we have a wide range of learning and development opportunities, including:

- Extensive internal and external training catalogue,
- Access to > 16,000 e-learning,
- Yearly Development Talk with line manager,
- Development Centres that gather insights and guide employees in their personal and professional growth,
- Coaching possibilities.

We also provide talent mobility opportunities, as every new open position is first published internally and shared with our employees before going to the external job market.

In relation to physical well-being, we support employees’ mental and physical health through strong collaboration between the HR department and the Service de Santé au Travail de l’Industrie A.s.b.l. (STI), which provides health services to workers, and through HR’s involvement in employee issues. We also provide our supplementary health insurance (DKV) and security workshops at Creos every trimester.

In addition to this, we have a group of voluntary employees who organise social and sport activities around the year (Christmas market visits, ING marathon, yoga lessons in the office or remote, ski week, tennis, etc.), partially financed by Encevo Group.

We believe it is important to provide our employees with access to good-quality lunches, so most of our office buildings have a canteen that offers good quality and varied food at affordable prices,

respecting diverse personal choices and beliefs. Our menus always include a main menu, a healthy proposal (Fitness Menu) and a daily veggie menu. For workers that go to smaller offices that do not have a canteen, we always provide financial compensation.

Building strong communities in the workplace reinforces good employee relationships and can help with feelings of loneliness, so we provide varied social experience opportunities among employees to strengthen employee connections:

- Strong onboarding programme,
- How to work remotely and keep connected,
- Lounge and coffee corner in every floor.

Finally, we dedicate time to the engagement and development of young talents. We have a proactive presence in schools and local initiatives that allow us to become an employer of choice among young graduates.

We welcome and train young apprentices in various fields, including the energy sector (mechatronics, logistics, administrative management, etc.). We offer internships and student jobs and maintain



contact for our future hirings. We welcome student jobs in students’ fields of study to enable them to gain initial experience.

Our programme for students includes:

- Offer of internships and student jobs,
- Presence in local technical schools to promote the energy sector and propose visits to students (e.g. Arts & Métiers, Emile Metz),
- Advice and coaching for local students in their job or internship search and advice for teachers to identify suitable content,
- Prix d’Excellence – award for the best engineering Master’s thesis among local students,
- Prix Germain Dondelinger at the University of Luxembourg – award for the best Master’s thesis of a selected student,
- Contact with and support for local STEM students, ANEIL – Association Nationale des Étudiants Ingénieurs Luxembourgeois (e.g. participating in their yearly “Table Ronde” meeting).

We also promote the energy sector in order to attract the young generation to pursue STEM studies and further support STEM students. We will strengthen our relationship with the students who did an in-house internship and closely follow their academic path.

Regarding jobseekers, we keep regular contact with ADEM (“Agence pour le développement de l’emploi”), the local jobseeker agency, and we support local initiatives for jobseekers like different job fairs (e.g. Jobdag fair).

## Progress 2022

In April 2022 our remote working concept was formalised, with a new system in place by which employees could manage their remote working schedule in an organised way. The scheme states that each employee can benefit from 52 days of remote working per calendar year, according to personal remote working eligibility criteria, subject to specific job characteristics such as the job location, the nature of the job and the employee’s ability to work remotely.



**EW2: Perform regular employee satisfaction survey in 4-5 years cycle and implement validated action plan.**

The pandemics slowed down the follow-up initiatives significantly. Nevertheless, one important topic was addressed with the new objective “EW7” on the Training of managerial competencies, which will start in 2023. Furthermore, an employee satisfaction

survey was performed in our Enovos France entity. Looking forward and with the aim of continuously improving our employee development and engagement proposal, we plan to perform regular employees satisfaction surveys to assess and analyse our evolution and performance, and based on these results, develop new initiatives and activities to enhance our overall employees proposition.

Parental leave	2020	2021	2022
Male	55	46	76
Female	16	25	33
Total number of employees that took parental leave	71	71	109

Please note that data for GRI 401-3 is not available for Wieland & Schultze.

**EW3: Pursue effort in coaching and being a reliable partner for ministries, local entities, students and jobseekers.**

In 2022 we continued to actively provide professional support to sustain our community. We coached young jobseekers on interview techniques, we volunteered to promote the industrial sector to students and were always open to supporting ministries and local players on their initiatives (Fedil, Job Shadowday, RTL jobdag, Hellofuture, etc).

For 2023 we plan to continue working in this direction in alignment with our objective to develop local

STEM talents and local employment communities.

In relation to parental leave, we are seeing a constant and positive trend in an increasing number of employees taking parental leave, especially male employees.

For employees that take parental leave and return to work, we have been achieving a 100% retention rate in the last three years, understood as employees that returned to work after parental leave and that were still employed in the company 12 months after their return to work.

# Employee Well-Being: Occupational Health and Safety

(Material Topic)

Encevo Group is committed to ensuring healthy and safe working conditions for its employees. The prevention of work-related injuries and diseases is a top priority in all our processes and decisions.

Encevo Group handles health and safety topics with the utmost care. All the companies from the group have policies and a management system in place to meet occupational health and safety requirements. All our processes and procedures must comply with European and national occupational health and safety laws.

Moreover, each company has set up an organisation to further enhance well-being at the workplace. Different activities, e.g. training sessions and information campaigns, are organised regularly to raise awareness on relevant health and safety topics.

## Organisation & Management

The goal of Health, Safety & Environment (HSE) management is to ensure that everyone working within the Encevo Group is in a safe workplace.

To achieve this, Encevo Group has based its HSE strategy on the Vision Zero principles. This strategy reflects the willingness to mobilise all stakeholders for the prevention of work-related accidents, commuting accidents and occupational diseases. To achieve this, the group has an active prevention policy, offers safety and well-being trainings, encourages its workers to commit to their safety and promotes various health and safety initiatives. Dedicated HSE teams are

working daily on this objective in every group company, to establish the HSE policy and management system in accordance with each company’s legal environment and particular needs.

Currently, the group is consolidating the corporate approach for health and safety policies and guidelines, with the aim of developing a common HSE vision at the corporate level and to benefit from the exchange of experience (e.g. best practice sharing) between the different companies from the group.

**HSE at the group companies in Luxembourg** (Encevo, Enovos, Creos, LuxEnergie, energieagence and Global Facilities)

All our companies in Luxembourg have a HSE management system in place, which fulfils the legal requirements and recommendations from the “Association d’Assurance Accident” (AAA) and the Inspectorate of Labour and Mines (ITM). Most of our companies are going one step further, by obtaining a certification (e.g. ISO 45001 certification) or the label “Sécher a Gesond mat System”.

The companies based in Luxembourg rely on the “Service de Santé au Travail de l’Industrie A.s.b.l.” (STI) or on the “Service de Santé Multisectoriel” (STM) to provide health services to their employees, which includes the required health check-ups

according to the different job profiles and the related exposure to risks, or to ensure the return after a long absence, according to the health state of the person.

Moreover, companies’ HSE departments regularly organise safety conferences and training sessions on raising employees’ awareness of potential risks and on the mitigations put in place to prevent accidents at work.

The companies also promote employee participation in sport activities such as running and cycling events, and support different sporting events throughout the year.

**HSE at Creos Luxembourg**

HSE at Creos Luxembourg is a very important topic, as the infrastructure area that the company manages is where most hazards can occur. This area of activity poses risks to workers, so electricians and gas line installers must be especially vigilant to always follow safe behaviour best practices.

Possible risks are both physical (electrical, thermal, machines and engines, work at height, traffic) as well as chemical (usage of chemical products). A list with activities, their associated risks and the prevention measures has been put in place.

The main focus of HSE at Creos is to ensure the overall health and



Health

safety of our workers, so our mission is to:

1. Guarantee occupational health and safety, particularly by preventing risk.
2. Ensure compliance with and the application of standards and directives.
3. Protect our employees (our most valued resource), citizens and the environment.

The main HSE focus at Creos is to ensure that employees follow HSE rules and principles, and to improve awareness regarding behaviours required for a healthy and safe environment. Creos also strives to optimise its work processes and equips itself with the latest safety technology, with the aim of reducing accidents at work.

