One Planet

N.V. Eneco
Annual Report 2021

About this report
In this integrated report, N.V. Eneco reports on its financial and non-financial performance in 2021 and its financial, social and ecological value creation. We opt for a compact transparent report that provides the information required by our stakeholders based on a stakeholder dialogue and materiality analysis.

The financial statements have been prepared based on the International Financial Reporting Standards (IFRS) and the relevant provisions in the Dutch Civil Code.

The report is compliant with the standards of the Global Reporting Initiative (GRI). We use the International Integrated Reporting framework to clarify the interrelationship between the core elements of our policy. We also report on the Sustainable Development Goals (SDGs) that are relevant for us. As a member of the UN Global Compact, in our report, we report on our progress with regard to the ten principles and each of the four focus areas: human rights, labour conditions, the environment and anti-corruption.

The visual of the strategy wheel reflects our One Planet focus, Eneco's essential purpose and its mission, strategy and business model. The realisation of Eneco's strategy is explained based on strategic key performance indicators (KPIs) in the section Progress and sustainability and in the financial statements.

We have given the assignment to Deloitte Accountants B.V. to audit the 2021 financial statements and to assess the strategic KPIs and the application of the GRI standards in this report. An auditor's report was provided for the financial statements and an assurance report was provided for the strategic KPIs and the application of the GRI standards.

Contents

Foreword

For Eneco, 2021 was largely dominated by 3 major issues: the climate crisis, high energy prices and the, unfortunately, ongoing Covid-19 pandemic. We nevertheless successfully handled the various challenges that these issues presented. The Management Board is pleased with the performances over the past year, while fully appreciating the difficulties that many customers faced and are still facing.

Climate crisis

The report that was published by the Intergovernmental Panel on Climate Change (IPCC) regenerated awareness of the issue of climate change. The conclusions presented in the report are dark, and every single scenario predicts that temperatures will rise by 1.5 degrees in as little as 10 years, a decade sooner than was expected. This is a key warning to the world to pick up the pace of the transition towards sustainable energy systems and make sure that the planet remains habitable for the generations that will follow.

It also ties in with Eneco's mission to make 'everyone's sustainable energy' reality and to become a climate-neutral company by 2035. In June we presented our One Planet Plan: an externally validated plan that sets out concrete actions, clearly defined investment preferences and quantifiable goals. The plan provides for more than simply developing more sustainable production capacity: it also calls for fundamental changes to drastically adopt electricity, phase out natural gas and accelerate the switch to more sustainable heat sources.

Putting our One Planet Plan at the heart of our strategy means that limiting CO_2 emissions is a key factor in every decision. This in turn will boost the development of sustainable solutions for our customers. For example, we will continue to invest in growing the number of charging stations for electric cars, solar panels and hybrid heat pumps. We are also working hard to develop digital solutions that will help us optimise our services to consumers and businesses and use energy efficiently. We are ambitious climate realists. We firmly believe that sustainable business also offers commercial opportunities.

Energy prices

The last six months of the year saw wholesale prices for natural gas soar to unforeseen levels, coupled with a high price volatility. Electricity prices and heating rates followed suit, being intrinsically linked to gas prices. Various factors combined to cause these increases, including a high demand for gas from Asia, low gas supplies in Europe and limited supplies of gas by Russia. Another issue was that 2021 saw significantly less wind than previous years, meaning less production of electricity from wind energy.

These unusual market conditions unfortunately meant that many consumers and businesses were faced with energy bills that were much higher than they had expected. It is worrying that energy poverty is increasing, although government compensation is helping the situation. Despite the unusually high number of customer interactions that we recorded, we still do our best to make sure that each and every customer is offered the best possible solution.

This presented a major challenge when we took over the former customers of Welkom Energie after that company went into insolvency in November. We were procured energy for short-term contracts for these customers, at extremely high prices on the market. Once prices drop, we will offer these customers a suitable alternative.

The high volatility of prices also meant an increased risk profile, in particular for our trading operations. Fortunately our risk control framework proved to be effective.

Covid-19 pandemic

The Covid-19 virus has proved to be more persistent than anyone had expected. Renewed lockdowns meant that we were unable to carry out our plans for implementing a new and more flexible hybrid working style. We have a great sense of social engagement, and we will continue to comply with the national government's Covid-19 policies. Wherever necessary, we take safety precautions.

With numerous people on sick leave or self-isolating at home, the pandemic has left many of us on edge, and we wish to thank all of Eneco's employees for showing so much care for the physical and mental health of our colleagues and our customers.

In conclusion

Although in many ways 2021 was a trying year, people have become visibly more engaged with the energy transition, and now is the time to seize the momentum. We will continue to work passionately to pick up the pace of our shared efforts to tackle the climate crisis.

On behalf of my fellow members of the Management Board,

As Tempelman,
Chief Executive Officer

Key figures[1]

One Planet

Growth in installed sustainable capacity (in MW)

Realised 2020	Realised 2021
1,726	**1,926**

Sustainable electricity production (incl. PPAs), of total electricity supplied (as a %)

Realised 2020	Realised 2021
30	**37**

CO_2 emissions per unit of heat supplied (in kg CO_2/GJ)

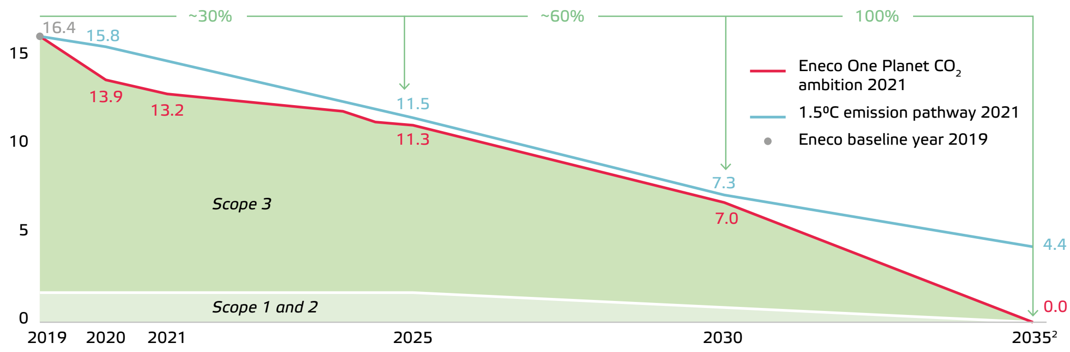
Realised 2020	Realised 2021
26.0	**26.9**

CO_2 emissions from supplies of electricity (in kg CO_2/MWh)

Realised 2020	Realised 2021
141	**101**

Eneco's emissions on the road to climate neutrality by 2035

Emissions scope 1, 2 and 3 (Mton CO_2)



Rankings

Ecovadis CSR Rating

	Position
	Platinum

CDP score (Activity group: Renewable power generation)

	2021
Leadership	**A-**

Sustainalytics rating ESG Risk (Industry group: Utilities)

	2021
Low	**18.7**

Sustainable Brand Index (Industry group: Energy)

2020	Position
13	**3**

Dutch Consumers' Association (Greenest electricity on the consumer market)

2020	2021
8.1	**9.0**

Greenpeace ranking (Belgium)

	Position
	18/20

1 For our KPI definitions, reporting policy and restatements (if applicable), we refer to the sustainability supplements.
2 Approximately 0.9 Mton (6%) from a total of 13.9 Mton of CO_2 emissions will be temporarily compensated by 2035.

People

	Realised 2020	Realised 2021
Customer contracts (x 1,000)	5,558	**5,617**
Customer satisfaction (as a %)	89.1	**90.2**
RIF (Recordable Injury Frequency)	0.23	**0.34**
eNPS (Employee Net Promoter Score)	64	**58**
Diversity (% women in managerial positions)	25.0	**30.2**

Financial results

(x €1 million)

	2020	2021
Total revenues	4,148	**5,211**
Gross margin and other revenues	1,094	**1,224**
Operating profit (EBIT)	163	**222**
Operating income before depreciation (EBITDA)	484	**572**
Net result	118	**209**
Cash flow from operating activities	551	**42**
Investments (and acquisitions)[1] in fixed assets	549	**532**
Balance sheet total	6,281	**9,878**
Group equity	2,948	**2,921**
Interest-bearing debt	828	**1,425**
Credit Rating	A-	**A-**
ROCE (Return on Capital Employed)[2] (as a %)	3.5	**4.7**
Group equity/ total assets (as a %)	46.9	**29.6**
Net debt/ EBITDA	0.56	**1.35**
ICR (Interest Coverage Ratio)	7.8	**8.5**

[1] Including the acquisition of 25% in Norther in 2021.
[2] The ROCE for the reporting year is defined as the ratio between (EBIT less corporate income tax) and the average of (fixed assets + net working capital less non-current non-interest bearing debt) at the balance sheet dates of 1 January and 31 December.

Profile

Eneco is making the energy transition possible. Our One Planet Plan is aimed at achieving climate-neutrality by 2035: not only for our own activities, but also for the energy that we supply to our customers. Eneco is producing and supplying more and more sustainable energy all the time.
We are also developing products and services for consumers and companies to produce, store, use and share their own sustainable energy.
Integrating customers, production facilities (assets) and sustainable production is one of our spearheads.
We operate in the Netherlands, Belgium, Germany and the UK.

Eneco is producing and supplying more and more sustainable energy and heat. By working with customers and partners to develop affordable energy services for them to achieve savings and generate their own energy, Eneco is helping everyone in the Netherlands and Belgium to switch to sustainable energy.

Oxxio is an energy supplier that stands out through its online services. It offers customers the best possible price for 100% European wind-generated electricity and gas.

WoonEnergie helps housing corporations and their tenants to save energy and so lower their costs and living expenses.

AgroEnergy, which focuses primarily on greenhouse growers, provides support for agricultural customers to help them purchase sustainable energy for the best possible price.

LichtBlick is a green and innovative energy company established in Germany, where it is the market leader in supplying green electricity to consumers.

Associates

Eneco has interests in various companies and start-ups:

Eneco has participations in a number of companies and startups:

EnergyWorx has developed a software platform offering data management solutions for energy companies, which its clients can use to organise and simplify large volumes of data from multiple sources and so optimise their trading and management decisions.

Greenchoice supplies sustainable energy to companies and households.

Installion offers a platform for installation work on the German market: it uses smart methods to link companies in the sustainability sector to local installation partners.

Luminext provides smart and controllable solutions for public lighting.

Nordgröön offers services relating to energy optimisation, synchronisation and integration of sustainable energy sources in Germany.
The company operates on the German market, where it sells energy from wind farms, solar farms and biogas installations on behalf of the owners.

Olisto connects smart devices, apps and services.

Roamler Tech is a crowdsourcing platform that links companies looking for installation capacity to professional technicians.

Suniverse supplies sustainable energy systems to homeowners and housing corporations, including a wide range of financing solutions.
It also does business under the name Energie In Huis.

Sunvigo uses an innovative business model for green energy and solar panels for households in Germany to handle the entire process for the homeowner. The company retains ownership of the solar panels, but installs them and sells the electricity and residual electricity to households based on green electricity contracts.

Pioneer in sustainability

In 2007, Eneco became the first major energy company to pursue sustainability. This decision was based on an awareness that this planet is the only one that we have, and that we must preserve it for the generations coming after us. Climate change can only be overcome through an energy transition, and we want to lead the way, now and in the future. Some of the highlights so far:

2007
In 2007 Eneco was one of the first major energy companies in the Netherlands to pursue sustainability.

2008
In 2008, the Princess Amalia wind farm was opened, 23 kilometres off the Dutch coast at IJmuiden. Built by Eneco, it was the first offshore wind farm to be realised so far out to sea.

2011
Since 2011, all of Eneco's consumer customers and small businesses have been supplied with green electricity.

In 2011, Eneco became the world's first energy company to join the World Wildlife Fund's International Climate Saver programme.

In 2011, Eneco began construction of the bio power plant Eneco Bio Golden Raand.

2012
In 2012, Eneco introduced a smart thermostat called Toon, allowing customers to track their own energy consumption, and how much it costs, at any time.

2014
In 2014, Eneco started delivering heat along Leiding over Noord:. a 16.8-kilometre pipeline that transports residual heat from the AVR waste and power plant in Rozenburg, via Vlaardingen and Schiedam, to Rotterdam's district heating network.

2015
In 2015, Eneco was one of the founding members of NVDE, the Netherlands Association for Renewable Energy. NVDE offers a platform for partnerships in the sustainable energy supply chain and for the dialogue with government authorities and politicians.

In 2015, the Luchterduinen wind farm became operational. Eneco is one of the owners of the offshore wind farm.

2016
In 2016, Eneco reached the milestone of 1 Gigawatt (1,000 Megawatts) of sustainable production capacity. This translates as enough electricity to power around 850,000 households for a year.

2017
In early-2017, Eneco acquired a 50% stake in LichtBlick, a green challenger on Germany's energy market. In 2018 Eneco increased its stake to 100% ownership.

Since January 2017, all trains operated by NS in the Netherlands have been powered by Eneco's wind power. This made NS's trains the first worldwide to run 100% on wind-generated electricity.

2018
Since 1 January 2018, every unit of Royal Schiphol Group has operated entirely on Eneco's Dutch-produced sustainable electricity.

In 2018, Eneco introduced its Eneco StukjeZon product, which allows customers to share in the output generated by a panel in a Dutch solar farm.

2019
In 2019 Norther was opened, one of Belgium's largest offshore wind farms. Eneco is one of the shareholders in the wind farm.

In 2019, the first Lage Weide BioHeat Installation (BWI) opened. The construction of the second BWI in Utrecht was completed in 2020. The BWIs supply district heating for homes in Utrecht and Nieuwegein.

2020
In 2020, Eneco signed a 10-year contract with Borealis, a Belgian plastics manufacturer, to reduce the company's carbon footprint. In 2021, Borealis's factories were already running on wind energy produced by the SeaMade wind farm in the North Sea.

In 2020, it was announced that the CrossWind joint venture between Eneco and Shell had been selected to build the Hollandse Kust (Noord) offshore wind farm: one of the first unsubsidised offshore wind farms anywhere in the world. The wind farm should become operational in 2023.

2021
In early-2021, the Borssele III&IV wind farm in the North Sea became operational. Eneco is one of the shareholders in the Blauwwind consortium that built the wind farm.

In 2021, Eneco presented its One Planet Plan, and its ambition for the company and its customers to be climate-neutral by 2035. The plan includes a roadmap showing the key goals along the way, milestones and planned actions.

Important events in 2021

January

15 In early-2021, LichtBlick begins supplying green electricity to 2,840 public buildings in the city of Cologne. This involves a total of approximately 120 million KWh per year

February

1 Jeanine Tijhaar is appointed Eneco's new Chief Financial Officer

8 Amazon and Eneco launch a partnership for supplying renewable energy

10 Eneco no longer sells energy contracts door-to-door in the Netherlands

18 Offshore wind farm Borssele III & IV becomes fully operational

March

4 Coca-Cola factory in the Netherlands to become CO_2-neutral by 2023, with Eneco's sustainable energy.

16 ANWB and Eneco start offering charging stations together

26 Zowiezon, a joint initiative of Eneco and Mitsubishi Corporation, for installing solar panels on the roofs of school buildings, provides efficient support for dozens of schools to start using solar energy

26 In Belgium, Eneco reaches a total solar capacity of 100MWp. The record was broken with expansions at construction materials manufacturer Wienerberger

30 Efteling and Eneco install charging hub with 87 charging stations

April

14 Dronten starts generating energy from parking: 1,100 solar panels on the car park for the town hall

20 In Belgium, Eneco enters into a partnership with software supplier ENSEK to make better use of data and make faster innovations for consumers

22 The roof of Rotterdam Ahoy stadium becomes a source of sustainable energy

May

3 Ford and Eneco expand their successful partnership into Belgium and Germany

19 First test using real- time green electricity from the connection running from the Amalia wind farm to the Ypenburg electrode boiler

June

11 BinckNet becomes a data-driven thermal smart grid in the Binckhorst district (The Hague)

15 Eneco presents its One Planet Plan

24 GIGA Storage and Eneco develop the largest battery in the Netherlands

July

13 The Delfland District Water Board and Eneco launch an aquathermal energy project

15 Heineken and Eneco announce the development of climate-neutral breweries

16 Eneco takes over Essent's mid-market business customers in the Netherlands

July (continued)

29 McDonald's announces plans to work with Eneco for more sustainable energy supplies

August

13 LichtBlick and Hamburg football club FC St. Pauli expand their existing partnership

27 Eneco's tender wins a contract for heat exchangers in three parts of Amsterdam's Overamstel district (WAD Quarter)

September

28 Eneco, the municipalities of The Hague and Nootdorp-Pijnacker and the Hernieuwbare Warmte residents' initiative sign a partnership agreement for affordable and CO_2-neutral heating

October

4 LichtBlick signs a contract to improve the sustainability of the electricity consumption of Pool One, a media company that rents out large outdoor advertising signs

27 Eneco takes over customers from Welkom Energie

27 A coalition that includes Eneco presents mediators Remkes and Koolmees, exploring the possibilities for forming a new government in the Netherlands, with arguments for accelerating the pace of the country's climate policy

November

5 Eneco acquires German energy service provider Nordgröön

8 Gasunie and the Dutch Ministry of Economic Affairs and Climate Policy decide on the investment for the WarmtelinQ pipeline between Rotterdam and The Hague, with Eneco as the first customer

18 Iwell and Eneco start work on an electricity storage system at the Lage Weide electrical power plant

23 Eneco in Belgium is again ranked by Greenpeace as the greenest of Belgium's major energy suppliers. Score in ranking 18 of a maximum of 20

December

1 Eneco is once again rated Platinum by sustainability rating agency EcoVadis

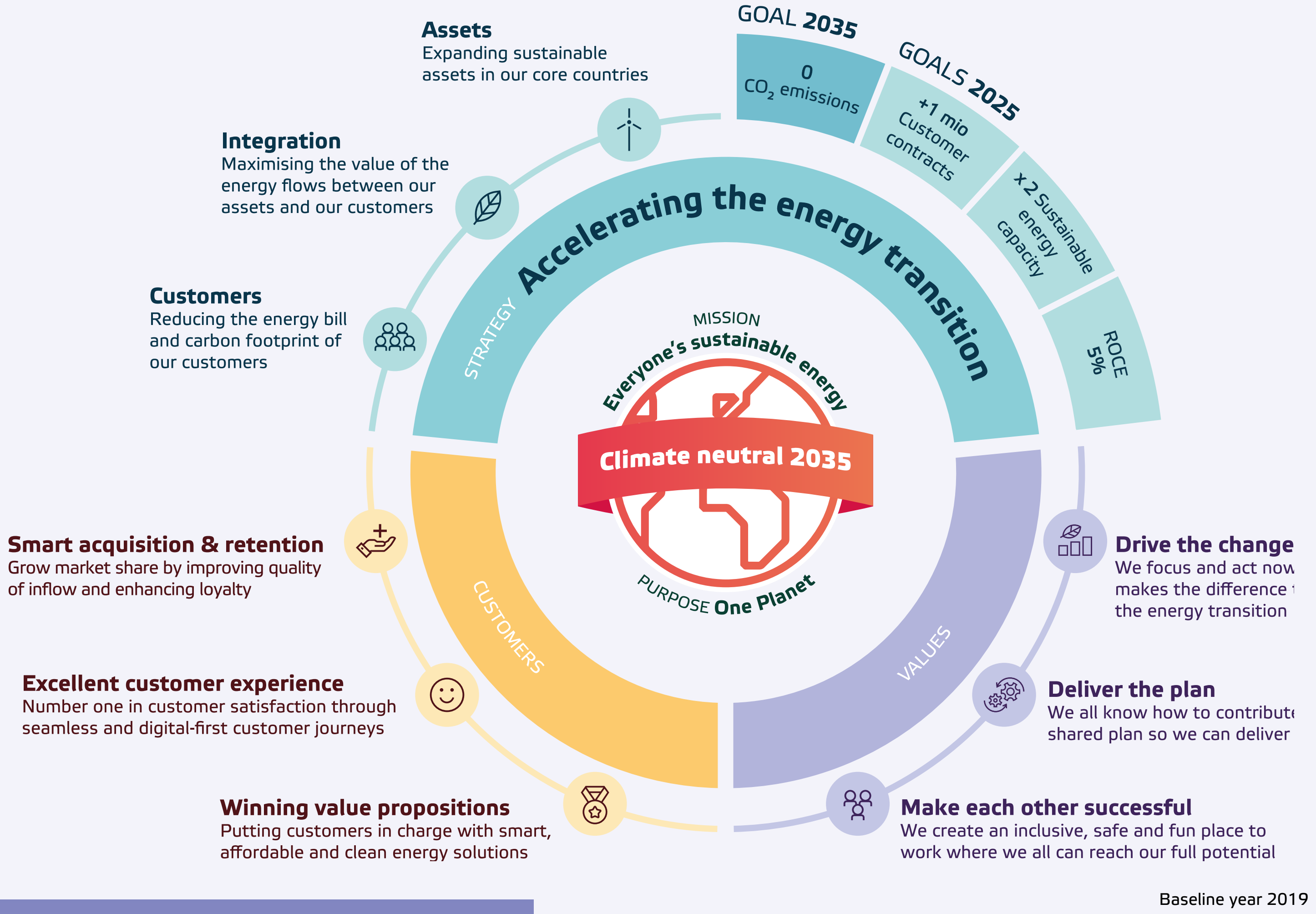
9 Blijdorp Zoo and Eneco start working on thermal systems for several of the animal enclosures

14 Eneco is still the most sustainable electricity supplier among the major energy companies

14 LichtBlick signs two power purchase agreements (PPAs) with Quadra Energy for green electricity from a total of 71 wind farms, for energy corresponding to the volume used by 86,000 households

22 Eneco is chosen to supply 100% green electricity to ProRail and NS railway stations and buildings

Strategy



Eneco's ambition – the essence of our One Planet Plan – is to be climate-neutral by 2035. To achieve this ambition, we want to help as many of our customers as possible to transition to sustainable energy. This means producing more affordable, reliable sustainable energy – in other words, scaling up to make the transition, through more CO_2-neutral energy and innovative sustainable solutions. If we are to achieve the climate goals under the Paris Agreement, however, we must act swiftly.

Mission and positioning

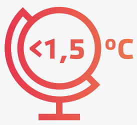
The huge demand for energy is exhausting the planet's capacity. If the average Dutch person was representative for how everyone in the world lived, it would take nearly 3 planets to sustain us. We are determined to bring people's energy requirements and energy consumption down to within the boundaries of a liveable planet. This is our One Planet concept. Our goal is to achieve climate-neutrality by 2035, in terms of both our own emissions and our customers' emissions from the products that we sell. Our mission is to realise 'Everyone's sustainable energy'. It is vital to transition to an emission-free society, and everybody can do their bit. This is what we are working on together with our customers and partners.

Strategic objectives

To further strengthen our role as a frontrunner in the energy transition and to keep up with the developments in the market, we will need to grow: grow our customer numbers, grow the volume of our sustainable production, and grow the integration between the two. The goals that we have formulated for realising this are summarised here.

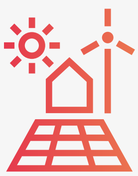
Market trends

The pace of the energy transition is high; changes and innovations are following one after another. The market trends can be summarised under the 4 Ds: decarbonisation, decentralised, digital and democratic.



Decarbonisation

The share of energy from renewable sources is increasing substantially. This leads to decarbonisation. As a result of more electric transport and alternative heating sources, the demand for electricity is increasing at the expense of fossil fuels. The costs of sustainable energy production are decreasing.



Decentralised

Due to the availability of cheap and efficient technologies, new energy sources are often more decentralised. Large centralised production installations are making way for smaller local installations for own use.

Democratic

Decentralised energy production makes it possible for our customers or citizens' cooperatives to invest themselves and become the owners of production installations, often supported by companies. The number of energy cooperatives and the number of installations that they have are growing, and more local residents are being involved.

Digital

Customers expect flawless digital service 24/7; the purpose of human contact is mainly to exceed customer expectations. Systems not only coordinate production and consumption of energy but also predict energy demand. Thus, energy can be delivered at the right moment, to the right place at the lowest costs. Digital tools also contribute to reducing energy consumption.

Customers

We want to deliver value for our customers by offering affordable energy, an excellent standard of digital service and a range of products that provide what our customers need and that help them to reduce both their costs and their CO_2 emissions. This goal reflects our evolution from a strong supplier of sustainable energy to an innovative service provider. We will supply even more sustainable energy in combination with smart services, with the following key goals in mind:

Growing our customer numbers
We wish to attract new customers and to retain existing customers. We will do this by putting our customers first, using cost-effective working methods and ensuring a smooth digital customer journey. In the Netherlands, our focus is on retaining our market share through longer customer retention. The focus in Belgium and, in particular, Germany is on growth. With our district-based approach, we can help to disconnect more and more residential districts from the gas grid by switching to our heating networks. We also offer consumers customised heating solutions, such as thermal storage and hybrid and non-hybrid heat pumps. Our chief focus for these efforts is on the Netherlands and Germany.

Growing the number of paid services per customer
We want to develop and sell larger numbers of better integrated products and services per customer. For consumers, our main focus (besides existing services such as the Toon thermostat, central heating maintenance and installing solar panels) is on heat pumps. The business market is expected to show a rise in the demand for batteries and flex propositions, alongside existing services such as EnergieCoach, ZonOpDak and ZonnigLaden. We are also taking our first steps towards electrifying heat on the business market, using thermal storage and heat pumps (particularly on a large scale).

Leading in Energy as a Service
We are developing new business models in which we combine our digital platform with concrete products and services for at home, as well as energy-related services such as our Energy Waste Checker and smart boilers

Growing the number of charging services for electric transport
To achieve our goal of a top position in e-mobility in the countries where we operate (the Netherlands, Germany, Belgium), we are adding new charging points and charging services (charging cards, for example), both for at home and for at work.

Sustainable production

We want to be of added value to our customers by leading in the production of sustainable electricity and in solutions for heating. We supply this electricity and heat directly or through third parties.

Growing in sustainable electricity
Eneco wishes to retain its leading position in sustainable production, by expanding our sustainable electric capacity from 1,300 MW in 2019 to 2,600 MW in 2025. This will help us to retain our strong position in onshore wind energy and our leading position in offshore wind energy in Belgium and the Netherlands. In Belgium we are already leading in rooftop solar energy systems, as well as being the second largest producer of solar energy. We will continue to expand our solar energy portfolio in the Netherlands and Germany as well.

Growing in sustainable heating
To retain our leading position in the heating market, and at the same time make optimum use of the transition from gas to other sources, we are switching to heating based on residual heat and electricity and are building heating buffers. The goal is eventually to make our networks CO_2 neutral by 2035. We are also taking the first steps towards producing green gas, to serve as a key transitional fuel in the energy transition.

Growing the proportion of sustainably produced electricity
In addition to our own production, we also enter into long-term contracts to procure green electricity. This offers a guarantee for investors in sustainably produced electricity, who only invest if they can purchase sustainable electricity for a longer term. Where we are not yet able to produce sufficient sustainable electricity ourselves, we purchase electricity for customers with Guarantee of Origin (GoO) certificates.

Integration

Eneco is an integrated energy company. This means that our operations extend across the entire value chain, from production to delivery, for both electricity and heating. This integration already offers significant value, which will increase during the years ahead as subsidies for sustainable production diminish, the energy system becomes more volatile and production and producers become more decentralised.

Realising sustainable production without subsidy
Less subsidy will be available for generating renewable electricity in the future, while electricity prices will remain uncertain and become more volatile. This means that expanding production will be possible only if it is cost-effective. Another factor that is becoming increasingly important is finding responsible ways to offset price and volume risks. Eneco is in a strong position here, possessing a large direct customer base, a seasoned trade division and broad experience with linking electricity production from (for example) offshore wind energy directly to long-term customer contracts. We work in partnership with our shareholders to establish those links.

Power-to-X
'Power-to-X' refers to converting electricity into heat, for example, or into green hydrogen. This will be achieved using electrical boilers to generate heat for the industrial sector and through the first green hydrogen projects.

Growing in energy management
Power-to-X will give us further possibilities for managing, controlling and balancing the energy system Another area of growth that we are pursuing is our range of energy management services for customers (in particular decentralised services): procurement, sales, delivery to the grid, batteries. We will draw on the benefits offered by the Internet of Things (IoT), by targeting substantial growth in the number of devices (charging stations, central heating systems, boilers, heating meters, heat exchangers etc.) that we can read and/or operate remotely.

Smart heating networks

'As people expect more and more from their heating networks in the future, the importance of maximising their efficiency and cost-effectiveness will increase accordingly. Making our heating networks smarter will make it possible to operate them more and more efficiently, leading to reduced costs, less heat loss and reduced CO_2 emissions.'

Paolo Herdé
Head of Asset Innovation
& Transformation
Eneco

Material themes

Eneco's sustainability strategy determines what we do to create value for people, the environment and society as a whole. Our connection with our stakeholders is a key tool for determining whether we are on the right track. From the dialogue with our internal and external stakeholders, we distil a set of material themes that are reflected in our policies, governance and accountability reports.

Materiality analysis for 2021

Eneco performed a comprehensive materiality analysis in 2021. We started by identifying potential material themes, and in a series of surveys and more detailed interviews we asked stakeholders (including vendors, banks, employees and customers) to define which of those themes were their priorities. The new materiality matrix – showing the outcome of that analyse – is shown here. This year, each of the themes was considered important, and consequently they all achieved a positive rating in the list of priorities. We have therefore decided to distinguish between themes that are *important* and themes that are *material*. In the upper right, the matrix shows that stakeholders attach the greatest importance to our climate ambition, which aligns with the launch of our One Planet Plan. For further details of our materiality analysis for 2021, see the Sustainability supplement attached to this annual report (English version only).

Eneco's Materiality Matrix 2021

Operating results

It was an exceptional year, with a cold spring, below-average wind and tremendous price increases at the end, in which Eneco managed to achieve good results. We managed to help our customers to implement their sustainability plans and expand our sustainable production in all the countries in which we operate, thus continually giving shape to our mission of 'Everyone's Sustainable Energy'.

This year, we have decided to only report on the company's most important results, and as a result our annual report is significantly shorter than it was in previous years. The operating results are presented according to the same method as the explanation of our strategy: in terms of how they relate to our assets and our customers and how we integrate the two.

Assets

At the end of 2021our total installed sustainable capacity was 1926 MW, 1721 MW of which related to the production and storage of electricity and 205 MW to the production of heat. This is an increase of almost 200 MW compared to 2020.

The growth in our sustainable electricity production picked up pace in 2021. The chief reason was that production from the Borssele III & IV offshore wind farm contributed to the results for the entire year.

While initially we were on schedule with expanding our onshore wind farms as well, the implications of the Nevele judgment (see the information about the Delfzijl Zuid wind farm below) meant that we had to put those efforts on hold. We were pleased, therefore, when the Beuningen municipal authorities passed their resolution to install wind turbines. Our solar efforts were also successful, increasing the installed production capacity of our own solar farms by more than 30%, and Eneco in Belgium achieving a new milestone at the start of the year with 100 MWp of installed solar capacity.

The results for sustainable heating were also good, which included securing projects for some notable projects.

Electricity production and installed capacity

The increase in electricity generation and our installed capacity shown below includes both our own production facilities (assets) and third-party capacity for which we have entered into Power Purchase Agreements (PPAs).

Our own total installed capacity for sustainable electricity rose from 1,534 MW at year-end 2020 to 1,721 MW at year-end 2021, primarily as a result of several solar and wind farms becoming operational.

Managed electricity generation

Generation (GWh)[1]	Total		NL		BE		UK		GE	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Biomass	155	141	151	137	4	4	-	-	-	-
Solar	834	674	717	555	97	96	19	22	-	-
Onshore wind	4,984	4,649	3,571	3,000	638	896	768	685	8	67
Offshore wind	4,508	2,914	1,878	1,186	2,630	1,727	-	-	-	-
Total sustainable	**10,481**	**8,378**	**6,318**	**4,879**	**3,369**	**2,724**	**787**	**708**	**8**	**67**
of which own production	*3,763*	*3,664*	*2,103*	*2,159*	*1,228*	*999*	*432*	*507*	-	-
Conventional	2,901	3,164	2,901	3,164	-	-	-	-	-	-
CHP	1,354	1,680	1,354	1,680	-	-	-	-	-	-
Total	14,735	13,223	10,572	9,723	3,369	2,724	787	708	8	67

1 Electricity generation from all of Eneco's managed capacity, including contracted capacity owned by third parties, but not including production from Eneco assets contracted by third parties.

Managed electricity capacity

Installed capacity (MWe)[1]	Total		NL		BE		UK		GE	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Biomass	17	18	14	15	3	3	-	-	-	-
Solar	1,191	884	1,060	763	109	98	23	23	-	-
Onshore wind	2,602	2,110	1,826	1,412	363	334	400	335	13	29
Offshore wind	1,465	1,434	615	615	850	820	-	-	-	-
Other (shore power and batteries)	64	48	16	-	-	-	-	-	48	48
Total sustainable	**5,339**	**4,495**	**3,531**	**2,806**	**1,325**	**1,255**	**422**	**358**	**61**	**77**
of which own capacity	*1,721*	*1,534*	*890*	*830*	*567*	*440*	*216*	*216*	*48*	*48*
Conventional	523	523	523	523	-	-	-	-	-	-
CHP	508	508	508	508	-	-	-	-	-	-
Total	**6,370**	**5,526**	**4,561**	**3,836**	**1,325**	**1,255**	**422**	**358**	**61**	**77**

1 All of Eneco's managed electricity capacity, including contracted capacity owned by third parties.

The proportion of sustainable production (our own capacity and third-party capacity under PPAs) in our total electricity supply rose from 30% in 2020 to 37% in 2021. Although part of the reason was a 2.4% rise in the volume supplied, the principal factor lay in the production and procurement of electricity generated by new wind and solar farms. Our sustainable investments and more long-term contracts in the form of Power Purchase Agreements (PPAs) should, we expect, help us to make almost half of our supplies to customers from sustainable production under our own management in 2022.

Heating

Heat production capacity (MWth)	NL (total)	NL (total)
Installed own capacity	**2021**	**2020**
Biomass	191	191
Power-to-heat	12	-
Aquathermal	1	1
Total sustainable	**204**	**192**
CHP	1.069	1.069
Total	**1.273**	**1.261**

WarmtelinQ pipeline between Vlaardingen and The Hague
In November, we signed a contract with Gasunie to transport heat via WarmtelinQ, an open heat transport pipeline in the province of Zuid-Holland to which heat networks can be connected. The development and management of the pipeline is handled by Gasunie, under contract from the Dutch Ministry of Economic Affairs and Climate Policy. Construction on the pipeline section between Vlaardingen and The Hague is expected to start around mid-2022. Eneco expects that this pipeline will be available for supplying consumers and businesses in The Hague from 2025 forward.

Gas-free homes in Rotterdam
In Rotterdam's Bospolder-Tussendijken district (BoTu), the first homes have been disconnected from the gas grid. The local area agreement was signed in 2021, and the first homes were connected to Eneco's heat network. Eneco has also joined the 'Better for BoTu and Better for the Environment' partnership agreement. For example, working with the district's language and environmental coaches creates a connection between

reduced CO_2 emissions and the efforts to fight lack of fluency in Dutch and energy poverty.

WAD Quarter in Amsterdam
Eneco's tender won the contract for the collective thermal grid for heating, cooling and hot tap water to supply some 3,200 new homes to be built as part of an urban development project in Amsterdam, called the WAD Quarter. This project includes not only homes but also schools, supermarkets, retail and social facilities in 3 districts: Weespertrekvaart Midden/Oost, Amstelkwartier 3rd phase and Kauwgomballenkwartier.

BinckNet in The Hague
Eneco BinckNet is an innovative energy solution that combines technology, temperature, local sources and data. We will use thermal storage installations to supply heating and cooling for the De Binckhorst urban development project in The Hague, after we have converted the infrastructure of the existing district heating grid. Other local sources as well, including aquathermal and geothermal energy, can also be connected to the grid in the future, enabling BinckNet to evolve in pace with the masterplan for some 12,000 homes in De Binckhorst.

Merwedekanaal 12 power plant
A malfunctioning gas turbine put the Merwedekanaal 12 power plant out of commission for more than 2 months in 2021. Chubu Electric Power sent an experienced gas turbine expert over to help resolve the issues. That expert shared his knowledge and experience with Eneco's own team, and eventually they managed to restart the power plant, which is now running safely and effectively.

Aquathermal energy in Utrecht
Eneco and the Hoogheemraadschap De Stichtse Rijnlanden district water authority have decided to invest in a joint project to use heat in treated waste water from water treatment plants. The project involves building a heat pump with a capacity of 25 MWth, capable of supplying 10% of the total demand for heating in Utrecht's heating network. Construction will start in 2022.

Solar and wind energy

De Wildert solar farm in Dongen
De Wildert is a ground-mounted solar farm in the municipality of Dongen that was developed by Eneco in partnership with VolkerWessels. Its maximum capacity of 20.5 MWp represents an annual production of around 20 GWh. The electricity is supplied to VolkerWessels and Coca-Cola. The project includes constructing an ecological corridor around the solar farm. Construction started in June, and by November it was delivering electricity to the grid.

C.RO Ports in Zeebrugge
This new wind farm in the Port of Zeebrugge, consisting of 5 wind turbines measuring 150 metres in height situated in the C.RO Ports and Wallenius Wilhelmsen Solutions (WWS) terminals, has a combined capacity of 18 MW. Every year, the turbines will produce around 50 GWh of green electricity, which corresponds to the average annual consumption of some 14,300 households. Part of the production is used locally at the terminals, while the remainder is delivered to the grid, to help our customers become more sustainable.

The development was completed swiftly. A large project by Flemish standards, the wind farm is situated in a port area, where the Flemish government wishes to prioritise wind energy. The new wind farm puts our total number of wind turbines in the port of Zeebrugge at 11. The project also had an exciting international turn: C.RO Ports is now working on a project with our people in the Netherlands to build 5 turbines in the port of Vlissingen.

Seamade
The Seamade offshore wind farm (487MW) has officially become operational. Currently Belgium's largest offshore wind farm, 100% of its electricity is procured by Eneco.

Thor offshore wind farm
Participation in a Danish tender was preceded by a thorough assessment process. Denmark is not a core country for us, but on the other hand, Eneco does want to seize opportunities and remain in a 'flow' of participation in tenders. Eneco and its Danish partner European Energy unfortunately did not succeed in an attempt to win the concession to develop and build Denmark's new offshore

wind farm Thor. The consortium formed by Eneco and European Energy had been one of 6 consortiums that had been invited to bid after successfully completing the pre-qualification.

Progress on various wind energy projects
The construction of Oosterhorn wind farm in the Netherlands and the Cobelfret Zeebrugge en Fauvillers wind farms in Belgium was completed.

Construction started on multiple on-shore wind farms in the Netherlands during 2021, some of them wholly-owned, others in partnership with local parties. The new projects are the Spuisluis wind farm near IJmuiden (6 turbines), the Weert wind farm (3 turbines), the Bosruitertocht wind farm near Zeewolde (4 turbines), the Oude Maas wind farm and the Geefsweer and Oosterhorn wind farms near Delfzijl. On the Rozenburg peninsula, work has started to 'repower' the 10 outdated turbines, which will be replaced with 9 that are more efficient.

As stated above, a large number of wind farms are currently being constructed in Belgium: Yepp, Neufchateau, Philips Turnhout, Wienerberger Absheide and Boneffe.

Delay at Delfzijl Zuid wind farm
The Delfzijl Zuid wind farm suffered a delay in its realisation following a judgment by the Dutch Council of State. In its judgment (which affects the entire sector, and not Eneco alone) the Council of State followed the European Court of Justice's Nevele judgment and ruled that the standards under the Dutch Environmental Management Activities Decree (Activiteitenbesluit milieubeheer) for matters such as noise pollution and shadow flicker require more substantiation, and the government must prepare an Environmental Impact Report. Since this means that existing standards do not automatically apply anymore, the impact on the permit application process is significant, and in some cases means that previously granted permits must be revoked. We are currently working on obtaining a new permit for the Delfzijl Zuid wind farm, according to the temporary guidelines. The wind farm's realisation has now been pushed back by more than a year, if it will even be possible at all.

Solar energy in Germany
The first steps were taken in the development of a number of solar projects in Germany as a result of the collaboration with SolarBlick. It concerns the solar farms Calbe en Hettstedt.