Creos Luxembourg ensures compliance with the standard ISO 45001:2018 (uncertified).

#### HSE at Encevo Deutschland, Enovos Deutschland and Creos Deutschland

For Encevo, Creos and Enovos Deutschland occupational health and safety is regulated by the principles of prevention found in the Health and Safety at Work Act. The company uses different measures to ensure safety and compliance with this legislation (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.

The quality of processes is monitored by regular checks. For dangerous work, there are work instructions to which workers must adhere. The work instructions describe safety requirements and specify the point at which dangerous work must be stopped.

In a similar nature to companies in Luxembourg, employees regularly visit the company doctor to confirm fitness and that they are still capable of performing high-risk work safely and comfortably.

Occupational health and safety training is carried out in accordance with legal requirements. Regular occupational safety conferences, which are mandatory for

workers in risk-prone or high-risk areas, are held to inform employees regarding the latest safety news and updates (e.g. safety equipment, processes, rules, personal protective equipment (PPE) and analysis of accidents).

#### HSE at LuxEnergie

LuxEnergie has a HSE management system in place that covers all company workers and complies with all European and Luxembourg HSE laws and regulations.

For non-standard activities, the workers and/or the HSE officer perform a dedicated risk assessment, and where applicable the HSE officer gives out recommendations and sets the rules. Quality and competence are guaranteed by training and training updates compliant with AAA recommendations of all people involved.

All LuxEnergie workers must attend an introductory health and safety training performed by the HSE officer. Generic safety trainings such as first aid trainings and trainings on fire extinguishers are proposed to all workers on a regular basis.

In the event of work-related incidents, like accidents or near-accidents, an investigation is started by the HSE officer. Interviews are conducted with all workers involved, as well as their hierarchy. Corrective actions are determined on a common basis and improvements are made immediately with the highest priority.

#### HSE at Paul Wagner et Fils

Paul Wagner et Fils has established an occupational health and safety management system that is based on the ISO 45001 standards and guidelines (certified). The management approach is regularly evaluated via internal and external audits, and meetings of the Safety Committee (ASA) on a regular basis underline the importance of the topic. Each incident is internally discussed and analysed. The work hazards of every workplace are analysed, the occupational safety measures are implemented and

the workers are informed. The guidelines of the ISO 45001 and AAA are used to identify work-related hazards and assess risks.

All workers are trained to use this analysis method before starting work. Work processes are continuously adapted to recent developments. Continuous trainings remind workers to apply safe work procedures.

Regular safety audits by the safety officer and management ensure safe work processes.

In addition to this, the annual external ISO 45001 audit evaluates the occupational health and safety management system. The ASA, together with the company management, the safety officer, and workers' representatives for occupational safety, meet four times a year to review the safety items and, if necessary, decide on system modifications. The ASA's report is published on the company intranet and communicated at the safety meetings with workers.

## Progress 2022

#### Management of the Covid pandemic at Encevo, Enovos Luxembourg, Leo, energieageance and Global Facilities

The major impact of the Covid-19 pandemic continued during the first part of the year, requiring companies to implement the Covid-related laws and procedures. Encevo ensured the continuity of critical deliveries such as electricity, natural gas and related services, despite the challenge of many Covid-19 restrictions. A crisis team was set up during the peak of January-February 2022, to follow the evolution of the pandemic and its impact on our organisation: numerous workers were absent because of the disease, and the delay in material supply became critical at that point. The company succeeded in keeping its operations running throughout this turbulent start of year 2022, while ensuring that its employees stayed safe and healthy at the workplace.

With many people still working from home, the HSE team organised the regular dissemination of information through digital newsletters to follow the evolution of the pandemic situation and the Covid measures taken accordingly at the workplace as well as in the neighbouring countries. Gradually, the situation stabilised to allow a return to normal in April 2022.

At that moment, homeworking was already a regular way of working, and it was introduced formally in the company for people whose job could be done remotely. To support this, the safety day was dedicated to trainings about the risks connected with remote working, from musculoskeletal disorders to psychosocial risks.

From one crisis to the other: the Covid crisis was still ongoing when the energy crisis began. The second part of the year was dedicated to looking for improvements in our energy management. After an assessment in close collaboration with the facility management team, the different energy saving measures were proposed and deployed in company buildings. It was important to carefully balance energy saving measures and their potential impact on health. For example, ventilation, temperature and lightning can only be partly reduced as they impact health and safety at the workplace.

The end of the Covid crisis has meant the return to the due safety trainings. "First aid training", "use of fire extinguisher" and "introduction to safety at Encevo" have been reorganised in face-to-face mode. The pandemic situation also let us reconsider the way we train people, and we have started to develop the safety trainings (e.g. for evacuation) as e-learning. Finally, the activities with risks and the related risk assessments have been updated with the health at work service (STI), and our new dedicated occupational health physician came to visit our premises.

#### Integration of Global Facilities at the Esch site

Under the impetus of the new administrator and with the move of Global Facilities to the Esch site at the end of 2021, the collaboration between the HSE teams of Global Facilities, Creos Luxembourg and Encevo has been strengthened. This allows the HSE teams to create synergies with a fluid exchange of information and to communicate with 'one voice', e.g. for the update of the pandemic rules. Encevo and the Global Facilities team also collaborate on joint HSE events and training at the Encevo Esch site.

The year 2022 was a year of transformation for Global Facilities: quality and health, safety, and environment (QHSE) were integrated into the core of the company with the KAIROS New ERP System project. The management system was further developed with the revision of the basic QHSE procedures and guidelines as well as the work instructions. The new quality management system



Safety



Environment

successfully passed the external audit and received its ISO 9001 certification. QHSE issues were integrated into the Global Facilities Management Committee to ensure the involvement of managers and their teams.

A thorough review of working methods was conducted to integrate risk prevention into daily work. Updated QHSE training for all new recruits. Protective equipment supply was assessed and standardised, risk assessments and Preventive Public Health Plans (PPSS) were reviewed with contractors, General Rules for Preventive Public Health (RGSS) were thoroughly updated and communicated to suppliers, and finally risk assessments were updated with STI’s occupational health physician. A procedure for the management of PPSS and subcontractors was introduced. Workplace accident analysis was updated, focusing on root causes and lessons learned to improve internal training and communication to prevent accidents. Internal monthly health and safety communications to staff were introduced. Mandatory and other training

for staff was reviewed and updated. The QHSE Helpdesk project ensures staff feedback is ongoing.

**EW5 Objective 2023: prepare for ISO 45001 to be certified by Creos Luxembourg, Enovos Luxembourg, Encevo and Global Facilities**

The HSE team from Creos, Encevo and Global Facilities has been trained to be an internal auditor for ISO 45001, the standard related to health, safety and risks at work. The objective is to develop a collaboration between the HSE teams, who would support each other in the implementation of the standard within their companies. Therefore, our 2023 main objective is to get the first certification audit by the end of the year for Creos Luxembourg, Encevo and Enovos Luxembourg, and for Global Facilities. As important as the certification, the enlargement and reinforcement of the collaborative work between the different company’s HSE teams will give a solid base for an HSE network within the group.

**Workers covered by an occupational health and safety management system**

		2020	2021	2022
Workers: employees & persons who are not employees but whose work and/or workplace is controlled by the organisation	Total number	1,354	1,396	<b>1,691</b>
Workers covered by an H&S management system	Total number	1,354	1,416	<b>1,622</b>
	Percentage (some zero, some 100%)	100%	100%	<b>96%</b>
Workers covered by an H&S management system that has been internally audited	Total number	1,113	1,146	<b>1,182</b>
	Percentage (some zero, some 100%)	100%	100%	<b>73%</b>
Workers covered by an H&S management system that has been audited or certified by an external party	Total number	323	322	<b>323</b>
	Percentage	24%	23%	<b>20%</b>

Please note that data for 2022 GRI 403-8 is not available for Encevo Deutschland, Enovos Deutschland, Creos Deutschland, Paul Wagner et Fils and Wieland & Schultz.

**Work related injuries**

Employees		2020	2021	2022
Hours worked	Total number	3,245,168	3,405,434	<b>3,866,226</b>
Fatalities as a result of work-related injury	Total number	0	0	<b>0</b>
	Rate	0	0	<b>0</b>
High-consequence work-related injuries (excluding fatalities)	Total number	0	2	<b>0</b>
	Rate	0	1	<b>0</b>
Recordable work-related injuries	Total number	47	41	<b>55</b>
	Rate	14.48	12.04	<b>14.23</b>
Workers who are not employees but whose work and/or workplace is controlled by the organisation		2020	2021	2022
Hours worked	Total number	65,798	121,432	<b>69,472</b>
Fatalities as a result of work-related injury	Total number	0	0	<b>0</b>
	Rate	0	0	<b>0</b>
High-consequence work-related injuries (excluding fatalities)	Total number	0	0	<b>1</b>
	Rate	0	0	<b>14</b>
Recordable work-related injuries	Total number	2	9	<b>1</b>
	Rate	30.40	74.12	<b>14.39</b>

Please note that data for GRI 403-9 is not available for Wieland & Schultz and for workers who are not employees but whose work and/or workplace is controlled by the organisation, is not available for Creos Luxembourg.

Please note that rates presented in this table are based on 1,000,000 hours worked. For instance, the rate for recordable work-related injuries is calculated by dividing the number of recordable work-related injuries by the total number of hours worked and then multiplying it by 1,000,000 hours.

In the previous chart we observe that employees work-related injuries for the whole group have increased from 41 in 2021 to 55 in 2022 and this can be partly attributed to the larger scope of companies considered in 2022, as two additional recently incorporated subsidiaries are now reporting on these metrics, like Global Facilities and Diego. If we do not consider the additional subsidiaries, then the number of employees work-related injuries in 2022 comes to 46.

# Employee Well-Being: Diversity and Equal Opportunities

Encevo Group, as an equal opportunities employer, believes that inclusion is the feeling of belonging, having the space and support to be our authentic selves. We recognise that employees who have different backgrounds and experiences bring a wide pool of skills and perspectives that are valuable to best understand and serve our customers. We are convinced that an inclusive and diverse workforce is essential for contributing to a positive work environment, promote innovation and leverage the company’s full potential.

## Organisation & Management

The group has established a Diversity & Inclusion Policy that aims to create a workplace where its employees and the persons they interact with are treated with fairness, dignity and respect.

The group’s management team is responsible for ensuring that this policy is implemented throughout the organisation. Managers are also responsible for recognising unacceptable behaviour and taking immediate appropriate action. This action can vary depending on the occurrence and on the severity or impact of unacceptable behaviour towards an individual.

At the same time, employees have the responsibility of demonstrating inclusive behaviour in their day-to-day activities and responsibilities with colleagues and customers. They are responsible for reporting inappropriate

behaviour to their line manager or (if appropriate) to the Head of Group Human Resources. We have a whistleblowing process that can be used for cases of harassment or potential discrimination, which is explained in our Diversity & Inclusion Policy.

The group has also established a Diversity & Inclusion Working Group (DIWG), a consultative team responsible for overseeing and embedding Diversity & Inclusion practices within the company. The DIWG is responsible for the following assignments:

- Carry out a diagnosis and define the areas for priority actions for Diversity & Inclusion,
- Develop and implement the action plan,
- Evaluate progress,
- Communicate on the implemented actions,
- Set up a platform for exchange and discussion,
- Welcome and analyse suggestions.

## Progress 2022

In the context of the International Women’s Rights Day, a campaign for women’s rights, equality and justice, Encevo Group hosted a special edition of its Welcome Day for new recruits. On the occasion of this symbolic event, the Encevo Group wished to highlight female employees by taking the opportunity to introduce the Welcome Day – WoMen Editions.

The Ministry for Home Affairs and Gender Equality was pleased and honoured to accept our invitation to speak on the importance of equal opportunities and the richness of diversity in the workplace, in a speech followed by a question-and-answer session.

A second Welcome Day – WoMen Editions was then organised on 19<sup>th</sup> November 2022, celebrating International Men’s Day. The aim was to promote male role models, their contributions and achievements and to prevent mental

disorders or distress. Cultural norms and gender stereotypes can be extremely toxic. Nowadays expressing emotions at the workplace can still be seen as a sign of weakness, especially for men. At Encevo Group, emotions are seen as a strength, and as such emotional intelligence has been incorporated in the managerial competencies that are expected to be demonstrated by all our leaders. During this event, a conference on the subject of “Emotional Intelligence for Equal Opportunities and Diversity” was presented by a special guest to highlight the importance of the topic for our day-to-day projects and activities.

For the upcoming years we have defined in our Sustainability Management Plan (p. 40), three objectives that aim at further embedding the diversity and equal opportunities concept within our companies.

### EW6: Raise awareness to our general management on interpersonal skills/emotional intelligence through dedicated sessions / conferences.

The ability to understand and manage your own emotions, as well as recognizing the emotions of those around us significantly influences the way we interact and communicate with other people daily. It is a foundational layer for acceptance of other people’s ideas or opinions. Within the next two years, we aim to raise more awareness and support our employees in developing these skills for even more inclusion in our work environment. In particular, we plan to develop some dedicated sessions and conferences about interpersonal skills and emotional intelligence, with the aim to raise awareness about social and emotional skills since these are the foundation of positive working relationships and of improved work performance.

### EW7: Train our leaders on our managerial competencies (including diversity and inclusion mindset / approach) through a dedicated leadership programme.

In 2023 we will launch a dedicated leadership programme. Our brand new #energizedleaders programme gives a special emphasis on developing a diversity and inclusion mindset. Increasing diversity at the workplace requires an organizational cultural shift. Our leaders play a key role when it comes to accept, promote and foster diversity and inclusion in their daily responsibilities, especially when it comes to identify their own bias when taking decisions related to people.

### EW8: Include diversity and inclusion in employer branding to attract more women or other minorities.

In 2023 we continue to launch initiatives to reach out to various audiences. We aim that people with different backgrounds can also identify with the group and in this way attract different types of talents.



Welcome Day  
WoMen Editions



# Employee Well-Being: Learning and Development

Encevo Group is committed to supporting the development of all employees throughout their journey across all ages, positions and career stages. Continuous learning and development are part of our core competences as we believe they bring multiple benefits to our organisation and contribute to improve employee development, engagement and motivation.

## Organisation & Management

The company strives to provide all employees a broad and comprehensive training offering, presented under various formats such as on-site and virtual classes, live webinars or recordings, and which are suitable for different employee profiles with different development needs.

The company has specific onboarding trainings for new hires in place, as well as other trainings that focus on career development skills and knowledge improvement. We are continuously updating and enhancing our training range as we regularly add and promote new learnings in our internal catalogue.

In addition to the yearly performance review, we encourage our employees to have a yearly development talk with their manager, which enables them to define personal development objectives, including future training needs, and then take the appropriate actions to fulfil them.

For Global Facilities, the end-of-year evaluation and the defined new objectives design the contents of the trainings required by our employees.

For LuxEnergie, the company is aware that the level of competence of its workers is not only an essential advantage in a competitive market, but also contributes to workers' satisfaction, which is key to their loyalty to the company and to their job. It is therefore necessary to ensure that every employee has access to trainings and that their progress is monitored.

Moreover, at LuxEnergie, at the start of employment and at any job change, a dedicated training plan is prepared for each employee. A number of trainings are requested depending on the profile and/or work assignments of each worker. Every employee is encouraged to propose additional relevant trainings. Information on the available training courses and topics is freely available and shared with all people concerned.

The level of competence and the needs for additional training are evaluated on a regular basis in the joint management-employee delegation meetings.

For Paul Wagner et Fils the technical trainings are extremely important for the business as well as for employees' motivation. The technology we are working with is evolving quite fast and we need to make sure that we keep the knowledge of our employees at a very high standard.