Cable break
The infield cable of the Luchterduinen and Amalia wind farms suffered a break and needed to be repaired. The export cable of Luchterduinen wind field was no longer buried deep enough and was reburied, starting at Noordwijk beach.

Customers

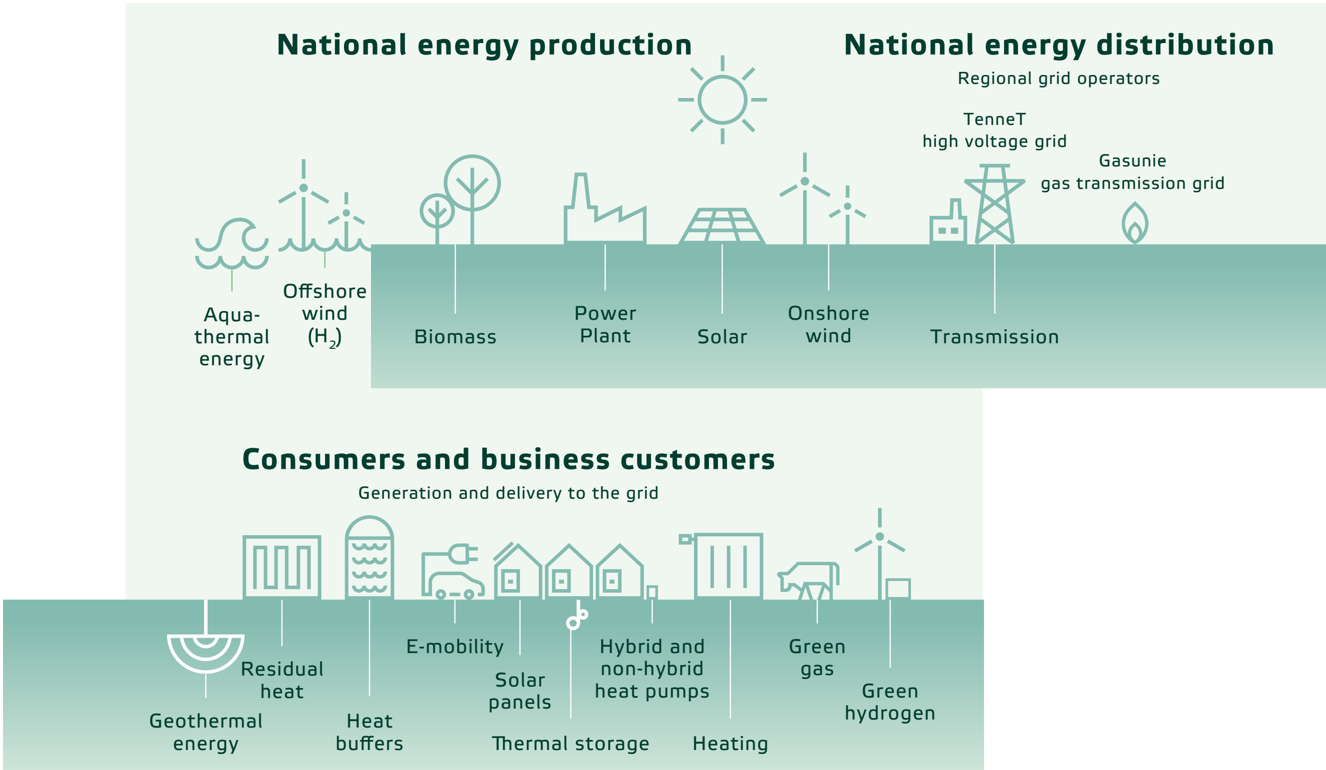
The higher energy prices had a significant impact on 2021. As a result of geopolitical developments, in particular, prices on the purchasing market for gas and electricity became high and volatile in the second half of the year. The consequences of this included a wave of bankrupt suppliers, and various periods when there was virtually no supply for end customers in the market. As one of the leading players in the Netherlands, Belgium and Germany, Eneco offered its customers security of supply and made every effort to limit the financial impact for them. The great uncertainty among customers has also led to many questions and therefore unprecedented volumes for our customer contact channels, in which context past investments in digital customer service have proven very effective. Eneco's proactive communication to our customers has also contributed to achieving our goals for customer satisfaction (2021: 90.2%, 2020: 89.1) and customer retention in 2021. The latter also influenced by high prices and the new former Welcome Energie clients. Our customer base increased to 5.617 million customer contracts (2020: 5.558).

Consumers

Energy poverty
The high energy prices have amplified the problem of energy poverty (when more than 8% of the household income is spent on energy). A recent TNO report, 'The Facts on Energy Poverty in the Netherlands' (published 23 september 2021), shows that 1 in 5 households have difficulty making their payments. For 1 in 12, those payment difficulties pose a serious problem. We want to make the energy transition possible for everyone, including both people with financial difficulties or debt and people in debt counselling or debt assistance programmes. This problem was already high on Eneco's agenda, and is now even more urgent than it already was.

Eneco is providing as much practical and concrete assistance as it can to help its customers, including the following arrangements.

- Across all our communication channels (chatbot, website, customer service, reminders), we refer our customers to Geldfit.nl/eneco, where they can do a financial fitness test. If necessary, they



are then referred to the appropriate source of assistance.

- Our people in customer service and the debt collection departments put any customers who need it in direct touch with the specialists at Geldfit, who find the best debt assistance intervention for the customer based on a calm and detailed examination of their situation.

- We do everything in our power to establish a line of communication with our customers before we need to terminate their contract. Mediation specialists (from our partner Ultimoo) visit them at home, and offer a payment schedule at the front door.

- Being aware of the link between debt and low levels of literacy, we constantly look for ways to improve our communication, for example in reminders and information on our website, to make sure that what we are saying is as simple and easy to understand as possible.

We have also taken the following concrete measures.

- We have developed an interactive video for customers with low literacy levels, explaining the possibilities for making payments, initiating a payment schedule or finding help with debt problems. Fully interactive and geared towards the customer's personal situation, the video offers an effective way of explaining the available options in a way that the customer can understand.

- With Geldfit's help, Eneco has made it possible for around 2,800 households to make progress towards overcoming their debt problems. Through Geldfit.nl, Eneco also puts customers with debt problems into contact with the local authorities, to find help overcoming their debts on a structural basis.

- We have introduced the Energieregelaar: a self-service portal that makes it easier for administrators (the parties providing debt assistance) to handle their clients' affairs with Eneco and our brands.

- We are working in close partnership with local authorities to tackle energy poverty and debt problems at the same time.

- Eneco's respectful and socially responsible treatment of customers with debt was recognised when we became the first commercial Dutch company operating on the national level to achieve the Warm Incasseren social accreditation for customer-friendly debt collection.

Takeover of Welkom Energie
On 27 October 2021 Eneco announced that it would take over Welkom Energie's customers, after the Netherlands Authority for Consumers & Markets (ACM) cancelled the company's supply licences when it found itself in financial difficulty as a result of the high energy prices. For Welkom Energie's customers, the takeover by Eneco provided security of supply and a smooth and swift transfer in an uncertain market, even though the high prices on the wholesale market meant

Sustainable step forward

'Blijdorp Zoo wants to inspire its visitors to take good care of the planet. We go about this in a variety of different ways, including showing people what they themselves can do. While we were struggling with difficult times, Eneco was a partner that helped us to keep sight of our sustainability ambitions. With Eneco by our side, Blijdorp Zoo is taking a big sustainable step towards the future.'

Erik Zevenbergen
CEO of Blijdorp Zoo

CO_2-neutral by 2030

'It is wonderful to see that Eneco is targeting 2035 for achieving climate neutrality in the entire supply chain. They have drawn up a clear roadmap, which reveals their larger ambitions in this area. We have been working together closely with Eneco, and their sustainability ambition is clear for us to see. They have helped us make various improvements towards our ambition to make the Dutch Coca-Cola factory CO_2-neutral by 2023, including a local solar and wind farm near our factory in Dongen.'

Eva Amsterdam
Senior Manager Sustainability
Coca-Cola Europacific Partners

that these customers found our products to be significantly more costly than under their former contracts. That was also a major dilemma in the decision-making process: when to buy, what the consequences will be for the new customers (who at that moment have no choice in terms of another supplier), and how that will affect Eneco's reputation in the market.

Thanks to the takeover, Eneco added some 90,000 new consumer customers in a very short space of time. In accordance with our digital-first strategy for interacting with customers, we assisted these customers online wherever possible, and pre-existing Eneco customers saw barely any dip in the standard of our service. We have invested heavily in improving our chatbot and optimising our online customer journeys. Despite the unpleasant news for our new customers that the prices were high, we did not lose more customers than we had expected.

E-mobility: ANWB and De Efteling
To make e-mobility more appealing to consumers, Dutch travel organisation ANWB and Eneco have formed a partnership to offer charging stations and issue charging cards to owners of electric vehicles. Besides advising on the charging stations, Eneco also supplies and installs them. The electricity supplied through the charging stations is 100% green.

Eneco and theme park De Efteling have installed a charging hub comprising a total of 87 charging stations for charging 174 electric vehicles at once.

Sustainability in Germany
LichtBlick has made 2 important sustainability improvements for our German customers. The first is that LichtBlick is now part of Eneco's One Planet ambition, including by improving the sustainability of its gas-fired heating connections by switching to heating solutions powered by green electricity. This was boosted by LichtBlick's successful 5-year campaign to achieve greater transparency and stricter rules for electricity labels, which means that only producers that are actually sustainable can now sell their products as green electricity.

Oxxio
Having discontinued its telecommunications operations (Internet, television, telephone), Oxxio succeeded in transferring its customers for those services to KPN. Those customers were all migrated during the second half of the year, and Oxxio can now focus its full attention on selling energy and further improving the digital customer journey.

Business customers

Acquisition of Essent midmarket
Midway through 2021, we made a successful takeover bid for Essent's midmarket business customers. The transaction was finalised on 1 October, and we immediately set to work with the former Essent team to prepare and carry out the migration and other integration efforts. Late in 2021 we smoothly completed the process of migrating all the customers to our system. Now, the teams that used to be competitors are working together well to

provide our midmarket customers with an even more exciting range of green products and product differentiation.

A factor in this process was that this group of customers mainly purchased 'grey' energy. The acquisition therefore adversely affects our sustainable performance in the short term, but in the long term the acquisition offers many opportunities to help these customers become more sustainable.

Coca-Cola
Coca-Cola has partnered up with Eneco to make its factory in Dongen fully CO_2-neutral starting in 2023, as part of the plans by Coca-Cola European Partners to achieve climate-neutrality for their entire supply chain by 2040. This includes supplying green electricity, based on Coca-Cola's desire to use electricity instead of gas in various of its business processes. The gas-fired boilers will be replaced by fully electric heat pumps.

Kasteel Brouwerij Vanhonsebrouck
Beer brewers Kasteel Brouwerij Vanhonsebrouck in Izegem in Belgium are working with Eneco to improve the sustainability of the brewery and other buildings. Improvements include fitting the roof with 1,055 solar panels and installing charging points for electric vehicles and e-bikes.

Partnership with Ford extended to Belgium and Germany
Following a successful start in the Netherlands, the partnership between Ford and Eneco is being extended to Belgium and Germany. The companies are looking at easier, smarter and faster ways to charge electric vehicles, to make the transition to e-mobility even smoother.

LichtBlick
LichtBlick has made significant progress in improving the sustainability of the SME market in Germany. An attractive, sustainable and flexible range of products enticed more companies than ever to become customers and reduce their CO_2 emissions. LichtBlick also achieved success on the e-mobility market in June, supplementing its public charging stations by introducing charging stations for home use, including for existing customers.

UCC Europe
Eneco has signed a contract with UCC Europe to installed solar panels on the roof of that company's factory in Bolsward. Mitsubishi Corporation is one of the shareholders in UCC Europe. The project will help UCC Europe to realise its sustainable coffee products.

NGK Ceramics
NGK Ceramics Europe S.A. has contracted Eneco for procuring electricity from the Norther wind farm on the North Sea. The factory will start purchasing green electricity in January 2022. We are also discussing further sustainable solutions such as solar panels.

Entirely green supply chain

'Our goal is to make our production CO_2-neutral$_2$-neutral by 2030, and for all the operations in our entire supply chain to be CO_2-neutral by 2040. These are ambitious goals, and we are working hard to achieve them. Eneco is a key partner in these efforts: with the expertise that they bring in matters relating to energy, I am confident that our future is green!'

Maarten Koudenburg
Senior Director Supply Chain
Heineken Netherlands Supply

EDGE Amsterdam West
Various of Eneco's business units worked together in an optimum partnership to bring about EDGE Amsterdam West, a high-profile real estate project for a huge office block of 60,000 m^2 on Basisweg. The project includes sustainable heating and cooling, solar panels and solar carports for charging 660 electric vehicles. It aligns perfectly with our One Planet strategy, and with the sustainability wishes of the employees of Alliander, APG, ABP, Intertrust and Signify who will be based at EDGE. Eneco worked with EDGE Technologies to realise a solar electricity installation with a 1.3 MWp capacity, which is spread across the office roofs and the solar carports, and supplied a thermal storage system.

Heineken
In the Netherlands Eneco was selected as Heineken's energy partner. To achieve the beer brewer's ambition of running entirely on sustainable energy by 2030, we will work together to make the breweries in Zoeterwoude and Den Bosch climate-neutral. This includes supplying green electricity from 26,000 solar panels, with additional electricity from 2 wind farms, and installing a large e-boiler in Zoeterwoude.

CCIO
The department of the Chief Cooperation & International Officer (CCIO) handles interactions with the shareholders, in the broadest sense. The department is responsible for generating benefits and synergy from partnerships with other companies and subsidiaries of Mitsubishi Corporation in particular. Chiefly in the Netherlands and Belgium, it also establishes closer ties with Japanese companies. In the first full year of CCIO's existence this already produced some exciting results.

By drawing on Mitsubishi Corporation's business network, CCIO helped Eneco to conclude the power purchase agreement with Amazon for Hollandse Kust Noord. The agreement with Amazon allows Eneco to invest in more renewable energy projects and accelerate the energy transition.This also involves a dilemma: to either build assets for new customers (such as data centres), or to make your existing customers more sustainable? The reality is that you have to do both, because large and long-term investments, such as in an offshore wind farm, also require financial and other risks to be mitigated. This can be done better by concluding long-term purchase contracts.

Eneco returned the favour by providing expertise and advice for various tenders that Mitsubishi Corporation submitted for offshore wind farms in Japan, 3 of which were awarded the contracts.

Innovative services

Dynamic Production
The Dynamic Production service uses a smart controlling mechanism to switch off solar installations when there is too much electricity on the grid. This helps to balance the electricity system by temporarily withdrawing the surplus of solar energy from the grid. The 9 pilots that were organised in Q3 of 2021 yielded encouraging results, both financially and technically.

Solar Carport: ZonnigLaden
Launched in 2021, and currently in the process of being scaled up, ZonnigLaden is a solar carport solution in the Netherlands and Belgium with integrated chargers for electric cars. After we had trialled 3 carports during the year, we then invited customers to sign up. The process will be a time-consuming one given the high cost of building these carports, which generally involves obtaining the consent of multiple parties. Nevertheless, we are confident that this solution will become more important in the future.

Partnership with HomeServe
In Belgium, we started working together with HomeServe to supply a range of energy services and home repairs in and around our customers' homes, under the collective name Home Energy Management Systems. HomeServe is also responsible for Eneco's Boiler Maintenance Service. The services are offered directly to Eneco's existing customers, as well as to new customers through Eneco and HomeServe's regular sales channels.

SmartBoiler Module
A product that has already been available to Eneco's customers for some time is the SmartBoiler Module, which offers a cost-effective way to heat up rented and purchased boilers. Customers with an electric boiler or who pay for their electricity at regular and off-peak rates use the Toon Frequent (or TF for

short) signal, which tells the meter or boiler when to switch between daytime and night-time use. Between 1 July 2021 and 31 December 2022, the grid operators will be phasing out these TF signals. The SmartBoiler Module will provide a solution for this as well as reduce customers' costs and CO_2 emissions.

Launch of HappyPower
HappyPower is a product for rewarding loyal customers by giving them a number of hours' worth of free electricity and binding them to us. The electricity can be requested through the Eneco app, which means that HappyPower also leads to more use of the app. Following a successful test, we started using HappyPower in the spring of 2021.

MIG6 in Belgium
Having been in development for several years, the data processing system MIG6 in Belgium went live in December. Part of the development was ensuring that new market information and standards can be processed correctly in our back-end systems, which was a complicated process that involved transitioning large numbers of market participants at the same time. With our connection to MIG6, the groundwork has been laid to make it easier to connect customers or modify their details and to offer them smarter products and services.

Integration

Our trade division already occupies a central position in our efforts to integrate assets (production installations) and customers. However, this division will increasingly take on a directing role, utilising supply and demand on the separate markets. Although this chiefly involves the electricity market, the gas market will remain important as well, as events last autumn highlighted. The fact that gas, electricity and heating prices are still closely linked is part of the reason for this.

The energy transition is picking up pace: the production mix now includes a greater proportion of wind and solar energy, and the demand is increasingly shifting towards electricity, for example electric mobility, heat pumps and e-boilers. The impact on our operations and our financial results is already visible: a structural upward movement in balancing and profiling costs, and an increase in the value of 'controllable flexible CO_2-neutral capacity'. At the same time, volumes of data in the system are also rising exponentially, boosted by developments such as smart meters, more real-time or near-real-time weather forecasts and greater control. In response to these developments, over the next 3 years our trade division's systems will be updated and expanded.

Solid results despite volatile commodity markets
A series of external factors, including lower than usual gas buffers, combined with rising geopolitical tensions, caused substantial volatility in the pricing of electricity, gas and emission rights. In these situations, even minor deviations from the projected demand or sustainable production can cause costs to soar, as illustrated for example by the periods of below-average wind that Belgium experienced, but also by the unexpectedly large volumes of solar energy produced by solar roofs in the Netherlands. Under these market conditions, it is vital to possess a high level of expertise for preparing forecasts, reliable risk controls, a strong credit rating, long-term gas contracts and the availability of gas storage in order to prevent an over-reliance on rapidly fluctuating spot markets.

Thanks to our business and commodity portfolio management skills, Eneco succeeded in benefiting despite these market conditions, and we gained a competitive edge in this volatile environment on the energy market by utilising the flexible capacity in our portfolio from the power plants and our scalable wind and solar farms. Our asset-backed trading operations also yielded strong results in a market characterised by changing market prices and substantial volume fluctuations caused by the waves of the pandemic.

Myriad Virtual Power Plant
The Myriad Virtual Power Plant is one of Eneco's centralised projects: our own virtual power plant makes it easier for us to develop propositions (whether on a large scale or on a small scale) for the international market, both before the meter and behind, which can then be managed effectively from the trading room as a single, centralised portfolio. Eneco believes that a virtual power plant will become a vital resource in the face of the exponential increase in the weather-dependant electrification of our energy system.

Large batteries

In preparation for these developments, Eneco has taken out contracts to use large-battery capacity, including with iWell and GIGA Storage. We can utilise this capacity, together with our large BESS battery in Germany (48 MW), to swiftly restore balance to the portfolio. Looking further ahead, this capacity will be incorporated into our virtual power plant. Further contracts for battery capacity will follow, which will enable us to manage the short-term effects of volume and pricing in the market even better.

PPAs for customers

As in previous years, Eneco signed new Power Purchase Agreements (PPAs) in 2021: contracts for customers to procure large volumes of wind and solar energy. Thanks to these contracts, we can pick up the pace of the transition towards supplying our customers with energy that is entirely CO_2-free between now and 2035.

PPAs in Germany

A key milestone was reached when we signed 3 separate PPAs for sustainable energy produced in Germany, to continue the greening of LichtBlick's supply portfolio. These PPAs represent around 476 GWh per year, which is the amount used by 207,000 households.

Integration of Quby and Peeeks

In recent years our skills in the area of the Internet of Things (IoT) and data have improved significantly, thanks to Quby and Peeeks. We have also incorporated them elsewhere, including in information services for our customers, to help them take the next step in their personal energy transition. Now that these services have been developed, they will be scaled up for our entire Eneco customer base in the Netherlands, Belgium and Germany. To do this properly, Quby and Peeeks have been fully integrated into our Business Technology Organisation. This allows us to share their competencies and knowledge with the entire Eneco Group, as we work on building an integrated IoT and data platform for all our business units.

Financial results

The financial results were good despite unprecedented market conditions and the effects of the weather. Non-recurring gains on the sale of associates contributed to the results. Investment was maintained and this ensured that Eneco remains on course to implement its strategy that was presented at the end of 2020.

Financial
Eneco saw a strong improvement in its results in 2021. Revenue rose by 26% to €5,211 million (2020: €4,148 million) mainly as a result of higher prices for electricity and gas. Revenue from deliveries of heat was almost unchanged. In addition, there was an increase in revenue from customers taken over in Germany (E.On Heizstrom in 2020 and now included for a full year) and the Netherlands (Welkom Energie and Essent's midmarket business customers).

Overall, the gross margin improved by 12% to €1,224 million (2020: €1,094 million) benefiting from the mild winter and good trading results. In addition, Covid-19 no longer depressed the results. There was an adverse effect from the energy crisis (which hit customers the hardest) and poor wind conditions. Despite these challenges, Eneco was in a position to grow its business further. New windfarms came on stream, including the Delfzijl onshore windfarm and the Borssele (Netherlands) and Seamade (Belgium) offshore windfarms. EBITDA was up by 18% to €572 million (2021: €484 million) and EBIT by 36% to €222 million (2020: €163 million).

Weather
Weather conditions in combination with high market prices affect the results in various ways:

- During the year, wind speeds were well below average and so Eneco could produce less electricity from its own wind turbines.
- Consequently, additional purchases had to be made at high prices on the spot market.
- The electricity that was generated could be sold at a high price but then attracted less subsidy.
- 2021 was colder then the previous year, in particular during the first half, and so more gas and heating was sold to our customers. Towards the end of the year, however, the weather was milder.

Expenses
Total operating expenses rose by €71 million, or 8%, to €1,002 million, mainly because of the growth in the business (both autonomously and by acquisitions) as can be seen in employee benefits following the increase in the average workforce (2,865 FTEs on average during 2021), amortisation and depreciation and the costs of developing new projects. We also invested in further digitalisation in order to provide even better service to customers in the future.

Eneco's result from associates and joint ventures this year included non-recurring gains from the sale of a number of non-controlling interests, the main ones being Next Kraftwerke, Thermondo and Greenflux. The overall increase in the share of profit of associates and joint ventures was €49 million.

Strategy
At the end of 2020 Eneco presented its revised strategy. The main objectives for 2025 (compared with 2019) are an additional one million customer contracts, doubling of our sustainable production capacity and an increase in the Return on Capital Employed (ROCE) to 5%.

Our available sustainable capacity increased by 200 MW and the customer portfolio grew during the year from 5.558 million to 5.617 million, largely as a result of the acquisitions in Germany and the Netherlands. ROCE rose from 3.5% to 4.7%, mainly due to the improved result. The non-recurring gains from the sale of the venture portfolio are not included in this.

Investments
Eneco once again invested considerable sums in 2021: in total €532 million was spent on new operating assets and acquisitions. The principal acquisition was of a 25% share in the Norther windfarm off the Belgian coast from Mitsubishi Corporation. Eneco now owns 50% of this windfarm. Overall, €223 million was invested in windfarms and the largest projects in the Netherlands were Maasvlakte II, Hollandse Kust Noord and Delfzijl Oosterhoorn. In Belgium, the Libeccio and Newcastle windfarms were developed further. €18 million was invested in expanding the solar farms in the Netherlands and Belgium and a total of €84 million was invested in maintaining and replacing the heating grids and also in making the heat production facilities more sustainable.

Events after the balance sheet date
The European Union, United States, United Kingdom and others have imposed sanctions on Russia since 23 February 2022 as a result of the conflict between Russia and Ukraine. Those sanctions aim to restrict Russia's access to the international financial system and markets, block trading transactions with Russia and sanction certain persons and Russian banks.

The sanctions in place at the time these financial statements were finalised do not, however, affect Eneco's gas trading or payments in relation to Russia and up to now the gas supply from Russia to Europe has not been interrupted to date.

The vast majority (85-90%) of the gas that Eneco purchases through direct contracts is bought from non-Russian gas suppliers. In 2010, Eneco entered into a long-term contract with Wingas that expires in 2030. At the time, Wingas was a joint venture between a German company Wintershall and the Russian company Gazprom and it is now wholly-owned by Gazprom. Eneco also has a number of short-term contracts with Gazprom Marketing & Trading, a subsidiary of Gazprom established in London. These contracts expire soon. To secure supply to customers, Eneco will stick with existing contracts under current circumstances. If circumstances were to change, Eneco will reconsider options. Eneco will not extend existing or enter into new contracts with Russian gas suppliers.

The sanctions already in place and possible further measures by the European Union, United States, United Kingdom and others and the Russian response may lead to further disruption of the energy markets as a result of a possible suspension of the gas supply from Russia. Market disruption increases Eneco's risk with respect to replacement gas purchases, increased volatility in energy prices and the related margining effects (and higher liquidity requirements) and also increases counterparty risk on market parties. Volatility in energy prices may be reflected when consumers and business customers renew their energy contracts.

In view of the uncertainties and risks arising from the conflict between Russia and Ukraine and the sanctions and possible further measures referred to above, and the Russian response, it was not possible to establish what any possible commercial and financial implications will be for Eneco at the time these financial statements date were prepared.

Further to the situation, Eneco has intensified its risk management. Note 31 "Financial risk management" to the financial statements sets out the risk control measures. Eneco is monitoring developments relating to the conflict very closely and actively managing the business and commodity portfolio (including on the basis of scenarios). Any disruption to gas supplies from Russia can be absorbed in part from Eneco's own stocks of gas and in part from additional deliveries from European gas fields and imported LNG (Liquefied Natural Gas).

Eneco's financial position currently remains solid and additional measures have been taken to mitigate possible future liquidity effects from margin calls. As a result of rising energy prices, positions with counterparties which Eneco's trading department regularly trades with have increased. As part of the risk control measures, on 10 January 2022 Eneco took out credit insurance of €400 million for one year to cover the related credit risks.

Eneco continues to monitor the situation actively to ensure that it complies with the sanctions imposed by the European Union, United States, United Kingdom.

In 2021 Eneco presented its One Planet Plan. Phasing out natural gas is a vital step in achieving Eneco's climate ambitions. This means that Eneco will convert or close its gas-fired power plants and work on making gas-heated homes and buildings more sustainable through insulation, hybrid and non-hybrid heat pumps and heat networks. The current situation underlines the correct strategic direction and also the urgency of Eneco's One Planet Plan.

Outlook

Eneco will have an extended financial year in 2022-23 in order to share the same reporting rhythm as its shareholders Mitsubishi Corporation and Chubu Electric Power. Consequently, the financial year 2022 will be extended to 31 March 2023. The 2022 Annual Report is due to be published just before the summer of 2023.

Market conditions are volatile and so difficult to predict, as are developments in the energy transition. Against this background, we will refrain from issuing a results forecast for 2022.

One Planet results

Eneco's One Planet Plan centres around reducing the impact of people on the planet. Energy requirements and energy consumption must be brought down to within the boundaries of a liveable planet, so that we no longer need 3 planets to sustain us. Eneco has made good progress in 2021 towards its goal to achieve climate neutrality by 2035, in terms of both our own emissions and our customers', in order to transition to a truly sustainable society.

One Planet Plan

To live within our planet's natural limitations: that is what Eneco believes in, and that is the goal that we have long pursued. Recent scientific findings show that global warming and the worldwide loss of biodiversity are occurring at a faster and faster pace: according to UN climate change experts, the planet will warm up by 1.5°C long before 2040. Based on these facts, in 2021 Eneco further updated its business strategy and published a new One Planet Plan. This represents a new chapter in Eneco's history. We want our activities and the energy that we supply to customers to be climate-neutral by 2035.

The One Planet Plan sets out our climate ambition with associated actions, plus what we want to achieve in terms of biodiversity, circularity and society. These goals form the essence of our business strategy and business plan: the One Planet goals form a point of reference for all strategic preferences and investment decisions.

Climate-neutral by 2035

According to a recent report published by the International Energy Agency (IEA), to limit global warming to 1.5°C the electricity sector in developed countries will need to achieve 'net zero' emissions by as early as 2035. The Science Based Targets initiative (SBTi), which translates the most recent scientific findings into climate goals for sectors and companies, also argues that the CO_2 emissions by the electricity and heating sectors should be close to zero by 2035 and 2040, respectively. Unlike other sectors such as air transport and agriculture, which will need more time, these sectors already have affordable solutions available to them.

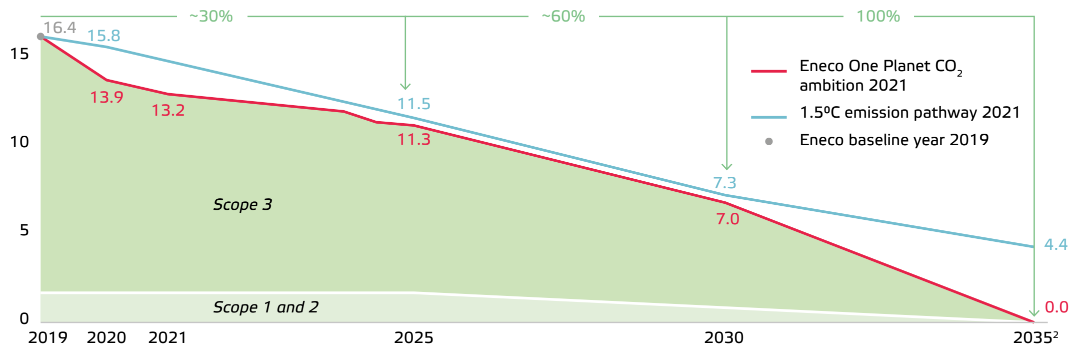
With this in mind, it is our ambition for us and our customers to become climate-neutral by 2035. This is faster than the 1.5ºC pathway prescribed by science: we believe that it is possible to reduce our emissions sooner, and to remain within the margins of the 1.5ºC pathway even if we encounter any setbacks in our reduction efforts.

Eneco's emissions on the road to climate neutrality by 2035

In 2020, Eneco's CO_2 emissions – including in our supply chain – in every country where we operate came to a combined total of 13.9 Mtons. As we forge a path towards zero emissions by 2035, we have set ourselves a mid-term target of 60% in 2030 relative to our baseline year of 2019 (see diagram).

Eneco's emissions on the road to climate neutrality by 2035

Emissions scope 1, 2 and 3 (Mton CO_2)



[1] Approximately 0.9 Mton (6%) from a total of 13.9 Mton of CO_2 emissions will be temporarily compensated by 2035.

Climate action: a source of inspiration

'The Netherlands has ambled into the energy transition. Although that is better than doing nothing, we need to start running if we want the planet to stay habitable. With its One Planet Plan, Eneco is running – and running fast, bringing the existing ambition to achieve climate neutrality forward from 2050 to 2035. This plan is a source of inspiration not only for everyone who is concerned about the climate, but also for anyone who is excited by the opportunities presented by clean energy. We need not only people who talk about climate change, but more urgently people who act, like Eneco. That carries a great deal of weight with the NVDE, and we are pleased to be working together to achieve this.'

Olof van der Gaag
Director of the Netherlands Association for Renewable Energy (NVDE)

However, we can only succeed with help from our customers: almost 90% of our CO_2 emissions are released by the energy – predominately from natural gas – that is consumed by our customers. So our climate goal covers the emissions from our entire supply chain: scope 1 and 2 (emissions from our own operational activities) and scope 3 (emissions in the supply chain and from customers), to use the scopes defined in the Greenhouse Gas Protocol.

In 2021, we succeeded (according to plan) in reducing the emissions from our entire supply chain to 13.2 Mtons of CO_2-eq (CO_2 equivalents). This is 0.2 Mtons below our carbon budget of 13.4 Mtons of CO_2-eq for 2021, and a reduction of 0.7 Mtons compared with the 13.9 Mtons of CO_2-eq emitted in 2020. We sold 7% more gas in 2021 than we did in 2020, as a result of colder weather. Updated emission factors further increased our emissions, particularly for natural gas. This was decreased by the diminishing effect of updated methods (correction of double counting) and an increased proportion of electricity supplied to our customers from sustainable sources: up from 71.6% in 2020 to 80.0% in 2021. The result is a lower emission factor – including upstream emissions – for the electricity that we supplied (101 kg versus 141 kg of CO_2-eq/MWh).

The CO_2 emissions from Eneco's heat supplies rose from 26.0 kg of CO_2/GJ in 2020 to 26.9 kg of CO_2/GJ in 2021, largely from the larger volume of natural gas that was needed as a result of the colder weather. Maintenance work in Amstelveen and The Hague also meant that slightly more heat was produced from boilers. Total emissions:

Total emissions[1]		
Scope 1	Direct emissions from our own operational activities: natural gas used for producing electricity in our power plants	1.5 Mtons of CO_2-eq
Scope 2	Indirect emissions as a result of purchases of electricity, steam, heating and cooling for our own use	0.0 Mtons of CO_2-eq
Scope 3	Indirect emissions from upstream and downstream activities	11.8 Mtons of CO_2-eq

1 The total is 13.2 Mton. Due to rounding off differences the sum of the three scopes is higher.

Governance

To realise our climate ambition for 2035, we work according to a CO_2 budget that is reduced little by little every year, and that serves as a point of reference for Eneco's investment decisions. The key points of our climate governance are:

Carbon budget	Our annual CO_2 budget (absolute volume in Mtons) is based on achieving or bettering the 1.5°C emissions pathway for scope 1, 2 and 3, as defined by the SBTi.
Audits and controls	The CO_2 budget is an integral part of Eneco's regular business strategy and planning process, including the midterm milestones and the financial and non-financial audits. The total absolute CO_2 budget is allocated to the various business units. It will gradually decrease, until it is zero in 2035.
Remuneration	The remuneration policy, not only for the Management Board but for all Eneco's employees, from 2022 will be based in part on realising the 1.5ºC emissions pathway and the CO_2 budget at the Group level.
Investments	A key criterion in selecting investments is how much they contribute to CO_2 emissions.
M&A (mergers and acquisitions)	M&A and investments in CO_2-emitting activities are still possible, as long as the investment is accompanied by a concrete plan for reducing the CO_2 emissions.
External reports	We report on our progress and our achievements towards our climate goals yearly, in our annual reports and in separate reports to the SBTi.

Climate actions and roadmap

We have translated our climate ambition into a long-term strategy, based on concrete milestones and quantifiable climate actions (see below). Our climate ambition and the assumptions underlying the plan have been validated by Boston Consulting Group (BCG), which established in June that reducing our CO_2 from 65% to 75% by 2035 – including a reduction of almost 100% in scope 1 and 2 – is based on reasonable assumptions regarding government policy and market dynamics. In light of various favourable developments, such as additions to Dutch climate policy under the coalition agreement for the formation of the Rutte IV government, we firmly believe that we will be capable of realising our climate ambition.

Our milestones on the road to 2035

2020	2025	2030	2035
100% renewable electricity supply for retail customers in The Netherlands Belgium and Germany.	**Double renewable** generation capacity.	**100%** renewable electricity supply for business customers in The Netherlands Belgium and Germany.	**Climate neutral** electricity and heat supply to all customers.

We hope to realise our climate ambition through 3 climate actions:

- **Drastic electrification**: large-scale electrification of industry, mobility and the built environment, using exclusively renewable electricity from new wind and solar farms.
- **Phasing out natural gas**: converting or shutting down our gas-fired power plants by 2035 or sooner, improving the sustainability of gas-heated homes and buildings using insulation, hybrid and non-hybrid heat pumps and heating networks, and discontinuing sales of 'stand alone' gas-fired central heating boilers by 2025 at the latest.
- **Accelerating the pace of sustainable heating**: innovating and investing in sustainable sources such as geothermal heat, aquathermal energy, electrode

boilers, thermal storage, green gas and green hydrogen.

Starting in 2022, the first full year since the launch of our new One Planet Plan, our annual report will include information about KPIs that show our progress towards achieving these milestones and climate actions in our roadmap towards becoming climate-neutral by 2035.

Towards 100% sustainable mobility

We are a frontrunner in sustainable mobility. Eneco is a member of Anders Reizen, a Dutch coalition of employers promoting sustainable forms of business travel, and the Rotterdam Climate Agreement Sustainable Mobility. The key results at 31 December 2021 are as follows:

Category	Sustainability percentage, year-end 2021	Plan for full sustainability
Passenger cars in the Netherlands	93% (electric or green gas)	Year-end 2022
Passenger cars in Belgium	63%	Year-end 2025
Passenger cars in Germany	76%	Year-end 2025
Commercial vehicles[1]	3%	No later than 2030
Reduction in CO_2 emissions per FTE	-65% (relative to 2016: 1.9 tonnes versus 1.0 tonnes in 2021)	
Absolute emissions from internal operations	-63% (relative to 2016: 8,748 versus 3,220 in 2021)	

1 It is considerably more complicated for us to improve our commercial fleet than our passenger cars: availability is more limited, they have a smaller range and commercial electric vehicles have fewer charging possibilities. Our target is to have a fully sustainable commercial fleet by 2030 at the latest.

Target 7.2	Eneco's goal	Result for 2021
Promoting the use of renewable energy (CBS)	Increasing the proportion of sustainable electricity production in the total delivery to 50% by 2022	37%

Target 11.6	Eneco's goal	Result for 2021
Less environmental impact in cities (CBS)	Working together towards 100% sustainable mobility	-65% of CO_2 reduction relative to 2016 (1.0 versus 1.9 tonnes of CO_2/FTE) 93% of our passenger car fleet in the Netherlands is now fossil-free

Target 13.2	Eneco's goal	Result for 2021
Climate policy and reducing greenhouse gas emissions (CBS)	Climate-neutral by 2035. Our annual CO_2 budget (absolute volume in Mtons) is based on achieving or bettering the 1.5°C emissions pathway for scope 1, 2 and 3, as defined by the SBTi.	13.2 Mtons of CO_2-eq

Positive impact on biodiversity

Biodiversity is under immense pressure all around the world. To limit the impact of climate change, it is vital for woodlands, soil and wetlands to recover and for more green to be introduced in urban environments. Eneco intends to show the rest of the energy sector the way in turning the tide on biodiversity loss. The goal that we have set is that by 2025 at the latest all our new sustainable sources such as wind and solar farms must have a net positive impact on biodiversity: what we add to biodiversity should outweigh the burden that we place on it. We will achieve this by keeping the negative impact on biodiversity of new projects that we develop and operate to an absolute minimum, and by investing in restoring and developing nature.

We have undertaken steps that will yield a method in 2022 for valuing the impact on biodiversity, which we use to support our investment decisions and to determine how much value of biodiversity loss we can mitigate or compensate.

EcoCertified Solar Parks
Research into the effect of solar farms on biodiversity is underway. Eneco has formed a partnership with 25 other developers of ground-mounted solar farms in the EcoCertified Solar Parks project. A variety of management strategies such as mowing and grazing will be examined, together with the solar farms' layout, in the research into ecosystem services and into mammals, birds, insects, soil diversity and soil quality. At the same time, we are working to develop a certification system for solar farms, with universal support from the industry. In combination with the management and design of the farms, this will contribute to greater biodiversity.

Nature development
At the Borssele III/IV offshore wind farm, oyster bags were fitted in October 2020. The oysters have a high survival rate (96%) and are showing excellent growth, while other aquatic life forms on and around the oyster bags are flourishing too: various species of fish, crabs, shellfish and sea slugs have been spotted. Substrate was deposited at the wind farm in June 2021, for the oyster larvae to settle and hopefully kick-start a flat oyster reef. We will send down cameras in 2023 to see whether we have succeeded.

At the Luchterduinen offshore wind farm, oysters have successfully attached themselves and are now producing larvae. With the assistance of environmental organisation Stichting De Rijke Noordzee, we investigated whether biogenic reefs have developed there: Although no tubeworm reefs have formed on a large scale, the species has successfully settled around the turbines' erosion protection.

Study into black blades for wind turbines
Eneco is working on a research project with government authorities and other producers of wind energy to find out what the effect is

Target 14.2	Eneco's goal	Result for 2021
Sustainable management and conservation of marine and coastal ecosystems (CBS)	Net positive impact on biodiversity for all new assets, starting in 2025	Oyster projects at multiple offshore wind farms to help nature develop

Target 15.2	Eneco's goal	Result for 2021
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Net positive impact on biodiversity for all assets, starting in 2025	Installation of a 3D bird radar at Maasvlakte 2 wind farm to stop turbines and reduce deaths of migratory birds and seagulls breeding in the vicinity

of painting one blade of wind turbines black on the number of birds that die from colliding with a turbine. According to an earlier study in Norway, painting one blade of a wind turbine black cuts back the number of bird fatalities by 70%. The current project is researching whether this holds true in the Netherlands as well.

Maasvlakte 2 bird research
One of Eneco's projects is realising the MV2 wind farm, consisting of 22 wind turbines along the entire outer rim of the Maasvlakte 2 industrial estate. When the wind farm becomes operational, Eneco will take appropriate measures to minimise the impact on nature. Those measures will be determined in consultation with Dutch public works department Rijkswaterstaat, which commissioned the project. For example, a 3D bird radar will be installed at the wind farm, to control turbine stoppages and reduce the number of deaths among migratory birds and seagulls breeding in the vicinity. The radar will allow us to track the birds in 3D, recording flight path, speed and altitude all at the same time. We will monitor the information to understand what impact the wind farm has on the natural surroundings and make optimum use of the measures.

Circularity

With the launch of our One Planet mindset, circularity has gained a broader meaning for Eneco. The Circularity pillar comprises:

- smarter, responsible use of materials;
- CSR (corporate social responsibility) due diligence, meaning how we give practical shape to our responsibility towards society;
- socially responsible procurement.

Smarter, responsible use of materials
Based on an analysis of material intensity, CO_2 and visibility in public spaces or recognisability for consumers, we have discovered that the areas where circularity can help Eneco make the greatest impact are Wind, Solar and Heat. We have already taken the first steps towards achieving this by joining the Circular Wind Hub, which is overseen by transition consultancy firm ECHT, and through recycling and saving on materials for the repowering of the Landtong Rozenburg wind farm.

CSR due diligence
CSR due diligence is the process through which Eneco puts the guidelines of the Organisation for Economic Co-operation and Development (OECD), the International Labour Organisation (ILO) and the UN Guiding Principles into practice. In recent years, Eneco has actively helped to give shape to the Renewable Energy Agreement, under which companies operating in the wind and solar energy sector have 5 years to gain control of the risks in their supply chain. The agreement is scheduled to be signed in 2022. Eneco already puts many of the principles into practice, for example through compliance and integrity, health and safety, HR, diversity and

Target 12.2	Eneco's goal	Result for 2021
Sustainable management and efficient use of natural resources (CBS)	20% circular procurement in 2021	25% circular procurement
	SRP criteria in 60% of our new contracts (>€50k) in 2021	55% new contracts with SRP criteria

inclusion and socially responsible procurement. Next up are achieving further integration into the risk management system, establishing the origins of products and services that we procure and rendering external account.

This year, the production chain for solar panels was in the public eye, particularly for the allegations about Uyghurs being used for forced labour. Eneco discusses issues such as those allegations with a wide group of industry stakeholders, as part of the Holland Solar sector organisation. At the same time, we will continue our efforts to improve transparency in the supply chain, to establish where we can apply our influence.

Socially responsible procurement and circular procurement
With socially responsible procurement (SRP), we are shifting our focus in the regular procurement process and we are also taking social and ecological criteria into account when selecting suppliers. For 2021, we had set ourselves the target that 60% of our contracts for procurement volumes representing more than €50,000 should include the SRP criteria. The proportion that we achieved in 2021 was 55%: not quite the 60% that we had targeted, but still a 19% improvement compared with 2020. A closer examination shows that the procurement category Assets & Equipment Services achieved 66%, while the category Indirect Procurement fell short. The proportion of circular procurement climbed from 13% in 2020 to just under 25% in 2021, which is on target.

We want to raise the proportion of Corporate Social Responsibility (CSR) Leaders among our 50 principal suppliers to 40%. At 35%, we achieved and surpassed our annual target of 25% for 2021.

At least 90% of our procurement expenditure should be spent at suppliers that subscribe to our Supplier Code of Conduct (see Annex). In 2021, 91% of the suppliers responsible for our procurement volume had signed this code.

Community engagement

Our One Planet Plan also includes the social and societal aspects of the energy transition. Transparency towards our customers and stakeholders is key to a successful energy transition and how those customers and stakeholders view the projects, and consequently their thoughts on how we give shape to our strategy.

Society's acceptance of our strategy goes a long way towards determining our possibilities for putting it into practice, and as a result the social aspects of the energy transition present the most important challenge. Public opinion carries a great deal of weight, for example about the acceptance of heating projects and solar and wind farms. Eneco is aware of the uncertainties that the energy transition inherently brings for everyone – customers, local residents and stakeholders – and we proactively involve them in our efforts to integrate our renewable energy sources into what little space is available. Given the increasingly important role of local participation in the energy transition, we generally work together with local organisations.

Our goals are:

- for Eneco to be seen and acknowledged as unsurpassed (Top 3) in community engagement and project communication across every segment of the energy transition;
- for Eneco to build successful local partnerships with energy cooperatives and other parties;
- for Eneco's employees who are involved in these energy projects to be trained in community engagement and stakeholder management.

In 2021, we partnered with local cooperatives to work on wind projects in Weert, the Rijnenburg polder in Utrecht, Lopik and Beuningen. Elsewhere, we gave local residents the opportunity to participate financially or we set up local funds for projects in the vicinity of wind farms. In many cases, we agreed on arrangements about protecting fauna. For our heating project in Rotterdam's Bospolder-Tussendijken district, we are working together with the municipal authorities and numerous other parties to link the heat transition to social transition.

Contributing proactively to laws and regulations

Eneco Regulatory Affairs (RA) and Public Affairs (PA) actively monitor and act on existing and upcoming legislation and regulation in close cooperation with the business units. Important subjects in 2021 were draft legislation on electricity and gas (Dutch Energy Act 1.0), introducing new consumer protection regulation, and a draft of a new Dutch Heat Act introducing a new market model for district heating. Additionally, RA and PA advocated improvement of climate policies that stimulate a shift to renewable electrification, both for industry and for the built environment. The SDE++ scheme for industrial e-boilers and hybrid heat pumps is an example of this.

In 2021 the Fit for 55 Package was published by the European Commission. These proposals will have a positive direct and indirect impact on the implementation of our One Planet Plan and the activities of Eneco in the Netherlands, Belgium and Germany. Our wind and solar farms for example will benefit from the decarbonisation requirements for industry, transport and the built environment. Therefore RA and PA are closely monitoring these developments and translating them into business opportunities.

RA and PA furthermore participate in relevant organisations such as energy sector association Energie-Nederland, the Netherlands Association for Renewable Energy (NVDE), the Netherlands Wind Energy Association (NWEA), Holland Solar and Eurelectric.

KPN is the green connector

'We are one of the most sustainable telecommunications companies in the world. We achieved climate neutrality back in 2015, and our goal is to realise net-zero emissions in our supply chain by 2040. Eneco's One Planet Plan is a great match, and together we are working to accelerate the pace of the energy transition and a sustainable future in the Netherlands through innovations in sustainable energy.'

Jeroen Cox
Strategic Lead Energy & Environment
KPN

Sustainability scores

Our customers, investors and other stakeholders are attaching more and more value to proof in the form of ESG (Environmental, Social & Governance) ratings, benchmarks and sustainability standards.

EcoVadis Platinum

In 2021, EcoVadis again awarded Eneco its Platinum rating, putting us among the top-rated 1% companies in our sector in terms of our sustainability performance. EcoVadis rates companies on environment, labour and human rights, ethics and sustainable procurement policy. Eneco has devoted a great deal of effort to these areas in recent years, and our rating shows it: only as recently as 2018 we were awarded the Silver rating.

Sustainalytics

Sustainalytics gives Eneco a low Environmental, Social & Governance (ESG) Risk Rating of 18.7. The agency rates Eneco's overall management of material ESG issues as 'strong'. These ESG ratings from Sustainalytics put our performances in the top 10% of companies in our sector for sustainability.

Sustainalytics is a global player that assesses companies' sustainability performances at the request of investors. A company's ESG rating is based on environmental, social and governance factors: Sustainalytics considers how much weight matters such as energy consumption, climate, use of raw materials, health, safety and good governance carry in a company's decisions.

CDP Climate Change 2021

Eneco has been awarded a score of A- from CDP for its efforts to combat climate change. This score, which puts Eneco among the leaders, is better that the European regional average B, and better than the average for the sustainable energy production sector (C). CDP is an international not-for-profit organisation that encourages companies and governments to make improvements such as reducing their greenhouse gas emissions. For more than 20 years, the CDP has been reporting on companies' climate footprints and ambitions. The organisation requests detailed information, and assigns ratings from D to A. More than 13,000 companies worldwide participated in CDP in 2021.

Greenpeace ranking Belgium
Eneco Belgium's score in Greenpeace's ranking of sustainable energy suppliers in Belgium was 18 on a scale of 20. Once again, Eneco Belgium achieved the highest score of all the large energy suppliers in Belgium. According to the report, "Eneco differentiates itself from the other large energy suppliers by being the only one to have specified climate targets aimed at reducing emissions to net zero well before 2050." Eneco's overall score increased slightly to 11 on a scale of 20, due to its continued investment in renewable energy and because it procures more and more green electricity directly from other producers, allowing it to conclude long-term contracts with an increasing number of business

customers for the supply of green electricity that is linked to sustainable sources.

Sustainability ranking Dutch electricity suppliers

In 2021, Eneco obtained a score of 9.0 for consumer electricity in the Dutch annual sustainability ranking of Consumentenbond, Natuur & Milieu and Wise. This means that Eneco remains the most sustainable electricity provider of the large energy companies. The score underlines Eneco's efforts towards the goal of the company and its customers being climate neutral by 2035.

Our staff, their passion and their vitality

Every day, countless of our people work hard to help us achieve our mission of 'Everyone's sustainable energy'. It is vital that Eneco does everything in its power to make sure that they can do their jobs properly while enjoying their work. We also actively pursue a policy of diversity and inclusion.

2021 should have been the year of our new hybrid working concept. Instead, our resilience was sorely tested. The Covid-19 pandemic forced us to adjust as our working conditions changed constantly. We are pleased that this has worked out well.

We are pleased that this has worked out well. Eneco is valued as a 'good' employer: the average employee Net Promoter Score (eNPS) for the year 2021 was 58 (2020: 64). The difference in the scores can mainly be explained by the fact that the score was very high last year. But again this year, our employees valued us slightly better than we had estimated beforehand (target: ≥55). If we zoom in on the last quarter of 2021, 65% of our colleagues rate our employership at 8 or higher on a scale of 10. Only 9% give us 5 out of 10 or lower. According to the employees, the most important advantages of working at Eneco are the sustainable strategy, in which our One Planet Plan provides direction and inspiration, and the degree of flexibility we offer, including with hybrid working from home and at the office in the near future. People are also appreciative of the fact that the work is challenging, interesting and varied. The working atmosphere is good and the employees have autonomy in the performance of their work.

Dealing with the pandemic and hybrid working

Our plans for a new hybrid approach to working were already in place in early 2021, based on what we had learned in 2020 about the pros and cons of working from home. According to our findings, the optimum balance is achieved using a 40-40-20 model: spending 40% of our time at home and 40% at the office, and dividing the remaining 20% between home and the office, whichever suits the individual's needs. This achieves 4 key goals that we have identified as essential for the future of our work:

- Sustainability: reducing CO_2 emissions through cutting our business travel and commuting.
- Diversity and connection at the office: preventing a gap between groups of employees based on their personal preferences (working at home or at the office) while allowing for flexibility and freedom of choice.
- Vitality: taking the best from both worlds to achieve an optimum work-life balance.
- Achieving strategic goals: offering every work form to help us work together both efficiently and effectively towards achieving our ambitious goals.

Unfortunately we were unable to test this approach fully in 2021, with working at the office being largely limited to 1 day per week. We will continue our experiments with hybrid working in 2022 as soon as we can.

A culture that matches our ambitions

Our chosen strategy and our One Planet Plan are ambitious. In order for us to succeed, we need our culture and our conduct to support those ambitions. With this in mind, with input from our senior leaders and an employee delegation we established in late-2020 what we want our culture to be. That culture is shaped by 3 values: *Drive the Change*, *Deliver the plan* and *Make each other successful*. We then translated those values into concrete conduct for all of our employees and managers.

In 2021, we activated these values and communicated them in townhalls, video messages, workshops, tools and training sessions. We also implemented the values and the associated conduct in our performance management system: each of our employees makes concrete arrangements with their manager about their conduct.

During our employee survey, we measured where we stand with our culture, and although our scores for *Deliver the plan* and *Make each other successful* are reasonable, *Drive the Change* still requires more work. We will continue to focus on it during 2022.

Leadership for an inclusive culture and a safe working environment

Leaders are an important element in realising the culture that we want, and we have translated our 3 values into the conduct that we want from our leaders, under the overall theme of 'caring leadership'. We initiated various forms of dialogue with Eneco's approximately 350 managers, to make them aware of the example that their conduct sets and what their role is in helping their employees.

Our Senior Leadership Team conducted a 360º feedback leadership scan to quantify and specify the necessary conduct changes. The senior leaders then took the findings from that scan to work on points for their own development, assisted by (among other tools) peer-to-peer coaching and the multiplier method, which is a method for managers to make optimum use of their teams' talents.

Diversity and inclusion

We take our mission of 'Everyone's sustainable energy' seriously. Our sense of responsibility towards society includes acknowledging, advocating and living diversity and inclusion (D&I). Continual awareness of D&I helps us to improve our organisation and to nurture the talent at Eneco to reach its full potential. To accelerate, we need to be more closely connected to one another and combine our strengths.

In late-2020, Eneco decided to make D&I a more explicit element of its strategy. As one of the ways to give shape to this challenging ambition, D&I has now been embedded in the values that Eneco introduced at the start of 2021. During the years ahead, we hope to mature into an organisation where D&I is part of our DNA. To this end, we have defined concrete annual targets across multiple years for inclusion (from a score of 7.1 out of 10 in 2020 to 9 by 2025) and for the proportion of women in managerial positions (from 27.5% in 2020 to 37% by 2023).

The chief concern in 2021 was to improve awareness of D&I at Eneco. In practice, this meant initiating an ongoing D&I dialogue, critically examining our processes for any D&I triggers, forming an active D&I community and offering workshops on a variety of subjects such as unconscious bias. In 2021, Eneco's rating for inclusion improved from 7.1 (out of 10) to 8.9, which far surpasses the ambition for 2021 of 7.7. For 2022, it will be key to hold on to our awareness of this important issue. We also actively worked to increase the number of women in management positions (N-1 to N-4) through recruitment and promotion within the organisation, and succeeded in increasing the proportion from 27.5% in 2020 to 30.2% by year-end 2021. Unfortunately, despite our best efforts we fell short of the target of 32%.

We believe that Eneco's leaders have an important part to play in our D&I development, starting with providing visible encouragement and promotion of D&I by our Management Board. Each member of the Management Board now sponsors a D&I theme, which they actively promoted during 2021. In June, we hosted a leadership event for all our managers on the issue of social and psychological safety, and what part managers play. We can look back with satisfaction on 2021 and the awareness that we have created. In 2022, we will move from raising awareness to making people aware of their actions.

Vitality and development

The vitality section of our employee survey revealed that workload is an issue that requires particular attention. Besides professional and technical training, the emphasis this year was therefore on our employees' vitality. For example, at the start of 2021 we hosted our Vitality and Connection Weeks (online this year), followed by the hybrid National Vitality Week during the course of the year. Although the tentative result of these events and other efforts is a slight drop in the number of employees who feel that their workload is high to excessive, this remains an important theme going into 2022.

Approximately 80% of our employees make their personal development their own responsibility, in the form of training and courses. However, since the findings show that we should provide more time for this, we will continue our partnership with Springest, our Learning Service Partner.

Employee participation in decision making

Eneco's Dutch business units held elections for their employee participation representatives in 2021, providing the works councils with many new and young members. The elections also led to considerable changes in the composition of the Central Works Council,

which works with Eneco Group's management to bring about continual change within the organisation. More and more, we are gearing our efforts towards gradual developments instead of major reorganisations, which put a great strain on the organisation and tend to take long to complete. This allows us to focus more on what matters: our customers and realising our strategy.

The works councils, old and new, were involved in each of their own business unit's important themes in 2021, such as reorganisations. The Central Works Council was involved in recruiting a new CCO, internal measures in connection with the pandemic, 'hybrid working', safety, diversity and inclusion, processes such as the Lighthouse programme and the One Planet Plan.

Safety, quality, security and ICT

We want our operations to be safe and healthy for everyone, which includes our staff as well as our contractors and subcontractors. We are compliant with all laws and regulations and safeguard and improve the quality of our services while respecting the environment and the world around us. We also make sure that our digital systems are secure. To guarantee business continuity for our stakeholders, we are continually making improvements across the entire supply chain. Caring about safety, quality and the environment is an in integral part of how we operate, and our motto is: we do not compete on safety and the environment.

Safety

Safety affects numerous parts of our work, including technology, organisation, processes and systems, but also our conduct and our safety culture. Only by working together can we create a safe environment to work and live. We use a series of strategic KPIs for monitoring and managing our performance. Our aim is to comply with legislation and regulations, and to guarantee and improve quality.

This year we again invested in efforts to improve our safety practices. The organisation's awareness has continued to grow, further embedding conduct that reflects a proactive safety culture in our Eneco DNA. Following independent external review this moved the business units in the asset organisation to Step 4 (on a scale of 1 to 5) of the NEN Safety Ladder. Step 4 means: safety has a high priority and is deeply ingrained in the company's operations. We are moving forward with our safety and culture programme that further embeds our proactive conduct in our culture, and the office environment (including home offices) in particular. A prominent element in this is the 'safety toolkit' that we have developed, which is intended to increase the dialogue about safety.

We measure safety using the strategic KPI Recordable Injury Frequency (RIF)[1]. In 2021, we achieved an RIF score of 0.34 (target: 0.50). This is a slight increase compared with 2020 (RIF: 0.23) Although every accident is one too many, our actual performance was better than our target for the year.

We recorded 5 accidents resulting in absenteeism this year, with a total of 29 absenteeism days, which brings the severity rate to 5.8 (29/5). This is a slight increase relative to 2020, when it was 3.5 (7/2).

We also take safety very seriously in respect of our contractors. Collaboration with our contractors is essential here. We have launched our contractor safety programme for proactive safety in the working environment. The purpose of this programme is to further reduce the number of accidents and raise safety awareness throughout the supply chain to the next level. Only with engaged and proactive contractors and employees can we be successful in creating a proactive and safe working environment.

We are actively involved in sector initiatives, including the Working Conditions Catalogue for the energy sector. This gives us the opportunity to work more closely with other companies on matters of health and safety and together achieve better standards. Despite those joint efforts, this year contractors were involved in 13 accidents resulting in absenteeism, alternative work or medical treatment. We follow up on such accidents immediately with a workplace dialogue between Eneco's management and the contractor's management: we believe that a constructive dialogue based on a shared interest in work safety is the best way to create collective safety awareness.

In addition to the strategic KPI of the Recordable Injury Frequency (RIF), we also carried out a pilot measurement of our contractors' RIFs, to further improve our understanding of this supply chain responsibility.

	2021	target 2021	2020	target 2020
RIF	0.34	0.50	0.23	0.59
LTIF	0.95	1.07	0.39	1.22

Environment

In our Eneco strategy, our operating results and our sustainability results are integrated. Eneco makes deliberate choices across the board, recognises its responsibilities, seeks coordination and subscribes to the principle of the circular economy: production and consumption should not exhaust nature.

Crisis management organisation

If a crisis arises or looms we mobilise a temporary crisis management organisation, which is convened in addition to the regular organisation to deal with the crisis professionally. It uses a special meeting technique to enable fast and reliable decision-making.

The Covid-19 crisis still poses a challenge for the organisation, bringing prolonged uncertainty, constantly changing laws and regulations and a need to work from home wherever possible. Despite the Covid-19 pandemic, we succeeded in further professionalising the organisation's ability to handle potential crises. Every part of the crisis management organisation has had proper training.

Quality management

Eneco's integrated management system, the Quality Information System (QIS), provides assurance and connects elements such as legislation, our processes, risks and controls, management systems and information with each other and with the organisation. This is one of the factors on which our compliance with the ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (safety) standards is built.

We have an integrated audit programme in place to make auditing the management system more efficient and integrated. Findings from internal and external audits are recorded in QIS for follow-up. This procedure ensures that our management system is periodically reviewed for effectiveness and efficiency. We also draw on independent certifications where they add value.

The result is that we ensure a sufficient degree of visible follow-up, which is a key factor in maintaining our focus on the ongoing process of improvement. Continued development and professionalisation help Eneco to provide customers with safe and high-quality products and services and remain compliant with laws and regulations.

Security, cybersecurity and ICT

Recalibrating our security strategy and implementing the change programme

Driven by developments on the market, strategic programmes and internationalisation, early in the year we redefined our direction to create an integrated and overarching cybersecurity strategy. The result is a recalibrated security operating model and associated long-term Security Roadmap (2021-2025). Managing cybersecurity risks is not an isolated matter of technology: rather, it is always an integral part of the business operations overall, where risk-aversion ('in control') and strategic alignment ('value') are inextricably linked. Besides technology, the Security Roadmap therefore expressly also covers strategy, risk management and governance. The security change programme is being coordinated across the entire organisation, by a multidisciplinary steering committee that also includes Eneco's strategic technology partners.

The first step in the new programme led to the formation of a Security Governance Board, with representatives from the Management Board and business unit directors. The purpose of this forum is to provide guidance on strategic security issues across the organisation and ensure that the necessary decisions are made.

Part of the vital infrastructure of the Netherlands

On 1 June 2021, Eneco was designated as an 'operator of essential services' under the Dutch Network and Information Systems Security Act (Wet beveiliging netwerk- en informatiesystemen, Wbni). This not only highlights the impact that cybersecurity incidents have on society, it also means that the requirements for the cyber resilience of our products and services are governed by the system of supervision of the Radiocommunications Agency Netherlands (Agentschap Telecom)

We have given shape to the requirements imposed by the Act, and modified our processes and measures accordingly. Among other requirements, this includes new rules for the duty to report incidents and preventive, detective and corrective controls. These measures have been incorporated into the Security Roadmap described above, and are being given shape in processes.

Cyberincidents

The year passed with barely any major cyberincidents. The only exceptions were 2 cyberattacks in January and April, with which unauthorised persons gained access to user accounts. We reported the attacks to the police, and notified the data subjects and the Dutch Data Protection Authority, and we have since taken steps to prevent similar situations in the future.

Risk management

Risk management helps us to achieve the objectives that we pursue in a responsible manner. In our risk policy, we carefully weigh what the opportunities and risks are and what controls we put in place to manage those risks. We review those controls for effectiveness continually and optimise the underlying process and control activities.

Risk governance

The Management Board is responsible for the risk management of the Group as a whole. Eneco's risk management system is organised according to the three-lines-of-defence model: a framework designed by the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA) to facilitate an effective risk management system. The various business units and support departments are responsible for carrying out the strategy and risk management (first line of defence). Business Control and functional areas such as compliance and security support the business units from the second line of defence. The Operational Risk Management department is also part of the second line of defence, and translates policy into guidelines and coordinates the risk management process. The Internal Audit function (the third line of defence) conducts independent audits and reports the results to the Management Board and the Supervisory Board's Audit Committee.

The directors of the business units periodically discuss their risks, the risk assessments and the status of controls directed at mitigating and managing those risks. The most important risks and controls are discussed in the Business Unit Review. These are consolidated and reported to the Management Board and the Supervisory Board's Audit Committee.

Eneco has recorded the risk limits at the Group level in various policy statements, codes and guidelines for matters such as safety, trading mandates, authorisational powers and conduct.

Risk and performance management framework

The internal control and risk management system (ECRS) is based on the COSO ERM framework, the worldwide standard for Enterprise Risk Management. ECRS comprises a systematic approach to risk assessment, a set of controls and an assessment method for management of the various business units to determine whether the controls are effective. The Statement from the Management Board is based in part on the outcomes of these assessments.

Risk management is an iterative and continuous process and is part of the regular Business Planning Cycle. The business units carry out in-depth analyses of the threats and opportunities at least twice yearly.

Eneco mitigates significant business risks using controls based on financial-strategic projections supported by sensitivity analyses, including single-event stress tests and Value at Risk analyses. Risk management and control systems have been set up at all levels of the organisation. The business units evaluate the results of the self-assessments of the key controls twice yearly.

Risk and control activities
Operational Risk Management facilitates the risk and control processes, which includes scoping the in control assessments.

The business units constantly update their risk registers to identify their specific business risks and opportunities, reporting to the Management Board and the Operational Risk Management department every calendar quarter. With the aggregated data, it is possible to understand the principal risks facing Eneco. The consolidated reports are discussed at least every six months with the

Risk and performance management framework

1. **Strategic Framework Strategic KPIs**
   - Framework risk and performance management
2. **Financial Strategic Forecasts 'FSP'**
   - Expected realisation of strategic objectives
   - Expected financial results
   - Expected credit rating ratios
3. **Risk & control assessment**
   - Gross risk inventory (risk register)
   - Determining controls
   - Determining the potential impact of risks on financial strategic forecasts
4. **Risk management & monitoring**
   - Net risk reporting and monitoring on all levels
   - Determining whether risks are acceptable
   - Mitigating measures and follow up

Management Board and the Supervisory Board's Audit Committee.

Eneco has prepared a set of risk criteria (risk frameworks) containing standards for various business processes, which the business units use for organising their internal controls. The frameworks define parameters that affect compliance and financial and operational activities for the following processes: Order to Cash, Purchase to Pay, Hire to Retire, Record to Report, Assets, Fraud & Integrity, Compliance (including Privacy), IT, Participations, and Tax and Treasury. The criteria also contain best practices for designing processes effectively and efficiently. Business units use internal controls to cover the relevant risk criteria and significant specific business risks.

About Statement from the Management Board
The Statement from the Management Board is based on the statements issued by the business units, Operational Risk Management's observations, the findings of the Internal Audit department and on further relevant information and developments.

The Statement from the Management Board includes the Management Board's opinion on the internal risk management and control systems, indicating whether they provide sufficient and adequate safeguards for realising strategic, operational and financial goals. The Statement also confirms that financial and non-financial reporting is reliable and compliant with laws and regulations.

Reviews and audits
Internal and external reviews and audits are used to determine whether we have realised our risk and control objectives.

The six-monthly reviews within the business units and at Group level generate an overview for the degree to which the Group as a whole is 'in control' and discussions about the principal areas of impact. Lessons are learned from the findings (including on the processes), and where necessary more effective checks implemented.

The annual risk and audit plan is risk-based. In 2021, the Management Board identified various areas that require specific attention, for example cybersecurity, the Covid-19 pandemic and providing additional evidence of being 'in control' of financial reporting, including our progress with the J-SOx project. Later in the year, the list was expanded to include market volatility and high energy prices.

Internal Audit carries out independent tests of a selection of the key controls.

Risk tolerance

Eneco has established its risk tolerance for each of the risk categories that it distinguishes. The values that indicate the risk tolerance for the risk category Financial were raised relative to 2020, in reflection of Eneco's growth.

Risk categories	Impact: low	Impact: medium	Impact: high
Safety	Injury resulting in alternative work	Injury resulting in absenteeism or hospitalisation	One or more fatalities
Integrity and Compliance	No/limited fraud possible	Incidental fraud possible	Large-scale fraud possible
Financial	< € 5 million	> € 5 million < € 20 million	> € 20 million
Reputation and Quality	Limited negative image among stakeholders	Decrease in confidence among stakeholders	Structural damage among stakeholders

Risk categories	Risk tolerance
Safety	Eneco devotes a great deal of attention to safety, with a very low risk tolerance. We regard serious incidents (hospitalisation, fatal accidents) as unacceptable.
Integrity and compliance	Eneco has a zero-tolerance policy with regard to integrity and compliance risks.
Financial	Our risk tolerance is generally low; however, sometimes the limited possibilities for mitigating a particular risk (for example the weather risk) force us to 'accept' a higher financial impact for that risk. In addition, we consciously opt for a higher risk profile in specific areas such as innovation and transformation. We use sensitivity analyses and stress tests to determine whether we are sufficiently robust to cope with negative developments and incidents.
Reputation and Quality	We have a low risk tolerance. We work to prevent any harm to the organisation's image.

We apply the risk categories and risk tolerance to strategic, operational, financial, reporting and compliance risks.

Developments in 2021

Besides the ongoing pandemic, other features defining the environment in which Eneco is currently operating are the prevailing climate crisis and, starting in the latter half of 2021, an emerging energy crisis.

On several occasions during the year, various authorities tightened their Covid-19 restrictions to prevent the coronavirus from spreading. Throughout 2021, Eneco again put a great deal of effort into its strategic and business continuity, by monitoring performance and risk indicators and how they change over time. Among other improvements, we expanded our IT network capacity and work-from-home possibilities.

The European Commission launched 'Fit for 55': a package of regulatory proposals aimed at helping the EU realise its new climate goal of reducing emissions by at least 55% by 2030 relative to 1990. This is a necessary step on the road to achieving climate-neutrality in the EU by 2050. Eneco shares this awareness that it will require more ambition to fight the ever more visible and concrete dangers of climate change, and we have set ourselves some challenging targets and developed our One Planet Plan (see also One Planet on our Eneco website). Eneco hopes to achieve climate-neutrality for itself and its customers by 2035.

The second half of the year saw the emergence of an energy crisis. This was caused by a series of mutually aggravating effects which meant that gas supplies were at an all-time low as the winter season began. Due to surging prices for energy and CO_2, some of Eneco's customers (both consumers and businesses) are faced with higher energy bills, and the affordability and reliability of the energy supply has come under pressure from the current energy crisis. Although a series of insolvencies have raised question marks about the sector's reputation, Eneco is capable of withstanding the challenges, thanks to our sustainable portfolio, our solid financial foundations and our active risk management policy.

The rising energy prices will help to stimulate further sustainability improvements (sustainable production capacity, phasing out natural gas, accelerating the pace of sustainable heating, insulation, heat pumps).

Eneco gave further practical shape to its focus on managing the risks of its operational processes, reporting (financial and otherwise), compliance and IT in 2021, to improve the quality and verifiability of its processes and controls.

As the year progressed, we identified several shortcomings in how our IT General Controls are set up and function, particularly in the area of access control. The findings were discussed with the Audit Committee and the Supervisory Board, and mitigating measures were put in place. Eneco will continue to work on improving its generic IT Controls and eliminating shortcomings in access control, logical access and change management.

The focus on controlling financial reporting is linked to Japan's SOx requirements (J-SOx), in connection with the fact that Eneco's shareholders Mitsubishi Corporation and Chubu Electric Powerare both listed on the Tokyo stock exchange in Japan.

Strategic risks

Strategic risks are long-term risks that influence the feasibility of Eneco's strategic objectives. For the goals and objectives that we have defined, we recognise the most important strategic risks and opportunities listed below.

1. Failure to meet climate goals

Eneco wants to lead the way in the energy transition, operating as a sustainable energy company within our planet's limitations, based on our One Planet Plan. The ambition of that plan, which is to help limit global warming to less than 1.5 degrees, is given shape in various targets, including reducing the CO_2 emitted by our operations and our customers to net-zero CO_2 by 2035. Some of the ways in which Eneco hopes to realise this are by doubling our own sustainable production capacity and scaling up the number of heat pumps at consumers. Every single interaction with our customers and stakeholders centres around our mission of 'Everyone's sustainable energy'.

2. Changes in customers' needs

The energy transition is transforming customers' needs and stimulating innovations. The margin per customer is under pressure, and we are losing 'traditional' energy customer contracts. Eneco wishes to create added value for customers and help them to reduce their CO_2 emissions, including by developing new energy services with promising technologies such as smart ways to use data for Smart Home applications and energy management. We also apply digitalisation and data analytics to optimise existing processes, to make sure that everything proceeds smoothly from the start *(first time right)* and we exceed our customers' expectations.

3. Structurally low electricity prices and subsidies

Structurally volatile energy prices and lower subsidies in the future will adversely affect the feasibility of our strategic sustainability goals. Electricity prices and the prices of green certificates can be fixed for multiple years on the energy trading markets, but often not for the full useful economic life. Decreasing revenues indicate less and less room for future investments in installations (assets) for sustainable production. We use international diversification to spread and reduce the risks. In addition, Eneco's strategy is also to build sustainable production facilities in partnership with and at the request of customers (Client Sources with long-term purchasing contracts). We reduce price risks by structuring trading contracts.

4. Decreasing profitability of heat segment

The government wants all households to be no longer reliant on natural gas by 2050. Gas revenues and margins will also decrease in the short term due to increasing insulation and new local and centralised energy saving solutions, such as the electrification of heating. Eneco is investing in sustainable alternative heating solutions, looking at both collective solutions such as district heating and individual solutions such as heat pumps. We are working to optimise the supply chain in order to minimise the impact of lower gas margins.

5. Changes in the public opinion

The energy transition poses a challenge for society. Whether we succeed in achieving our goals depends heavily on public opinion, which has both a direct impact, for example on the willingness of residents to accept district heating, and an indirect impact, such as in how the government determines the level of stimulation measures.

6. Increasing impact of weather on the result

Weather conditions lead to fluctuations in revenues from both sustainable production and heat deliveries. Given the targeted relative growth of these elements in our portfolio and the growing number of weather-based energy sources in the market, our financial result is coming to depend more and more on the weather. Active risk and portfolio management helps Eneco to gain control over the increasing exposure. We partly mitigate the weather risk using hedging transactions in the market and by entering into structured agreements and taking out insurance, and as an integrated energy company we can use a number of 'natural hedges' to compensate for some of the fluctuations.

7. Insufficient competencies and employability of personnel

Implementing our strategy and realising the energy transition will require new competencies, speed and agility of the organisation and its employees. The focus is on building a high-performance organisation, for instance by applying the principles of agile working and the Lean methodology and through further digitalisation. The inverted organisation structure supports an approach that focuses on the customer and the supply chain. The implementation of the strategy and the realisation of the energy transition demands new skills, tempo and agility from employees.

8. Missing the boat in the data revolution

The movement towards digital and data-driven products and services is continuing at a rapid pace. Smart use of data technology can threaten existing markets and value chains; however, it also offers opportunities for anyone who capitalises on it at an early stage. We embrace this trend. By using artificial intelligence (AI) we are able to approach the right customer with the right message at the right time. An example of this is our use of Toon thermostat data to be able to detect the electricity consumption of old and inefficient appliances and provide customers with very specific advice at the right moments. We work hard to make sure that these data are handled, stored and used with great care, particularly in terms of their traceability to specific individuals.

9. Impact of Covid-19

Eneco's Covid-19 policy is meticulously compliant with the restrictions imposed by the Dutch government. Our employees' mental state is another matter that we give constant attention, as repeated lockdowns and working from home make the situation more and more challenging. Besides providing equipment to make working from home safe and responsible, we have also put a great deal of effort into creating opportunities to connect (even if only virtually) for a stronger sense of togetherness. We also encourage our employees to take regular breaks and stretch their legs.

The restrictions needed to control the virus also have an economic impact. Compared with other sectors and industries, Eneco on the whole has felt relatively little of that impact:

- Although the demand for energy in the business market has dropped, at the same time working from home is driving up the demand in the consumer market.

- Eneco has a strong financial position and sufficient liquidity. These factors are now subject to periodic monitoring with an increased frequency.

- For Eneco, the situation is creating opportunities for reinforcing partnerships and growth, including through mergers and acquisitions (customer portfolios and assets).

Many of our customers are affected financially by the pandemic and in this time of rising energy prices, energy poverty is increasing. Sustainability improvements help to reduce domestic energy consumption. With our social debt collection policy we try to help customers who are having difficulty paying their bills as much as we can.

Climate-related risks

Laws and regulations
The market in which we operate is a regulated one. This means that our risk assessment and monitoring processes always include any potential legal risks: risks arising from regulation, from contracts with partners and customers, or from non-compliance with environmental permits. As part of its risk controls, Eneco ensures that it is aware of all the newest relevant laws, and actively coordinates what it knows, and how to follow up, with key stakeholders.

Changing European and/or Dutch regulations can have a major impact on matters such as subsidies, CO_2 pricing, market structure and taxes. The regulatory framework evolves under influence from trends such as digitalisation, data, decentralisation and the emergence of sustainable sources of energy.

Another development in this context is the European regulations for the Clean Energy Package, which concerns the transition to renewable energy, and so matches our strategic objectives.

Technology
The energy market is in the middle of a transition. All around Eneco, innovations are taking place in the technology for production, storage, savings and conversion. This affects our future revenue model for supplying energy to households and industry.

The risk here is that we fail to react to these developments on time, or fail to react properly, and so find our ambition for climate-neutrality and our market share under pressure, leaving us unable to realise our goals for the innovative services growth domain, for example.

Market
As a sustainable energy company, Eneco wants to lead the way in the energy transition. Key market risks include the high volatility of energy prices and the lower subsidy levels for sustainable production, which might make it more difficult to achieve our strategic sustainability and climate objectives.

Reputation
To protect our image, we select our suppliers and partners with care, and use KYC criteria for accepting commercial customers, contracting parties and partnerships and alliances.

Acute physical
This includes physical climate risks: we assess possible acute climate risks such as flooding, storms and heat waves, which pose a potential threat to the safety, integrity and availability of our assets. Physical climate risks are covered by our ECRS. Eneco uses scenario analyses, predictive tools and stress tests to identify and assess risks.

Chronic physical
One important chronic physical risk is the growing impact of the weather on our results. The temperature affects the energy consumption of our customers (demand for gas and heat) and the wind affects the production volume. Fluctuating volumes and volatile prices have an impact on our financial results.

Operational risks

This section describes the principal operational risks that despite mitigation could still have a high impact.

Risk (trend compared with 2020 ↑→↓[1])	Potential impact	Controls
Operational risks		
IT continuity ↑ Unauthorised access and/or changes to the IT infrastructure and discontinuity in IT systems as a result of cyber attacks	• Despite our IT security measures, information technology and infrastructure, we might still be vulnerable to cyber attacks or breaches. Any breach can cause our operations to be disrupted, jeopardise systems and result in downtime or sensitive personal and/or business data breaches. Any of these could have a harmful impact on our reputation.	• Continual implementation of the newest security procedures and measures to improve our security level and minimise vulnerabilities to cyber attacks. • Employee awareness training. • Strengthening the management organisation for coordinating critical suppliers. • Identification and detection technology for unauthorised access and suspicious activity. • Security penetration tests by specialist external parties. • Demanding assurance opinions from suppliers of critical services and audits. • Implementing Identity & Access Governance based on generic services (Identity as a Service (IDaaS)). • Controls for cybersecurity and other risks from large numbers of employees working from home.
Business continuity interruptions → Incidents, disruptions and/or interruptions in our production, storage, distribution, deliveries and/or trading and customer systems that have a negative impact on operations.	• Accidents with injury or worse. • Waste. • Data security difficulties. • Financial impact: • Reputation damage.	• Safety policy and instructions. • Carrying out periodic crisis management and recovery tests. • Continuity measures in the IT landscape for IT applications categorised as high, with a high CIA value. • Maintenance and monitoring of Eneco’s assets, including distribution grids and production units, in accordance with ISO 55001. • Central organisation and control of critical business functions such as the supply chain, control centres and invoicing. • Eneco is adding to the technological mitigations by working to further improve awareness in proactive terms of conduct (for example through Step 4 on the Safety Ladder).