## Progress 2022

Digital transformation is changing the way we communicate, work and learn. Educational technology and high-quality content make it possible to learn from each other, anywhere and anytime. At Encevo Group, we want to play an active role in this transformation. In 2022, we significantly increased our digital learning range by implementing more than



sharing knowledge



e-learning & trainings

16,000 courses through a brand-new e-learning platform integrated in our existing HR systems. Our employees can now benefit from easy access to even more courses related to energy, soft skills or IT, to name a few. This library also includes specific courses that are relevant to our business and that have been generated by our subject matter experts for other employees.

Our HR department is convinced that together we are stronger. In this sense, it is of utmost importance that we share our knowledge within the whole group. Hence, we expanded the use of Easygenerator authoring tool to the rest of the group companies such as Paul Wagner et Fils, Creos Deutschland and Enovos Deutschland. Easygenerator is a digital tool that makes it possible to create

didactically sound, employee-generated e-learning courses, in collaboration with colleagues. This tool was developed and implemented in 2021 and we have now expanded its use to other group companies.

Energy drives economies and sustains societies. We believe that when our employees join Encevo Group it is important that they understand the purpose and the basics of the energy sector. Hence, we continued our training programme providing an overview of the energy sector in order for those who are not yet familiar with our industry to gain basic energy knowledge. They are given a better understanding of what energy is and what they can and cannot do, and gain insight into the future of energy.

Training hours during the reported period			2020	2021	2022
Management/ Cadre/ Führungskraft	Number of employees taking training	Female	75	83	86
		Male	319	345	350
		Total	394	428	436
	Number of training hours	Female	627	1,030	1,816
		Male	2,556	3,888	3,992
		Total	3,183	4,918	5,808
	Average number of training hours per employee		8.1	11	13
Employee under Collective Work Agreement	Number of employees taking training	Female	321	338	314
		Male	1,440	1,547	1,218
		Total	1,761	1,885	1,532
	Number of training hours	Female	1,541	2,222	3,005
		Male	12,997	10,684	18,457
		Total	14,538	12,907	21,462
	Average number of training hours per employee		8	7	14
Total	Number of employees taking training	Female	396	421	400
		Male	1,759	1,892	1,568
		Total	2,155	2,313	1,968
	Number of training hours	Female	2,167	3,252	4,821
		Male	15,553	14,572	22,449
		Total	17,720	17,825	27,269
	Average number of training hours per employee	Female	5	8	12
		Male	9	8	14

Please note that data for GRI 404-1 is not available for Minusines and for Wieland & Schultz.

### EW1: Pursue efforts in increasing time spent on e-learnings and create learning communities for knowledge sharing

In the previous table we note that the average number of training hours per employee has increased in the last years. For the upcoming years we plan to continue advancing in this direction as we have defined in the sustainability management plan (p. 40) the objective (EW1) of increasing the time our employees spend on e-learnings and on creating learning communities for knowledge sharing.



# Indirect Economic Impacts

## Materiality

Through our presence we influence 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 aware that every corporate decision also has indirect economic consequences, which is why we act responsibly at international, national, regional and local level, and as a living part of the respective communities and locations. Furthermore, it is essential for us to be perceived as a trustworthy and reliable partner.

## Organisation & Management

We are dedicated to clear principles that form the framework for our corporate and social activities. Within the framework of these principles, 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 330,000 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. 2022 was the 11<sup>th</sup> year that the Fondation Enovos awarded the Prix d'Excellence to six young engineers to encourage and enhance their professional career and recognise their graduate work.

The mission of our foundation is the following:

- Enhancement and development of renewable energy sources in Luxembourg and the Greater Region.
- Active promotion of research in the fields of environmental studies and sustainable development by supporting scientific projects in the field of energy, particularly renewable energy.
- Social projects.



under the aegis of  
Fondation de Luxembourg

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



## Progress 2022

Encevo Group is part of society as a whole and is committed to the **integration of the social dimension** into 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 of Foreigners )

To show its solidarity with people of an immigrant background, Enovos was a partner of the 39<sup>th</sup> edition of the Festival of Migration, Cultures and Citizenship organised by CLAE from 1<sup>st</sup> March to 15<sup>th</sup> May 2022 in the form of several events

### Wëssensatelier by “Ingénieurs et Scientifiques du Luxembourg asbl (former Da Vinci asbl)

The “Ingénieurs et Scientifiques du Luxembourg” association brings together engineers, architects and scientists and representatives of the economic world. It created the activity “Wëssensatelier” in order to motivate young people for technology through creative, playful and innovative activities and by participating in activities and demonstrations. As part of its commitment to citizenship, Enovos is highlighting with this partnership its efforts in the field of social responsibility.

### The Hands of Innovation 2022 organised by the Chambre des Métiers

The Hands of Innovation organised by the “Chambre des Métiers du Luxembourg” rewards craft businesses that stand out for their innovative approach and entrepreneurial spirit. Enovos, as a silver partner, was a member of the jury and handed over one of the awards at the awards ceremony.

### APEMH and Parc Merveilleux de Bettembourg

As a partner since 2019 of the APEMH Foundation (Association of Parents of Mentally Handicapped Children), in 2022 Enovos also supported the “Parc



Trisomie21  
Luxembourg  
asbl



APEMH and  
Parc Merveilleux  
de Bettembourg



Luxembourg  
Pride Week

Merveilleux de Bettembourg” by sponsoring again the Golden-headed Tamarin-lion enclosure and the White-fronted Lemur enclosure, by sponsoring the benches in the park and by distributing Enovos gadgets for the children at the Dreamnight at the zoo on 3<sup>rd</sup> March 2022.

### Trisomie21 Luxembourg asbl

In order to support children with Down’s Syndrome, in 2022 Enovos also supported the campaign “Lots Of Socks Day” by a donation.

### COSL (Comité Olympique et Sportif Luxembourgeois)

For many years, Enovos has been supporting sport in Luxembourg through its partnership with COSL, the Luxembourg Olympic and Sports Committee, and is normally always present with activities for children at the “COSL Spillfest” and the “Olympiadag”.

### “Sport-Wochen and Kinnekswiss” by the Sports Department of the City of Luxembourg

For many years, Enovos has been supporting the “Sport-Wochen” sports programmes organised by the City’s Sports Department during the summer school break for young people aged 11 to 17, as well as the outdoor activities, including a number of sports, at Kinnekswiss in the municipal park from 14<sup>th</sup> July to 4<sup>th</sup> September, by financing clothing for specialist trainers and professional instructors.

### Luxembourg Pride Week 2022 organised by Rosa Lëtzebuerg (1<sup>st</sup>- to 10<sup>th</sup> July 2022)

Enovos was again co-head partner of the 2022 edition of the Luxembourg Pride Week and supported especially the



Nuit des  
musées



Jonk  
Entrepreneuren  
Luxembourg



UNICEF

Online Pride that took place on Saturday 11<sup>th</sup> July with great success.

The aim of this partnership is to underline the solidarity of Enovos with the LGBTQIA+ community, to defend and promote the rights of LGBT+ people and to fight against all forms of discrimination.

### Luxembourg Sustainability Forum 2022 organised by IMS (6<sup>th</sup> October 2022)

In 2022, Enovos was again an official partner of the 11<sup>th</sup> edition of the Luxembourg Sustainability Forum that took place on 6<sup>th</sup> October 2022, in person at LuxExpo and livestreamed (hybrid event), on the opening day of KlimaExpo 2022.

This year, Luxembourg’s key CSR and sustainable development event was called “From Emotion to Motion” and dealt with the unavoidable nature of the ecological challenge.

This edition also marked the 15<sup>th</sup> anniversary of the IMS Luxembourg network.

### ICOM – Groupement d’Stater Muséeën

The 2022 edition of the “Luxembourg Museum Days” and the “Night of Museums”, great events for culture and heritage enthusiasts in Luxembourg, organised by the seven museums of the “groupement d’stater muséeën”, was powered by Enovos. These events bring together all the stories of the world. Culture knows no borders and brings people together both through events and also common emotions.