Risk (trend compared with 2020 ↑→↓[1])	Potential impact	Controls
Market risk ↑ High energy prices and a volatile market.	• With the high volatility on the market, product terms and customer protection laws, Eneco is exposed to an asymmetric price risk, where prices can have a harmful impact either by rising or by falling. *Falling prices:* risk of increasing competition (loss of customers and margins) and loss of position management as a result of lower volume adjustments at lower prices. *Rising prices:* loss of position management as a result of smaller numbers of outgoing customers, causing Eneco to procure greater volumes at higher prices. • The ability to offer products with price guarantees or for long durations is rendered more expensive by high volatility of energy prices and carries more inherent risks.	• Risk exposure monitoring (for example sensitivity analyses). • Procurement policy reviews • Formation of a special project team to be able to identify and anticipate all the various risks, important variables, short-term events and developments in time. • Product range review (terms and pricing for inherent risk mark-ups).
Spark spread ↓ Lower spark spread resulting in fewer hours for profiting from a high spark spread and longer times that power plants are idle.	• The high prices and volatility meant that the spark spread was favourable at times. • The impact of potential CO_2 tax will depend on political decisions.	• Portfolio management and hedging strategies in the energy trading markets using energy derivatives.
Profitability of sustainable assets ↑ Lower future revenues due to lower electricity prices or lower market value of green electricity. Portfolio is growing and with it the risk.	• The Dutch and Belgian subsidy schemes do not eliminate the price risk entirely. The subsidy scheme in the UK implies inherently more price sensitivity.	• Hedging positions using energy trade markets • Alternative risk mitigations for risks for which no liquid markets exist. • Forming long-term customer supply transactions. • Spreading investments over multiple countries.
Degree days risk ↑ High demand from customers if the winter is colder than normal, with high gas prices.	• The sharp surge in market prices this year has made Eneco sensitive to higher purchase volumes in colder winters, whereas usually we are sensitive to relatively mild winters.	• Taking out degree days hedges and weather insurance. • Making use of our storage facilities. • Using portfolio management and weather forecasting expertise relative to the projected energy supply and demand. • Using demand-steering mechanisms together with our customers.
Wind volume risk ↑ Lower revenue from wind farm production than average as a result of weather conditions (little wind).	• The influence of weather on our results has increased due to the expansion of our wind energy production. Less wind leads to lower revenues. The high prices at the end of 2021 mean that the risk for 2021 and 2022 is higher than in previous years.	• Taking our weather insurance, wind volume hedges. • Using portfolio management and weather forecasting expertise relative to projected wind generation volumes. • Sourcing some of our sustainable energy under long-term procurement from third parties (PPAs) instead of our own wind farms.

Risk (trend compared with 2020 ↑→↓[1])	Potential impact	Controls
Participation risks → Risks associated with business performance, control and governance of our participating interests (including recent acquisitions) and other participations	• Financial losses (such as an inability to realise targeted synergy advantages). • Reputation damage.	• Eneco uses its representation on supervisory bodies of its associates and other participating interests. • Associates that have been recently purchased or established and that exceed a particular size are included in the ECRS, with various additional requirements, including for reporting and IT controls. • Eneco uses periodic monitoring to oversee its venture portfolio. The higher risk profile is partially mitigated using the applied transaction structure and conditions (for example use of preference shares). • Eneco deliberately affords associates and other participating interests that focus on innovation more latitude, to allow them to innovate and excel faster, and accepts the greater risk that these types of associates and participating interests inherently pose.

1 ↑ risk higher compared with 2020 ↓ risk lower compared with 2020 → risk unchanged compared with 2020.

Financial and reporting risks

Like all other Enterprise Risk Management processes, the In Control over Financial Reporting (ICFR) process is safeguarded by using risk analysis (reporting processes in this case), by implementing controls and by rating how they function using assessments and self-assessments, monitoring, reporting and improvements to control activities. The purpose of ICFR is to prevent material misstatements in financial reports and to identify any material misstatements on time and correct them.

The ECRS provides for criteria, risks and measures designed specifically to minimise the risk of errors in financial reporting and ensure that our financial reports do not contain any material misstatements. In the future, Eneco will be required to comply with several of the J-SOx requirements, particularly as they relate to ICFR.

Risk (trend compared with 2020 ↑→↓)	Potential impact	Controls
Financial and reporting risks		
Eneco's creditworthiness → Decline in Eneco's creditworthiness (or perceived creditworthiness) or rating downgrade. Eneco's liquidity and cash flows are very much susceptible to materialising market risks that could also affect the organisation's creditworthiness.	• Decrease in the willingness of energy trading parties to give Eneco the same limits on trading positions, or an increase in guarantees and other security required from Eneco. • Less favourable conditions for access to capital and money markets and (to a limited degree) higher interest mark-ups. • Challenges relating to current liquidity.	• Stipulating contractual terms with customers and trading parties (and the associated positions) and forming new contracts. • Availability of back-up financing and guarantee facilities, to be used in particular if market conditions turn volatile. • This year we adjusted our internal mandates and tolerances to allow us to act decisively in response to extreme market movements (for example if it becomes necessary to draw on the guarantee facilities to boost liquidity).
Creditworthiness of customers and suppliers ↑ Increased inherent risks of potential losses if the creditworthiness of customers or suppliers declines.	• Financial risks if Eneco is unable to collect on claims. • Project risks if suppliers are unable to fulfil their obligations. • Decreased availability of partners to do business with Eneco.	• Exposure, monitoring and follow-up. • Credit mandates, policy and follow-up. • Risk reduction (insurance, other) for a small number of specific suppliers representing a major exposure for Eneco.
Reporting risk → Risks in the area of the internal and external financial planning and reporting.	• Reputation damage, claims and legal proceedings. • Non-compliant or incorrect reporting. • Lack of accurate, timely and substantiated financial steering information for management's decision-making.	• Maintaining up-to-date financial reporting expertise. • The internal controls and accounting organisation, including Eneco's accounting guidelines. • Procedures for periodic closing, reporting, forecasting and energy balance. • Project-based coordination for future J-SOx compliance requirements.

Compliance risks

See also the chapter on Integrity and compliance.

Risk (trend compared with 2020 ↑→↓[1])	Potential impact	Controls
Compliance risk		
Changes in laws and regulations that may affect our activities ↑ Improving sustainability requires substantial long-term investments. Uncertainty or lack of clarity about changes in laws and regulations and the timing of those changes have a substantial impact on the willingness to invest.	• Asset valuation. • Willingness to invest. • Realisation of the ambition to grow in the area of sustainable heat. • Realisation of the ambition to grow in the area of sustainable energy production capacity.	• Constructive dialogue with industry peers and regulating bodies. • Controls regarding investment decisions.

1 ↑ risk higher compared with 2020 ↓ risk lower compared with 2020 → risk unchanged compared with 2020.

Integrity, compliance and privacy

A key condition for giving shape to our mission is treating our customers, each other and our partners properly and doing business with integrity. With this in mind, we have an integrity programme in place to promote and enforce our standards and values, and a proactive programme to ensure compliance with laws and regulations. We also keep a close eye on data protection, in compliance with the relevant rules, to ensure privacy.

Integrity and compliance programmes

Our integrity and compliance programmes are based on the 'three lines of defence' model. The Compliance & Integrity Manager, in the second line of defence, provides coordination and reports to the Management Board on both programmes' functioning.

Integrity

Corporate Code of Conduct
Throughout 2021, Eneco continued its evolution towards becoming an international organisation. Having set itself the ambition of achieving climate-neutrality by 2035, Eneco has formulated a long-term strategy, supported by concrete plans, clearly defined investment choices and quantifiable targets: the One Planet Plan. Based on this One Planet Plan, the strategy that was adopted in 2020, with the accompanying business plans an investment agenda, was given further shape in 2021.

If this strategy is to be realised, it needs to be supported by the organisation's culture and leadership. Our cultural and leadership values are *Drive the Change*, *Deliver the plan* and *Make each other successful*. These key values serve to highlight that everyone shares in the responsibility of making a difference through their own actions and behaviour. In 2021, we rolled out a leadership and culture change process to implement this new set of values, increase the degree of internal cooperation and improve our effectiveness. The new cultural values have also been incorporated into Eneco's Corporate Code of Conduct, which applies internationally, in each of the countries where Eneco operates. It is available in multiple languages.

The code of conduct helps our employees to understand and apply our rules, integrity standards and values. To guide conduct within the organisation, we have adopted a broad corporate programme that focuses heavily on key conduct issues such as diversity, inclusion, social safety, physical safety, corporate social responsibility and internet safety.

Fraud prevention efforts
In 2021, we continued to focus on the additional requirements for fraud prevention efforts (in connection with integrity). The fraud risk framework was updated in 2021, with additional and stricter requirements where necessary, for example by establishing a link between generic fraud risks and the identified risks and controls of the separate parts of the organisation. Having examined the quality and verifiability of the effectiveness of the risk controls, our conclusion is that the risks are properly managed.

Integrity programme
The practical implementation of our integrity programme was coloured by the pandemic and the restrictions that were in place during the year. Working from home and hybrid team interactions dominated, which meant fewer workshops. However, online communications and online activities received more attention, focusing on integrity, safety and inclusion in our conduct and covering issues such as psychosocial safety, unconscious bias and inappropriate behaviour.

We factored in the possibility of increasing non-integrity and fraud risks relating to working from home, for example as a result of the lack of oversight by colleagues, the added pressure (in particular mental stress) and the elevated risk of internet fraud. No concrete indications emerged of increased levels of fraud or other integrity issues as a result of the pandemic.

Reporting desk and confidential counsellor
Any employee who is the victim of unacceptable psychosocial working conditions such as bullying, discrimination or sexual harassment, or who encounters any other integrity issue, may report this to our integrity reporting desk or ask for help from our confidential counsellor. In 2021, the reporting desk and the confidential counsellor received 23 reports. This is 9 less than in the year before (2020: 32). Approximately 30% (2020: 40%) of these reports concerned fraud or theft, 9% (202: 15%) concerned psychosocial working conditions such as discrimination, harassment and bullying, and 61% (2020: 45%) concerned other integrity-related issues. Where necessary, we imposed disciplinary measures and updated our processes to prevent further incidents.

Compliance

Risk assessments
Non-compliance with national and international laws and regulations exposes us to risks for our licence to operate and our reputation with customers, as well as the possible financial consequences of fines and invalid contracts. The compliance risk assessments at the various business units, where we map out the risks, controls and gaps, are a key part of our compliance programme. The pattern that this summary shows is stable, and does not require any ad-hoc intervention.

Energy legislation
Compliance with energy laws as the relate to consumers is a particular area of attention. We regularly perform internal assessments and involve industry or regulatory experts. During the year no significant deficiencies were found but several minor improvements have been implemented. The Consumers department organised workshops to maintain expertise and awareness at the required at the required level.

Assurance
Internal assurance for the compliance process is based on audits and the Statement from the Management Board. We are subject to external supervision of legal enforcement by

various supervisory authorities, including the Netherlands Authority for Consumers & Markets (ACM) and the Dutch Data Protection Authority (Dutch DPA).

MiFID licensing exemption
In early-2021, we were once again informed by the Dutch Authority for the Financial Markets (AFM) that we are exempt from the licensing obligation under the MiFID (the Markets in Financial Instruments Directive; a European investment directive). This announcement covers multiple Eneco entities.

Privacy

GDPR
Eneco has put a great deal of effort into demonstrating our compliance with the General Data Protection Regulation (GDPR). To demonstrate our privacy compliance we have rolled out a Privacy Risk and Control Matrix, and all our business units in the Netherlands, Germany and Belgium have undergone privacy self-assessments. For added assurance about the effectiveness of the design, implementation and operational effectiveness of the privacy controls, Internal Audit has carried out independent audits and reported on the results.

Privacy supervision authorities
Eneco reported a total of 9 data breaches to privacy supervision authorities. In the Netherlands, 3 data breaches were reported to the Dutch Data Protection Authority (Dutch DPA). In Germany, LichtBlick reported 6 data breaches to the supervisory authority in Hamburg.

The Dutch DPA was notified of a breach of the online ‘Mijn Eneco’ environment, after cybercriminals used email addresses and passwords stolen previously from other websites to gain access to the ‘Mijn Eneco’ customer accounts of some 1,700 consumers and small businesses. External parties accessed, and possibly modified, our customers’ personal data. The customers in question were notified of the data breach, and the risk of using the same password that they used for ‘Mijn Eneco’ was highlighted. New accounts were created for them, with new passwords. The data breach was investigated, and additional measures have been put in place. Besides the 1,700 customers whose accounts were compromised, we also sent out an email to a group of 47,000 customers who had logged in around the same time. We informed those customers that, even though nothing indicated that their accounts had also been accessed, they were nevertheless advised to change their passwords.

Following a complaint about a request for access and objection to the use of personal data for direct marketing purposes, the DPA announced an investigation and requested information from Eneco. After that information had been provided, the complaint was withdrawn and the DPA closed its investigation.

LichtBlick’s subsidiaries LB Heizstrom Nord GmbH and LB Heizstrom Süd GmbH, which it acquired from E.ON in 2020, were each fined €12,500 by the supervisory authority in Hamburg, for an infringement during the transfer of customer data to LichtBlick in 2020. The fines were imposed on the LB Heizstrom entities that were taken over, even though E.ON was responsible for the infringement.

Data Policy
In order to communicate clearly and unambiguously what Eneco does with customer data, we have reassessed our data policy for Eneco, Eneco Belgium, LichtBlick and Eneco eMobility, and adjusted and clarified it where necessary. The new data policy has been published on the various websites to inform our customers for what purposes the data is used.

Smart Meter Code of Conduct for Suppliers (2012)

Together with Dutch energy industry association Energie Nederland, Eneco proposed a new Smart Meter Code of Conduct for Suppliers in 2020. That proposal, which describes the obligations pursuant to the GDPR, has been discussed with the Dutch DPA and should come into effect once that authority has given its formal approval. Our declaration of compliance with the Suppliers Code of Conduct serves as confirmation that we handle our customers’ data with great care. With the compliance process completed, the conclusion is that we are compliant with the rules and handled customers’ questions satisfactorily.

Declaration of compliance with Suppliers Code of Conduct (2012)
regarding data from low-volume meters that can be read remotely.

Name of legal entities: Eneco Consumenten B.V. and Eneco Zakelijk B.V., hereafter jointly referred to as Eneco, and Oxxio Nederland B.V. and CEN B.V., hereafter jointly referred to as Oxxio.

Registered office: Rotterdam.

Period: 1 January 2021 up to and including 31 December 2021

Eneco and Oxxio make use of meter data obtained from low-volume meters that can be read remotely in order to carry out their services properly. As a supplement to the Personal Data Protection Act (now the General Data Protection Regulation), suppliers and meter reading companies acting under their responsibility in the Dutch energy sector have drafted a code of conduct regarding the use, recording, exchange and storing of data obtained from low-volume meters that can be read remotely.

Eneco B.V. hereby states, duly represented in this matter by its director F.C.W. (Frans) van de Noort, in its capacity as director of Eneco Consumenten Nederland B.V., who in turn is the director of Eneco Consumenten B.V., Oxxio Nederland B.V. and CEN B.V., as well as in its capacity as director of Eneco Zakelijk Nederland B.V., who in turn is the director of Eneco Zakelijk B.V., that Eneco and Oxxio have complied with the rules and obligations laid down in the Suppliers of Smart Meters Code of Conduct Customers during the above-mentioned period, and have also handled customers' questions satisfactorily.

Article 3.1.2 of the code of conduct states that personal meter data must be processed in accordance with the law. With regard to this specific issue, it should be noted that the General Data Protection Regulation (GDPR) came into effect on 25 May 2018. Eneco is compliant with the GDPR. In addition, Eneco drew up a proposal for a new code of conduct, together with Energie Nederland, containing the obligations that follow from the GDPR. This proposal was discussed with the Dutch Data Protection Authority and will come into force after formal approval by the Dutch Data Protection Authority.

Rotterdam, 11 March 2022

F.C.W. (Frans) van de Noort,
member of the Management Board of N.V. Eneco

Corporate Governance

Eneco's corporate governance is transparent with accountability towards not only its shareholders but also towards other stakeholders. This is fitting for our position as a company with a broader role in society. We also highlight the importance of diversity, inclusion and integrity.

From left to right: Hiroshi Sakuma, Kees-Jan Rameau, Jeanine Tijhaar, As Tempelman and Frans van de Noort.

Management Board

The Management Board holds the ultimate responsibility for Eneco's performance and represents the company. The Management Board is appointed by the Supervisory Board and is accountable to the Supervisory Board and the General Meeting of Shareholders (AGM). The Management Board is made up of 6 members. One of the positions is currently vacant.

The biographies of the members of the Management Board can be found on the Governance page on Eneco's corporate website.

Supervisory Board

Eneco's Supervisory Board advises the Management Board, operates independently and oversees the Management Board's policies and the general course of Eneco's business. Of the 7 members making up Eneco's Supervisory Board, 2 are independent members appointed under the Works Council's reinforced right of recommendation. Their duty is to ensure that the additional arrangements that Eneco made with the shareholder when Eneco was privatised are observed.

In 2021, the Supervisory Board had the following committees:

- a Remuneration/Selection and Appointment Committee (RSA), which advises on matters such as the remuneration, selection and appointment of members of the Management Board and the nomination of members of the Supervisory Board. This committee is chaired by Michael Enthoven. Its other members are Annemieke Roobeek, Yutaka Kashiwagi and Mel Kroon.

- an Audit Committee (AC), which supervises the integrity of the financial and non-financial reporting, the internal controls and risk management. The Audit Committee also oversees the internal and external audit processes. This committee is chaired by Michael Enthoven, and its other members are Gaku Yaguchi and Mel Kroon.

The biographies of the members of the Supervisory Board are available on the Governance page on Eneco's corporate website.

Shareholders

Since 24 March 2020, all the shares in Eneco have been held by Diamond Chubu Europe B.V. Within six months after the end of the financial year, or more often if the Supervisory Board or Management Board considers this necessary, Eneco will organise a General Meeting of Shareholders (AGM). The annual report is discussed and the annual financial statements are adopted during the AGM.

Code of Conduct

Our Code of Conduct provides a written record of the conduct and integrity standards that everyone at Eneco is required to observe. Inappropriate behaviour and behaviour that lacks integrity can be reported to our integrity reporting desk of the confidential counsellors that have been appointed.

Statement from the Management Board

The Management Board is responsible for the adequate and effective functioning of Eneco's risk management and control system.

Among other instruments, the Management Board uses the risk management and control systems described in the risk management paragraph to safeguard the realisation of the strategic, operational and financial goals, the reliability of the financial and non-financial reporting and compliance with the relevant laws and regulations. Eneco's risk management and control system (ECRS) is designed to manage the principal risks that could prevent us from achieving our objectives. The Report of the Management Board that is included in the present annual report provides sufficient information about any possible shortcomings in the functioning of the internal risk management and control systems.

Every internal risk management and control system has its inherent limitations, and we cannot state with absolute certainty that we will achieve our company's objectives, nor can we rule out with absolute certainty the possibility of material misstatements, losses, instances of fraud or breaches of laws and regulations.

For the financial reporting risks, it is the Management Board's opinion that the internal risk management and control systems that are in place provide a reasonable degree of assurance that the internal and external financial reports do not contain any material misstatements and that the risk management and control systems worked to a sufficient degree during the reporting year. Business units prepare their budgets, scenarios and business plans, which are then subject to modification and approval by the Management Board. The actual performances are then compared with the business plans and budgets, and the results are discussed during regular evaluations between management of the separate business units and the responsible member of the Management Board

The Management Board is of the opinion that to its best knowledge:

- the company is justified, based on the current situation, in preparing its financial reports on a going-concern basis;
- the Statement from the Management Board discloses Eneco's material risks and uncertainties that also have bearing on the forecast for Eneco's continuity for the period of 12 months after preparation of the annual report;
- the financial statements for 2021, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the consolidated assets and liabilities and the financial position at 31 December 2021, and of the 2021 consolidated income statement of N.V. Eneco;
- the annual report provides a true and fair view of the situation at 31 December 2021, and the course of business during the 2021 financial year, and a description of the principal risks faced by the Group.

During 2021, Eneco continued with its project-based approach to further reinforce and formalise and bring greater uniformity in the controls to manage operational, financial and compliance risks. In the Management Board's opinion, the internal risk management and control systems are adequate and effective.

Rotterdam, 11 March 2022

As Tempelman (CEO)
Kees-Jan Rameau (CSGO)
Jeanine Tijhaar (CFO)
Frans van de Noort (COO)
Hiroshi Sakuma (CCIO)

Report of the Supervisory Board

The Supervisory Board oversees and advises the Management Board. This report describes how the Supervisory Board gave shape to that role in 2021.

Much of 2021 was dominated by 3 major themes: the climate crisis, the Covid-19 pandemic and the surging and fluctuating energy prices. This led to uncertainties for customers and employees that were not easy to deal with and will continue to play a role in the coming period. The Supervisory Board wishes to express its appreciation for the dedication and enthusiastic efforts of customers and employees to find opportunities and solutions together to continue to improve sustainability collectively.

One Planet Plan
Before the summer, Eneco presented its One Planet Plan, laying out its ambition to become climate-neutral by 2035: not only for its own activities, but also for the supplies of energy to its customers. The Supervisory Board endorses the One Planet Plan wholeheartedly, and agrees that global warming needs to be limited to no more than 1.5ºC if we are to leave the generations that come after us with a planet that is fit for habitation.

Key themes
Besides helping to formulate the One Planet Plan, the Supervisory Board also discussed various investment proposals at its meetings, including WarmtelinQ for the heat transition in the province of Zuid-Holland, the thermal energy project for Amsterdam's WAD Quarter, the acquisition of Essent's mid-market business customer portfolio and the investment in an aquathermal heat pump for the water treatment plants in Utrecht. Other key recurring topics were the business plan and strategy for 2022-2026 and the related investment schedule. The Supervisory Board also frequently discussed the developments on the market and the risks that they pose.

Board composition
The Supervisory Board's composition changed in 2021. On 13 March 2021, Haruhiko Sato stepped down from the Supervisory Board to take up a new role at Mitsubishi Corporation. The General Meeting of Shareholders appointed Gaku Yaguchi as his successor on the same date. On 28 May 2021, the General Meeting of Shareholders appointed Hiroki Sato to a seat on the Supervisory Board, replacing Takanori Shiozawa, who stepped down that day to accept a new role at Chubu Electric Power Co., Inc. The Supervisory Board wishes to thank Haruhiko Sato and Takanori Shiozawa for their efforts during their time in office.

How the Supervisory Board operates
With Covid-19 restrictions in place, the Supervisory Board again had most of its meetings online in 2021. The full Supervisory Board conducted 18 meetings, some of which were in written form. The 2020 annual report and financial statements were discussed with Deloitte Accountants B.V. The two independent members appointed under the Central Works Council's reinforced right of recommendation devoted specific attention to topics resulting from the additional arrangements made between the shareholders and Eneco during the privatisation. The Supervisory Board also held regular meetings for its own members, without the Management Board being present. In addition to frequent consultations between the Chair of the Supervisory Board and the Chair of the Management Board, individual members of the Supervisory Board were also in regular contact with members of the Management Board and with representatives from the shareholder.

Committees
The Supervisory Board has set up various committees, allowing it to distribute the responsibility of advising the plenary sessions and making preparations for resolutions on key issues without compromising on due care.

Remuneration, Selection and Appointment Committee
The Remuneration, Selection and Appointment (RSA) Committee met eight times in 2021. The meetings were partly conducted in writing. Topics of discussion included the composition of Eneco's Supervisory Board, the performance dialogue with the Management Board, a review of target realisation in connection with the variable remuneration of the Management Board's members, and the Management Board's composition.

The composition of the Management Board changed in 2021. Jeanine Tijhaar took on the role of CFO on 1 February 2021, succeeding Guido Dubbeld, who left Eneco on 1 April 2021. Also on 1 February 2021, Kees-Jan Rameau (CSGO) and Frans van de Noort (COO) were reappointed for new terms of 4 years. On 12 May 2021 it was announced that Eneco's CCO Hans Peters would be leaving the company on 15 September. The Supervisory Board wishes to thank Guido Dubbeld and Hans Peters for their efforts on behalf of Eneco. The company appreciates everything that they have done and owes them a debt of gratitude. A process was started to appoint a new CCO and on 28 February 2022 it was announced that Selina Thurer has been appointed to the role of CCO effective, 9 May 2022.

The Committee discussed the changes to the remuneration policy for the Management Board, using a new financial performance indicator, before the new policy was adopted by the General Meeting of Shareholders. The Committee also discussed the succession management for both the Management Board and senior management. This will now be an annually recurring topic.

Audit Committee
The Supervisory Board's Audit Committee oversees the Management Board's policies, and in particular as they relate to financial reporting, including exchanges of information with the external auditor, and the functioning of the risk management systems. The Audit Committee had six meetings in 2021, and spoke at length with the CFO, the external auditor, the internal auditor and various representatives from the Finance organisation about the annual report, the financial statements, the management letter and the external and internal audit plans. The Audit Committee also had multiple discussions about risk management and the various controls that are in place. The risk limits are recorded at the Group level in various concrete policy statements, codes and guidelines for matters such as safety, trading mandates, authorisational powers and conduct. Issues that demanded particular attention during 2021 included various strategic market and other risks, the impact of the Covid-19 pandemic on the company and J-SOx regulations.

Self-assessments
The Supervisory Board reviewed its own performance, using a structured questionnaire and a meeting of all its members, with added feedback from the Management Board. The results were pleasing. The relationship between the Supervisory Board and the Management Board is good. The Supervisory Board is brought in on time to have close involvement in proposals (for investments and otherwise) and strategic developments such as the One Planet Plan. The Supervisory Board (in its entirety and/or in its sub-committees) also addresses business-related dilemmas and risks. The Supervisory Board operates effectively and reliably. One issue that was raised by the Supervisory Board is to organise more of its meetings at different locations, once the Covid-19 restrictions have been lifted, and combine those meetings with site visits.

Attendance
Except for once, all the Supervisory Board's meetings involved all its members. For the one exception, the member who was unable to attend was represented by another member serving as his proxy. A number of special meetings were scheduled in addition to the regular meetings.

Interactions with the Central Works Council
Both the Supervisory Board's Chair and its members who are appointed under the Central Works Council's reinforced right of recommendation were in regular communication with the Central Works Council. The Supervisory Board's Chair and the

two members who are appointed under the Central Works Council's reinforced right of recommendation each individually attended one of the meetings of the Central Works Council. Further communication with the Central Works Council concerned various processes such as the process of appointing the CFO and the CCO, the changes to the remuneration policy for the Management Board and the appointments of Gaku Yaguchi and Hiroki Sato.

Interactions with the shareholder
The company's shareholder shares its understanding of the market, its access to technology and all its business partners to support Eneco's ambitions for further European expansion. The Management Board, the Supervisory Board and the shareholder have a constructive working relationship, both in updating the climate ambitions under the One Planet Plan and in the realisation of the plans. They are in frequent communication to identify opportunities in concrete projects, partnerships and alliances. There are numerous possibilities for giving further shape to the relationship between Eneco and its shareholder, some which have already produced concrete results. The shareholders have made various of their employees available to Eneco, to share their expertise in a number of areas such as finance, J-SOx, IT and asset operations. The organisations also exchange knowhow and experience, including on matters such as offshore wind farms; for example, several of Eneco's people helped Mitsubishi Corporation to win three major offshore wind energy contracts in Japan.

Final remarks
The Supervisory Board wishes to reiterate its sincere gratitude to Eneco's entire workforce, management, shareholders, Central Works Council, customers and other partners.

This year marks a special moment in Eneco's history: after years of working hard to realise our sustainability ambitions, the presentation of our One Planet Plan represents a radical new move.

Only by working together and drawing on the input of our customers, management, Central Works Council, shareholders, employees and partners can we continue to build towards a future in which sustainable energy belongs to everyone. Eneco has set itself the goal of becoming climate-neutral by 2035 and working with and for our customers to accelerate the energy transition. We only have one planet Earth, and we need to take good care of it: for ourselves, but also and in particular for our children and grandchildren.

On behalf of the Supervisory Board of N.V. Eneco,

Mel Kroon
Rotterdam, 11 March 2022

Remuneration

Eneco has a remuneration policy that is designed to support its strategy. To make it possible for Eneco to attract and retain motivated and qualified personnel who, no matter what their job or their level, help the company to develop and to fulfil its role in the energy transition, the policy presents a remuneration package that is fair both in the internal context and relative to the external market.

Remuneration policy for the Management Board

The Management Board's remuneration is established by the Supervisory Board, in accordance with the remuneration policy that has been adopted for the Management Board by the Shareholders' Meeting, and that reflects the general principles described above. On 1 April 2021, the Shareholders' Meeting adopted a new version of the remuneration policy for the Management Board by reason of a redefinition of the financial target (until 1 April 2021: EBITDA, from 1 April forward 2021: Net Result). For a summarised description of remuneration that was in place until 24 March 2020, see Financial Statements Note 6: Remuneration of the Management Board and Supervisory Board.

A level of remuneration has been established for the members of the Management Board that is considered appropriate and competitive compared with a reference group of Dutch companies of a similar size and complexity as well as European competitors. Given Eneco's position and sustainable nature, the reference point is 20% lower than the median for that reference group.

Composition of the remuneration package.

Besides a salary, the policy also provides for variable remuneration for the long and the short term. The short-term remuneration is awarded on the basis of targets that the Supervisory Board defines each year for the financial results (carrying 60% weight in the amount awarded), and for customer satisfaction and employee engagement (each carrying 20% weight).

Whether or not a long-term variable remuneration is awarded depends on how the financial results improve over a 3-year period.

The short-term variable remuneration will be awarded only if 2 basic conditions are met:

- no fatal accidents involving any of Eneco's employees in the performance of their jobs (not including commuting to and from work);
- no major breaches of IT safety or privacy with a harmful impact on the company's reputation.

The Management Board's members receive a contribution towards their pension accrual, plus other forms of remuneration, in accordance with the arrangements for the rest of the workforce and with common market practices.

Remuneration level

When the policy was adopted, the salaries were established at the amounts shown in the table below. The Supervisory Board has the discretion to index these amounts annually in accordance with the remuneration of the workforce, and to periodically compare them with the latest developments in remuneration on the market. The short-term variable remuneration, if the targets are met (i.e. 'on target'), is 30% of the non-variable annual salary including holiday allowance, subject to a maximum of 40%. The long-term variable remuneration, if the targets are met (i.e. 'on target'), is 30% of the non-variable annual salary including holiday allowance (with a maximum of 40%), subject to review of the realisation at the end of the appropriate 3-year period.

Direct remuneration components	CEO	Other members of the Management Board
Salary	€600,000	€ 435,000
Variable remuneration, short term	30% of salary	30% of salary
Variable remuneration, long term	30% of salary	30% of salary

The remuneration policy for the Supervisory Board is designed to allow Eneco to attract and retain highly qualified members in relation to the international context in which the company operates. The remuneration has been established with due consideration of the fact that meetings are held in Rotterdam and in Tokyo by turn, which carries over to the amount of time that this office consumes. Last year this was impossible, owing to Covid-19 restrictions, and more meetings were held online.

The remuneration provides for a non-variable fee for membership of the Supervisory Board and a fee for the committee roles that the individual members have, as shown in the table below.

Non-variable annual fee	Chair	Members
Basic fee for membership of the Supervisory Board	€ 80,000	€ 60,000
Fee for membership of the Audit Committee	€ 10,000	€ 7,500
Fees for membership of other committees	€ 8,500	€ 6,500

The members appointed on the shareholders' recommendation have announced that they do not require any remuneration for their role on Eneco's Supervisory Board.

For the costs of the 2021 remuneration of the Management Board and Supervisory Board, see Financial Statements Note 6: Remuneration of the Management Board and Supervisory Board.

Assurance report

Assurance report of the independent auditor related to the sustainability information presented in the annual report

To the shareholder and Supervisory Board of N.V. Eneco

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2021 (the "**sustainability information"**) of N.V. Eneco ("**Eneco"** or the "**Company**") based in Rotterdam. A review is aimed at obtaining a limited level of assurance.

The sustainability information is presented in the following chapters:

- Key Figures (pages 4-5);
- About Eneco (pages 6-8);
- Report of the Management Board, presented in the chapters:
    - Strategy (pages 9-12);
    - Material themes (pages 13-14);
    - Operating results (pages 15-26);
    - One Planet results (pages 30-40);
    - Our staff, their passion and their vitality (pages 41-43);
    - Safety, quality, security and ICT (pages 44-46).

Based on our review performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to sustainability;
- The thereto related events and achievements for the year 2021, in accordance with the reporting criteria as included in the section 'Reporting criteria'.

Basis for our conclusion

We have conducted our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports). Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' section of our report.

We are independent of N.V. Eneco in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of ethics for professional accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch code of ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Eneco is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI”) and the applied supplemental reporting criteria as disclosed in the chapter ‘Reporting policy’ on pages 164-168 of the annual report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Management Board and the Supervisory Board for the sustainability information

The Management Board is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section ‘Reporting criteria’, including the identification of stakeholders and the definition of material matters. The choices made by the Management Board regarding the scope of the sustainability information and the reporting policy are summarised in chapter ‘Reporting policy’ of the annual report.

Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the sustainability information that is free from material misstatements, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Eneco.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the Company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Management Board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - interviewing management (and/or relevant staff) at corporate and business unit level responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive;
  - obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends.
- Reconciling the relevant financial information with the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information.

- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Rotterdam, 11 March 2022

Deloitte Accountants B.V.

Was signed,

N.H.M. van Groenendael

N.V. Eneco Financial Statements 2021

Consolidated financial statements 2021

Consolidated income statement

For the year ended 31 December 2021

x €1 million	Note	2021	2020
Revenues from energy sales and energy-related activities	3	5,144	4,090
Purchases of energy and energy-related activities		3,987	3,054
Gross margin		**1,157**	**1,036**
Other revenues	4	67	58
Gross margin and other operating revenues		**1,224**	**1,094**
Employee benefit expenses	5	258	239
Cost of contracted work and other external costs		377	346
Depreciation and impairment of property, plant and equipment	12, 13	259	227
Amortisation and impairment of intangible assets	14	91	94
Other operating expenses		17	25
Operating expenses		**1,002**	**931**
Operating profit		**222**	**163**
Share of profit of associates and joint ventures	7	63	14
Financial income	8	2	9
Financial expenses	9	-26	-21
Profit before income tax		**261**	**165**
Income tax	10	-52	-47
Profit after income tax		**209**	**118**
Profit distribution			
Profit after income tax attributable to non-controlling interests		-	1
Profit after income tax attributable to shareholder of N.V. Eneco		209	117
Profit after income tax		**209**	**118**

Consolidated statement of comprehensive income

For the year ended 31 December 2021

x €1 million	Note	2021	2020
Profit after income tax		**209**	**118**
Unrealised gains and losses that will not be reclassified to profit or loss			
Remeasurement of defined-benefit pension plans		1	-
Unrealised gains and losses that may be reclassified to profit or loss			
Currency translation differences:			
- Current period, net change before tax	31	18	-18
- Income tax effect	17	-	-
Net investment hedge:			
- Current period, net change before tax	31	-18	12
- Income tax effect	17	5	-3
Cash flow hedges:			
- Current period, net change before tax	31	-258	-37
- Income tax effect	17	67	10
Share of unrealised profit of associates and joint ventures after tax	16, 31	6	-4
Total other comprehensive income		**-179**	**-40**
Total comprehensive income		30	78
Profit distribution			
Non-controlling interests		-	1
Shareholder of N.V. Eneco		30	77
Total comprehensive income		**30**	**78**

Consolidated balance sheet

x €1 million	Note	At 31 December 2021	At 31 December 2020
Non-current assets			
Property, plant and equipment			
- Owned assets	12	2,965	2,769
- Right-of-use assets	13	238	235
Intangible assets	14	1,121	1,155
Associates and joint ventures	16	221	109
Deferred income tax assets	17	21	20
Financial assets			
- Derivative financial instruments	18	600	85
- Other financial assets	19	98	97
Total non-current assets		**5,264**	**4,470**
Current assets			
Assets held for sale	20	1	13
Intangible assets and inventories	14	231	153
Trade receivables	21	1,260	658
Current income tax assets		19	19
Other receivables	22	543	155
Derivative financial instruments	18	1,906	256
Cash and cash equivalents	23	654	557
Total current assets		**4,614**	**1,811**
TOTAL ASSETS		**9,878**	**6,281**
Equity			
Equity attributable to shareholder of N.V. Eneco	24	2,914	2,942
Non-controlling interests	24	7	6
Total equity		**2,921**	**2,948**
Non-current liabilities			
Provisions for employee benefits	25	6	7
Other provisions	26	185	140
Deferred income tax liabilities	17	169	248
Derivative financial instruments	18	842	146
Lease liabilities	13	205	203
Interest-bearing debt	27	409	567
Other liabilities	28	182	167
Total non-current liabilities		**1,998**	**1,478**
Current liabilities			
Liabilities held for sale	20	2	2
Provisions for employee benefits	25	4	5
Other provisions	26	1	2
Derivative financial instruments	18	1,980	284
Lease liabilities	13	28	26
Interest-bearing debt	27	783	32
Current income tax liabilities		28	16
Trade creditors and other payables	28	2,133	1,488
Total current liabilities		**4,959**	**1,855**
TOTAL EQUITY AND LIABILITIES		**9,878**	**6,281**

Consolidated cash flow statement

For the year ended 31 December 2021

x €1 million	Note	2021	2020
Profit after income tax		**209**	**118**
Adjusted for:			
- Financial income and expense recognised in profit or loss	8, 9	24	12
- Income tax recognised in profit or loss	10	52	47
- Share of profit of associates and joint ventures	7	-63	-14
- Depreciation, amortisation and impairment	12, 13, 14	350	320
- Result from sale of tangible and intangible assets		-6	1
- Movement in working capital	34	-436	79
- Movements in provisions, derivative financial instruments and other		-35	13
Cash flow from business operations		**95**	**576**
Dividend received from associates and joint ventures		19	12
Interest paid		-22	-21
Interest received		3	21
Income tax paid / received		-53	-37
Cash flow from operating activities		**42**	**551**
Issued loans granted		-5	-3
Repayment of loans granted	19	-	41
Acquisition of subsidiaries (net, exclusively purchased cash)	15	-18	-155
Disposal of subsidiaries (net, exclusively sold cash)		-	1
Acquisition of joint operations, joint ventures and associates	15	-134	-9
Disposal of joint operations, joint ventures and associates		69	-
Investments in property, plant and equipment	12	-345	-352
Disposal of property, plant and equipment		10	5
Investments in intangible assets	14	-35	-33
Disposal of intangible assets		6	-
Disposal of assets held for sale		13	-
Cash flow from investing activities		**-439**	**-505**
Dividend payments		-58	-68
Payment of lease liabilities		-28	-27
Repayment of interest-bearing debt	27	-144	-64
Proceeds from interest-bearing debt	27	722	134
Purchase/sale of non-controlling interests		1	-
Cash flow from financing activities		**493**	**-25**
Movement in cash and cash equivalents		**96**	**21**
Balance of cash and cash equivalents at 1 January		557	537
Translation gains and losses on cash and cash equivalents of subsidiaries		1	-1
Balance of cash and cash equivalents of disposed consolidated entities		-	-
Balance of cash and cash equivalents at 31 December		**654**	**557**

Consolidated statement of changes in equity

	Equity attributable to shareholder of N.V. Eneco[1]							
x €1 million	Paid-up and called-up share capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Undistributed profit	Total	Non-controlling interests	Total equity
At 1 January 2020	**122**	**-4**	**-21**	**2,756**	**79**	**2,932**	**5**	**2,937**
Profit after income tax 2020	-	-	-	-	117	117	1	118
Total other comprehensive income	-	-9	-31	-	-	-40	-	-40
Total comprehensive income	**-**	**-9**	**-31**	**-**	**117**	**77**	**1**	**78**
Profit appropriation 2019	-	-	-	11	-11	-	-	-
Dividend to shareholder of N.V. Eneco	-	-	-	-	-68	-68	-	-68
Changes in non-controlling interests in subsidiaries	-	-	-	1	-	1	-	1
Total transactions with owners of the company	**-**	**-**	**-**	**12**	**-79**	**-67**	**-**	**-67**
At 31 December 2020	**122**	**-13**	**-52**	**2,768**	**117**	**2,942**	**6**	**2,948**
Profit after income tax	-	-	-	-	209	209	-	209
Total other comprehensive income	-	5	-185	1	-	-179	-	-179
Total comprehensive income	**-**	**5**	**-185**	**1**	**209**	**30**	**-**	**30**
Profit appropriation 2020	-	-	-	59	-59	-	-	-
Dividend to shareholder of N.V. Eneco	-	-	-	-	-58	-58	-	-58
Acquisitions of group companies	-	-	-10	10	-	-	-	-
Changes in non-controlling interests in subsidiaries	-	-	-	-	-	-	1	1
Total transactions with owners of the company	**-**	**-**	**-10**	**69**	**-117**	**-58**	**1**	**-57**
At 31 December 2021	**122**	**-8**	**-247**	**2,838**	**209**	**2,914**	**7**	**2,921**

1 See note 24 'Equity' for further information on equity.

Notes to the consolidated financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting principles for financial reporting

1.1 General information

Merger

N.V. Eneco Beheer (the ‘Acquiring Company’) and Eneco Groep N.V. (the ‘Disappearing Company’) merged on 29 June 2021 with retroactive effect to 1 January 2021, pursuant to Section 2:309 of the Dutch Civil Code, in such way that the Disappearing Company ceased to exist and all assets and liabilities of the Disappearing Company passed to the Acquiring Company under universal succession of title. The pooling of interests method was applied for the merger. The shareholder (Diamond Chubu Europe B.V.) of the Disappearing Company became shareholder of the Acquiring Company. In addition, the company's name 'N.V. Eneco Beheer' was changed to 'N.V. Eneco' at the time of the merger. As a result of the merger, both the total equity amount of N.V. Eneco Beheer (€2,942 million) and its composition at 31 December 2020 were equal to the equity and its composition in the opening balance sheet of N.V. Eneco at 1 January 2021.

As a consequence of the merger, the Supervisory Board of Eneco Groep N.V. was appointed at N.V. Eneco with effect from 1 January 2021.

General information

N.V. Eneco (‘the company’) is a company incorporated under Dutch law, with its registered office in Rotterdam. N.V. Eneco is the holding company of subsidiaries, interests in joint operations and joint ventures and associates (referred to jointly as ‘Eneco’ or 'the Group’). Following the purchase by Mitsubishi Corporation and Chubu Electric Power of the entire share capital of Eneco Groep N.V. (the former parent company of N.V. Eneco Beheer) on 24 March 2020, Mitsubishi Corporation (Tokyo, Japan) is the ultimate parent of N.V. Eneco (formerly N.V. Eneco Beheer). The company is registered at the Chamber of Commerce under number 24246970.

In line with its mission of ‘everyone’s sustainable energy’, the Group is investing in making the supply chain more sustainable with the aim of keeping energy clean, available and affordable for customers into the future. The Group focuses on innovative energy services and products that allow customers to save energy or generate sustainable energy jointly or alone and feed it into the energy network. New services are being developed for this, that form and shape the energy transition. These include innovative flexible services and services focusing on saving energy. In addition to the Netherlands, the Group operates in Belgium, Germany and the United Kingdom.

The Group’s main strategic alliances are its investments and participating interests in onshore and offshore wind farms, solar farms, start-ups and memberships of co-operatives. These are the joint investment with Mitsubishi Corporation in the Luchterduinen offshore wind farm[1], investment with Nethys N.V. in the Norther wind farm in the North Sea and investment with a number of others (Partners Group, Shell, Mitsubishi Corporation and Van Oord) in the Blauwwind[1] (Borssele III & IV) offshore wind farm which became operational during the second half of 2020. Since 2018, Eneco has also participated in the SeaMade wind farm being developed off the Belgian coast which has

1 Mitsubishi Corporation's shares in Luchterduinen and Blauwwind offshore wind farms will be sold to a third party in 2022.

been operational since the fourth quarter of 2020. In mid-2020, the CrossWind consortium (Hollandse Kust Noord), a joint investment between Shell and Eneco, was awarded the tender to build this wind farm without subsidies. The Group is also a member of the Enecogen V.O.F. power station partnership and has an interest in Greenchoice B.V.

The consolidated financial statements have been prepared by the company's Management Board. The financial statements 2021 were signed by the Management Board during its meeting on 11 March 2022 and will be submitted for adoption by the General Meeting of Shareholders on 29 March 2022.

The company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in force at 31 December 2021, as adopted by the European Commission, and with the provisions of Part 9, Book 2 of the Dutch Civil Code. Where necessary, the accounting policies of joint operations, joint ventures and associates are brought into line with those of N.V. Eneco. The consolidated financial statements have been prepared on a going-concern basis using the accrual basis of accounting.

The company income statement is presented in a condensed form pursuant to the provisions of Section 402, Part 9, Book 2 of the Dutch Civil Code.

1.2 Amended IFRS standards

A number of changes to existing IFRS standards adopted by the European Commission have been in force since 1 January 2021 and, where relevant, have been applied by Eneco since that date.

Amendments to IFRS 9 'Financial Instruments', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' in respect of the 'Interest Rate Benchmark Reform' project (phase 2)
These amendments are effective for reporting periods beginning on or after 1 January 2021 and provide practical expedients:

- Modifications of loans due to the benchmark reform are accounted for by updating the effective interest rate and a comparable expedient is applicable for lessee accounting;
- For hedge accounting, hedged items are updated and hedge relationships continue;
- Disclosures to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform.

The Group's interest-bearing borrowings are based on interest rate benchmarks. The Group uses Euribor which has already been updated and no changes in this benchmark are foreseen that might affect the accounting by the Group.

Changes to the following standards, which Eneco has not early adopted, become effective from 1 January 2022:

- Amendment to IAS 16 'Property, plant and equipment';
- Amendments to IAS 37 'Provisions, contingent assets and contingent liabilities';
- Annual improvements, 2018/2020 Cycle.

These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Other new IFRS standards, amendments to existing standards and/or new interpretations that will apply in later reporting periods and/or that have not yet been adopted by the European

Commission and/or that are not relevant to the Group, are not addressed further in these financial statements.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of N.V. Eneco, its subsidiaries and the relevant proportion of the joint operations, non-consolidated joint ventures, associates and other capital interests.

Subsidiaries
A subsidiary is an entity where the company exercises control. This means that the company controls, directly or indirectly, that entity's financial and business operations with the purpose of gaining economic benefits from the activities of that entity. Control is based on whether the investor (1) exercises control over the entity, (2) is exposed, or has rights, to variable returns from the investment in the entity and (3) has the ability to affect those returns through its control. In general, the company holds more than half the shares in its subsidiaries.

The financial statements of a subsidiary are recognised in the consolidated financial statements according to the full consolidation method from the date on which control is obtained until the date on which that control no longer exists. Potential voting rights which can be exercised immediately are also taken into account when determining whether control exists. Pursuant to the full consolidation method, 100% of the assets, liabilities, income and expenses from subsidiaries are recognised in the consolidated financial statements. Intercompany balance sheet positions, transactions and results on such transactions between subsidiaries are eliminated.

Non-controlling interests consist of the capital interests of minority shareholders in the fair value of the identifiable assets and liabilities when a subsidiary is acquired and the non-controlling interest in subsequent changes to the equity. Non-controlling interests in the equity and results of subsidiaries are disclosed separately.

Joint operations/Joint ventures
Joint operations and joint ventures are entities for alliances in respect of which there are contractual undertakings with one or more parties under which they have joint decisive control over that entity. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Only the Group's share of assets, liabilities, income and expenses of joint operations are consolidated, in accordance with the accounting policies of the Group. Joint ventures are recognised using the equity method in accordance with the accounting policies of the Group. Interests in joint operations and joint ventures are recognised from the date on which joint control is obtained until that joint control no longer exists.

Associates
An associate is an entity where there is significant influence over the financial and operating strategy, but not control. In general, 20% to 50% of the voting rights are held in an associate. The share in associates is recognised in the consolidated financial statements using the equity method, in which initial recognition is at the cost of acquisition of the interest in the associate. The carrying amount is then adjusted by the share in the result less dividends received. The cost of acquisition of an associate is the amount at which an associate was acquired by Eneco. If this is higher than the value of the net identifiable assets acquired, it may include goodwill. Associates are recognised from the date on which significant influence has been obtained until the date on which that influence no longer exists. Results on transactions with associates are eliminated in proportion to the interest in the associate. Impairment losses on associates are not eliminated.

Losses on associates are recognised up to the amount of the net investment in the associate, including both the carrying amount and any loans granted to the associate. A provision is only formed for the share in further losses if the Group has assumed liability for those losses.

Other capital interests
Other capital interests are investments in entities in which the Group has an interest but where neither control nor significant influence can be exercised. These interests are carried at fair value with movements recognised through profit or loss. If its fair value cannot be reliably measured, a capital interest is carried at the cost of acquisition. Dividends are recognised through the income statement when they fall due.

1.4 Effects of the Covid-19 coronavirus pandemic

The Covid-19 pandemic continued to affect all employees in 2021 since many of them had to work from home. However, the financial impact of the pandemic on the 2021 results, balance sheet amounts and cash flows was limited compared to the previous year and not material.

2. Accounting policies

2.1 General

The principal accounting policies used when preparing the financial statements 2021 are summarised below.

The accounting policies used in these financial statements are consistent with those set out in the 2020 financial statements except for the effect of amended standards as set out in 1.2 'Amended IFRS standards'.

Judgements, estimates and assumptions
In preparing the financial statements, management applied judgements, estimates and assumptions which affect the reported amounts and rights and obligations not disclosed in the balance sheet. The judgements, estimates and assumptions that have been applied are based on market information, knowledge, historical experience and other factors that can be deemed reasonable in the circumstances. Actual results could, however, differ from the estimates. Judgements, estimates and assumptions are reviewed on an on-going basis. The judgements, estimates and assumptions regarding the consequences of the Covid-19 pandemic had a limited impact in 2021.

Judgements
The following notes disclose information used when forming judgements when applying the accounting principles for financial reporting that have a significant effect on the amounts recognised in the consolidated financial statements:

- note 2.2 'Revenues' whether revenues under the items Energy supply and Energy-related activities are recognised 'over time or at a point in time';
- note 3 'Revenues from energy sales and energy-related activities': whether the Group acts as agent or principal (regarding the energy contracts and related grid fees); and
- the 'List of principal subsidiaries, joint operations, joint ventures and associates': the degree of control the Group has over such an investment.

Estimates and assumptions
Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the change is made prospectively in the relevant periods. Notes that disclose information on the principal estimates and assumptions involving a considerable risk of a material change to the carrying amount of assets and liabilities or impact on the results include:

- note 3 'Revenues from energy sales and energy-related activities': estimated consumption relating to energy deliveries as set out in 2.2 (accounting policies for revenues);
- note 12 'Property, plant and equipment – owned assets': the useful lives of property, plant and equipment;
- note 13 'Property, plant and equipment – right-of-use assets and lease liabilities': the useful lives of lease assets if different from the lease term and the potential exercise of renewal options in leases;
- note 14 'Intangible assets': the useful lives of intangible assets and impairment and significant assumptions underlying realisable amounts when performing a goodwill impairment test;
- note 17 'Deferred taxes': recognition of deferred tax assets and availability of future taxable profits against which transferrable tax losses can be used;
- note 18.4 'Fair value hierarchy': the main assumptions for determining the fair value measurement of level 3 financial instruments on the basis of unobservable inputs;
- note 21 'Trade receivables' and note 31.1 'Credit risk': the main assumptions for determining the provision for doubtful debts and impairment of contract assets using the expected credit losses method; and
- notes 25 'Provisions for employee benefits' and 26 'Other provisions' (of which the decommissioning provisions are the greatest part): the main actuarial and other parameters and estimates of future cash outflows regarding these provisions.

Impairment of assets
There is evidence of an impairment when the carrying amount of an asset is higher than the recoverable amount. The recoverable amount of an asset is the higher of the sale price less costs to sell and the value in use. An asset's value in use is based on the present value of estimated future cash flows calculated using a pre-tax discount rate which reflects the time value of money and the specific risks of the asset. The recoverable amount of an asset which does not independently generate a cash flow and is dependent on the cash flows of other assets or groups of assets is determined for the cash-generating unit of which the asset is part.

A cash-generating unit is the smallest identifiable group of assets separately generating cash flows that are significantly independent of the cash flows from other assets or groups of assets. Cash-generating units are distinguished on the basis of the economic interrelationship between assets and the generation of external cash flows and not on the basis of separate legal entities.

Goodwill is allocated on initial recognition to one or more cash-generating units in line with the way in which the goodwill is assessed internally by the management. An impairment test on goodwill is performed each year to determine the recoverable amount. The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 14 'Intangible assets'.

The recoverable amount of the asset or cash-generating unit concerned is determined if an impairment trigger analysis provides evidence of impairment. If the carrying amount of assets allocated to a cash-generating unit is higher than the recoverable amount, the carrying amount is reduced to the recoverable amount. This impairment is recognised through the income statement.

Impairment of a cash-generating unit is first deducted from the goodwill attributed to that unit (or group of units) and then deducted proportionately from the carrying amount of the other assets of that unit (or group of units).

Impairment may be reversed through the income statement if the reasons for it no longer exist or have changed. Impairment is only reversed up to the original carrying amount less regular depreciation. Impairment losses on goodwill are not reversed.

Foreign currencies
The euro (€) is the Group's functional currency and the currency in which the financial statements are presented. Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the reporting date are translated into euros at the exchange rate prevailing on the reporting date. Foreign currency exchange differences that arise on translation are recognised through the income statement.

If the functional currency of a foreign subsidiary, joint operation, joint venture or associate is not the euro, foreign currency exchange differences arising from translation are recognised as translation differences in equity. The accumulated translation difference is recognised through the income statement when a foreign subsidiary, joint operation, joint venture or associate is sold or liquidated.

Translation differences on monetary items that are or were part of the net investment in such foreign operations are also accumulated in the translation reserve and released to profit or loss on sale of the foreign operation.

Offsetting
Receivables and payables with a counterparty are offset if there is a contractual right and the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. In the absence of an intention or actual netted settlement, the existence of an asset or liability is determined for each contract.

2.2 Revenues

Performance obligations
Revenues are recognised on the basis of the expected consideration when the performance obligation for a good or service has been met. The consideration may consist of a fixed price with a variable price supplement for some types of product. Eneco only recognises the variable price when it is highly probable that the cumulative amount of the consideration will not be reversed in the future once uncertainty associated with the variable price is known. Contracts and any separate performance obligations within them are identified to determine the revenues. There is a separate performance obligation if a good or service has a stand-alone value for the end user and delivery is not to a large extent dependent on other components of the contract. Once established, the transaction price is allocated to performance obligations by reference to the price at which the good or service is sold to customers.

Amounts invoiced and collected for the company's own risk (if Eneco acts as principal) are recognised as revenue. Amounts invoiced and collected for third parties (where Eneco is agent) are not recognised as revenue. The Group's payment terms are generally 15-30 days, depending on the type of customer.

It is established whether each performance obligation is met over time or at a point in time. Eneco is applying the practical solution in IFRS 15 of ignoring possible financing components in advances and periodic fees from customers if these are not significant according to assessments at portfolio level.

Performance obligations that have been or are still to be performed and settled in the preceding or subsequent period create contract assets or contract liabilities respectively. A contract asset from revenues is a conditional right to compensation for the Group in exchange for goods or services to the customer. Once the goods or services have been transferred to the customer and the Group has no further risk in the transaction, this asset is presented as a receivable (debtor or 'amount to be billed'). These receivables do not form part of the contract assets.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has or will receive compensation. Amounts to be settled under advances paid for energy are part of other liabilities and do not form part of the contract liabilities.

Energy supply
Revenues from the sale of energy to end-users are recognised over the period in which energy is supplied to a customer. If the Group pays sums to the customer during or at the end of the term of the contract, they are deducted from revenue during the term of the contract.

Sales to large-volume consumers are billed monthly based on meter readings. Billing for sales to retail consumers is also based on actual meter readings or readings taken throughout the year. Part of the amount of energy supplied to retail consumers during the reporting period and the resulting revenues is, therefore, estimated from historical consumption figures, standard customer profiles, weather conditions and applicable energy tariffs. Historical information on meter readings shows that the data used is sufficiently reliable to estimate usage at the reporting date.

A difference between the instalments billed and the actual amount of energy delivered to retail consumers is recognised as amounts still to be billed or amounts to be settled at the end of the reporting period. Contributions by heating customers for connection charges are recognised as contract liabilities and are recognised through profit or loss on a straight-line basis over the estimated useful life.

Revenues for energy delivered under ongoing energy contracts correspond directly with the amount consumed by the customer. Eneco is applying the practical solution in IFRS 15 of not disclosing the price of future performance obligations and only recognises delivery obligations in line with 'Contingent assets and liabilities' (see note 29).

Energy-related activities
Revenues from the construction, maintenance and leasing of energy installations and equipment, the sale of solar panels, rental of smart thermostats and electric vehicle charging solutions are recognised as revenues from energy-related activities. Revenue from installing equipment and sales of solar panels, smart thermostats and electric vehicle charging solutions is recognised when control of the good passes to the customer. Revenue from other energy-related activities is recognised over the period of supply.

Government grants
Government grants are recognised when it is reasonably certain that the conditions related to receiving the grants have been or will be met and that the grants have been or will be forthcoming. Grants related to income as a contribution to costs are recognised as revenues in the period in which those costs are incurred.

2.3 Purchase cost of energy

Purchases of energy comprise directly attributable costs for the sale of energy to end-users. The purchase cost of energy and commodities contracts entered into with the intention of actually acquiring energy ('own use') is recognised in the same period as that in which the sales revenue is realised.

Additional costs incurred to win contracts are capitalised as prepaid expenses and amortised over the term of the contract provided that they will be recovered. The amortisation charge is presented under 'Purchases of energy' in the income statement. Acquisition costs for contracts with a term of one year or less are charged directly to the result.

2.4 Financial income and expenses

Financial income and expenses comprise interest income from outstanding investments, dividend revenues from other capital interests, interest charges on borrowings, interest charges arising from the periodic addition of interest to provisions and lease liabilities, foreign exchange rate gains and losses and gains and losses on financial hedging instruments recognised through the income statement. Interest income and expenses are recognised using the effective interest method. Dividend revenues from other capital interests are recognised when they fall due.

2.5 Income taxes

Income taxes comprise current taxes and movements in deferred taxes. These amounts are recognised through the income statement unless they concern items that are recognised directly through equity.

Current tax is the likely amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year under review and any adjustments in respect of previous years. The current tax amount is calculated based on applicable tax legislation and rates.

Income taxes comprise all taxes based on taxable profits and losses, including taxes which subsidiaries, associates or joint ventures must pay on distributions to the Group.

Additional income taxes on the result before dividend distributions are recognised at the same time as the obligation to distribute that dividend is recognised.

2.6 Property, plant and equipment - owned assets

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment. Cost comprises the initial acquisition price plus all directly attributable costs. Cost of assets constructed by the company comprises the cost of materials and services, direct labour and other directly attributable costs. Contributions towards cost from third parties and government grants are deducted from the cost, provided they are not contributions from customers. Cost includes an estimate of the present value of the cost of dismantling, demolishing and removing the item when it ceases to be used and of restoring the site on which it is located, if there is a legal or constructive obligation to do so.

Financing costs (interest) directly attributable to the purchase, construction or production of an eligible asset are recognised in cost. If an asset comprises multiple significant components with differing useful lives, these components are recognised separately.

Government grants
Government grants are recognised when it is reasonably certain that the conditions related to receiving the grants have been or will be met and that the grants have been or will be forthcoming. Grants contributing to the cost of an asset are deducted from the asset's cost and reflected in the depreciation throughout the useful life of the asset.

Expenditure incurred subsequent to initial recognition
Expenses incurred at a later date are only added to the carrying amount of an asset if and to the extent that the condition of the asset is improved compared to the originally formulated performance standards. Repair and maintenance are recognised through the income statement in the period in which the costs are incurred.

Depreciation
The depreciation charge for each period is recognised through the income statement using the straight-line method based on estimated useful life, taking into account the estimated residual value. Useful lives and residual values are reassessed annually and any changes are recognised prospectively. Land, sites and assets under construction are not depreciated.

The following useful lives are applied:

Category	Useful life in years
Buildings	25 - 50
Machinery and equipment	10 - 50
Other operating assets	3 - 25

2.7 Property, plant and equipment - right-of-use assets and lease liabilities

General
Leases are recognised in the balance sheet as a right-of-use asset with a corresponding lease liability on the date on which the lease asset becomes available for use at Eneco. The assessment of whether a contract is or contains a lease is carried out at the start of that contract. If payments include non-lease components (such as maintenance or service charges), these are not recognised in the balance sheet but are charged to the result over the period to which the performance relates.

Low-value leases for assets with a value of less than $5,000 (€5,000 is used for practical reasons) or with a lease term of less than 12 months are exempt from capitalisation under IFRS 16 'Leases' and the Group has made use of this exemption.

Measurement of lease liabilities
Liabilities arising from a lease are initially recognised using the present value of the following types of lease payment:

- fixed payments (including payments that appear to be variable but which by their nature are fixed) less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the option will be exercised;
- the lease payments resulting from a renewal option if it is reasonably certain that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

A lease liability is initially discounted using the rate of interest implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate of the relevant class of asset is used. This is the rate of interest that Eneco would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment and on similar terms.

The lease liability is decreased by lease payments and increased by the addition of interest (interest implicit in the lease or the incremental borrowing rate). The interest charge from adding interest to the lease liabilities is recognised through the income statement in 'Financial expenses'.

These financing charges are charged to the result over the lease period in a way that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Eneco reassesses a lease and remeasures the lease liability and associated right-of-use asset if:

- the lease term is changed or there is a change in the assessment of exercising a purchase option;
- there is a change in future fixed or variable lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the amount expected to be payable under the residual value guarantee; and
- a lease is modified and the modification of the lease is not accounted for as a separate lease.

Measurement of right-of-use assets
Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration (dismantling) costs if required by the contract.

The right-of-use asset is subsequently depreciated and charged to the result on a straight-line basis over the shorter of the useful life and the lease period of the asset.

The following useful lives are applied:

Category	Useful life in years
Land and buildings	5 - 35
Machinery and equipment	6 - 18
Other operating assets	1 - 5

Under IFRS 16, the right-of-use assets are assessed for impairment in accordance with IAS 36 ‘Impairment of Assets’. Consequently, the requirement in the previous standard, IAS 17, to form a provision for an onerous contract lapses.

Amounts not included in the measurement of lease liabilities
These are the following amounts:

- payments related to short-term leases and low-value leases. Short-term leases are those with a lease term of 12 months or less and low-value lease assets are mainly ICT equipment and small items of office furniture; and
- variable lease payments that do not depend on an index or a rate.

These payments are recognised in the period in which an event or condition occurs and are charged to the income statement in line item ‘Cost of contracted work and other external costs’.

2.8 Leases – leasing property, plant and equipment

A lease where Eneco, as lessor, has in fact all the benefits and risks of ownership is designated as an operating lease; otherwise, such agreements are recognised as finance leases.

Property, plant and equipment made available to third parties by means of an operating lease is recognised in accordance with the accounting policies for property, plant and equipment. Lease income is recognised in the income statement on a straight-line basis over the lease term unless a different allocation is more in line with the pattern of the revenues obtained from the leased asset. Any charges, for example for service and repairs, included in the lease instalments are recognised in accordance with the criteria for providing services.

Property, plant and equipment made available to third parties by means of a finance lease is recognised as a receivable for the net investment in the assets. Lease instalments are then broken down into interest and repayment components based on a constant periodic rate of interest. The interest component is recognised through the income statement in the relevant period. The repayment component is deducted from the lease receivable.

2.9 Goodwill

The acquisition price of a subsidiary, joint operation, joint venture or associate is equal to the amount paid to purchase the interest. If the acquisition price is higher than the share in the fair value at the date of acquisition of the identifiable assets, liabilities and contingent liabilities, the excess is recognised as goodwill. Any shortfall is recognised as a gain (bargain purchase) through the income statement.

Goodwill is measured at cost less impairment. Goodwill is allocated to one or more cash-generating units. Goodwill is tested for impairment annually.

Goodwill purchased on acquisition of subsidiaries and joint operations is recognised in the balance sheet in intangible assets. Goodwill paid to acquire an interest in a joint venture or associate is included in the cost of acquisition.

2.10 Other intangible assets

Other intangible assets comprise customer databases acquired with acquisitions, software and software licences, concessions, permits, other rights, trade names and development expenditure. The related costs are capitalised if it is probable that these assets will have an economic benefit and their costs can be reliably measured. Other intangible assets are recognised at cost less accumulated amortisation and impairment.

Customer databases
A customer database obtained from an acquiree in a business combination or asset acquisition is initially recognised at fair value, including purchased capitalised contract acquisition costs. This value is determined on the date of acquisition on the basis of the most recent comparable transactions if the economic conditions are comparable or, if they are not, the fair value is determined from the present value of the estimated future net cash flow from this asset.

Software and software licences
Software is capitalised at cost. Cost of standard and customised software comprises the one-time costs of software licences plus the costs of making the software ready for use. All costs attributable to software which qualifies as an intangible asset are recognised at cost. Costs of software maintenance are recognised as an expense in the period in which they are incurred. Expenditure on configuring or customising application software in a Software as a Service (SaaS) arrangement is generally recognised as an expense in the period in which it is incurred. When the expenditure meets both the definition of an intangible asset and the recognition criteria, it is capitalised at cost.

Concessions, permits and other rights
Concessions, permits and other rights (obtained or purchased as part of a business combination) relate mainly to the use of property, plant and equipment (for example, wind and solar farms) and

the related rights and obligations, such as subsidy and other formal decisions by the government. These are initially recognised at cost or at fair value in the case of a business combination.

Trade names
If, for commercial reasons, the Group decides to retain the trade name of a party acquired as part of a business combination, it is recognised initially at fair value, determined using the 'relief from royalty method' on the acquisition date.

Development expenditure
Development expenditure represents the payments for applying knowledge acquired through research by the company or a third party for a plan or design for the manufacture or application of improved materials, products, processes, systems or services, prior to the commencement of commercial manufacture or use. Development expenditure is only capitalised if they can be regarded as intangible assets. If this is not the case, they are recognised as an expense in the period in which they are incurred.
Research costs are the costs of research aimed at the acquisition of new scientific or technical knowledge and understanding and are recognised through the income statement in the period in which they are incurred.

Amortisation
Amortisation is recognised as an expense on the basis of the estimated useful life from the time that the relevant asset is taken into use. Other intangible assets are amortised using the straight-line method. The residual value of these assets is nil.

The following useful lives are applied:

Category	Useful life in years
Customer databases	6 - 20
Software and software licences	3 - 5
Concessions, permits and other rights	3 - 30
Trade names	20
Development expenditure	5 - 15

2.11 Emission rights

Emission rights are classified on initial recognition either as rights intended for the company's own use, measured at cost, or rights held for trading, measured at fair value through profit or loss.

Emission rights held for the company's own use are redeemed with the government for actual CO_2 emissions. These rights are measured at cost and recognised as current intangible assets. A liability is recognised for the redemption obligation of these CO_2 emission rights, measured at the cost of the rights obtained. If a shortfall is expected in the quantity of rights required for redemption and rights purchased, a liability for the obligation to deliver emission rights is recognised on the balance sheet and through the income statement as 'Purchases of energy and energy-related activities'. The liability to deliver this shortfall of emission rights is measured at the lower/higher of market value and the penalty expected to be due for that shortfall.

Emission rights held for trading purposes are recognised as 'Inventory' on the balance sheet. Changes in fair value of these rights are recognised in the income statement and presented as part of 'Purchases of energy and energy-related activities'.

2.12 Deferred taxes

Deferred taxes are calculated using the balance sheet method for the relevant differences between the carrying amount and taxable value of assets and liabilities. Deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and tax legislation. Deferred taxes are recognised at face value.

Deferred tax assets are recognised for temporary differences available for relief, tax losses carried forward and the settlement of unused tax credits. This is only permitted if and to the extent it is probable that future taxable profit will become available, so enabling an offset of unrelieved tax losses and unused taxed credits.

Deferred tax assets for all temporary differences available for relief relating to investments in subsidiaries, joint operations and interests in associates and joint ventures are only recognised if it is probable that the temporary difference will be settled in the near future and that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, joint operations and interests in associates and joint ventures, unless the Group can determine the time at which the temporary difference will be settled and it is probable that the temporary difference will not be settled in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and where the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same fiscal unity.

2.13 Derivative financial instruments

There is exposure to risks in operational and financing activities arising from developments in market prices of energy commodities (electricity, gas, etc.), foreign currencies, interest rates and emission rights. Derivative financial instruments such as foreign exchange contracts and swap contracts are used to manage these risks. In the case of commodity contracts, the instruments are categorised as for own use or hedging when the transaction is entered into.

Measurement and recognition
Derivative financial instruments are measured at fair value. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, that instrument will be accounted for as follows:

- at fair value if this is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. The difference between the fair value at initial recognition and the transaction price shall be recognised as a gain or loss in the income statement;

- in all other cases (i.e. level 2 and level 3 inputs), also measured at fair value, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, that deferred difference shall be recognised as a gain or loss in the income statement on an appropriate basis over the contract period of the instrument.

Movements in the fair value of derivative financial instruments are recognised directly through the income statement, unless the derivative financial instruments are for own use or hedge accounting is applied.

Fair value measurement of derivative and other financial instruments depends on their level in the fair value hierarchy:

Level 1
The fair value of financial instruments in level 1 is based on using unadjusted quoted prices in active markets for identical instruments.

Level 2
The fair value of financial instruments in level 2 is based on market prices or pricing statements and other available information. Where possible, the measurement method uses observable market prices. Level 2 energy commodity contracts are measured using market prices or pricing statements for periods in which an active market exists for the underlying commodities such as electricity, gas (title transfer facility) and emission rights. Other contracts are measured by agreement with the counterparty, using observable interest rate and foreign currency forward curves.

Level 3
The fair value of financial instruments in level 3 is based on calculations involving significant inputs that are not based on observable market data.

Presentation in the balance sheet
Derivative financial instruments with a positive value are recognised as current (settlement within one year) or non-current (settlement after one year) assets. Instruments with a negative value are recognised as current or non-current liabilities. Assets and liabilities with each counterparty and with the same maturity date are offset on a monthly basis if there is a contractual right and the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Own use
Contracts are classified for own use if they are settled by physical delivery or receipt of energy commodities or emission rights in line with the company's needs. Transactions based upon these contracts are recognised through the income statement in the period in which delivery or receipt takes place (accrual accounting).

Cash flow hedge accounting
Contracts are classified as hedging instruments if the risk of fluctuations in current or future cash flows which could affect the result is hedged. If the hedge can be attributed to a particular risk or to the full movement in the transaction (energy contracts) associated with an asset, liability or highly probable forecast transaction, the attributed derivative financial instruments are recognised as hedging instruments.

If the conditions for hedge accounting are met, the effective portion of the changes to the fair value of the derivative financial instruments concerned are recognised directly in the equity through the cash flow hedge reserve. The ineffective portion is recognised through the income statement.

Amounts recognised through equity are recognised through the income statement when the hedged asset or liability is settled. When a hedging instrument expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met, although the underlying future transaction has yet to take place, the accumulated result remains in equity (in the cash flow hedge reserve) until the forecast future transaction has taken place. If the forecast future transaction is no longer likely to take place, the cumulative result is transferred directly from equity to the result.

Hedges of net investment in a foreign operation
Net investment hedge accounting is applied to mitigate translation differences on foreign non-euro operations. Application of this type of hedge accounting means that foreign currency exchange differences arising from translation of foreign operations and those on financial instruments (such as loans or currency foreign exchange contracts) allocated to them are recognised through the translation reserve (taking into account deferred tax) until the end of the hedging relationship or earlier termination.

2.14 Other financial assets

Other financial assets are mainly long-term items with a term of more than one year, such as loans, receivables and prepayments due from associates, joint ventures or third parties. Long-term receivables, loans and prepayments are recognised at fair value and subsequently measured at amortised cost using the effective interest method. To the extent necessary, other receivables and loans are impaired using the expected credit losses method in IFRS 9. See note 2.17 'Trade and other receivables' for more information on this method.

2.15 Assets and liabilities held for sale

Assets (and liabilities of an asset group) held for sale and discontinued operations are classified as held for sale when the carrying amount will be recovered through a sale transaction rather than through continuing use. The classification is only made if it is highly probable that the asset group or operations are available for immediate sale in their present condition and the sale is expected to be completed within one year. If activities to be disposed are classified as discontinued operations (e.g. significant business units), their results and the comparative figures in the income statement are presented on the discontinued operations line. Where necessary, eliminations for consolidation are made.

Assets and asset groups held for sale are measured at the lower of the carrying amount preceding classification as held for sale and fair value less costs to sell.

Impairments related to assets and liabilities held for sale are presented as ‘Depreciation and impairment of property, plant and equipment’ or 'Amortisation and impairment of intangible assets' in the income statement.

2.16 Inventories

Inventories are recognised at the lower of weighted average cost and net recoverable amount. Cost of inventories is the purchase price including directly attributable costs incurred to bring the inventories to their current location and state. Net recoverable amount is the estimated sales price in the ordinary course of business less forecast costs of sale. Impairment of inventories is recognised through the income statement if the carrying amount exceeds the net recoverable amount.

See note 2.11 'Emission rights' for the accounting policy for emission rights held for trading purposes.

2.17 Trade and other receivables

Trade and other receivables are receivables with a term of less than one year. Performance delivered by Eneco at the reporting date but not yet billed to the customer, including amounts that have still to be invoiced on the reporting date in addition to the advances already invoiced are recognised as ‘Amounts to be invoiced’. Receivables are recognised at fair value and subsequently measured at amortised cost less impairment losses using the expected credit losses method in IFRS 9.

Impairment of trade receivables is determined over the full lifetime of the asset (‘lifetime expected credit losses method’ in IFRS 9). This is done for trade receivables using a provision matrix based on historical figures for losses on each category/type of debtor, adjusted for non-recurring past effects, that reflects relevant information on current circumstances and offers a reasonably reliable forecast and the implications for the expected losses. This measurement is made for other receivables (current and non-current) using the 12-month expected credit losses method.

Trade receivables are written off when there is no reasonable expectation of receiving full or partial payment of the receivable or amount still to be invoiced.

Impairment of trade receivables is presented as 'Other operating expenses' in the operating profit. Later reversals of amounts written off are credited to the same line in the income statement.

Receivables with a term of less than one year are not measured at present value on initial recognition. In view of their short-term nature, the carrying amount of trade and other receivables at the reporting date is equal to their fair value.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with a maturity of approximately three months or that can be called within approximately three months.

2.19 Provisions for employee benefits

Defined-contribution pensions
Pension liabilities of almost all Dutch business units have been placed with the industry-wide pension funds: Stichting Pensioenfonds ABP (ABP) and the Stichting Pensioenfonds Metaal en Techniek (PMT). There is a state pension plan for employees in Germany; contributions are collected with the social security charges on the employee's salary. A limited number of employees have individual plans insured with various insurance companies.

In the event of future shortfalls, the pension funds may only adjust future contributions and only within a limited range. Under IFRS, the ABP and PMT plans are classified as multi-employer defined-contribution plans. A defined-contribution plan is a plan in which a fixed contribution is paid for the benefit of an employee without any further claim by or liability to that employee. Liabilities in respect of contributions to pension and related plans on the basis of available contributions are recognised as an expense in the income statement in the period to which they relate.

The amount of the pension in the Netherlands depends on age, salary and years of service. Employees may opt to retire earlier or (with the Group's agreement) later than the state retirement age, in which case their pension is adjusted accordingly. At ABP this is between 60 and the state retirement age plus 5 years and at PMT between 5 years before and 5 years after the state retirement age.

Defined-benefit plans
Defined-benefit plans are obligations to pay out future pension entitlements. The defined-benefit entitlements depend on age, years of service and salary. The liabilities under defined-benefit plans are calculated actuarially for each plan separately. This applies mainly for the pensions plans in Belgium, which are classified as defined-benefit plans since the employer has issued a certain guarantee on returns.

Liabilities for defined-benefit plans are based on the actuarial present value of the liability determined using the projected unit credit method that is based on a straight-line accrual of rights using projected salaries and takes into account aspects such as future salary increases and inflation. The net liabilities are determined as the net amount of the actuarial present value of the liabilities and the fair value of the fund assets according to actuarial reports. Service charges and net interest are included in employee benefits. Gains and losses on settlement of a defined-benefit plan are taken and recognised in the result at the time of settlement. Actuarial gains and losses on the revaluation of a net pension liability are recognised in the statement of comprehensive income.

Other provisions for employee benefits
A provision is recognised for the obligation to pay out amounts related to long-service benefits and on the retirement of employees. A provision is also recognised for the obligation to contribute towards the health insurance premiums of retired employees, salary payments in the event of

illness and the employer's risk under the Unemployment Act. Where appropriate, these liabilities are calculated actuarially at the reporting date using the projected unit credit method, using a pre-tax discount rate which reflects the current market assessment of the time value of money.

2.20 Other provisions

A provision is recognised when, due to a past event, there is a present legal or constructive obligation that is of an uncertain size or that will occur at an uncertain future date, and where its settlement will probably lead to outgoings of an economic nature.

Provisions that will be settled within one year of the reporting date, or that are of limited material significance, are recognised at face value. Other provisions are recognised at the present value of the expected expenditure. The specific risks inherent to the relevant obligation are taken into account when determining this expenditure. The present value is calculated using a pre-tax discount rate which reflects the current market assessment of the time value of money. The determination of the expected expenditure is based on detailed plans in order to limit the uncertainty regarding the amount.

Decommissioning
A provision is recognised that equals the present value of the expected costs where there is an obligation to dismantle, demolish or remove an item of property, plant or equipment when it ceases to be used. The present value is calculated using a pre-tax rate which reflects the current market assessment of the time value of money and the risks specific to the liability, with a minimum of 0%. No decommissioning provision is formed if there is only a 'possible' or 'remote' likelihood of an outflow of resources under the obligation. The initial recognition of the decommissioning provision for an asset is included in the cost of that asset. If a subsequent assessment shows that the present value of the estimated decommissioning and restoration costs differs considerably from the provision, the difference is settled as an addition or release against the cost of the asset concerned. The adjusted cost is then depreciated over the remaining useful life of that asset. Any increase in the provision due to the passage of time is recognised as interest expense.

Onerous contracts
A provision for onerous contracts is recognised when it is probable that the unavoidable costs of meeting the contractual obligations exceed the economic benefits to be derived from the contract.

Restructuring
A restructuring provision is recognised if a formal plan for the restructuring has been approved and its main features have been announced to those affected by it and there is a valid expectation that the restructuring will be carried out. A restructuring provision only includes the expenditures necessarily entailed by the restructuring and not those relating to continuing activities.

2.21 Interest-bearing debt

On initial recognition, interest-bearing debt is carried at fair value of the consideration received less the directly attributable transaction costs (including any premium/discount). Subsequent to initial recognition, interest-bearing debt is recognised at amortised cost using the effective interest method.

2.22 Trade creditors and other payables

Trade creditors and other payables are recognised at fair value and subsequently at amortised cost. Payables with a term of less than one year are not discounted on initial recognition. In view of their short-term nature, the carrying amount of trade and other payables at the reporting date is equal to their fair value.

Contributions received from district heating customers for connection costs are part of the contract liabilities.

Notes to the consolidated income statement

All amounts in millions of euros unless stated otherwise.

3. Revenues from energy sales and energy-related activities

The tables below show revenues from energy sales and energy-related activities broken down by type of product and geographical market.

	2021	2020
Electricity	3,163	2,548
Gas	1,600	1,165
District heat	276	279
Energy-related activities	105	98
Total	**5,144**	**4,090**

Electricity revenue in 2021 included €63 million (2020: €125 million) of government grants.

Each year, the Group settles prior year revenues with its customers. In 2021, revenue of €19 million that related to earlier years of supply was recognised (2020: €10 million).

	2021	2020
Netherlands	3,103	2,555
Belgium	794	551
Germany	1,145	932
United Kingdom	102	51
Other	-	1
Total	**5,144**	**4,090**

Revenue for 2021 included transmission charges of some €290 million (2020: €266 million) invoiced on behalf of grid operators and some €482 million (2020: €373 million) of environmental and other levies and taxes, both from operations in Germany as, under local regulations, Eneco is acting as principal for these items.

4. Other revenues

Other revenues are mainly the recharge of costs, settlement of claims, revenues from sales of tangible and intangible assets and the release of contributions to connection charges.

5. Employee benefits

	2021	2020
Wages and salaries	186	176
Social security contributions	25	25
Pension contributions	21	19
Other employee benefits	26	19
Total	**258**	**239**

Total employee benefits were €287 million (2020: €263 million). €20 million (2020: €16 million) of employee benefits have been capitalised. As their nature is directly related to revenue, employee benefits of €9 million (2020: €8 million) have been recognised as part of Purchases of energy and energy-related activities.

Number of employees in Full Time Equivalents (FTE)

	2021	2020
Average		
FTEs employed	2,865	2,819
of whom, working outside the Netherlands	737	769
At 31 December		
FTEs employed	2,970	2,835

6. Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board

The remuneration policy for the members of the Management Board[1] as proposed by the Supervisory Board was approved by the General Meeting of Shareholders and took effect on 24 March 2020.