### Jonk Entrepreneuren Luxembourg

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

### INFOGreen and 20<sup>th</sup> anniversary of the IFSB by Picto Communication Partner

In 2022, Enovos again signed a 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), and was also partner of the of the in4green event and of the event for the 20<sup>th</sup> anniversary of the IFSB (Institut de Formation Sectoriel du Bâtiment) organised by Picto Communication Partner.

### Fondation de l’Architecture (formerly LUCA)

To support the foundation’s annual activities, Enovos signed a partnership agreement for one year and thus joined the foundation’s Partners’ Circle.

### Cluster for Logistics Luxembourg (C4L)

In 2022, Enovos supported, within the framework of enoprimes, the Lean & Green programme and incentive measures to improve energy efficiency in transport, logistics and warehouses according to the European EED directive.

### Dribble d’Or 2022 by Mental!

Another event sponsored by Enovos to demonstrate and strengthen its commitment to diversity and the integration of women was the event “Dribble d’Or” organised in 2022 by the newspaper “Mental!”. At this occasion, Enovos presented an award to the best female football player of the 1<sup>st</sup> Women’s League in Luxembourg.

### UNICEF

As a long-standing partner of UNICEF Luxembourg, Enovos handed over a cheque to the humanitarian organisation, in order to support the COVAX initiative. This initiative brings together various actors such as the World Bank, the WHO or UNICEF with the aim of ensuring that Covid-19 vaccines are available on an equitable basis throughout the world. The war in Ukraine has forced millions of people to flee or become victims of a humanitarian emergency. Many humanitarian organisations have already appealed for

donations to help on the ground. The Encevo Group has also responded to this appeal by donating EUR 10,000 to UNICEF.

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) in order to co-finance over four years (2020-2023) a school electrification project in Senegal called ECLAT.

Enovos will provide financial support to the project, pass on its expertise in electrification and promote the project in all its forms under its motto “Energy for today. Caring for tomorrow”. This project, for which Enovos will raise funds through numerous internal actions, such as sales of gadgets and tickets on greenstore, Christmas initiatives and external actions, reflects the values of our company and the commitment we want to show on a daily basis.

Enovos Foundation and its partnerships

The Foundation reflects Enovos’s leitmotiv to act as a responsible company towards current and future generations, based on three different aspects

Social Aspect

- In 2022, the Enovos Foundation supported following associations/projects:
- Fondation Kriibskrank Kanner
  - A.L.P.A.P.S. – Special Olympics Luxembourg
  - Fondation Follereau Lux. – Challenge for a better world “Power riders”
  - Fondation Jeunes Scientifiques Lux. – Podcast “Sobriété énergétique”
  - Luxembourg Science Center – Exhibition “Wave Machine”
  - natur&emwält asbl – Project “Je ne fais pas de crise, je fais une crise”
  - Onperfekt – Actions sensibilisation lutte contre le gaspillage alimentaire
  - Päerd’s Atelier asbl – Project

Innovation & Research Aspect

- Funding of University of Luxembourg SnT Project INDUCTIVE
- Prix d'excellence: Scholarships for young engineers

Environmental Aspect  
fonds nova naturstrom

The non-profit organisation “fonds nova naturstrom” received EUR 100,000 in 2022 from the Enovos Foundation to award bonuses for projects related to renewable energy, energy efficiency, eco-technologies or the rational use of resources in Luxembourg.

In 2022, 103 bonuses were awarded.

Energy efficiency

Promoting energy efficiency and energy savings has been a priority in 2022. To do so, several campaigns and special actions have been implemented.

Let’s Save Energy campaign

- **New dedicated website:**  
Let’s save energy – Le site qui vous aide à faire des économies (lets-save-energy.lu)
- **Video material**  
Street interviews: Enovos – Let’s save energy – Micro-trottoir – *YouTube*  
Short energy saving tips: Enovos – Let’s save energy – Conseil Eclairage – *YouTube*  
Corporate video: Enovos – Let’s save energy – Rejoignez le mouvement – *YouTube*
- **Radio audio material**
- **Out of Home display**
- **Social media campaign**

In this context, Enovos was awarded BEST ENGAGEMENT / RSE COMMUNICATION 2022 at the annual Luxembourg Marketing & Communication Awards: Farvest.

Details of this campaign can be found at [Let’s save energy – Le site qui vous aide à faire des économies \(lets-save-energy.lu\)](#).

enoprimes

In order to encourage even more people to save energy, the enoprimes programme has been strengthened and the premiums have been considerably increased and even doubled.

In addition, a number of actions have been put in place, including partnerships with local authorities to distribute energy saving kits to citizens.

This list presents the most important projects supported by Creos, our Grid activities in Luxembourg:

Donations

For many years, Creos has replaced traditional end-of-year gifts with charitable donations. In 2022, a cheque was donated to the Foyer Éisleker Heem & Lëlljer Gaart and the Fondatioun Kriibskrank Kanner. The Foyer Éisleker Heem provides day and night care for people with mild to moderate intellectual disabilities. The Foundatioun Kriibskrank Kanner has been supporting families with children suffering from cancer and rare life-threatening diseases for more than 30 years.

Sponsorships

As in previous years, Creos’s sponsorship in 2022 is focused on the very popular cycling event “Skoda Tour – Luxembourg”. As part of its efforts to promote young talent, Creos is a partner of the White Jersey, which is awarded to the best young cyclist at the Tour.

The details in donations and manpower for the entire group are as follows (GRI 203-1)

	2020	2021	2022
EUR millions	0.682	0.590	0.721

Please note that data for GRI 203-1 is not available for Wieland & Schultz.

The third year of the pandemic crisis lasted until the end of April 2022. Live events were unfortunately still cancelled or postponed, but we saw a major uptick as of May 2022 and the support increased from EUR 0.590m to EUR 0.721m, an increase of 22% from 2021 to 2022.



# Contribution to the 3<sup>rd</sup> “Plan National pour un Développement Durable” (PNDD) of the Luxembourg Ministry of Environment, Climate and Sustainable Development

For Encevo Group, sustainability means taking responsibility for coming generations by contributing to sustainable development and engaging stakeholders: economically, environmentally and socially. We clearly demonstrate our contribution to UN’s Global Goals in particular the Goals for Affordable and clean energy (#7),

Decent Work and economic growth (#8) Industry, innovation and infrastructure (#9), Responsible consumption and production (#12), Climate action (#13). Through our sustainable energy transition strategy in Luxembourg and the Greater Region we are delivering energy in a reliable, inclusive and sustainable manner, and in doing so, creating value for our stakeholders. We continuously challenge and innovate the way we work and integrate sustainability aspects in everything we do. This is formalized in our salient policy about Encevo Group Sustainability.

## SDG 7: Sustainable and clean energy

Our target is to substantially increase the capacity and production of renewable energy to support the Luxembourg government’s 2030 target of 25% green power.

The growth of the renewable assets portfolio in Luxembourg maintained its positive momentum from previous years. At year end the operational assets comprised 84.4 MW (2021: 80.2 MW) of onshore wind, 35.6 MW (2021: 30.2 MW) of PV installations, 32.6 MW (2021: 32 MW) of hydro power and 21.9 MW (2021: 40.9 MW) of CHP. The total installed capacity amounts to 174.5 MW (2021: 183.6 MW), mainly because of the decommissioning of gas-fired CHP installations at LuxEnergie, for which the FIT period expired, compensated for by additions in solar and wind assets. In addition to

these capacities, six new wind turbines (25.2 MW) were put in test operations in December 2022 with final commissioning planned for Q1 2023.

The total electrical production for the year 2022 reached 391 GWh, which was less than in 2021 (461 GWh). This is a negative impact caused by the floods (global warming, SDG Climate Action) of July 2021, which caused major damage to the hydro assets in Rosport, which have remained out of operation since then, with an estimated production loss of 20 GWh for 2022. On the other hand, PV installations showed a production increase of 16 GWh.

For further details, please refer to our chapter “Clean Energy Development”.