The General Meeting of Shareholders adopted an amendment to the remuneration policy regarding the financial targets of the Management Board with effect from 1 April 2021 regarding the financial targets (as explained below). The remuneration of the Management Board is determined by the Supervisory Board on the recommendation of its Remuneration, Selection and Appointments Committee.

In addition to a fixed salary, the policy provides for variable remuneration consisting of a short-term incentive (STI) and a long-term incentive (LTI). The STI is granted on the basis of targets set each year by the Supervisory Board for the financial result (with a weight of 60%) and for customer satisfaction and employee engagement (each with a weight of 20%). The assumed on-target level of the STI is set at 30% of base salary including holiday allowance. Pay-out starts at the threshold level at 20% of base salary including holiday allowance and is maximised at an assumed above-target of 40% of base salary including holiday allowance. The 2020 STI applies from 1 April 2020 until 31 March 2021. The 2021 STI applies from 1 April 2021 to 31 March 2022.

The grant of LTI is fully dependent on the improvement of the financial performance over a period of three years. The assumed on-target annual grant level of the LTI is set at 30% of base salary including holiday allowance. The pay-out starts at the threshold level of 20% of base salary

1 Members of the Management Board and Supervisory Board are regarded as key management personnel pursuant to IAS 24 ‘Related Party Disclosures’.

including holiday allowance and is maximised at an assumed above-target of 40% of base salary including holiday allowance. This grant is conditional upon the continued employment of the members of the Management Board during a period of 3 years. The level of achievement is assessed at the end of the relevant three-year period. The 2020-2022 LTI applies from 1 April 2020 to 31 March 2023 and the 2021-2023 LTI applies from 1 April 2021 to 31 March 2024.

In 2021 the financial targets of the Management Board were aligned with the financial targets of the Bonus Score Card, resulting in a change from EBITDA to the normalised[1] net result for both the STI and the LTI. The STI/LTI arrangements were based on EBITDA until 1 April 2021 and since then on net result.

The pension entitlements of the members of the Management Board have been placed with Eneco's standard pension plan. Since 1 January 2015, tax facilities for accrual of pension entitlements have been limited to an indexed maximum gross annual salary of €112,189 (2021). As a result, the contribution to pensions for the part of the gross salary in excess of €112,189 (2021) is presented in the Other pension compensation column in the Remuneration of the Management Board table below.

The employment contracts with the members of the Management Board are for an unlimited time with a period of notice of four months for the company and two months for the members of the Management Board. The members of the Management Board have been appointed for a period of four years. The members of the Management Board are entitled to a payment of 12 months' salary including the holiday allowance if the employment contract is terminated by or at the initiative of the company.

As noted in the Financial Statements 2020, Mr Dubbeld (CFO) stepped down with effect from 1 February 2021.

Ms Tijhaar was appointed as CFO on 1 February 2021. Mr Peters (CCO) stepped down with effect from 15 July 2021.

The following arrangements were in place between 1 January 2020 and the date of the share transfer on 24 March 2020:
The remuneration policy in force in 2019 was applied unchanged in this period in 2020. The remuneration of the members of the Management Board other than Mr Sondag (CEO) consisted of a fixed salary and short-term variable remuneration. Mr Sondag received only a fixed salary. If certain targets were achieved, the variable salary amounted to 20% of the salary including the holiday allowance. The variable remuneration of the members of the Management Board in the period to 24 March 2020 was dependent on performance criteria. The main criteria for the variable remuneration were largely in line with Eneco's strategic themes.

As noted in the Financial Statements 2020, Mr Sondag stepped down as chairperson of the Management Board with effect from 25 March 2020.

1 The Supervisory Board in its discretionary authority can apply normalisations to the reported net result.

Total remuneration was as follows:

Remuneration of the Management Board[1] x €1,000	Gross salary	Variable remuneration (STI)[2]	Variable remuneration (LTI)[3]	Pension contributions	Other pension compensation	Other[4,5,6]	Total 2021
A.C. Tempelman	604	216	105	43	71	-	1,039
C.J. Rameau	449	165	76	36	47	-	773
G.A.J. Dubbeld[7]	37	67	11	3	4	88	210
J.M.J. Tijhaar[8]	404	98	33	33	43	10	621
F.C.W. van de Noort	446	165	76	36	47	-	770
J.A.F.M. Peters[9]	242	133	54	22	26	524	1,001
H. Sakuma	450	165	76	36	47	-	774
Total	**2,632**	**1,009**	**431**	**209**	**285**	**622**	**5,188**

1 'Gross salary' and 'variable remuneration (STI)' meet the definition of short-term employee benefits in IAS 19 'Employee Benefits' and IAS 24 'Related Party Disclosures'. 'Variable remuneration (LTI)' is covered by the definition of other long-term employee benefits in both IFRS standards. 'Pension contributions' and 'other pension compensation' are in line with the definition of post-employment benefits. The remuneration in the 'Other' column is in line with the definition of termination benefits and short-term employee benefits in IAS 19 and IAS 24.
2 Includes the 2020 STI (Jan-Mar 2021 based on actual result) and the 2021 STI (Apr-Dec 2021 - this amount has been calculated assuming on-target achievement of the financial and non-financial targets after the one-year period, the amount is based on nine months). This amount includes an adjustment for the actual realisation of 2020 STI: Apr-Dec 2020: €155. Mr Peters has received a pro rata incentive at the termination date of his contract of employment.
3 This amount has been calculated assuming on-target achievement of the financial targets after the three-year period. Two cycles LTI overlap in 2021: LTI 2020-2022 (start: 1 April 2020 - 1 April 2023) and LTI 2021-2023 (start: 1 April 2021- 1 April 2024). The amount of long-term variable remuneration for 2021 is an estimate based on twelve months (1 Jan - 31 December, regarding the LTI 2020-2022) as well an estimate based on nine months (1 April - 31 December, regarding the LTI 2021-2023). Mr Dubbeld and Mr Peters have received a pro rata incentive at the termination date of their contract of employment.
4 Mr Dubbeld: continued payment of salary for the period 1 February – 1 April 2021 during which Mr Dubbeld was not required to work.
5 Ms Tijhaar: as part of an individual agreement, she received a one time settlement for the STI/LTI February/March 2021. The regular STI/LTI arrangements took effect as of 1 April 2021 for Ms Tijhaar.
6 Mr Peters: continued payment of salary for the period 15 July – 15 September 2021 during which Mr Peters was not required to work and the compensation at the end of employment (15 September 2021) as contractually agreed.
7 Salary to 1 February 2021.
8 Ms Tijhaar was appointed with effect from 1 February 2021.
9 Salary to 15 July 2021.

x €1,000	Gross salary	Variable remuneration to 24 March 2020	Variable remuneration (STI) from 24 March 2020[1]	Variable remuneration (LTI) from 24 March 2020[2]	Pension contributions	Other pension compensation	Other[3,4]	Total 2020
L.M. Sondag[5]	129	-	-	-	10	14	343	496
A.C. Tempelman[6]	303	-	90	30	18	36	-	477
C.J. Rameau	434	24	98	33	35	46	-	670
G.A.J. Dubbeld	434	24	98	33	35	46	460	1,130
F.C.W. van de Noort	410	20	98	33	31	43	-	635
J.A.F.M. Peters[7]	343	-	98	33	21	36	-	531
H. Sakuma[8]	346	-	98	33	24	36	-	537
Total	**2,399**	**68**	**580**	**195**	**174**	**257**	**803**	**4,476**

1 This amount has been calculated assuming on-target achievement of the financial and non-financial targets after the one-year period. The amount of short-term variable remuneration for 2020 is an estimate based on nine months (1 April - 31 December).
2 This amount has been calculated assuming on-target achievement of the financial targets after the three-year period. The amount of long-term variable remuneration for 2020 is an estimate based on nine months (1 April - 31 December).
3 Mr Sondag: continued payment of salary for the period 25 March – 1 October 2020 (the notice period of six months for the company under the contract of employment) during which Mr Sondag was not required to work.
4 Mr Dubbeld: this is the compensation at the end of employment (1 April 2021) as contractually agreed.
5 Salary to 24 March 2020.
6 Mr Tempelman was appointed with effect from 1 July 2020.
7 Mr Peters was appointed with effect from 24 March 2020.
8 Mr Sakuma was appointed with effect from 24 March 2020.

Remuneration of the Supervisory Board

The General Meeting of Shareholders adopted the remuneration policy for the Supervisory Board with effect from 24 March 2020. A Supervisory Board was established for N.V. Eneco at the time of the merger between N.V. Eneco Beheer and Eneco Groep N.V. Eneco Groep N.V.'s remuneration policy for the Supervisory Board was adopted for N.V. Eneco by the General Meeting of Shareholders as of the date of the merger. The remuneration of the chairperson of the Supervisory Board is €80,000 per year. The other members of the Supervisory Board each receive an annual fee of €60,000. The chairperson and members of the Audit Committee receive additional annual fees of €10,000 and €7,500 respectively. The chairperson and members of the Remuneration, Selection and Appointments Committee receive additional annual fees of €8,500 and €6,500 respectively. Each member of the Supervisory Board receives a fixed expense allowance of €1,150 per year.

The remuneration policy and comparative figures of Eneco Groep N.V., as applied in 2020, are disclosed for comparison purposes.

The following arrangements were in place between 1 January 2020 and the date of the share transfer on 24 March 2020:

Until 24 March 2020, the remuneration of the chairperson of the Supervisory Board was €36,500 per year. On 26 July 2018, the Enterprise Chamber of the Amsterdam Court of Appeal appointed Ms C.M. Insinger as temporary chairperson of the Supervisory Board of Eneco. Further to this, it was agreed that she would bill per hour up to a maximum sum of one-and-a-half times the remuneration for the chairperson of the Supervisory Board set out above (amount excluding VAT but including the fixed expense allowance and remuneration for membership of committees). Her appointment by the Enterprise Chamber of the Amsterdam Court of Appeal was terminated on 24 March 2020.

The other members of the Supervisory Board each received an annual fee of €28,700. The members of the Audit Committee and the Remuneration, Selection and Appointments Committee received additional annual fees of €5,200 and €3,150 respectively. Each member of the Supervisory Board received a fixed expense allowance of €1,150 per year.

Total remuneration was as follows:

2021		Committees			
x €1	Remuneration	Audit committee	Remuneration / selection and appointments committee	Expenses	Total 2021
J.M. Kroon, chairperson	80,000	7,500	6,500	1,150	95,150
M. Enthoven	60,000	10,000	8,500	1,150	79,650
J.M. Roobeek	60,000	-	6,500	1,150	67,650
K. Nakanishi[1]	-	-	-	-	-
Y. Kashiwagi[1]	-	-	-	-	-
G. Yaguchi[1,2]	-	-	-	-	-
H. (Hiroki) Sato[1,3]	-	-	-	-	-
H. (Haruhiko) Sato[1,2]	-	-	-	-	-
T. Shiozawa[1,3]	-	-	-	-	-
Total	**200,000**	**17,500**	**21,500**	**3,450**	**242,450**

1 Mr Nakanishi, Mr Kashiwagi, Mr Yaguchi, Mr Sato, Mr Sato and Mr Shiozawa have voluntary waived their renumeration entitlements.
2 Mr Yaguchi was appointed as member of the Supervisory Board per 13 March 2021 and succeeded Mr Sato who has stepped down on the same moment.
3 Mr Sato was appointed as member of the Supervisory Board per 28 May 2021 and succeeded Mr Shiozawa who has stepped down on the same moment.

To 24 March 2020		Committees			
x €1	Remuneration	Audit committee	Remuneration / selection and appointments committee	Expenses	Total to 24 March 2021
C.M. Insinger, chairperson	13,688	-	-	-	13,688
M.B.A. Keim	6,617	1,199	-	265	8,081
R. Zandbergen	6,617	1,199	-	265	8,081
A. Nicolaï	6,617	-	726	265	7,608
M. Enthoven	6,617	1,199	-	265	8,081
E.Ph. Goudswaard	6,617	-	726	265	7,608
Total	**46,773**	**3,597**	**1,452**	**1,325**	**53,147**

From 24 March 2020		Committees			
x €1	Remuneration	Audit committee	Remuneration / selection and appointments committee	Expenses	Total from 24 March 2021
J.M. Kroon, chairperson	61,556	5,771	5,001	885	73,213
M. Enthoven	46,167	7,694	6,540	885	61,286
M.B.A. Keim[1]	31,167	-	3,376	597	35,140
K. Nakanishi[2]	-	-	-	-	-
Y. Kashiwagi[2]	-	-	-	-	-
H. Sato[2]	-	-	-	-	-
T. Shiozawa[2]	-	-	-	-	-
J.M. Roobeek[3]	15,000	-	1,625	288	16,913
Total	**153,890**	**13,465**	**16,542**	**2,655**	**186,552**

1 Mr Keim stepped down as a supervisory director by agreement on 1 October.
2 Mr Nakanishi, Mr Kashiwagi, Mr Sato and Mr Shiozawa have voluntarily waived their remuneration entitlements.
3 Ms. Roobeek was appointed as a supervisory director on 1 October.

7. Share of profit of associates and joint ventures

The associates and joint ventures are included in the 'List of principal subsidiaries, joint operations, joint ventures and associates' in these financial statements.

	2021	2020
Share in net profit and result on sales of associates and joint ventures	65	13
(Reversal) Impairment	-2	1
Total	**63**	**14**

8. Financial income

Financial income was mainly negative interest on Euro Commercial Paper borrowings.

9. Financial expenses

	2021	2020
Interest expenses	15	11
Interest added to provisions and lease liabilities	5	5
Other	6	5
Total	**26**	**21**

See note 27 'Interest-bearing debt' for the average interest rate on the debt.

10. Income tax on the result

The table below shows the tax on the result:

	2021	2020
Current tax expense	65	37
Movements in deferred taxes	-13	10
Income tax	**52**	**47**

N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries.

In 2021, the Dutch Senate approved the 2022 Tax Plan which increases the tax rate from 25% to 25.8%. The impact of this increase (€5 million) has been recognised in the 2021 result as deferred tax expenses and it also resulted in a net increase in the deferred tax assets and liabilities.

In 2020, the Dutch Senate approved the 2021 Tax Plan which reversed the previously approved reduction in the tax rate from 25% to 21.7%. The impact of this reversal (€22 million) was recognised in the 2020 result as deferred tax expenses and it also resulted in a net increase in the deferred tax assets and liabilities.

In 2021, the UK government decided to increase the tax rate to 25% and this led to a €4 million impact on result (deferred tax expense) and increase of net deferred tax assets and liabilities.

The corporate income tax rates for Belgium and Germany were not adjusted in 2021 and are 25% respectively 32.28%.

Including prior year adjustments of €4 million (2020: €0 million), current income tax charges were €65 million (2020: €37 million). The deferred tax gain of €13 million in the table above (2020: deferred tax expense of €10 million) included a release of €4 million from the Energy Investment Allowance to be amortised (2020: €3 million) and net deferred tax of €0 million (2020: loss of €3 million) for adjustments to deferred taxes in respect of prior years.

The table below shows the effective income tax burden expressed as a percentage of the profit before income tax and the equivalent amount of income tax:

		2021		2020
Profit before income tax		**261**		**165**
Nominal tax rate (in the Netherlands)	25.0%	65	25.0%	41
Effect of:				
- Participation exemption	-6.3%	-16	-2.9%	-5
- Non tax-deductible expenses	3.2%	8	2.2%	4
- Tax incentives	-2.1%	-5	-2.0%	-3
- Movement in deferred taxes (effect rate change)	4.1%	11	14.1%	23
- Movement in deferred taxes (other)	0.0%	0	-2.5%	-4
- Adjustment of prior years results (current and deferred taxes)	0.0%	0	1.8%	3
- Investment allowances and foreign loss relief	-1.8%	-5	-3.2%	-5
- Tax effect of different foreign tax rates	-0.8%	-2	-1.2%	-2
- Tax-exempt income and other	-1.4%	-4	-2.7%	-5
Effective tax rate	**19.9%**	**52**	**28.6%**	**47**

11. Government grants

Government grants recognised in the result were as follows:

	2021	2020
Stimulation Sustainable Energy Production (SDE scheme)	63	125
Total	**63**	**125**

Government grants are included in electricity revenue, see note 3 'Revenues from energy sales and energy-related activities'.

Notes to the consolidated balance sheet

All amounts in millions of euros unless stated otherwise.

12. Property, plant and equipment – owned assets

	Land and buildings	Machinery and equipment	Other operating assets	Assets under construction	Total
Cost					
At 1 January 2020	**79**	**4,099**	**45**	**328**	**4,551**
Investments	-	20	1	347	368
Acquisitions	-	15	-	-	15
Disposals	-	-47	-1	-26	-74
Reclassification from / to assets held for sale	-1	3	-		2
Change in interest rate percentage for decommissioning provision	-	-9	-	-	-9
Reclassification other	4	433	-	-430	7
Translation differences	-	-20	-	-1	-21
At 31 December 2020	**82**	**4,494**	**45**	**218**	**4,839**
Investments	6	50	1	305	362
Acquisitions	1	8	-	2	11
Disposals	-	-35	-2	-7	-44
Reclassification from / to assets held for sale	-	-	-	-	-
Change in interest rate percentage for decommissioning provision	-	36	-	-	36
Reclassification other	-	167	1	-159	9
Translation differences	-	25	-	-	25
At 31 December 2021	**89**	**4,745**	**45**	**359**	**5,238**
Accumulated depreciation and impairment					
At 1 January 2020	**24**	**1,837**	**35**	**29**	**1,925**
Annual depreciation and impairment	3	193	4	-	200
Acquisitions	-	13	-	-	13
Disposals	-	-42	-1	-22	-65
Reclassification from / to assets held for sale	-	4	-	-	4
Reclassification other	-	-1	-	-	-1
Translation differences	-	-5	-	-1	-6
At 31 December 2020	**27**	**1,999**	**38**	**6**	**2,070**
Annual depreciation and impairment	3	220	3	-	226
Acquisitions	-	2	-	-	2
Disposals	-	-27	-1	-6	-34
Reclassification from / to assets held for sale	-	-	-	-	-
Reclassification other	-	-	-	-	-
Translation differences	-	9	-	-	9
At 31 December 2021	**30**	**2,203**	**40**	**-**	**2,273**
Carrying amount					
At 1 January 2020	55	2,262	10	299	2,626
At 31 December 2020	55	2,495	7	212	2,769
At 31 December 2021	**59**	**2,542**	**5**	**359**	**2,965**

Capitalised interest
During the reporting period, attributable interest capitalised for property, plant and equipment was €2 million (2020: €6 million). The capitalisation rate of interest was 0.75% in 2021 (2020: 1.00%).

Assets under construction
Assets under construction consist mainly of solar farms, onshore and offshore wind farms and investments in district heating networks.

Leases – property, plant and equipment leased by Eneco ('lessor')
Equipment and energy installations (such as domestic water heaters and solar panels) leased to customers remain the property of the Group. The lease terms cover both making the equipment available to users and the maintenance costs. Lease revenues of €20 million (2020: €21 million) have been recognised through the income statement.

13. Property, plant and equipment – right-of-use assets and lease liabilities

The classification and movements in the rights-of-use for the lease assets were as follows:

	Land and buildings	Machinery and equipment	Other operating assets	Total
Cost				
At 1 January 2020	**221**	**57**	**13**	**291**
Additions	8	-	-	8
Revaluation	6	-	3	9
Translation differences	-2	-	-	-2
At 31 December 2020	**233**	**57**	**16**	**306**
Additions	27	-	-	27
Revaluation	2	-	5	7
Disposals	-8	-	-	-8
Translation differences	3	-	-	3
At 31 December 2021	**257**	**57**	**21**	**335**
Accumulated depreciation and impairment				
At 1 January 2020	**19**	**22**	**3**	**44**
Annual depreciation and impairment	20	3	4	27
Translation differences	-	-	-	-
At 31 December 2020	**39**	**25**	**7**	**71**
Annual depreciation and impairment	21	3	4	28
Disposals	-2	-	-	-2
Translation differences	-	-	-	-
At 31 December 2021	**58**	**28**	**11**	**97**
Carrying amount				
At 1 January 2020	202	35	10	247
At 31 December 2020	194	32	9	235
At 31 December 2021	**199**	**29**	**10**	**238**

Movements in lease liabilities were as follows:

	2021	2020
At 1 January	**229**	**241**
New leases	27	8
Lease payments	-31	-31
Interest added to lease liabilities (financial expenses)	4	4
Changes of contract period, indexation	7	9
Disposal of contracts	-5	-
Translation differences	2	-3
Reclassifications	-	1
At 31 December	**233**	**229**
Classification at 31 December		
Current	28	26
Non-current	205	203
At 31 December	**233**	**229**

Eneco's leasing activities as lessee

The Group rents or leases assets such as land for wind and solar farms, roofs of commercial buildings for solar panels, solar panel equipment, offices, warehouses, ICT and other equipment and company cars. Leases are usually entered into for fixed periods ranging from 1 to 35 years but may include extension and termination options. Rental periods are negotiated individually and contain a wide range of terms and conditions. No leases impose covenants but lease assets may not be used as collateral for financing purposes.

Amounts for leases recognised in the income statement

	2021	2020
Depreciation charge for right-of-use assets	28	27
Interest added to lease liabilities	4	4
Other lease costs[1]	2	2

1 This concerns the costs for 'short-term leases', costs of 'low value leases' not included in 'short-term leases' and costs relating to variable lease payments that are not included in the lease liabilities.

Amounts for leases recognised in the cash flow statement

Total lease payments in 2021 were €34 million (lease repayments of €28 million, interest of €4 million and other lease costs of €2 million), 2020 €33 million (lease repayments of €27 million, interest of €4 million and other lease costs of €2 million). See also the 'Notes to the consolidated cash flow statement'.

Variable lease payments

Eneco has a number of leases containing arrangements on variable lease payments (that do not depend on an index or a rate). These relate in particular to leases for land for the wind farm activities in the United Kingdom. These variable components depend in particular on the amount of electricity generated.

Other possible lease payments and liabilities

Eneco has entered into a rental contract for a new office building for a German subsidiary from mid-2022 to the end of 2032. The total lease liability for this contract is some €27 million.

Other future lease payments resulting from renewal or termination options in leases, residual value guarantees and/or leases which have been entered into but are not yet in force, are not material in the context of these financial statements or are not applicable to Eneco. Leases do not otherwise include any special arrangements involving restrictions or covenants that could lead to a restriction on the use of the lease assets. No 'sale-and-lease-back' transactions have been entered into.

14. Intangible assets

	Goodwill	Customer databases	Software and software licences	Concessions, permits, trade names and other rights	Development expenditure	Total
Cost						
At 1 January 2020	**537**	**594**	**138**	**179**	**17**	**1,465**
Investments	-	2	29	-	2	33
Acquisitions	-	175	-	-	-	175
Disposals	-	-2	-6	-4	-	-12
Disposal of group companies	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Reclassification other	-	4	-1	-	-2	1
At 31 December 2020	**537**	**773**	**160**	**175**	**17**	**1,662**
Investments	-	1	32	-	2	35
Acquisitions	5	17	-	2	-	24
Disposals	-	1	-7	-2	-	-8
Disposal of group companies	-	-	-2	-	-	-2
Translation differences	1	-	-	-	-	1
Reclassification other	-1	-	-1	-1	-	-3
At 31 December 2021	**542**	**792**	**182**	**174**	**19**	**1,709**
Accumulated amortisation and impairment						
At 1 January 2020	**-**	**280**	**90**	**45**	**5**	**420**
Annual amortisation and impairment	-	60	24	8	2	94
Disposals	-	-1	-6	-	-	-7
Disposal of group companies	-	-	-	-	-	-
Reclassification other	-	-	-	-	-	-
At 31 December 2020	**-**	**339**	**108**	**53**	**7**	**507**
Annual amortisation and impairment	-	61	18	9	3	91
Disposals	-	-	-7	-	-	-7
Disposal of group companies	-	-	-2	-	-	-2
Reclassification other	-	-	1	-2	-	-1
At 31 December 2021	**-**	**400**	**118**	**60**	**10**	**588**
Carrying amount						
At 1 January 2020	537	314	48	134	12	1,045
At 31 December 2020	537	434	52	122	10	1,155
At 31 December 2021	**542**	**392**	**64**	**114**	**9**	**1,121**

Goodwill

Goodwill was €542 million at 31 December 2021 (31 December 2020: €537 million) and consisted mainly of €145 million of goodwill relating to the group of cash-generating units in the Netherlands, €212 million relating to the group of cash-generating units in Belgium, €159 million relating to the group of cash-generating units in Germany and €18 million relating to the group of cash-generating units in the United Kingdom.

An impairment analysis was performed on this goodwill which showed that the recoverable amount of each group of cash-generating units (determined by the value in use) was higher than their carrying amount.

The following assumptions were used to establish the value in use:

- the value in use of the cash-generating units was based on expected future cash flows for five years as in the Group's long-term plans (based in part on historical figures) and thereafter extrapolated on the expected life of the assets of these cash-generating units, which is generally longer than the five-year period;

- long-term growth of 1.0% was taken into account;

- these expected future cash flows are based on the Financial Strategic Plan 2022–2026, for which, where applicable, changes were made based on planned investments to determine the recoverable amount of the cash-generating units; and

- the pre-tax discount rates, which reflect the risks of the activities of the relevant cash-generating units, were 3.1% - 9.8% (in 2020: 4.5% - 6.5% for all cash-generating units). These discount rates are based on the weighted average cost of capital (WACC) calculated using parameters derived from data from a peer group and market information.

The calculation of the value in use of these assets is sensitive to the following assumptions: the discount rate, the growth figure applied for extrapolating cash flows beyond the five-year plan and the average useful life of the assets. Of these factors, the discount rate is the most sensitive and an increase of 0.5 percentage point would reduce the value in use of the total cash-generating units by some €0.3 billion but would not lead to impairment for any of the cash-generating units.

Customer databases
Customer databases relate to REMU (acquired in 2003), Dong Energy Sales (acquired in 2014), LichtBlick and Eni (acquired in 2017) and E.ON Benelux Levering (acquired in 2018). The customer databases of Robin Energie and the customer databases and charging points of several companies with electric vehicle activities were acquired in 2019. In 2020 Eneco acquired customer contracts from E.ON Energie in Germany. In 2021 Eneco acquired the business customer contracts of Essent Energie Verkoop Nederland B.V. (renamed Eneco Midzakelijk B.V.) (see note 15 'Business combinations and other changes in the consolidation structure') and the retail customer contracts of Welkom Energie B.V.

Concessions, permits, trade names and other rights
Concessions, permits, trade names and other rights consist mainly of the capitalised trade name of LichtBlick and permits granted for existing wind farms in Belgium and the United Kingdom.

Current intangible assets and inventories
'Intangible assets and inventories' were €231 million at 31 December 2021 (2020: €153 million), €152 million of which (2020: €129 million) related to green certificates and emission rights and the remainder to other inventories.

15. Business combinations and other changes in the consolidation structure

Acquisition of additional 25% interest in the Norther N.V. wind farm
On 31 May 2021, Eneco acquired the remaining 50% of the issued share capital of Boreas Wind Offshore N.V. from Mitsubishi Corporation and so obtained control of this entity. This is a related party transaction which was concluded on arm's length term and conditions. As a result of this transaction, Eneco increased its interest in the Norther N.V. wind farm from 25% to 50%. Eneco's interest in Norther N.V. continues to be classified as joint venture under IFRS 11 'Joint Arrangements' and recognised using the equity method. This acquisition has been accounted for as an 'asset acquisition' and is not considered a 'business combination' as referred to in IFRS 3, because the acquired assets and liabilities assumed do not meet the IFRS definition of a 'business'. A premium resulting from this acquisition has been included in the net equity value of the joint venture. See note 16 'Associates and joint ventures'.

Acquisition of Essent Energie Verkoop Nederland B.V.
On 1 October 2021, Eneco completed the purchase of a 100% holding in Essent Energie Verkoop Nederland B.V. (name changed to Eneco Midzakelijk B.V. - 'EMZ') after reaching agreement on the proposed acquisition with the works councils of both companies and after receiving the approval of the Dutch competition authorities. The operations of EMZ, based in Eindhoven, comprise sales and supply activities in the Netherlands to medium-sized business-to-business ('B2B') companies.

The purchase price for EMZ was some €20 million in cash. This acquisition does not involve a variable portion of the purchase price (earn out) or deferred payment. Due to the short period between the transaction and the reporting date, the assessment of the fair value of the identified assets and liabilities had not been finalised on the reporting date. This assessment may have a limited effect on the allocation of the purchase price to these assets and liabilities. Consequently, the acquisition has been recognised provisionally in the financial statements 2021. The goodwill arising from this business combination was justified mainly by the strategic alliance that will arise with Eneco's existing B2B activities in the Netherlands. The goodwill is not tax deductible.

The assets and liabilities were recognised at fair value on the acquisition date. The assets comprise some €17 million of intangible assets (consisting of customer contracts), some €12 million of trade and other receivables and some €4 million of cash and cash equivalents. The liabilities comprise some €12 million of current liabilities (including some €10 million of taxes payable, mainly energy tax and VAT, and social security charges), including trade creditors. The fair value of the trade and other receivables acquired was some €12 million of which €1 million was assessed as uncollectible at the acquisition date.

The costs related to this transaction were some €0,4 million (recognised in the income statement as 'Cost of contracted work and other external costs'). Between the acquisition date and the reporting date, EMZ contributed some €21 million to the Group's revenues and a profit after tax of about €1 million.

Had this acquisition taken place on 1 January 2021, the Group's revenues for the full year would have been some €5.2 billion. The impact on the net result is not material.

Acquisition of Nordgröön Energie GmbH
On 17 December 2021, Eneco completed the purchase of a 100% holding in Nordgröön Energie GmbH after receiving the approval of the German competition authorities. Nordgröön offers services in energy optimisation, synchronisation and integration of renewable energy sources in Germany. This acquisition has no material impact on the financial statements 2021 and so is not disclosed further. The main acquired asset will be customer relationships. Due to the short period between the transaction and the reporting date, the assessment of the fair value of the identified assets and liabilities had not been finalised on the reporting date. Consequently, this acquisition has been recognised provisionally in the financial statements 2021.

16. Associates and joint ventures

The Group participates with one or more parties in businesses in the form of associates or joint ventures to perform shared operations.

The carrying amount of the associates and joint ventures was:

		At 31 December 2021	At 31 December 2020
Interest in Greenchoice (30%)	Associate	66	58
Interest in Norther wind farm (2021: 50%, 2020: 25%)	Joint venture	139	15
Other associates		9	25
Other joint ventures		7	11
Total		**221**	**109**

During 2021 the Group has sold its 25% interest in GreenFlux Assets B.V. and its 35% interest in Next Kraftwerke GmbH (both 'Other associates').

The table below summarises the financial data of the interests in Greenchoice and the Norther wind farm, which are material to the Group. The figures were drawn from their most recent published financial information (Greenchoice) or available internal information (Norther). Where necessary, they have been restated for differences between their accounting policies and IFRS. The table also shows a reconciliation between the summary financial information for each investment and the carrying amount of Eneco's interest in it.

Greenchoice

Balance sheet information (based on most recent available information)	At 31 December 2020	At 31 December 2019
Non-current assets	195	162
Current assets	224	241
Non-current liabilities	76	80
Current liabilities	226	204
Net assets (100%)	**117**	**119**
Eneco's share of net assets	35	36
Carrying amount of interest in Greenchoice (incl. acquired goodwill)	**58**	**58**

Profit or loss information (based on most recent available information)	2020	2019
Revenues (100%)	520	569
Profit after income tax (100%)	-5	7
Total other comprehensive income (100%)	-	-
Total comprehensive income (100%)	-5	7
Group's share of total comprehensive income (30%)	**-2**	**2**

Northern

Balance sheet information	At 31 December 2021[1]	At 31 December 2020[1]
Non-current assets	954	1,000
Current assets	165	168
- of which cash and cash equivalents	131	127
Non-current liabilities	922	990
- of which non-current financial liabilities (excluding trade creditors, other obligations and provisions	829	945
Current liabilities	122	120
- of which current financial liabilities (excl. trade creditors, other liabilities and provisions)	63	60
Net assets (100%)	**75**	**58**
Eneco's share of net assets	37	15
Carrying amount of interest in Norther (incl. acquired premium)	**139**	**15**

1 By applying IAS 28.34, the November figures are included (one month delay).

Profit or loss information	2021	2020
Revenues (100%)	163	178
Depreciation, amortisation and impairment (100%)	52	47
Financial income (100%)	1	-
Financial expenses (100%)	28	30
Tax charge or gain (100%)	12	20
Profit after income tax (100%)	46	55
Total other comprehensive income (100%)	23	-17
Total comprehensive income (100%)	69	38
Group's share of total comprehensive income (to May 2021: 25%; from June 2021: 50%; 2020: 25%)	**17**	**9**

Total comprehensive income (the Group's share) for the other associates was €3 million negative (2020: €2 million negative) and for the other joint ventures €0 million (2020: €2 million positive).

17. Deferred taxes

The table below shows the deferred tax assets and liabilities:

	Assets		Liabilities	
	At 31 December 2021	At 31 December 2020	At 31 December 2021	At 31 December 2020
Property, plant and equipment	-	-	158	156
Intangible assets	16	17	96	108
Cash flow hedges	88	16	4	5
Loss carry forwards	16	16	-	-
Losses at non-resident participating interests	-	-	11	12
Provisions	9	7	-	-
Effect of previously adopted IFRS standards[1]	2	3	10	6
Tax liabilities (assets) before set-off	**131**	**59**	**279**	**287**
Set-off of tax	-110	-39	-110	-39
Total	**21**	**20**	**169**	**248**

1 This concerns deferred taxes on trade receivables and other receivables (IFRS 9), revenue recognition - contract acquisition costs (IFRS 15) and rights-of-use of leased assets and lease obligations (IFRS 16).

Deferred tax assets and liabilities related to cash flow hedges have been recognised through equity. The losses at non-resident permanent establishments are a result of losses offset in the Netherlands before 2012 from a non-resident permanent establishment which would be included in the taxable result in the Netherlands (claw-back) if and to the extent that the permanent establishment makes profits.

Movements in deferred taxes during 2021 were as follows:

	Net balance at 1 January 2021	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other (including business combinations)	Net balance at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-156	1	-	-3	-158	-	-158
Intangible assets	-91	10	-	1	-80	16	-96
Cash flow hedges	11	-	72	1	84	88	-4
Loss carry forwards	16	-	-	-	16	16	-
Losses at non-resident participating interests	-12	1	-	-	-11	-	-11
Provisions	7	2	-	-	9	9	-
Effect of previously adopted IFRS standards	-3	-5	-	-	-8	2	-10
Tax liabilities (assets) before set-off	**-228**	**9**	**72**	**-1**	**-148**	**131**	**-279**
Set-off of tax						-110	110
Total	**-228**					**21**	**-169**

1 This amount is included in the 'Movements in deferred taxes' as part of 'Income tax on the result'. See note 10 'Income tax on the result'.

Movements in deferred taxes during 2020 were as follows:

	Net balance at 1 January 2020	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other (including business combinations)	Net balance at 31 December 2020	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-148	-13	-	5	-156	-	-156
Intangible assets	-94	7	-	-4	-91	17	-108
Cash flow hedges	6	-	5	-	11	16	-5
Loss carry forwards	23	-7	-	-	16	16	-
Losses at non-resident participating interests	-11	-	-	-1	-12	-	-12
Provisions	8	-1	-	-	7	7	-
Effect of previously adopted IFRS standards	-5	1	-	1	-3	3	-6
Tax liabilities (assets) before set-off	**-221**	**-13**	**5**	**1**	**-228**	**59**	**-287**
Set-off of tax						-39	39
Total	**-221**					**20**	**-248**

1 This amount is included in the 'Movements in deferred taxes' as part of 'Income tax on the result'. See note 10 'Income tax on the result'.

The table below shows the expiry periods for temporary differences available for relief at 31 December 2021:

Expiry periods for differences available for relief	In years
Property, plant and equipment	1 - 45
Intangible assets	1 - 20
Cash flow hedges	1 - 20
Losses available for relief	1 - 10
Provisions	1 - 10
Right-of-use assets and lease liabilities (IFRS 16)	1 - 20

No deferred tax asset has been recognised on pre-consolidation and other losses (including tax facilities not yet used) of €7 million (31 December 2020: €12 million) since it is not certain whether sufficient taxable profits will be available in the future at the companies and permanent establishment which are not members of the fiscal unity. The tax regulations in the relevant jurisdiction state that these losses can be carried forward indefinitely (2020: €4 million indefinitely and €8 million between one and seven years).

18. Derivative financial instruments

18.1 Financial instruments of the Group

The table below shows the fair value of the derivative financial instruments:

Financial assets	At 31 December 2021	At 31 December 2020
Currency swap contracts	-	2
Energy commodity contracts	2,487	330
CO_2 emission rights	19	9
Total	**2,506**	**341**
Classification		
Current	1,906	256
Non-current	600	85
Total	**2,506**	**341**

Financial liabilities	At 31 December 2021	At 31 December 2020
Interest rate swap contracts	24	38
Currency swap contracts	9	4
Energy commodity contracts	2,775	385
CO_2 emission rights	14	3
Total	**2,822**	**430**
Classification		
Current	1,980	284
Non-current	842	146
Total	**2,822**	**430**

The fair value of the energy commodity contracts increased by some €2.2 billion regarding the derivative assets and some €2.4 billion regarding the derivative liabilities. This increase is mainly the result of the increase of the average market price for electricity and gas.

18.2 Financial instruments recognised through the income statement

The table below shows the fair value of derivative financial instruments for which movements in fair value have been recognised through the income statement:

Financial assets	At 31 December 2021	At 31 December 2020
Currency swap contracts	–	2
Energy commodity contracts	2,487	310
CO_2 emission rights	19	9
Total	**2,506**	**321**
Classification		
Current	1,906	254
Non-current	600	67
Total	**2,506**	**321**

Financial liabilities	At 31 December 2021	At 31 December 2020
Currency swap contracts	4	4
Energy commodity contracts	2,460	327
CO_2 emission rights	14	3
Total	**2,478**	**334**
Classification		
Current	1,934	280
Non-current	544	54
Total	**2,478**	**334**

18.3 Financial instruments recognised in equity

The table below shows the fair value of derivative financial instruments for which movements in fair value have been recognised in equity through the cash flow hedge reserve:

Financial assets	At 31 December 2021	At 31 December 2020
Energy commodity contracts	–	20
Total	**–**	**20**
Classification		
Current	–	2
Non-current	–	18
Total	**–**	**20**

Financial liabilities	At 31 December 2021	At 31 December 2020
Interest rate swap contracts	24	38
Currency swap contracts	5	–
Energy commodity contracts	315	58
Total	**344**	**96**
Classification		
Current	46	4
Non-current	298	92
Total	**344**	**96**

These instruments are used in cash flow hedge transactions to hedge interest rate, currency and energy price risks and the currency risks in a net investment in a foreign operation.

18.4 Fair value hierarchy

The hierarchy of derivative financial instruments measured at fair value was as follows:

At 31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO_2 emission rights	186	2,312	8	2,506
Interest rate and currency swap contracts	-	-	-	-
	186	**2,312**	**8**	**2,506**
Liabilities				
Energy commodity contracts and CO_2 emission rights	375	2,123	291	2,789
Interest rate and currency swap contracts	-	33	-	33
	375	**2,156**	**291**	**2,822**

At 31 December 2020	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO_2 emission rights	7	323	9	339
Interest rate and currency swap contracts	-	2	-	2
	7	**325**	**9**	**341**
Liabilities				
Energy commodity contracts and CO_2 emission rights	70	274	44	388
Interest rate and currency swap contracts	-	42	-	42
	70	**316**	**44**	**430**

The level 3 derivative financial instruments are mainly contracts for hedging purposes of future market prices relating to wind farms that have a limited subsidy or are unsubsidised. As Eneco has hedged the variable market price against the fixed contract price of these contracts, future cash flows or income will be compensated by higher future electricity sale proceeds. The measurement of these contracts reflect the market value in the current market environment.

The fair value of the level 3 derivative contracts is determined using Eneco's internal valuation models for forecasting energy prices. These models use statistical methods such as linear mathematical programming and include observable information such as quoted market prices (observable for a maximum of 5 years ahead) and market prices from external sources commonly used in the power industry. The models also use unobservable information such as historical data on wind and solar generation, relationships with historical commodity prices, the electrification of demand and the development of renewable and conventional power assets in Western Europe in relation to climate goals set by governments. Eneco updates the scenarios periodically in line with current market circumstances and/or changes in government policy. The scenarios and their inputs are independently reviewed and approved by Eneco's Commodity Risk Team.

The models present long-term scenarios for electricity and other prices which differ primarily in their assumptions around the realisation of government climate goals and the way the market responds to this. The fair value of the contracts is measured using the expected trends in the energy price included in these scenarios and volatility in case the contracts have option characteristics. To a limited extent, covariance (the price in periods when wind farms generate more power, e.g. autumn, may be lower because wind conditions are favourable) is included in the measurement.

The valuation techniques, main assumptions and sensitivity analysis are shown below.

Instrument	Valuation technique	Significant unobservable input	Sensitivity of the input on fair value
Forward electricity contract	Discounted cash flow method	Average price €73 per MWh for the measurement period	A 5% increase or decrease would result in a change in fair value of €25 million
Option contract	Option pricing model	Average price €81 per MWh for the measurement period	A 5% increase or decrease would result in a change in fair value of €15 million
		Volatility	A 10% increase or decrease would result in a change in fair value of €7 million

The movements in the level 3 derivative financial instruments are set out below.

Changes in fair value of level 3 energy commodity contracts and CO_2 emission rights	2021	2020
At 1 January	**-35**	**19**
Included in income statement	-7	14
Included in statement of comprehensive income	-251	-20
Purchases	10	6
Sales and settlements	-	-54
At 31 December	**-283**	**-35**
Classification at 31 December		
Financial assets	8	9
Financial liabilities	-291	-44
Total	**-283**	**-35**

18.5 Cash flow hedges

Movements in the cash flow hedge reserve are presented in note 31.2 'Market risk'.

The cash flow hedging instruments are derivative financial instruments that are subject to net settlement between parties. The table below shows the periods in which the cash outflows from the cash flow hedges are expected to be realised:

	At 31 December 2021	At 31 December 2020
Expected cash flow		
Within 1 year	-48	-5
From 1 to 5 years	-100	-8
After 5 years	-161	-29
Total	**-309**	**-42**

The total cash flow hedges recognised through the income statement in the future are recognised in the Cash flow hedge reserve after deduction of taxes. The table below shows the periods in which the cash flows from the cash flow hedges are expected to be realised:

	At 31 December 2021	At 31 December 2020
Expected recognition in result after tax		
Within 1 year	-34	-2
From 1 to 5 years	-74	-19
After 5 years	-120	-18
Total	**-228**	**-39**

19. Other financial assets

	At 31 December 2021	At 31 December 2020
Loans	4	4
Other capital interests	3	3
Other assets and prepayments	60	62
Contract acquisition costs	31	28
Total	**98**	**97**

See note 22 'Other receivables' for the movements in contract acquisition costs.

20. Assets/liabilities held for sale

During 2021, Eneco sold assets and liabilities held for sale and recognised an impairment of €4 million on the remaining assets held for sale.

21. Trade receivables

The table below shows the trade receivables:

	At 31 December 2021	At 31 December 2020
Energy receivables	880	571
Amounts to be invoiced	348	97
Other trade receivables	96	59
Less: Loss allowance	-64	-69
Total	**1,260**	**658**

The table below shows the aged analysis of the outstanding receivables:

	At 31 December 2021			At 31 December 2020		
	Percentage for loss allowance	Nominal receivables	Loss allowance	Percentage for loss allowance	Nominal receivables	Loss allowance
Not past due	1%	1,094	10	0%	483	2
After due date						
- under 3 months	5%	135	7	9%	134	12
- 3 to 6 months	27%	15	4	28%	18	5
- 6 to 12 months	30%	23	7	32%	31	10
- over 12 months	63%	57	36	66%	61	40
Nominal value		**1,324**	**64**		**727**	**69**
Less: Loss allowance		-64			-69	
Total		**1,260**			**658**	

The table below shows the movements in loss allowance:

	2021	2020
At 1 January	**69**	**73**
Additions through profit or loss	18	23
Withdrawals	-23	-20
Other movements	-	-7
At 31 December	**64**	**69**

22. Other receivables

	At 31 December 2021	At 31 December 2020
Contract acquisition costs	31	28
Prepayments and accrued income	97	112
Margin calls	381	-
Other receivables	34	15
Total	**543**	**155**

The movements in contract acquisition costs were as follows:

	2021	2020
At 1 January	**56**	**48**
Acquisitions	-	4
Capitalisation	48	41
Amortisation	-42	-37
At 31 December	**62**	**56**
Classification at 31 December		
Current	31	28
Non-current (see note 19)	31	28
Total	**62**	**56**

Amortisation of contract acquisition costs has been recognised in the result for €42 million in 'Purchases of energy and energy related activities' (2020: €37 million).

23. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of €654 million at 31 December 2021 (31 December 2020: €557 million). Term deposits and blocked accounts, which are not at the free disposal of the Group, were €103 million at 31 December 2021 (31 December 2020: €61 million).

24. Equity

	At 31 December 2021	At 31 December 2020
Share capital	122	122
Translation reserve	-8	-13
Cash flow hedge reserve	-247	-52
Retained earnings	2,838	2,768
Undistributed result for the financial year	209	117
Equity attributable to shareholder of N.V. Eneco	**2,914**	**2,942**
Non-controlling interests	7	6
Total equity	**2,921**	**2,948**

Share capital
N.V. Eneco's authorised share capital is €341.25 million divided into 750,000 shares with a nominal value of €455 each. At 31 December 2021, 267,458 shares had been issued and fully paid. There were no changes in 2021. N.V. Eneco has only issued ordinary shares.

Translation reserve
Assets and liabilities of foreign group companies denominated in foreign currency and foreign currency funding of those subsidiaries relating to long-term loans denominated in foreign currency, after tax, are translated into euros at the reporting date at the exchange rate prevailing on the reporting date. Foreign currency exchange differences arising on this are recognised in the translation reserve in equity. The results of foreign group companies are translated into euros at the average rate. The difference between the profit after income tax at the average rate and based on the exchange rate prevailing on the reporting date is recognised through equity in the translation reserve. If an investment in a foreign operation is ended or reduced, the related accumulated translation differences are recognised through the income statement. The translation reserve is not freely at the disposal of the shareholders.

The Group applies net investment hedge accounting to limit the translation gains and losses on its UK operations in the translation reserve and the income statement. The foreign currency exchange differences on sterling forward or swap contracts and borrowings has an opposite effect to the foreign currency exchange differences on the UK operations. Both the foreign currency exchange differences on the UK operations and the sterling forward contracts and borrowings are recognised in the translation reserve. Note 31.2 'Market risk' provides further information on net investment hedge in a foreign operation, including a statement of the movements in the translation reserve.

Cash flow hedge reserve
The cash flow hedge reserve recognises gains and losses in the fair value of the effective portion of derivative financial instruments designated in cash flow hedges for which the hedge transaction has not yet been settled. Consequently, the Group meets the conditions for cash flow hedge accounting. The cash flow hedging instruments are mainly energy contracts agreed with other market parties in order to mitigate market price risks of Eneco energy positions. This reserve also recognises the effective portion of hedging with interest rate swap and currency contracts. The cash flow hedge reserve is not freely at the disposal of the shareholders. Note 31.2 'Market risk' provides further information on cash flow hedging, including a statement of the movements in this reserve.

Non-controlling interests
These are third-party shares in the equity of subsidiaries of which the Group is not the sole shareholder.

25. Provisions for employee benefits

	Long-service benefits	Other	Total
Classification at 1 January 2020			
Current	1	6	7
Non-current	6	2	8
At 1 January 2020	**7**	**8**	**15**
Addition	1	3	4
Withdrawals	-1	-3	-4
Reclassification	-	1	1
Release	-	-3	-3
Other	-1	-	-1
At 31 December 2020	**6**	**6**	**12**
Classification at 31 December 2020			
Current	-	5	5
Non-current	6	1	7
At 1 January 2021	**6**	**6**	**12**
Addition	1	2	3
Withdrawals	-1	-2	-3
Reclassification	-	-	-
Release	-	-2	-2
Other	-	-	-
At 31 December 2021	**6**	**4**	**10**
Classification at 31 December 2021			
Current	-	4	4
Non-current	6	-	6
At 31 December 2021	**6**	**4**	**10**

Long-service benefits and pension liabilities
This provision covers the obligation to pay amounts to employees achieving a certain number of years of employment and on retirement.

There are some defined-benefit pension plans but as the net liability (liabilities for pension commitments less the plan assets) is not material, at some €3 million (31 December 2020: €4 million), no disclosures for defined-benefit plans pursuant to IAS 19 ‘Employee Benefits’ have been presented.

The following actuarial assumptions were used for the provisions:

	At 31 December 2021	At 31 December 2020
Long-service benefits (NL)		
Discount rate at reporting date	0.79%	0.30%
Future salary increases	1.00%-1.50%	0.90%-1.50%
Mortality table	GBM & GBV 2015-2020	GBM & GBV 2014-2019
Pension liabilities (BE)		
Discount rate at reporting date	0.80%	0.35%
Future salary increases	1.5%/scale +0.5% 1.5%/scale +2.0%	1.5%/scale +1% 1.5%/scale +2%
Mortality table	MR-5/FR-5 IABE 2015	MR-5/FR-5 IABE 2015

Expenditures from the provisions for employee benefits are made over the long term. The provisions are remeasured annually using current employee information and properly reflect the expected cash flows.

Other employee benefits

The other provisions for employee benefits include the obligations for salary payments in the event of illness and unemployment benefits since the Group bears this risk under the Unemployment Act. In view of their predominantly short-term nature, these provisions are measured at nominal value.

26. Other provisions

	Decommissioning	Onerous contracts	Restructuring	Other	Total
Classification at 1 January 2020					
Current	-	-	1	1	2
Non-current	125	-	2	13	140
At 1 January 2020	**125**	**-**	**3**	**14**	**142**
Addition	19	-	3	1	23
Withdrawals	-	-	-2	-2	-4
Release	-5	-	-2	-4	-11
Adjustment for change in inflation and discount rate	-9	-	-	-	-9
Other	2	-	-	-1	1
At 31 December 2020	**132**	**-**	**2**	**8**	**142**
Classification at 31 December 2020					
Current	-	-	1	1	2
Non-current	132	-	1	7	140
At 31 December 2020	**132**	**-**	**2**	**8**	**142**
Addition	24	-	-	1	25
Withdrawals	-2	-	-1	-4	-7
Release	-3	-	-	-3	-6
Adjustment for change in inflation and discount rate	30	-	-	-	30
Other	1	-	1	-	2
At 31 December 2021	**182**	**-**	**2**	**2**	**186**
Classification at 31 December 2021					
Current	-	-	1	-	1
Non-current	182	-	1	2	185
At 31 December 2021	**182**	**-**	**2**	**2**	**186**

Decommissioning

The decommissioning provision is of a long-term nature. The cash flows will generally occur after ten but within thirty years. The amounts recognised are the best estimate at the reporting date of the expected expenditure for the machinery, transport, materials and labour that will be required. These amounts are reviewed annually for expected future movements in the cost of removing assets, allowing for inflation in a range of 1.7% to 1.8% (2020: 0.2%). The amounts estimated for decommissioning are inherently uncertain since it is expected that some assets will not be dismantled for several years and only limited historical data is available. During 2021 no interest was added to the provisions (2020: in a range of 0.1% to 0.8%).

27. Interest-bearing debt

At 31 December 2021, the Group's interest-bearing debt related largely to financing wind farms and general financing.

	At 31 December 2021	At 31 December 2020
Non-recourse (mainly financing wind farms and solar projects)	456	438
Other loans and liabilities	736	161
Total	**1,192**	**599**

See note 31 'Financial risk management' for details of the periods over which the repayments will be made.

	At 31 December 2021	At 31 December 2020
Classification		
Current	783	32
Non-current	409	567
Total	**1,192**	**599**

The increase of €751 million in current interest-bearing debt related mainly to drawing financing from short-term facilities to improve liquidity and a reclassification from non-current interest-bearing debt of repayments due in 2022. See note 30 'Related party transactions' and note 31.3 'Liquidity risk' ('Uncommitted credit and guarantee facilities'). The decrease in non-current interest-bearing debt of €158 million related mainly to reclassification as current interest-bearing debt of a regular repayment in 2022 and an early repayment made in 2021 rather than 2022.

Project-specific collateral has been provided for the interest-bearing debt for financing wind and solar farms, in the form of mortgages, and pledges of shares in the legal entities, of bank balances, of accounts receivable and of energy purchase contracts and/or grant contracts. The outstanding principal on these loans at 31 December 2021 was €456 million (31 December 2020: €438 million). No collateral has been provided for the other interest-bearing debt.

The liability for loans of a fixed-rate nature (fair value risk) at 31 December 2021 was €567 million (31 December 2020: €81 million). Other loans are at market-linked variable rates. Repayment obligations for the first year after the reporting date are recognised under current liabilities.

The average interest rate in 2021 was 2.0% (2020: 1.8%). This was calculated as the weighted average monthly interest expense directly related to the interest-bearing debt, excluding other financial expenses.

The fair value of the loans at 31 December 2021 was €1,226 million (31 December 2020: €584 million) and was calculated using the income approach, based on relevant market interest rates for comparable debt. Consequently, the information for establishing value is covered by level 2 of the fair value hierarchy.

28. Trade creditors and other payables

	At 31 December 2021	At 31 December 2020
Trade and energy creditors	1,271	783
Contributions received for connections and other long-term contract liabilities[1]	163	145
Accruals	383	310
Margin calls[1]	195	3
Pension contributions	3	2
Other payables[1]	300	412
Total	**2,315**	**1,655**
Classification		
Current	2,133	1,488
Non-current	182	167
Total	**2,315**	**1,655**

1 2020 amount restated for comparative purposes.

Contributions received for connections are considered contract liabilities for amounts paid by customers towards connections to district heating networks. Trade and energy creditors include advances already invoiced if they are higher than the actual or estimated energy consumption during the reporting period.

The table below shows the movements in contributions received for connections and other long-term contract liabilities:

	2021	2020
At 1 January	145	125
Addition to contributions for connections	19	19
Release of contributions for connections as other revenues	-3	-3
Addition to other long-term contract liabilities	1	5
Other	1	-1
At 31 December	**163**	**145**
Classification at 31 December		
Current	5	4
Non-current	158	141
Total	**163**	**145**

In view of their nature, the carrying amount of trade creditors and other payables is their fair value.

29. Commitments, contingent assets and liabilities

Commitments, contingent assets and liabilities (except for guarantees and lease liabilities) are measured at present value, calculated using a discount rate that reflects current market assessments of the time value of money.

Rights under operating leases (Eneco as lessor)
Equipment and energy installations are leased for periods of 5 to 20 years while the assets concerned remain the property of the Group.

The minimum receivables (nominal amounts) from non-terminable lease agreements fall due as follows:

	2021	2020
Within 1 year	18	18
From 1 to 2 years	16	16
From 2 to 3 years	13	14
From 3 to 4 years	11	12
From 4 to 5 years	10	11
After 5 years	44	50
Total	**112**	**121**

Energy purchase and sale commitments
As a result of managing the purchase position of the trading department, the energy purchase and sale commitments are disclosed on a net basis which is aligned from 2021 with the related accounting policies for recognition in the income statement. Furthermore, Eneco is only disclosing the energy sale commitments (and related energy purchase commitments) for long-term contracts (with an original expected duration of more than 12 months). The comparative figures at 31 December 2020 have been restated accordingly.

The Group has energy purchase commitments of €13.7 billion (31 December 2020: €9.0 billion) under contracts relating to 2022 and later years. €2.5 billion falls due within 1 year (31 December 2020: €1.1 billion), €5.6 billion between 1 and 5 years (31 December 2020: €3.2 billion) and €5.6 billion after 5 years (31 December 2020: €4.7 billion). The energy purchase commitments comprise energy contracts for the company's own use (pursuant to IFRS 9) with various energy generators. There are energy sale commitments relating largely to the business market of €6.0 billion (31 December 2020: €4.6 billion) for 2022 and later years. €3.1 billion falls due within 1 year (31 December 2020: €2.1 billion), €2.7 billion between 1 and 5 years (31 December 2020: €2.4 billion) and €0.2 billion after 5 years (31 December 2020: €0.1 billion).

The Group has commitments of €0.9 billion (31 December 2020: €0.6 billion) for the purchase of heat until 2045. The expected perpetual annual commitments for the sale of heat are €0.3 billion per year (31 December 2020: €0.3 billion).

Investment obligations
At 31 December 2021, the Group had entered into investment obligations with a total amount of €0.5 billion (31 December 2020: €0.5 billion).

Commitments under leases not recognised in the balance sheet
The minimum commitments for short-term leases, low-value leases and variable lease payments not recognised as lease liabilities in the balance sheet are €12 million (31 December 2020: €14 million), of which €2 million falls due within 1 year (31 December 2020: €2 million), €3 million between 1 and 5 years (31 December 2020: €5 million) and €7 million after 5 years (31 December 2020: €7 million).

Other (contingent) obligations
At 31 December 2021, there were other contractual obligations of €0.6 billion (31 December 2020: €0.6 billion), mainly under maintenance contracts.

Guarantees
The Group has issued several guarantees to third parties on which the possibility of any outflow of resources for settlement has been assessed as is remote (31 December 2020: €0.4 billion,

representing the total amount of these contingent liabilities, including €0.2 billion issued by N.V. Eneco Beheer).

Fiscal unity
N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries and N.V. Eneco is a member of a fiscal unity for VAT purposes which includes almost all of its Dutch subsidiaries.

LichtBlick Holding GmbH heads a fiscal unity for corporate income tax purposes which includes almost all of its German subsidiaries. LichtBlick Holding GmbH also heads a fiscal unity for VAT purposes which includes almost all of its German subsidiaries. Nordgröön Energie GmbH heads a fiscal unity for VAT purposes which includes GPNG Utility Services GmbH.

All companies in a fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash pools
As a result of its participation in the Group cash pools, N.V. Eneco is jointly and severally liable, with the other participants, for deficits in the pools as a whole.

Legal proceedings
The Group is involved either as plaintiff or defendant in various legal and regulatory claims and proceedings related to its operations. Management ensures proper representation in these matters. The amounts claimed in some of these proceedings may be significant to the financial statements.

Liabilities and contingencies in connection with these claims and proceedings are assessed periodically based on the latest information available, usually with the assistance of lawyers and other specialists. A liability is only recognised if an adverse outcome is probable and the amount of the loss can be reasonably estimated. The actual outcome of proceedings or a claim may differ from the estimated liability and, consequently, could have a material adverse effect on the financial performance and position of the Group. Eneco has, for example, been ordered to pay a material amount but it denies all liability and disputes every alleged obligation for payment.

Unbundling Protocol between the Network Group and the Energy Company[1]
For a period of six years from 31 January 2017, N.V. Eneco will indemnify Eneco Holding N.V. (renamed Stedin Holding N.V. from the unbundling date of 31 January 2017) and its associated companies for:

- all liability, claims and costs suffered or to be suffered by Stedin Holding N.V. and its associated companies, if and to the extent that such liability, claims and costs relate to the activities of or companies in the group of N.V. Eneco and its associated companies, irrespective of whether the legal relationship for such claim arises from a relationship that relates to a period before or after the unbundling;

- the right of recourse of third parties against Stedin Holding N.V. or an associated company relating to liabilities as referred to in the preceding paragraph; and

- tax claims relating to N.V. Eneco and related companies.

Furthermore, for a period of six years from 31 January 2017, Stedin Holding N.V. will indemnify N.V. Eneco and its associated companies for:

- all liability, claims and costs suffered or to be suffered by N.V. Eneco and its associated companies, if and to the extent that such liability, claims and costs relate to the activities

1 The Energy Company comprises: N.V. Eneco and all its subsidiaries and other investments.

of or companies in the group of Stedin Holding N.V. and its associated companies, irrespective of whether the legal relationship for such claim arises from a relationship that relates to a period before or after the unbundling;

- the right of recourse of third parties against N.V. Eneco or an associated company relating to liabilities as referred to in the preceding paragraph, excluding any liability, claims, costs or right of recourse in respect of tax matters; and
- tax claims relating to Stedin Holding N.V. and related companies.

30. Related party transactions

The Group's related companies (the shareholder and its subsidiaries which are not part of the Group), associates, joint ventures and board members are considered as related parties.

Sales to and purchases from related parties are on terms of business normally prevailing with third parties. Receivables and liabilities are not covered by collateral and are paid by bank transactions. Eneco has issued bank and group guarantees to its associates and joint ventures of some €10 million (2020: €10 million).

The table below shows the trading transactions with the principal related parties:

	Sales		Purchases	
	2021	2020	2021	2020
Associates	1	1	3	2
Joint ventures	1	5	20	36

	Receivables		Liabilities	
	At 31 December 2021	At 31 December 2020	At 31 December 2021	At 31 December 2020
Associates	6	5	1	-
Joint ventures	2	1	3	3

See note 6 'Remuneration of the Management Board and Supervisory Board' for the remuneration of Management Board and Supervisory Board. In 2020 and 2021, four members of the Supervisory Board voluntarily waived their remuneration entitlements representing a departure from arm's length remuneration.

If board members are energy customers of the Group, there is no other relationship than that of customer and supplier.

The Group applied the exemption from disclosures on related party transactions with government-related entities until 24 March 2020. The Municipality of Rotterdam had indirect significant influence. There is no relationship other than the shareholder relationship, except that of customer and supplier.

As explained in note 15 'Business combinations and other changes in the consolidation structure', in 2021 Eneco acquired an additional interest of 25% in the Norther N.V. wind farm by purchasing the remaining 50% of the issued share capital of Boreas Wind Offshore N.V. from Mitsubishi Corporation (the ultimate parent of N.V. Eneco). The purchase price was €0.1 billion (rounded).

In 2021, the Group has agreed a loan facility of €1 billion with Mitsubishi Corporation Finance Plc. An amount of €200 million had been drawn at 31 December 2021.

31. Financial risk management

Normal business activities involve exposure to credit, commodity market, foreign currency, interest rate and liquidity risk. The Group's policy is designed to minimise the adverse consequences of unforeseen circumstances on its financial results.

As a result of various external factors, including lower than normal gas buffers in combination with increased geopolitical tensions, there was considerable volatility in price levels for electricity, gas and emission rights during the year. High volatility increases the risks referred to in this section. In response, the Group has intensified the risk control measures described below and is monitoring developments very closely and actively managing the business and commodity portfolio (including on the basis of scenarios).

The Management Board is responsible for risk management and procedures and guidelines have been drawn up that are evaluated at least once a year and, if required, adjusted. In this context, it sets out procedures and guidelines and ensures they are complied with. Authority to enter into commitments on behalf of the Group is specified in the Eneco Authority Structure. Mandates are in place for all business units and management, including the Group’s trading department, the business units with energy and heating production and the sales channels, to manage the above risks such as commodity (electricity, gas, heating, emission rights and fuels) risks. All of Eneco's business units are subject to endorsed credit mandate, which states the terms and conditions under which transactions may be entered into with external parties in order to manage credit risk.

The Management Board and senior business unit management regularly review the results, key figures such as changes in KPIs and the trading position, the principal risks (and any concentration of certain risks) and the measures to manage them. Stress tests are developed for the principal identified risks and incorporated in the long-term financial plan. This clarifies the impact of risks on business operations. Senior business unit management reports to the Management Board by means of an In Control Statement every year.

The Commodity Risk Team and Investment Risk Team are in charge of the formulation and application of the Group's financial risk policy and advise the Management Board accordingly.

31.1 Credit risk

Credit risk is the risk of a loss if a counterparty or its guarantor cannot or will not meet its obligations. For the purposes of managing this risk, a distinction is drawn between debtor risk (on trade and other receivables) and counterparty risk. The maximum credit risk is the carrying amount of the financial assets including the derivative financial instruments.

Debtor risk

Debtor risk is the risk that a debtor fails to pay a receivable. Most receivables are of limited size and there are a great number of debtors. There is, therefore, no concentration of risk.

Policy is designed not to provide customers with any credit going beyond normal supplier credit as set out in the applicable conditions of supply. Policy is also formulated at a decentralised level within the organisation. The effectiveness of that policy is monitored at the corporate level and adjustments are made as required.

Measures in place to limit debtor risk are:

- an active debt collection policy;
- credit limits, bank guarantees and/or margining (cash collateral) for business customers; and

- recourse to debt collection agencies and different collection methods for current and former customers.

Trade receivables
The Group applies the IFRS 9 simplified approach for determining expected credit losses on trade receivables using the lifetime expected credit losses method. This method is based on the inherent risk that a debtor will not pay or fully pay the receivable. Consequently, this risk has to be recognised from the initial recognition of the receivable and a provision is formed for part of the amount of trade receivables that have not reached their due date and amounts to be billed. A provision matrix is used to ascertain the expected credit losses on receivables from retail and SME customers. This groups trade receivables by shared credit risk characteristics and the number of days that the receivables are outstanding.

The provision matrix incorporates different percentages for the various phases of collection of receivables, such as first reminder, dispute, debt collector or bankruptcy, related to the risk profile for ascertaining the expected losses. The percentages have been established from historical figures adjusted for non-recurring past effects. The percentages have been set taking account of current and forward-looking information on macro-economic factors for each country that could affect customers' ability to pay the receivables. The provision matrix is also segmented into the different customer classifications, such as different customer propositions, and countries.

This procedure also applies to large business customers but is in that case supplemented by an individual assessment involving credit ratings (if available), financial statements, press releases and specific contractual agreements with those customers.

In the second half of 2021, credit risk increased as a consequence of higher electricity and gas prices. This resulted in an increase in (gross) trade receivables amount at 31 December 2021. The impact of the increased credit risk has been reviewed and relates mainly to the not past due trade receivables.

The expected credit losses on trade receivables at 31 December 2021 were ascertained in this way. See note 21 'Trade receivables' for the figures.

Other receivables
The expected credit losses on other current and non-current receivables measured at amortised cost are calculated using the 12-month expected credit losses method unless a significant/considerable increase in credit risk has arisen for these receivables since initial recognition. In that case, any impairment is established using the lifetime expected credit losses method according to IFRS 9. To this end, there is an individual assessment of each receivable, incorporating credit ratings (if available), financial statements, press releases and specific contractual agreements with those customers.

Counterparty risk

Counterparty risk is the risk that a trading partner cannot or will not meet its delivery or payment obligations. This risk is primarily encountered in trading in energy commodities (including emission rights, green certificates and fuel (or 'feedstock') for our biomass power stations) and interest rate and foreign currency hedge transactions. The basis for the management of this risk is set out in the Trading Mandate and the Treasury Statute drawn up by the Management Board.

The size of the counterparty risk is primarily determined by the replacement value of the future deliveries and the commodity delivered which has not yet been paid for. The replacement value is calculated each day for each counterparty based on current market prices for future deliveries. The risk position is measured against the risk tolerance. That tolerance is drawn up for each contract party on the basis of an assessment of the creditworthiness of that counterparty derived from a public or internal rating and/or alternative assessment methods.

Counterparty risk is managed through:

- setting financial limits based on the financial strength of the trading partner;
- setting trading restrictions for each counterparty (position management);
- use of standard agreements, in particular based on EFET and ISDA terms;
- use of third-party margining and clearing;
- use of bilateral margining agreements with counterparties;
- executing risk-reducing transactions with counterparties leading to an offset or exchange of physical positions;
- requiring additional guarantees from counterparties, such as bank guarantees; and
- credit insurance taken if necessary to cover exposures exceeding the limits.

Third-party margining and clearing is in place for exchange-traded futures. This transfers the counterparty risk of a forward contract to a clearing bank. This bank is linked to a clearing house that facilitates settlement of futures transactions through exchanges such as ICE ENDEX (InterContinental Exchange European Energy Derivatives Exchange N.V.) and the EEX (European Energy Exchange A.G.). Every day, the clearing house settles interim changes in market value with its clearing banks which in turn settle with the market parties concerned (margin calls). This neutralises counterparty risk for each party to the contract.

Bilateral margining also implies periodic (daily, weekly, etc.) settlement, but directly with the counterparty to the transaction. The contract with the counterparty sets individual limits (thresholds) based on the creditworthiness of both parties. Bilateral margining is only applied if the thresholds are exceeded.

The margining system creates liquidity risk (see note 31.3 'Liquidity risk') and so risk policy is designed to monitor and match counterparty risk by forward trading and liquidity risk by margining. There is a system for monitoring internal limits using regular reports, to manage both risks.

Financing instruments and counterparty risk when lending money

Management of financing instruments is set out in the Treasury Statute. Counterparty risk on borrowing money is very limited. The risk tolerance formulated in the Treasury Statute is taken into account when lending money. The risk position of a counterparty is measured against the risk tolerance. Risk tolerance is set for each contracting party using an assessment of the counterparty's creditworthiness according to a public credit rating. Counterparty risk is further reduced by dispersion across a number of parties, predetermined limits for each counterparty and maximum lending terms.

The counterparty risk for financial instruments (swap contracts) is limited by:

- the use of framework agreements on ISDA terms; and
- procedures for regular assessment of counterparty risk.

The margining system based on credit support agreements creates liquidity risk. The risk policy is designed to monitor this through regular reporting.

31.2 Market risk

Market risk is the exposure to changes in value in current or future cash flows and financial instruments arising from changes in market prices, market interest rates and exchange rates.

Price risk

Price risks inherent in the energy generation, purchasing and supply portfolios are managed using a structure of mandates and limits adopted by the Management Board using position limits, MtM limits and sensitivity assessment measures. Appropriate limits are determined for each business activity. The risk managers and energy traders are notified of the relevant measures each day. Limit infringements are reported in line with escalation procedures.

The market price risk inherent in the commodity portfolios for purchasing and delivering to customers is initially limited by back-to-back transactions for purchase and sales obligations. Structured hedging strategies are used where back-to-back hedging is not possible, or only with excessively high bid-ask costs. In these cases, positions are hedged temporarily in other commodities, delivery periods and/or countries which have an historically strong correlation with the price risks to be hedged. Gas storage and other facilities under the Group's own and contracted positions are also used to respond to short-term fluctuations in demand and supply, for example, as a result of changes in the weather.

The market price risk inherent in the Group's own 'must run' generation and long-term structured commodity purchase contracts is also limited through back-to-back transactions and structured hedging strategies as described above. The expected rewards are weighed up against the costs and downward risk for controllable generation in the portfolio. It should be noted that there is no liquid energy trading market for exposures that lie further away in the future and they are difficult or impossible to hedge.

The positions from the above activities that can be hedged in the markets are combined so that the Group's current net exposure is clear. Management and strategic decisions on these positions take account of prevailing market conditions, along with the expected short and medium-term demand for and supply of energy by the Group. These are created exclusively by the trading department for the entire Group and the other business units must at all times immediately hedge their exposure with the trading department. There is a residual risk in the above activities given the inherent existing imperfections between the positions to be hedged and available hedging instruments, limited market liquidity and movements between commodity prices (for example, between different commodities, delivery periods and/or countries).

The sensitivity analysis of electricity and gas derivative financial instruments is based on volumes and market prices at year end. Changes in fair value that are recognised in the income statement arise mainly from movements in the electricity and gas prices. An increase or decrease in the market prices of electricity and gas by 5% would change the profit before income tax by €1.9 million (2020: €0.5 million). The electricity price is the main factor driving changes in fair value recognised in other comprehensive income. An increase or decrease in the market price of electricity by 5% would change other comprehensive income by €42.5 million (2020: €20.8 million).

The Group applies cash flow hedge accounting to its energy generation, purchasing and delivery portfolios and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the volumes of the hedged risks and forward contracts (hedging instruments). The sizes and rates of the hedged risks in the cash flow hedge accounting relationships at 31 December 2021 and 2020 were:

Cash flow hedges (GWh)	12 months or less	More than 12 months	Total	Average rate per MWh (€)
Nominal size of contracts				
2021	-366	-12,594	-12,960	40.93
2020	-	-12,959	-12,959	41.09

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet.

The hedging instruments for hedged commodity risks in cash flow hedges at 31 December 2021 and 2020 were:

Cash flow hedges for price risks in energy generation, purchasing and delivery portfolios	2021	2020
At 31 December		
Gross contract value of the derivative financial instruments (often settled net compared with market price)	-530	-532
Carrying amount of derivative financial instruments[1]	-315	-38
Movements in elements for assessing hedging relationships[2]		
Movement in fair value of derivative financial instruments presented in the balance sheet	-277	-61
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	0	29
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	-277	-32
Hedge ineffectiveness in the cash flow hedges	7	4
Movement in fair value of hedged risks to determine possible ineffectiveness	270	28

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 18.3 'Financial instruments recognised in equity'.
2 2020 amounts restated for comparative purposes.

Unforeseen changes in electricity and gas consumption and generation of electricity may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for commodity risks are recognised as 'Purchases of energy and energy-related activities' in the income statement.

Foreign currency risk

Foreign currency risk is the exposure to changes in value of financial instruments arising from changes in exchange rates. The Treasury department is responsible for managing the Group's other foreign currency risk. Companies included in the consolidation are not permitted to maintain open positions in foreign currencies (excluding commodity-related financial instruments) in excess of €250,000 without the Treasury department's approval. Based upon the aggregate foreign currency position and the associated limit set for open positions, the Treasury department determines whether hedging is desirable and the strategy to be followed. Eneco also uses derivatives and foreign currency loans to mitigate foreign exchange risk. The derivatives and loans used have counteracting risk profiles and the same underlying currency, principal and timing as the risk arising from commercial operations, leading to an effective hedge on which hedge accounting is applied. This approach hardly ever leads to ineffectiveness in currency hedges. Foreign currency risk attaching to commodity-related financial instruments is managed in accordance with the price risk.

Eneco has entered into hedging instruments for future cash inflows from its foreign operations (cash flow hedging) and the value of the business operations in the UK (hedge of net investment in a foreign operation). The Group applies cash flow hedge accounting and a hedge of net investment in a foreign operation to its foreign currency risks and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the volumes of the hedged risks and forward contracts or foreign currency loans.

The sensitivity of the Translation reserve in equity to a 1% movement in the sterling/euro exchange rate in 2021 was €0.8 million (after application of net investment hedge accounting) (2020: €0.7 million).

The sizes and rates of the hedged risks in the cash flow hedges at 31 December 2021 and 2020 were:

x £1 million	12 months or less	More than 12 months	Total	Average currency rate (£/€)
Cash flow hedges				
Nominal value of derivative financial instruments				
2021	2	34	36	0.96
2020	8	35	43	0.95

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet.

The cash flow hedging instruments for currency risk at 31 December 2021 and 2020 were:

Cash flow hedges for currency risk x €1 million	2021	2020
At 31 December		
Nominal value of derivative financial instruments (x £1 million)	36	43
Carrying amount of derivative financial instruments[1]	-2	-
Movements in elements for assessing hedging relationships[2]		
Movement in fair value of derivative financial instruments presented in the balance sheet	-2	-1
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	-	1
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	-2	-
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	2	-

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 18.3 'Financial instruments recognised in equity'.
2 2020 amounts restated for comparative purposes.

The sizes and rates of the hedged risks for a net investment in a foreign operation were as follows at 31 December 2021 and 2020:

x £1 million	12 months or less	More than 12 months	Total	Average currency rate (£/€)
Hedge of net investment in a foreign operation				
Nominal size of (derivative) financial instruments				
2021	210	-	210	0.85
2020	122	100	222	0.90

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet. If interest-bearing debt is used as a hedging instrument, it is recognised in this item in the balance sheet.

The hedging instruments for a net investment in a foreign operation with foreign currency risk were as follows at 31 December 2021 and 2020:

Hedge of net investment in a foreign operation x €1 million	2021	2020
At 31 December		
Nominal value of derivative financial instruments (x £1 million)	210	222
Carrying amount of derivative financial instruments[1]	-3	-111
Movements in elements for assessing hedging relationships[2]		
Movement in fair value of derivative financial instruments presented in the balance sheet	108	10
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	-126	2
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	-18	12
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	18	-12

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 18.3 'Financial instruments recognised in equity'.
2 2020 amounts restated for comparative purposes.

Changes in receipts of cash flows in foreign currency may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for commodity risks are recognised as 'Financial income' or 'Financial expenses' in the income statement. See the 'Unrealised gains and losses on cash flow hedges' line in the statement of comprehensive income for the unrealised gains and losses on currency risks.

Interest rate risk

Interest rate risk is the exposure to changes in value in financial instruments arising from changes in market interest rates. The interest rate risk policy is aimed at managing the net financing liabilities through fluctuations in market interest rates. A specified range for the proportions of loans at fixed and variable interest rates serves as a primary steering mechanism.

The Group may use derivative financial instruments such as interest rate swap contracts to achieve the desired risk profile. The Group holds interest rate swaps for risk-management purposes which are designated as cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to a benchmark rate (Euribor). The method for calculating Euribor was changed during 2019, allowing market participants (including the Group and its counterparties in these transactions) to continue to use Euribor for both existing and new contracts. The Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future. If all other variables remain constant, it is estimated that a general increase of 1 percentage point in Euribor (for a period of twelve months) would lead to a decrease in profit before income tax of €2.5 million (after application of cash flow hedge accounting using interest rate swaps) (2020: €0.3 million).

The Group applies cash flow hedging to its interest rate risks and recognises temporary movements through equity for the effective portion of the hedging relationship. The Group aims for a one-on-one hedge accounting relationship between the volumes of the hedged risks and contracted derivative financial instruments (hedging instruments). The sizes and rates of the hedged risks in the cash flow hedge accounting relationships at 31 December 2021 and 2020 were:

Cash flow hedges in €1 million	12 months or less	More than 12 months	Total	Average interest rate
Nominal value of derivative financial instruments				
2021	28	311	339	1.07%
2020	17	489	506	0.96%

Derivative financial instruments are recognised as 'Derivative financial instruments' in non-current and current assets and non-current and current liabilities in the balance sheet.

The cash flow hedging instruments for interest rate risk at 31 December 2021 and 2020 were:

Cash flow hedges for interest rate risk	2021	2020
At 31 December		
Nominal value of derivative financial instruments	339	506
Carrying amount of derivative financial instruments[1]	-24	-38
Movements in elements for assessing hedging relationships[2]		
Movement in fair value of derivative financial instruments presented in the balance sheet	14	-8
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	-3	-6
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	11	-14
Reversal of hedge ineffectiveness of cash flow hedges (2020 hedge ineffectiveness)	3	2
Movement in fair value of hedged risks to determine possible ineffectiveness	-14	12

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 18.3 'Financial instruments recognised in equity'.
2 2020 amounts restated for comparative purposes.

Changes in the scheduling of construction of wind farms may lead to ineffectiveness in the hedging relationship. The reclassified amounts and ineffectiveness from cash flow hedges for interest rate risks are recognised as 'Financial income' or 'Financial expenses' in the income statement.

Cash flow hedge reserve
The movements in the cash flow hedge reserve for 2021 and 2020 were:

	Energy commodities	Interest rate swap contracts	Currency swap contracts	Total
At 1 January 2020	**13**	**-32**	**-2**	**-21**
Effective portion of cash flow hedges	-24	-14	-	-38
Reclassification of cash flow hedge reserve to the consolidated income statement	-1	3	1	3
Deferred tax liabilities	7	2	-	9
Ineffective portion of cash flow hedges recognised in income statement	-3	2	-	-1
Unrealised gains and losses on cash flow hedges in Consolidated statement of comprehensive income	**-21**	**-7**	**1**	**-27**
Share of movements in cash flow hedges of associates and joint ventures, after tax	-	-4	-	-4
At 31 December 2020	**-8**	**-43**	**-1**	**-52**
Movements in derivatives	-277	11	-2	-268
Reclassification of cash flow hedge reserve to the consolidated income statement	-	6	-	6
Deferred tax liabilities	70	-4	1	67
Ineffective portion of cash flow hedges recognised in income statement	7	-3	-	4
Unrealised gains and losses on cash flow hedges in Consolidated statement of comprehensive income	**-200**	**10**	**-1**	**-191**
Share of movements in cash flow hedges of associates and joint ventures, after tax	-	-4	-	-4
At 31 December 2021	**-208**	**-37**	**-2**	**-247**

Translation reserve
The foreign exchange risk in hedging a net investment in a foreign operation affects the translation reserve. The table below shows the effect of the foreign exchange hedges on this reserve:

	2021	2020
At 1 January	**-13**	**-4**
Translation gains and losses during the reporting period	18	-18
Movement in hedge of net investment in a foreign operation	-18	12
Movement in translation reserve before tax effects	**-13**	**-10**
Tax effects in the movement in translation reserve	5	-3
At 31 December	**-8**	**-13**

31.3 Liquidity risk

The Group is a capital-intensive business. Its financing policy is aimed at growing into an optimum financing structure taking into account its current asset base and investment programme while maintaining and further developing them. The criteria are access to the capital market and flexibility with acceptable financing costs and conditions.