## SDG 8: Decent work and economic growth

2022 was still a pandemic year, with a Covid Law in place until April 2022. We took care of our employees on all levels to protect their health and ensure they had a safe work environment. The Covid Law was implemented and monitored through our Occupational Health, Safety and Environment department (102,710 type II face masks and 38,540 antigen tests distributed to our employees). In total, Encevo distributed 396,860 masks and 49,590 antigen tests during the three pandemic years 2020-2022.



**SDG 8**  
Decent work and economic growth

We achieved our 2022 objectives in recertifying our standards (SGS, Vision ZERO) and continuing ISO 45001 preparation. Also, our new Creos headquarters was in operation for its first year and was used to fine-tune energy and health and safety settings to ensure our employees can benefit from the highest standards in terms of modern and sustainable office facilities. Besides decent work, we also understand the importance of protecting and promoting human rights. During 2022, we signed the national human rights pact and are dedicated to supporting the long-term objectives of the government related to the concrete action plans. We are already reporting in this report about our progress with key achievements: we have named a coordinator for human rights and provided trainings and raised awareness among our employees. Additionally, a first process on due diligence related to human rights on HR, Procurement and Health & Safety topics was performed and will be extended and matured during 2023.



**SDG 9**  
Industry, innovation and infrastructure

## SDG 9: Industry, innovation and infrastructure

The journey of digitising the customer interaction through updated Customer Relationship Management (CRM) systems has been finalised and is embedded into our strategy. We will continue to further improve our customer-facing systems on the basis of customer demands and expectations. At the same time we are working on a new Customer Data Platform in terms of the grid and the market. Encevo conducts innovation and technology-based projects to provide new capabilities to serve our customers better, conduct high-performing operations and reduce the environmental impact of our day-to-day work. These projects and initiatives are embedded into our strategic plans; they are conducted in various business units of the organisation and are making good progress.

During 2022 a cooperation framework agreement between the Encevo Group and the leading regional R&D institutions, the Luxembourg Institute of Science and Technology (LIST) and

the Interdisciplinary Centre for Security, Reliability and Trust (SnT) of the University of Luxembourg, was signed, setting the framework for collective innovation projects, with the aim of combining existing research expertise with Encevo’s industry knowledge to support the energy transition. Consequently, two new projects have been identified and started. First, the cooperative research project FlexBeAn, which stands for Flexibility potentials and user Behaviour Analysis, between Creos, LIST and the University of Luxembourg is aimed at investigating and modelling the flexibility potential in households, industry, SMEs and the e-mobility sector from different perspectives. Flexibility is becoming the key aspect for the integration of a high share of renewable energies and will be crucial to preparing our grid for e-mobility. The results of this project will directly contribute to the energy transition in Luxembourg and will directly lead to a better understanding of the amount of flexibility that can be expected from households and different sectors of industry and SMEs. It will also provide more insight into the motivation and concerns of different stakeholders to potentially introduce flexibility into the energy system. FlexBeAn will also highlight the value of flexibility and how the potential could be mobilised through market-based incentives.

Second, SnT is supporting Enovos’ Energy Management & Trading Business Unit in the development of a new model for the forecasting of the intraday power price development, applying innovative approaches like artificial intelligence and machine learning to solve the complex challenge. Furthermore, other potential joint projects in areas like digital twin, hydrogen, high-performance computing and AgriPV are under discussion.

Hence, Encevo Group supports the Luxembourg government target of an investment of 2.3-2.6% of GDP (Gross Domestic Product) in Research & Development projects.

The Chargy and SuperChargy networks will continue to develop. At the end of



**SDG 7**  
Sustainable and clean energy



**SDG 12**  
Responsible  
consumption and  
production

2022, the Chargy network comprised 606 charging stations compared to 538 in 2021, and the SuperChargy network comprised 32 charging stations compared to 8 the previous year. In July, 24 ultra-fast charging stations were inaugurated at four motorway service areas in Luxembourg, in the presence of Frans Timmermans, Vice-President of the European Commission, and Ministers François Bausch and Claude Turmes. Chargy's success continued into 2022: in June, the Chargy network reached the milestone of 3,000,000 kWh recharged.

Furthermore, we are proud to announce a very good result for one of our key indicators in our grids with an average SAIDI (System Average Interruption Duration Index) of 13.7 minutes per customer. More details on our grid reliability and security of supply can be found in our Creos annual report.

Consequently, Encevo Group is in charge of building a charging network for electric vehicles (EV). With its mobility services offering, it is supporting the Luxembourg government's target of 49% of EVs or plug-in hybrids (PHEV) by 2030 and 100% of full EVs by 2050.

In order to directly tackle this objective, Encevo set a new objective: RE 4: Reduce CO<sub>2</sub> emissions for the leasing fleet in Luxembourg (Encevo/Creos/Enovos/Teseos) to zero emissions by 2025.

**SDG 12: Responsible consumption and production**

Sustainable development is at the core of Encevo Group's vision and mission. Encevo is increasing customer centricity and developing innovative, smarter and more sustainable products and services with a focus on energy efficiency. We walk the walk, recertifying our Encevo Headquarters Building with ISO 50001 Energy Management Certification for the sixth year. Furthermore, as part of the national energy saving programme "Zesumme Spueren, Zesummenhalen", Encevos subsidiaries energiegence and Global Facilities were officially appointed as Technical Support for Energy-Intensive Buildings by the Luxembourg government.

At the same time, we are aiming to minimise individual customers' energy consumption based on a full roll-out of digital smart meters and state-of-the-art digital tools. Our customer programmes raise awareness regarding energy use and encourage effective energy management behaviour. As in the previous year, considerable efforts were made in the Energy Efficiency Obligation Scheme (EEOS) in all sectors. Our enoprimes teams generated more than 4,509 offers for new energy efficiency measures and at the same time finalised more than 2,034 initiatives. 2022 was a successful year, with 153.3 GWh of achieved savings for our enoprimes programme, where we surpassed our annual objectives. Our group CEO advocates energy efficiency initiatives in public speeches, for example a well-known format with "10x6 Paperjam Club" on CSR Strategies.

Consequently, Encevo Group is supporting the Luxembourg government's target of 40-44% of energy savings for 2030 compared to 2005.

**SDG 13: Climate action**

Climate change and the dedicated SDG 13 "Climate action" is one of the most important challenges worldwide and is particularly material to us as we are dedicated to the sustainable energy transition. A "Dark Green" strategy, which means the development of green and carbon-free energy production along our value chain, has been established since 2014. With the creation of our Teseos service offerings two years ago, we have further developed energy efficiency services, in order to respond to the demand for decarbonised energy for combatting global warming. There is increasing urgency linked to climate change, and efforts to reduce emissions need to accelerate. We are therefore happy that at the end of 2022 we obtained a complete carbon inventory for all our fully consolidated entities. The last remaining five entities in our group (Paul Wagner et Fils, Global Facilities, Minusines, Power Panels, LuxEnergie and EnergieSüdwest) were added to the inventory. This GHG inventory is now the input for our Carbon Trajectory definitions that will take place during 2023 and

which will be reported in the Annual Report 2023. Climate change affects Encevo through physical effects on our assets and operations (for example the flooding disaster in 2021 or local thunderstorms, as seen in Pétange in 2019), and through changes associated with the transition to a fossil-free society. We are committed to our sustainable energy transition plans and convinced that this will enable us to secure a resilient business and capitalise on future opportunities. We support the disclosure of climate-related risks and opportunities in accordance with the upcoming CSR Directive and are preparing to include the risks

and opportunities that climate change entails for our processes in our reporting. Hydrogen is clearly one opportunity, amongst others, for decarbonising the energy system. Our German grid-led project mosaHYc received permission at the end of 2022 to start the project, and we will work towards the final investment decision in 2023, in close cooperation with the project partners (please see further information on page 134).

Consequently, Encevo Group is on its way to supporting the Luxembourg government's target of a 55% emissions (GHG) reduction by 2030 compared to 2005.

The Luxembourg government has set the objective to achieve NetZero Emissions by 2050.

Additionally, we finalized an Environmental salient policy, which formalizes our beliefs and commitments especially in relation to our material topic of climate action.

These concrete examples of contributions as well as the alignments with government objectives ensure a deep link to the 3<sup>rd</sup> National Plan (PNDD) and concretely illustrate our sustainable energy transition strategy.



**SDG 13**  
Climate action

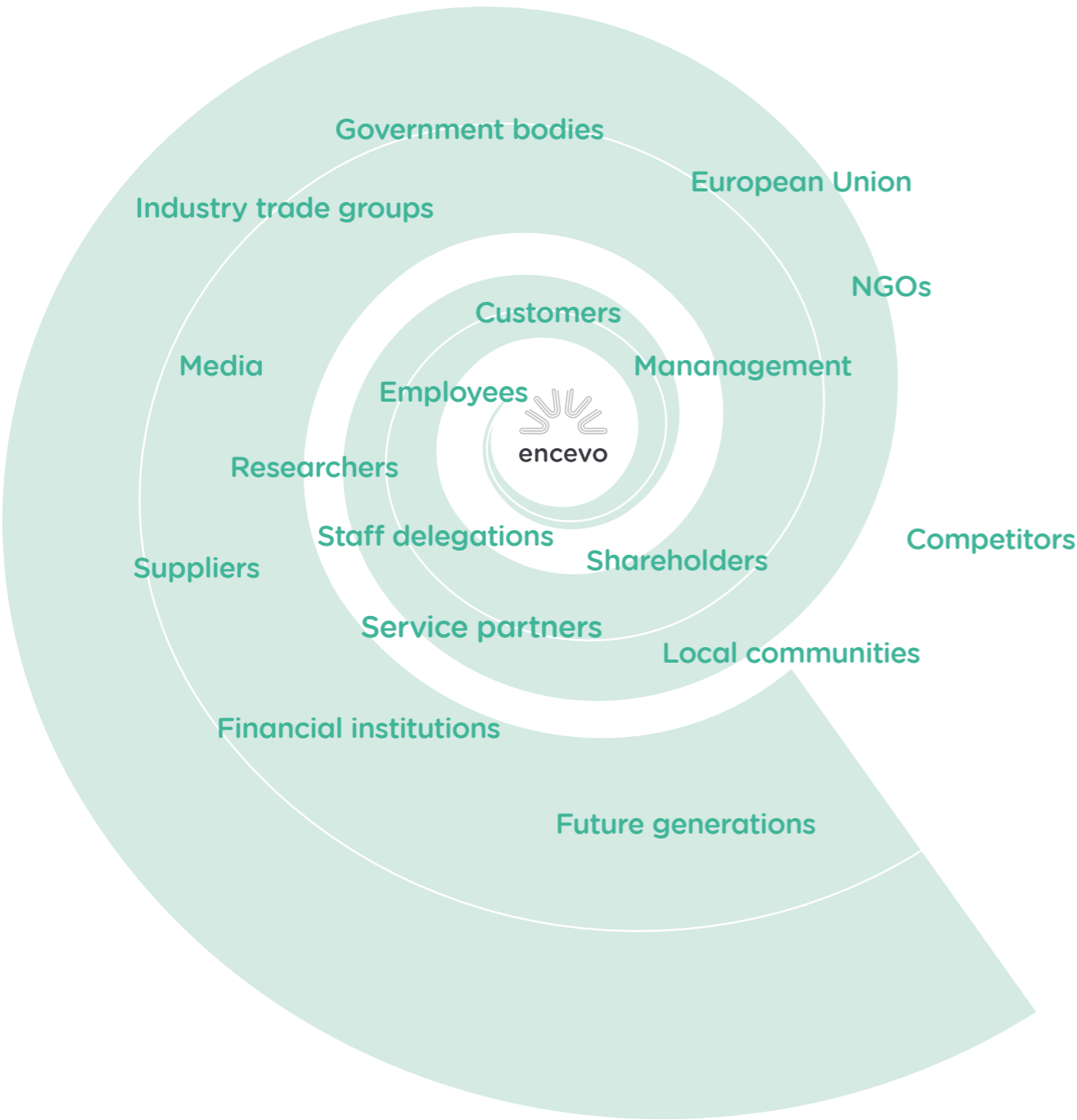


# Appendices



# Stakeholder Engagement

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 all the people and organisations with which we have relationships and engage in dialogue through our sustainable business model, which puts stakeholders at the centre of its strategy. The company’s objective is thus to build relationships of trust with the various stakeholders, as well as 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 in our day-to-day business 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, IC, 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, TV/Screen Channel, Face-to-Face Meetings, Trainings, Knowledge Exchange Sessions  
**Topics:** Well-being, Personal Development, Yearly Evaluation, Diversity and Inclusion, Strategy Update Communication, Awareness Raising on Health & Safety Topics (Anti-Flu Vaccination, Ergonomic Office, Burnout, etc.), Access to Information and Transparency (Working Conditions, Social Benefits, Policies & Procedures, Whistleblowing, Training Catalogues, etc.)

### Staff Delegations

**Methods of Engagement:** Workshops, E-mails  
**Topics:** Collective Work Agreements, CSR Materiality, Social Elections, Other Social and Economic Topics

### Suppliers

**Methods of Engagement:** Meetings, E-mails, Phone Calls  
**Topics:** Supplier Code of Conduct, Negotiations, Skills Development, Innovation

### Customers

**Methods of Engagement:** Feedback through Meetings, E-mails, Phone Calls, Site Visits, Fairs and Events, Due Diligence Processes (B2B)  
**Topics:** Grid Connection, Supply of Power & Gas, Technical Services, Sustainability Questionnaires, Innovation

- **Our customers**, through updated customer centricity via our digital communication channels. We continued the journey to re-engineer the way we interact with our customers for the benefit of better and easier communication. We further improved the new customer portal on the Grid business side with a view to further maturity on digital features, to perform processes faster and reduce or eliminate waiting times for customers. Despite the increasing number of requests, we succeeded in reducing waiting times. We will further proceed to digital contract generation and enable a one-stop shop for a perfect user experience.
- **Our employees**, in the context of the materiality update and human rights due diligence workshops. During the summer, we asked our employees to provide their opinions on various CSR-related topics including priorities, urgencies and the level of impacts they see on CSR topics. We

organised several interactions to discuss impacts on human rights in the context of the signature of the national pact for human rights (please refer to the Human Rights chapter) and workshops were conducted with active feedbacks.

- **External R&D partners** for innovation topics: In order to strengthen and mature the group’s innovation strategy and roadmap, 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 have signed MoU with the leading regional R&D institutions such as LIST and SnT with the aim of combining existing research expertise with Encevo’s industry knowledge. We are convinced that this will be of benefit for the implementation of projects targeting the fundamental

changes resulting from the rapidly advancing energy transition, such as digitalisation and flexibilisation.

- **The Luxembourg Chamber of Commerce**  
Encevo was in active dialogue with the Luxembourg Chamber of Commerce related to a specific programme, “SME Packages – Sustainability”. The objective of this programme is to support companies in the sustainable transition of Luxembourg SMEs through the implementation of a concrete solution to reduce the environmental impact, particularly in the following areas: energy, water, waste and carbon footprint. Given the current energy crisis, the “Energy” package is being implemented as a priority so that companies can rapidly increase their energy performance.

- **The Luxembourg business federation FEDIL**, a multi-sector federation with ambitions to support industrial decarbonisation and sustainable development.

We contributed to multiple workshops on industrial decarbonisation topics and to conferences such as “Journée Economie” on panels with other industrial leaders to discuss the challenges and solutions to the sustainable energy transition.



# GRI content principles note

Our **materiality analysis** was supported by an independent sustainability advisory firm during 2019 and will be updated during summer 2023, it 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 GRI standards and electric utilities sector supplement.
- A comparative sectoral study of energy companies based on their sustainable development reports.

## Impact Assessments

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)].

## Contributions to the SDGs

In order to refine the impact analysis carried out as part of developing the materiality matrix and better identify our contributions to the SDGs, a

risk and opportunity analysis throughout the value chain was carried out with the CSR Committee. The methodology was based on UN Global Compact (UNGC) and GRI recommendations (“Integrating the Sustainable Development Goals 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 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 stakeholders to be engaged in the materiality analysis were defined as follows:

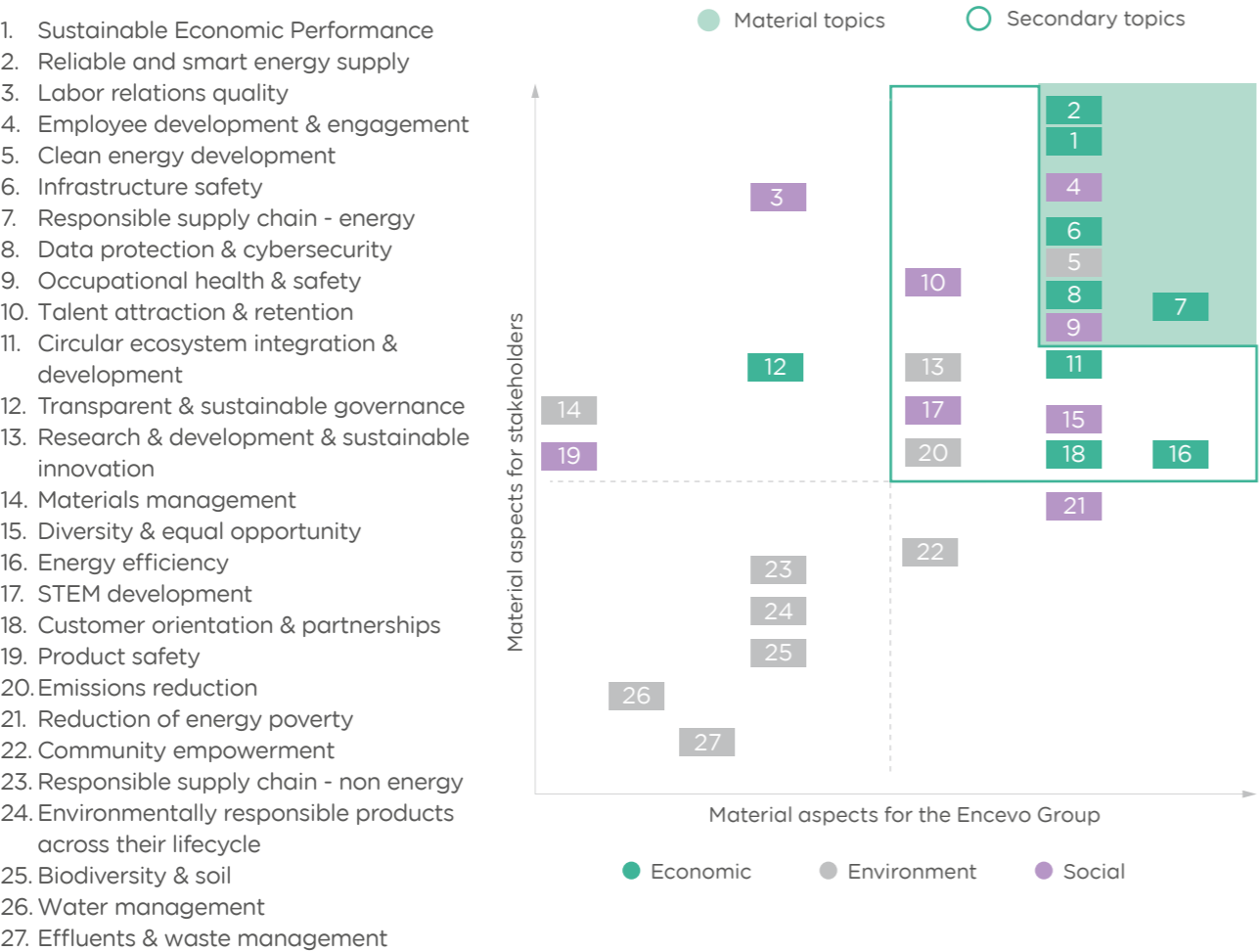


The stakeholders were identified and mapped by the CSR Committee according to both their level of influence on Encevo and their level of dependence towards Encevo. An action plan for stakeholder engagement was designed in a three-year plan for the years 2019-2021. Each stakeholder group has been weighted identically. According to our action plan, we engaged with customers, employees, R&D

partners and the FEDIL as explained in the chapter stakeholder engagement. The materiality will be substantially updated during 2023.

**Selection of Material Topics**

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



GRI Content Index

Statement of use:  
ENCEVO S.A. has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022.  
GRI 1 used: GRI 1: Foundation 2021  
Applicable GRI Sector Standard(s): Not applicable

GRI Standard/ other source	Disclosure	Location	Onmission		
			Requirement(s) omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	29, 32, 33, 35, 70			
	2-2 Entities included in the organization's sustainability reporting	28			
	2-3 Reporting period, frequency and contact point	28, 29			
	2-4 Restatements of information	28			
	2-5 External assurance	113, 114, 115, 187			
	2-6 Activities, value chain and other business relationships	34, 36, 37			
	2-7 Employees	26, 48, 49, 75			
	2-8 Workers who are not employees	48			
	2-9 Governance structure and composition	55, 56, 57, 58, 61, 62, 64, 65			
	2-10 Nomination and selection of the highest governance body	55, 58			
	2-11 Chair of the highest governance body	58			
	2-12 Role of the highest governance body in overseeing the management of impacts	47, 64			
	2-13 Delegation of responsibility for managing impacts	64, 65			
	2-14 Role of the highest governance body in sustainability reporting	64			
	2-15 Conflicts of interest	62, 63			
	2-16 Communication of critical concerns	64			
	2-17 Collective knowledge of the highest governance body	64			

GRI Standard/ other source	Disclosure	Location	Onmission		
			Requirement(s) omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body		<p>Describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people.</p> <p>Report whether the evaluations are independent or not, and the frequency of the evaluations.</p> <p>Describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices.</p>	Information unavailable/incomplete	This information will be disclosed in our next annual report.
	2-19 Remuneration policies	55			
	2-20 Process to determine remuneration	55			
	2-21 Annual total compensation ratio		<p>Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).</p> <p>Report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual).</p> <p>Report contextual information necessary to understand the data and how the data has been compiled.</p>	Information unavailable/incomplete	This information will be disclosed in our next annual report.
	2-22 Statement on sustainable development strategy	8, 13, 14, 15			
	2-23 Policy commitments	69, 154, 155, 156, 157			
	2-24 Embedding policy commitments	64, 154, 155, 156, 157			
	2-25 Processes to remediate negative impacts	154, 155, 156, 157			
	2-26 Mechanisms for seeking advice and raising concerns	29			
	2-27 Compliance with laws and regulations	149			

GRI Content Index

GRI Standard/ other source	Disclosure	Location	Onmission		
			Requirement(s) omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-28 Membership associations	47			
	2-29 Approach to stakeholder engagement	182, 183, 184			
	2-30 Collective bargaining agreements	48			
MATERIAL TOPICS					
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	68			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	68			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	171			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	172, 173, 174, 175			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	130			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	130, 131			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	149			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	149, 150			
	205-2 Communication and training about anti-corruption policies and procedures	149, 150			
	205-3 Confirmed incidents of corruption and actions taken	149, 150			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	138			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	140			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	141			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	143			

GRI Standard/ other source	Disclosure	Location	Onmission		
			Requirement(s) omitted	Reason	Explanation
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	158			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	49			
	401-3 Parental leave	160			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	161			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	161, 162, 163, 164			
	403-2 Hazard identification, risk assessment, and incident investigation	161, 162, 163, 164			
	403-3 Occupational health services	161, 162, 163, 164			
	403-4 Worker participation, consultation, and communication on occupational health and safety	161, 162, 163, 164			
	403-5 Worker training on occupational health and safety	161, 162, 163, 164			
	403-6 Promotion of worker health	161, 162, 163, 164			
	403-8 Workers covered by an occupational health and safety management system	164			
	403-9 Work-related injuries	165			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	168			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	169			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	166			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	49			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	151			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	153			

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.

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