The Group uses both corporate financing and non- or limited-recourse project financing to fund its sustainable assets, according to the project characteristics and financing costs and conditions. In addition to its own power generation, the Group also buys energy on standardised physical supply contracts and long-term structured purchasing contracts with third parties to source its energy supplies. Arrangements are made with counterparties on mutual guarantees and collateral. Their level depends in part on the creditworthiness of parties and the Marked-to-Market exposures resulting from price movements in the energy markets. A downgrading in the Group's credit rating may, without further mitigation, lead to a significant increase in the capital requirement for providing collateral.

A specific liquidity risk arises from margining energy contracts through clearing houses and contracts with bilateral margin obligations. There are limits in the mandate for the Group's purchasing and trading department ('Commodity Trading Mandate') to cover both the outstanding balance and price change sensitivity. This risk is the subject of regular reports to business unit management and the Commodity Risk Team.

Great importance is attached to managing all the above risks to avoid a position in which the financial obligations cannot be met. The necessary management reports, applications and back-up facilities have been set up for this. In addition, liquidity needs are planned on the basis of cash flow forecasts with a medium-term horizon. The cash flow forecasts incorporate operating and investing cash flows, dividends, interest payable and debt redemption, as well as the periodicity of the cash flows, also allowing for sensitivity to weather influences. The Treasury department sets this capital requirements against available funds. A report is submitted to the Management Board every month.

Uncommitted credit and guarantee facilities

Uncommitted credit and guarantee facilities totalling €1,549 million (2020: €539 million) have been agreed with a number of banks and Mitsubishi Corporation Finance Plc.; €293 million of this had been drawn at 31 December 2021 (31 December 2020: €90 million). Eneco also has a €750 million Euro Commercial Paper programme of which €450 million had been drawn at year end (31 December 2020: €0 million).

Committed credit facilities

On 22 June 2021, N.V. Eneco entered into two new Revolving Credit Facilities totalling €800 million. Both facilities have a term of 5 years. These facilities replace the Revolving Credit Facility of €600 million with a term of 5 years that Eneco agreed in July 2017. In June 2020, N.V. Eneco entered into a revolving and committed short term credit facility of €200 million with a term of 1 year.

Cash outflows on financial instruments

The table below shows forecast nominal cash outflows and any interest arising from financial instruments over the coming years. The cash flows from derivatives are based on the prices and volumes in the contracts.

At 31 December 2021	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	591	322	163	1,076
Lease obligations	32	103	140	275
Interest-bearing debt	792	207	255	1,254
Trade and other payables	1,733	15	-	1,748
Total	**3,148**	**647**	**558**	**4,353**

At 31 December 2020	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	122	229	31	382
Lease obligations	30	101	132	263
Interest-bearing debt	38	348	249	635
Trade and other payables	1,167	-	-	1,167
Total	**1,357**	**678**	**412**	**2,447**

31.4 Netting financial assets and financial liabilities

Where the Group meets the IFRS criteria for netting, financial assets and financial liabilities are netted and recognised net in the balance sheet. Transactions in derivative financial instruments use standardised terms and conditions and contract types such as the master netting agreements based on ISDA and EFET terms. Most of the Group's contracts for derivative financial instruments meet the netting criteria since there is a legally enforceable right to set off the recognised amounts and also because all amounts relating to netted financial assets and financial liabilities are settled as a single sum.

The table below sets out only the financial assets and financial liabilities in the balance sheet netted in accordance with the criteria in IAS 32. As the table does not include all the financial assets and liabilities in the balance sheet, it is not possible to reconcile these figures with the net amounts presented in the balance sheet.

At 31 December 2021	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets/liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet
Assets			
Derivative financial instruments	13,348	10,842	2,506
Other financial instruments	1,051	582	469
Total	**14,399**	**11,424**	**2,975**

At 31 December 2021	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets/liabilities offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Liabilities			
Derivative financial instruments	13,664	10,842	2,822
Other financial instruments	1,517	582	935
Total	**15,181**	**11,424**	**3,757**

At 31 December 2020	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets/liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet
Assets			
Derivative financial instruments	1,411	1,070	341
Other financial instruments	652	496	156
Total	**2,063**	**1,566**	**497**

At 31 December 2020	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets/liabilities offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Liabilities			
Derivative financial instruments	1,500	1,070	430
Other financial instruments	926	496	430
Total	**2,426**	**1,566**	**860**

32. Capital management

The primary aim of the Group's capital management is to maintain good creditworthiness and healthy solvency to support operations and minimise the cost of debt. The Group regards both capital and net debt as relevant elements of its financing and so of its capital management. The Group can influence its capital structure by altering the proportions of equity and debt. Net interest-bearing debt is defined as long-term and current interest-bearing debt less cash and cash equivalents.

The Group monitors its capital using the Financial Management Framework. This includes the equity/total assets ratio which is regularly monitored by the Management Board. At 31 December 2021 it was 29.6% (31 December 2020: 46.9%).

The decrease was mainly due to the 57% increase in total assets including some 35% caused by the increase in the carrying amount of commodity derivative contracts due to changes in electricity and gas prices. This decrease in the equity/total assets ratio does not affect the bank covenants.

33. Events after the reporting date

The European Union, United States, United Kingdom and others have imposed sanctions on Russia since 23 February 2022 as a result of the conflict between Russia and Ukraine. Those sanctions aim to restrict Russia's access to the international financial system and markets, block trading transactions with Russia and sanction certain persons and Russian banks.

The sanctions in place at the time these financial statements were finalised do not, however, affect Eneco's gas trading or payments in relation to Russia and up to now the gas supply from Russia to Europe has not been interrupted to date.

The vast majority (85-90%) of the gas that Eneco purchases through direct contracts is bought from non-Russian gas suppliers. In 2010, Eneco entered into a long-term contract with Wingas that expires in 2030. At the time, Wingas was a joint venture between a German company Wintershall and the Russian company Gazprom and it is now wholly-owned by Gazprom. Eneco also has a number of short-term contracts with Gazprom Marketing & Trading, a subsidiary of Gazprom established in London. These contracts expire soon. To secure supply to customers, Eneco will stick with existing contracts under current circumstances. If circumstances were to change, Eneco will reconsider options. Eneco will not extend existing or enter into new contracts with Russian gas suppliers.

The sanctions already in place and possible further measures by the European Union, United States, United Kingdom and others and the Russian response may lead to further disruption of the energy markets as a result of a possible suspension of the gas supply from Russia. Market disruption increases Eneco's risk with respect to replacement gas purchases, increased volatility in energy prices and the related margining effects (and higher liquidity requirements) and also increases counterparty risk on market parties. Volatility in energy prices may be reflected when consumers and business customers renew their energy contracts.

In view of the uncertainties and risks arising from the conflict between Russia and Ukraine and the sanctions and possible further measures referred to above, and the Russian response, it was not possible to establish what any possible commercial and financial implications will be for Eneco at the time these financial statements date were prepared.

Further to the situation, Eneco has intensified its risk management. Note 31 'Financial risk management' to the financial statements sets out the risk control measures. Eneco is monitoring developments relating to the conflict very closely and actively managing the business and commodity portfolio (including on the basis of scenarios). Any disruption to gas supplies from Russia can be absorbed in part from Eneco's own stocks of gas and in part from additional deliveries from European gas fields and imported LNG (Liquefied Natural Gas).

Eneco's financial position currently remains solid and additional measures have been taken to mitigate possible future liquidity effects from margin calls. As a result of rising energy prices, positions with counterparties which Eneco's trading department regularly trades with have increased. As part of the risk control measures, on 10 January 2022 Eneco took out credit insurance of €400 million for one year to cover the related credit risks.

Notes to the consolidated cash flow statement

All amounts in millions of euros unless stated otherwise.

The cash flow statement has been prepared using the indirect method. To reconcile the movement in cash and cash equivalents, the result after tax is adjusted for items in the income statement and movements in balance sheet that did not affect receipts and payments during 2021.

The cash flow statement distinguishes between cash flows from operating, investing and financing activities. The cash flow from operating activities includes interest and income tax payments and interest and dividend receipts.

Development expenditure, investments in and disposals of non-current assets (including financial interests) are included in cash flow from investing activities. Dividends paid out are recognised as outgoing cash flow from financing activities.

34. Movements in working capital

Working capital consists of inventories and current receivables less short-term non-interest-bearing debt.

The table below shows movements in working capital recognised in the cash flow from operating activities:

x €1 million	2021	2020
Movements in intangible current assets	-23	2
Movements in inventories	-54	3
Movements in trade debtors	-570	69
Movements in other receivables	-388	9
Movements in non-interest bearing debt	599	-4
Total	**-436**	**79**

List of principal subsidiaries, joint operations, joint ventures and associates

This is a list of the principal subsidiaries, joint operations, joint ventures and associates. See note 1.1 'General information' for further details of the Group's activities and composition.

Subsidiaries

Name	Seat	Share
AgroPower B.V.*	Delft	100%
BioEnergieCentrale Delfzijl B.V.	Rotterdam	100%
CEN B.V.*	Hilversum	100%
Eneco B.V.*	Rotterdam	100%
Eneco België B.V.*	Rotterdam	100%
Eneco Belgium N.V.	Mechelen (B)	100%
Eneco Bio Golden Raand C.V.	Rotterdam	100%
Eneco Consumenten B.V.*	Rotterdam	100%
Eneco Consumenten Nederland B.V.*	Rotterdam	100%
Eneco eMobility B.V.*	Rotterdam	100%
Eneco Energy Trade B.V.*	Rotterdam	100%
Eneco Gasspeicher B.V.*	Rotterdam	100%
Eneco Heat Production & Industrials B.V.*	Rotterdam	100%
Eneco HKN B.V.	Rotterdam	100%
Eneco Installatiebedrijven B.V.*	Rotterdam	100%
Eneco Installatiebedrijven Groep B.V.*	Rotterdam	100%
Eneco Installatiebedrijven TI B.V.*	Rotterdam	100%
Eneco Leiding over Noord B.V.	Rotterdam	100%
Eneco Midzakelijk B.V.*	Rotterdam	100%
Eneco Mistral B.V.*	Rotterdam	100%
Eneco Services B.V.*	Rotterdam	100%
Eneco Smart Energy B.V.	Rotterdam	100%
Eneco Solar B.V.*	Rotterdam	100%
Eneco UK Limited	Leeds (UK)	100%
Eneco Verda B.V.*	Rotterdam	100%
Eneco Warmte & Koude B.V.*	Rotterdam	100%
Eneco Warmte & Koude Leveringsbedrijf B.V.*	Rotterdam	100%
Eneco Warmtenetten B.V.*	Rotterdam	100%
Eneco Warmteproductie Utrecht B.V.*	Rotterdam	100%
Eneco Wind B.V.*	Rotterdam	100%
Eneco Wind Belgium Holding N.V.	Brussels (B)	100%
Eneco Windenergie Delfzijl B.V.	Rotterdam	100%
Eneco Windmolens Offshore B.V.*	Rotterdam	100%
Eneco Zakelijk B.V.*	Rotterdam	100%
Eneco Zakelijk Nederland B.V.	Rotterdam	100%
LichtBlick Holding GmbH	Hamburg (G)	100%
LichtBlick SE	Hamburg (G)	100%
Nordgröön Energie GmbH	Medelby (G)	100%
Oxxio Nederland B.V.*	Rotterdam	100%
Spontanae B.V.	Rotterdam	100%
Windpark Nieuwe Waterweg B.V.	Hilversum	100%
WP HZP B.V.	Heerenveen	100%

*A 403 statement was issued by N.V. Eneco for this subsidiary.

Joint operations

Name	Seat	Share
Blauwwind Management II B.V.	Rotterdam	10%
CrossWind Beheer B.V.	The Hague	20.1%
Enecogen v.o.f.	Rotterdam	50%
Q10 Offshore Wind B.V.	Rotterdam	50%
Seamade N.V.	Oostende (B)	12.5%
Zonnepark Ameland B.V.	Ballum	33.3%

Joint ventures

Name	Seat	Share
Norther N.V.	Gembloers (B)	50%
Rotterdam Shore Power B.V.	Rotterdam	80%

Associates

Name	Seat	Share
Greenchoice B.V.	Rotterdam	30%

A full list of companies has been filed with the trade registry in Rotterdam pursuant to Section 379 of the Dutch Civil Code.

Company financial statements

Company income statement

x €1 million	2021	2020
Share of profit of subsidiaries	184	71
Other results after income tax	25	46
Profit after income tax	**209**	**117**

Company balance sheet

Before profit appropriation

x €1 million	Note	At 31 December 2021	At 31 December 2020
Non-current assets			
Property, plant and equipment		1	1
Intangible assets		2	1
Financial assets	3	3,646	3,633
Total non-current assets		**3,649**	**3,635**
Current assets			
Receivables from group companies		296	286
Other receivables		5	2
Cash and cash equivalents[1]		486	386
Total current assets		**787**	**674**
TOTAL ASSETS		**4,436**	**4,309**
Equity			
Share capital		122	122
Translation reserve		-8	-13
Cash flow hedge reserve		-247	-52
Reserve undistributed profit of participating interests		68	59
Development expenditure reserve		5	7
Retained earnings		2,765	2,702
Undistributed profit		209	117
Total equity	**4**	**2,914**	**2,942**
Non-current liabilities			
Interest-bearing debt		-	161
Other liabilities		3	4
Total non-current liabilities		**3**	**165**
Current liabilities			
Other provisions		-	-
Interest-bearing debt[1]		769	70
Liabilities to group companies		550	958
Liabilities for tax and social security premiums		186	165
Pension premiums		3	2
Other liabilities		11	7
Total current liabilities		**1,519**	**1,202**
TOTAL EQUITY AND LIABILITIES		**4,436**	**4,309**

1 These amounts are part of the consolidated financial statements, where they are disclosed.

Notes to the company financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting policies

In 2021, the name 'N.V. Eneco Beheer' was changed to 'N.V. Eneco'. See note 1.1 ‘General information – Merger’ for details of this name change.

The company financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code, and the same accounting policies have been applied as in the consolidated financial statements as permitted by Section 362(8), Part 9, Book 2 of the Dutch Civil Code, except that subsidiaries are carried at net asset value determined on the basis of the IFRS accounting policies used in the consolidated financial statements. The descriptions of the activities and structure of the enterprise as stated in the ‘Notes to the consolidated financial statements’ also apply to the company financial statements.

2. Remuneration of the Management Board and Supervisory Board

See note 6 ‘Remuneration of the Management Board and Supervisory Board’ to the consolidated financial statements for the remuneration of Management Board and Supervisory Board pursuant to Section 383, Part 9, Book 2 of the Dutch Civil Code.

Employee benefit expenses
The average number of FTEs employed by N.V. Eneco are 24 (2020: 30).
The average number of FTEs working abroad are 0 (2020: 0).

3. Financial assets

	Subsidiaries	Receivables from subsidiaries	Other receivables	Derivative financial instruments	Deferred income tax assets	Total
At 1 January 2020	**1,971**	**1,498**	**1**	**-**	**4**	**3,474**
Share of profit of subsidiaries	71	-	-	-	-	71
Dividend received	-	-	-	-	-	-
Movements in loans to subsidiaries	-	144	-1	-	-	143
Movement in cash flow hedges	-33	-	-	-	-	-33
Movements in deferred income tax assets	-	-	-	-	-4	-4
Translation differences	-9	-9	-	-	-	-18
Movement in other receivables	-	-	-	-	-	-
Conversion non-current receivables into capital contribution	24	-24	-	-	-	-
At 31 December 2020	**2,024**	**1,609**	**-**	**-**	**-**	**3,633**
Share of profit of subsidiaries	184	-	-	-	-	184
Dividend received	-12	-	-	-	-	-12
Movements in loans to subsidiaries	-	1	-	-	-	1
Movement in cash flow hedges	-183	-	-	-	-	-183
Movements in deferred income tax assets	-	-	-	-	4	4
Translation differences	8	10	-	-	-	18
Movement in other receivables	-	-	1	-	-	1
Conversion non-current receivables into capital contribution	-	-	-	-	-	-
At 31 December 2021	**2,021**	**1,620**	**1**	**-**	**4**	**3,646**

4. Equity

Movements in the equity of N.V. Eneco were as follows:

	Paid-up and called-up share capital	Translation reserve	Cash flow hedge reserve	Reserve undistributed profit of participating interests	Development expenses reserve	Retained earnings	Undistri-buted profit	Total
At 1 January 2020	**122**	**-4**	**-21**	**58**	**9**	**2,689**	**79**	**2,932**
Total (other) comprehensive income	**-**	**-9**	**-31**	**-**	**-**	**-**	**117**	**77**
Profit appropriation 2019	-	-	-	-	-	11	-11	-
Cash dividend to shareholder of N.V. Eneco	-	-	-	-	-	-	-68	-68
Movements in the financial year	-	-	-	1	-2	2	-	1
At 31 December 2020	**122**	**-13**	**-52**	**59**	**7**	**2,702**	**117**	**2,942**
Total (other) comprehensive income	**-**	**5**	**-185**	**-**	**-**	**1**	**209**	**30**
Profit appropriation 2020	-	-	-	-	-	59	-59	-
Cash dividend to shareholder of N.V. Eneco	-	-	-	-	-	-	-58	-58
Acquisitions of group companies	-	-	-10	-	-	10	-	-
Movements in the financial year	-		-	9	-2	-7	-	-
At 31 December 2021	**122**	**-8**	**-247**	**68**	**5**	**2,765**	**209**	**2,914**

See note 24 'Equity' to the consolidated financial statements for details of individual components of equity.

Statutory reserves are recognised pursuant to Part 9, Book 2 of the Dutch Civil Code. N.V. Eneco's statutory reserves are a translation reserve, cash flow hedge reserve, reserve for undistributed profit of participating interests and a reserve for development expenditure.

The total amount of the undistributed profit of participating interests and development expenditure reserves of €73 million (31 December 2020: €66 million) was deducted in full from Retained earnings.

Distributable results
N.V. Eneco distributed a dividend of €58 million in 2021 (2020: €68 million).

The non-distributable capital at 31 December 2021 was €328 million (31 December 2020: €131 million). For the non-distributable capital, all legal reserves have been added up in absolute numbers.

5. Commitments, contingent assets and liabilities

Liability
N.V. Eneco has issued a declaration of joint and several liability pursuant to Section 403(1)(f), Part 9, Book 2 of the Dutch Civil Code for the principal subsidiaries marked with an * in the 'List of principal subsidiaries, joint operations, joint ventures and associates'.

Fiscal unity
N.V. Eneco heads a fiscal unity for corporate income tax purposes which includes almost all of its Dutch subsidiaries and N.V. Eneco is a member of a fiscal unity for VAT purposes which includes almost all of its Dutch subsidiaries. All companies in a fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash pools
As a result of its participation in the Group cash pools, N.V. Eneco is jointly and severally liable, with the other participants, for deficits in the pools as a whole.

Guarantees
See note 29 'Commitments, contingent assets and liabilities' to the consolidated financial statements for the guarantees issued by N.V. Eneco.

6. Auditor's fees

The fees below relate to the fee for services provided by Eneco's external auditor, Deloitte Accountants B.V., as defined in Section 1.1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta), and includes those charged by entities associated with the auditor in the Deloitte network.

x €1.000	Deloitte Accountants B.V.	Affiliated Deloitte entities	Total 2021
Audit of the financial statements	1,865	-	1,865
Other audit engagements	217	1,014	1,231
Tax consultancy	-	-	-
Other non-audit services	16	134	150
Total	**2,098**	**1,148**	**3,246**

The fee for the audit of N.V. Eneco's financial statements included audit work on its consolidated and company financial statements. The above fees relating to the audit of the financial statements 2021 and other audit engagements, include work not performed during the reporting period.

Other audit engagements are the audit of the statutory financial statements of subsidiaries and related engagements. Other non-audit services are those permitted by law and regulations.

7. Proposed appropriation of the 2021 profit

The Management Board, with the approval of the Supervisory Board, will propose that the General Meeting of Shareholders on 29 March 2022 declares a dividend to the shareholder of €104.5 million from the profit after tax attributable to the shareholder. This represents a distribution of €390.84 per share for 2021. The dividend will be paid no later than in April 2022. A proposal will also be made to add the remaining €104.5 million of the profit to Retained earnings.

Rotterdam, 11 March 2022

N.V. Eneco

Management Board

A.C. (As) Tempelman, chairperson
C.J. (Kees-Jan) Rameau
J.M.J. (Jeanine) Tijhaar
F.C.W. (Frans) van de Noort
H. (Hiroshi) Sakuma

Supervisory Board

J.M. (Mel) Kroon, chairperson
M. (Michael) Enthoven
J.M. (Annemieke) Roobeek
S. (Satoshi) Hamada
A. (Aiichiro) Matsunaga
G. (Gaku) Yaguchi
H. (Hiroki) Sato

Other information

Profit appropriation pursuant to the articles of association

Pursuant to the company's articles of association, the profit is at the disposal of the General Meeting of Shareholders. Distributions from the profit may only be made if the financial statements show that this is permitted. The articles of association also state that the General Meeting of Shareholders may resolve to make interim distributions. The provisions of the articles of association and the law apply to the amount and formalities for this.

Independent auditor's report

To the shareholder and the Supervisory Board of N.V. Eneco

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2021 of N.V. Eneco, based in Rotterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of N.V. Eneco as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of N.V. Eneco as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2021.

2. The following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and the consolidated cash flow statement.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2021.

2. The company income statement for 2021.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of N.V. Eneco in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Subsequent Events due to the conflict between Russia and Ukraine

We draw your attention to note 33 'Events after the reporting date' of the financial statements, which describes the uncertainties and risks as a result of the conflict between Russia and Ukraine, the related sanctions against Russia and possible consequences thereof. This situation may lead to further disruption of the energy market as a result of possible suspension of the gas supply from Russia. Market disruption increases Eneco's risks with respect to replacement of gas purchases, increased price volatility, the related liquidity requirements and counterparty risks. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the:

- Report of the Management Board, including the paragraphs Foreword, Key figures and About Eneco;
- Report of the Supervisory Board;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code; and
- Sustainability Supplements.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board ("management") is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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 company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 11 March 2022

Deloitte Accountants B.V.

Was signed,

N.H.M. van Groenendael

Sustainability Supplements 2021

Reporting policy

In this integrated annual report over the financial year 2021, Eneco reports on the realisation of its strategy, the policy that it has pursued and the financial and non-financial performance related thereto. This report has been prepared in accordance with the GRI Standards: Core option. Eneco's financial year runs from 1 January up to and including 31 December 2021. The previous annual report was published on the 6th of April 2021.

Integrated reporting & Sustainability standards

Eneco's annual report has been prepared as an integrated report on its financial and non-financial performance. With the Framework of the International Integrated Reporting Council (IIRC), we are able to better clarify the interrelationship between the core elements of our policy in our report. This is also reflected in the value creation model. The content elements required by the Framework are present in this report. (Profile of the organization, Governance, Business Model, Risks and Opportunities, Strategy, Performance and Outlook.) The Framework is based on principles that have a considerable overlap with the sustainable reporting guidelines of the Global Reporting Initiative, the GRI Standards. We link the narrative quality of IIRC to the quantitative method of the GRI Standards. The report has been prepared in accordance with the standards of the Global Reporting Initiative (GRI), option: core. We use the framework of the International Integrated Reporting Council (IIRC) to clarify the interrelationship between the core elements of our policy.

We also report on the Sustainable Development Goals (SDGs). These goals were drawn up in order to make the world 'a better place' by 2030. Eneco contributes to the realisation of these goals to the best of its abilities. In the chapter Environmental: One Planet, we provide insight into the SDGs that are relevant to our situation: 7, 11, 12, 13, 14 and 15, the targets and the alignment with our control framework.

We have joined the UN Global Compact and as a member, we report in our annual report on our progress with regard to the 10 principles and each of the 4 focus areas: human rights, labor conditions, the environment and anti-corruption. This 'Communication on Progress' (CoP) is an integral part of our integrated annual report. See section 8 in this supplement on the UN Global Compact principles for references to the various CoP themes in the annual report.

General policy

Point of departure in the preparation of the annual report was the strategy including strategic themes and key performance indicators (KPIs) as determined by the Management Board. The content of the annual report is also determined based on the materiality analysis described in section 'stakeholder engagement & materiality assessment 2021'. We have made agreements with regard to the reporting process. The responsibility, definition, scope, calculations, necessary resources and systems, quality assurance and the process are determined for each strategic KPI. The development of each strategic KPI is reported periodically and discussed with the boards of the Eneco entities involved. The Internal Audit Department ensures the correctness and completeness. Where necessary remedial action is taken.

Information gathering and accountability

We have a process description for the preparation of the annual report. The general rule is that the Management Board is responsible for the integrated annual report. The Management Board has delegated the preparation of the annual report to a process manager who leads a multidisciplinary team. The responsibility for the contents of the report is divided between the departments Strategy, Communication and Finance. The financial and non-financial strategic KPIs are an integral part of the planning and control cycle. The results are discussed in the regular business reviews. A responsible officer is appointed for each topic based on an accountability index. The Management Board reviews the final version before it is submitted to the Supervisory Board.

Assurance non-financial information

In order to assess the reliability of our sustainability reporting, we asked Deloitte Accountants to perform a review on the sustainability information included in our annual report. For more information we refer to the assurance report. We further elaborate on the definitions, scope and boundaries of the strategic KPIs, included in the review of Deloitte, in the next section. In terms of the GRI standards, we have consciously opted for the Core option. This option is in line with our wish and that of our stakeholders to report concisely on our financial and non-financial performance. The Core option means that for each material topic, identified in the materiality analysis, we comply with the reporting requirements in terms of Management Approach Disclosures. Besides that, where relevant and available, we have selected and reported topic-specific disclosures for our material themes.

KPI specific definitions, scope and boundaries

One planet KPI

Measured as total CO_2eq-emission (mega tonnes), in Eneco's value chain (supplier, customers and own operation) as determined via the Greenhouse Gas (GHG) Protocol, Corporate Value Chain (scope 3) Standard and ISO 14064-1 standard. When reporting Greenhouse Gas (GHG) emissions in scope 1, Eneco uses the ‘operational control’ approach from the GHG protocol. In addition to CO_2, CH_4 (methane) and N_2O (dinitrogen (mono)oxide) are in scope. These greenhouse gases are converted to CO_2 equivalents based on their Global Warming Potential (GWP). The metric unit of the emissions is therefore expressed in mega tonnes CO_2eq. In Eneco’s Climate Plan a pathway is outlined, which stays below the 1.5ºC pathway. This brings Eneco-chain emissions to zero in 2035. The annual outcome of this KPI is compared to the pathway in Eneco’s Climate plan, leading to zero emissions in 2035.

Emission Factors
For natural gas, we now use emission factors from the International Institute for Sustainability Analysis and Strategy (IINAS). For the Netherlands we continue to use the emission factor from www.co2emissiefactoren.nl. IINAS is the host of GEMIS (Global Emissions Model for Integrated Systems). The emission factors include direct and upstream emissions and emissions due to grid losses and are country-specific. The direct emissions for electricity supply are provisional and based on the of numbers of Guarantees of Origin (GoOs) and Certificates of Origin (CoOs) we have issued or latest estimate of what we will issue by customer segment and country for the calendar year to be reported. The upstream emissions for electricity are based on the LCA methodology (Life Cycle Analysis) and are mainly taken from www.co2emissiefactoren.nl. The emissions factors for grid losses originate from the International Energy Agency (IEA) and specifically for the Netherlands are further derived from the GoOs purchased by the grid operators mentioned in their annual reports. The direct emissions for district heating are provisional. The upstream emission factor is taken from www.co2emissiefactoren.nl as

well as all emission factors on company cars, commuting and business travel.

Estimations
The commuting data for 2020 and 2021 do not concern measured data, as a result of Covid-19. Best estimates were used, based on the occupancy of our head office. Normally, this is measured data based on an employee survey. For company cars we use actual data over 1-1-2021 to 30-11-2021. The data for December is extrapolated by the system, as the leasing companies cannot deliver actual data on time for annual reporting. For some office buildings we do not purchase the energy ourselves, e.g. because this is done by the landlord. We extrapolate its energy consumption per square meter. For these properties, we purchase guarantees of origin based on the extrapolated energy consumption.

CO_2 emissions from power supplied to end-users

This KPI concerns the relative CO_2 emissions of the total volume of supplied electricity to the end-users of Eneco group. The aim is reducing greenhouse gas emissions related to power supplied, and not to exceed the 1.5-degree pathway (kg CO_2/MWh). The emission factor of supplied electricity consists of direct emissions and (indirect) upstream emissions of the total volume of supplied electricity to end-users.

For each MWh of renewable energy supplied, a guarantee of origin (GoO) must be issued. For every MWh of fossil electricity supplied in the Netherlands, a Certificate of Origin (CoO) must be issued. This does not apply in Belgium and Germany, where the national grid factor is used for the supply of fossil electricity, if any.

The direct emission factors used consist of those determined by the Authority for the Consumer and Market (ACM) for the calculation of the Electricity Label in the Netherlands. Since the factors only become available after the annual report is submitted, the factors from the previous calendar year are used. The (indirect) upstream emission factors are taken from www.co2emissiefactoren.nl.

CO_2 emissions from heat supplied to end-users

This KPI concerns the CO_2 emissions resulting from the production, distribution and supply of heat by Eneco group. It is expressed in kg CO_2 emissions per GJ heat and in scope is all heat, for example originating from our large heat networks and the smaller collective heat systems.

The calculation method applied is corresponding the method described in the '*heat law*', as this is used in our yearly sustainability reporting to the ACM. This method is based on the NTA8800.

The CO2 emission is determined by the CO2-emission of the energy input (electricity, gas, biomass, waste, waste heat), the energy performance of the separate heat sources, the share of the different heat sources, heat losses that occur during transport and the required auxiliary energy in the system. The emissions factors related to the energy input, and used in our calculations, are reported annually by RVO. Since the data for 2021 is not jet available the calculations are based on the RVO report from the previous year.

Recordable Injury Frequency (RIF) rate

The RIF represents the moving average number of injuries resulting in absenteeism, alternative work or medical treatment per 200,000 hours worked (also: 'lost time injuries'). It excludes first aid cases and is based on the amount of recordable injuries that have been registered in the reporting period, as well as the registered FTEs as per year-end.

The scope of this KPI is all injuries that have been registered in our registration system and is weighed against our own FTEs (those employees with an Eneco personnel number). In terms of recordable injuries, we apply the Dutch definition of a work-related injury ("*arbeidsongeval*"). This means that, for example, commuting is excluded.

Customer contracts

A customer contract is defined as an Agreement between Eneco group as Supplier and a Customer to supply Energy Commodities and/or Energy-related Services. This means that one customer may represent multiple contracts.

In terms of products, all energy types and energy related services are in scope. The customers included in this KPI are end-users. All mid- and large corporates are excluded from this KPI[1] (except for eMobility were we include all charging cards/poles). Besides, only contracts that are active, recurring and revenue generating are included in this KPI.

Customer Satisfaction

Customer Satisfaction is measured as the % of Eneco customers that rate our brand as 'excellent', 'very good' or 'good'. This is measured on a quarterly base via a questionnaire sent to a selected sample of customers. The sample does not consider if there has been any direct contact recently with the respective customer, meaning that we report a relational Customer Satisfaction score.

The year-end score is a weighted average of our retail brands in the Netherlands and Belgium.

% Sustainable electricity production (of supplied electricity)

The percentage sustainable electricity is the renewable Electricity Purchased (sourced) and volume (from Own Assets and Third Parties via Power Purchase Agreements (PPAs)), as % of total electricity Volume Supplied[2].

This KPI includes generation from our own renewable assets as well as generation taken from renewable assets where we have a long-term take-off agreement (PPA) with the generator. Supply means all supplied power volumes to all type of customers (end-users, Eneco brands) in all countries.

Renewable own capacity

The renewable own capacity is the generating or storage capacity available to Eneco, from renewable assets, of which Eneco has partial or full ownership and is expressed in MW. Renewable assets include, for example, solar, wind and batteries[3]. Only renewable capacity that is technically operational as per year-end is included in this KPI.

Employee Net Promotor Score (eNPS)

The eNPS is a metric used to indicate employee satisfaction and loyalty. We ask the following question: How likely are you to recommend Eneco as employer to someone in your immediate surroundings? Answers can range from 0 to 10, where 0 means 'highly unlikely' and 10 means 'very likely'. The eNPS is the percentage of employees that awards an 8 or higher to Eneco as an employer minus the percentage of employees that gives Eneco a 5 or lower as an employer. This means that we apply the European eNPS calculation method. Promotors – Detractors = eNPS.

Included in this KPI are all divisions of Eneco, except for Lichtblick. All internal and external employees are invited to take part in the survey, but outsourced (freelance) work is excluded.

Please note that this KPI is only reported as of 2021. The 2020 figure reported in the 2021 annual report was not part of the scope of Deloitte's review in the prior year and is only included for reference purposes. The 2021 eNPS is included in the scope of Deloitte's review.

1 Please note that mid- and large corporate clients were included in this KPI in the prior years. The prior year figure has been restated.
2 Our methodology has been updated. The prior year figure has been restated accordingly.
3 New renewable capacity categories were included in the scope of this KPI. The prior year figure has been restated accordingly.

FTEs & diversity

Our workforce is expressed in Full Time Equivalent (FTE) as per year-end, applying a part time factor where applicable. Our diversity KPI indicates the percentage of women in managerial positions. This is calculated from the year-end personnel list and a managerial position is defined as being a manager who has the responsibility for one or more team members. The managerial levels included in this KPI are running from one layer below the board of directors until four layers below the board of directors.

Our own FTEs include all staff employed by Eneco by means of a labor agreement with Eneco group. Our hired FTEs includes all staff employed by Eneco without a labor agreement with Eneco, but that are employed via a third party or self-employed via a management agreement. The FTEs include all internal and external employees. For the diversity rate of Eneco, the external employees are registered in a separate system and are excluded in the scope.

Please note that the diversity KPI, capturing the % of women in managerial positions was newly included in the scope of Deloitte's review in 2021. Therefore, the 2020 figure reported in the 2021 annual report was not part of the scope of Deloitte's review and is only included for reference purposes.

Stakeholder engagement & materiality assessment 2021

Ongoing Stakeholder Engagement

Persons and/or groups of persons, organizations and/or companies who have a direct or indirect interest in Eneco and vice versa are regarded as belonging to our circle of direct stakeholders. These stakeholders are necessary in one way or another for the realisation of our objectives: from the perspective of the sector, as a whole, as division or as project. In order to arrive at a clearly defined selection of stakeholders, we have made an analysis based on a model (Mendelow). With this model, we have made a classification based on the influence and importance of stakeholders with regard to the functioning of Eneco. For example, our customers are necessary for the continuity of Eneco, and employees are necessary for the implementation of the business plan. In this manner, the concept of materiality can be applied better in the context of stakeholders.

The table below depicts an overview of our main stakeholders and the ongoing stakeholder engagement activities that have taken place throughout the year.

Stakeholder	Contact moments	Topics
Customers	customer surveys	service level
	website	complaints handling
	customer magazine	proactive advice
	social media	easy to switch
	customer service	digital and self-service
	account management	data privacy
		sufficient sustainable energy
		supporting contribution to the energy transition
		learning from innovative company such as Eneco
		linking energy requirement to Eneco wind and solar farms
		competitive pricing
		heat solutions
Shareholder	AGMs, regular contacts	regular performance
	annual report	return on investments in renewable sources
		risks and opportunities in national and international activities
		sustainable energy projects
Employees	Central Works Council	safety
	town hall meetings	fair remuneration
	annual report	health and well-being
	alignment survey	employment
	internal media	composition of the top of the company
	work consultations	privatisation

Stakeholder	Contact moments	Topics
Nature and the environment	regular consultations	how sustainable is Eneco
	annual report	contributing to climate change
	benchmarks	contributing to the energy transition
		care for biodiversity
		origin E+G+H
Financial stakeholders	regular consultations	sustainability of business model
	annual report	strategy and risk management
	annual audits	investing in renewable sources abroad
		compliance
		anti-corruption
Local residents - housing corporations	various contact moments	safety
		air quality
		biodiversity
		heat solutions

Materiality Assessment 2021

In the reporting year a full materiality assessment has been performed, resulting in a renewed materiality matrix. The assessment consisted of a four-steps process and was conducted in line with the GRI standards' principles for defining report content. We chose to apply the concept of double materiality in our analysis, which impacts the dialogues and definition of the axes of the matrix. On the one hand we assessed the environmental and social materiality of the themes. On the other hand we also assessed the financial materiality, or business impact, of the themes. This means that we discussed both types of materiality in our stakeholder consultations this year. Performing our materiality assessment in this manner has facilitated us in our goal to meet the reporting expectations of our stakeholders in our annual report. The four steps of the process are outlined below and include an analysis of the results of the 2021 materiality assessment.

1. Selecting stakeholders

In the section 'ongoing stakeholder engagement' an overview of our strategic stakeholders and the ongoing stakeholder engagement activities can be found. We invited representatives of these stakeholder groups in our materiality assessment. Besides these stakeholders, we also invited a wider range of NGOs for our materiality assessment, as well as our suppliers.

2. Determining themes

In determining the themes included in our materiality assessment, a range of internal as well as external sources has been used. The first step was to analyze a large number of external sources in order to create a list of possibly material themes. This analysis included for example a media search, a peer benchmark, sector reports and sector standards. The outcome of the external assessment has been supplemented and matched with internal sources, such as our One Planet Plan, our company strategy and our risk analysis, to ensure the relevance of the shortlist of themes for reporting. This shortlist, including the themes as found in the matrix below, was used in our stakeholder consultations.

3. Stakeholder consultations

Our stakeholder consultations consisted of a survey, followed by either individual interviews or round tables. The surveys were aimed at prioritizing the themes, as determined in the previous step. In order to score the themes on both of the axes, the following questions were asked:

1. How big is the impact that Eneco has (or could have) through this topic, on the economy, people, and the environment?

2. How big is the impact that this topic has (or could have) on the financial performance or value of Eneco?

The interviews and round tables were subsequently used to interpret the survey results. Additionally, they were used as an opportunity to discuss any other expectations stakeholders have for our annual report. The quantitative as well as qualitative input were used in the next and last phase, where the matrix was developed.

4. Developing the matrix

After the stakeholder consultations a workshop was organized with the annual report steering committee. During this workshop the results were analyzed and the matrix was developed. Interestingly, the results of the consultations showed that stakeholders found all themes important, meaning that no themes received a score below 5.5 on a scale of 1-10. Therefore, we differentiate between themes that are considered *important* and themes that are considered *material*. In order to better reflect the outcomes of our assessment, we also chose a new visualization of the matrix. This new design has four quadrants, where the themes are shown in random order within the quadrants. This means that there are four categories: themes that are important on both axis, themes that are material in terms of impact on the environment & society and important in terms of business impact, themes that are material in terms of business impact and important in terms of impact on the environment & society, and themes that are material in terms of impact on the environment & society as well as the business. The new materiality matrix was approved by our CFO.

Eneco's Materiality Matrix 2021

● Environmental ▲ Social ■ Governance

Environmental & Social impact ↑ / Business impact →	Important	Material
Material	▲ Community Engagement ■ Proa ctive contribution to legal and regulatory environment ▲ Access to Energy	● Climate Neutral 2035
Important	▲ Health & Safety ● Circularity & material dependencies ● Biodiversity ▲ Good employment practices ● ▲ Sustainable procurement ● Emissions to air and water ▲ Human Rights ■ Data security ▲ Diversity, inclusion and equal opportunities ■ Integrity & Transparency	▲ Customer Satisfaction ■ Financial implications and risks due to Climate Change ■ Direct Economic Performance

We note that the theme *climate neutral 2035* was separated into four themes in our consultations: climate neutral 2035, radical electrification, phasing out natural gas and accelerating sustainable heat. During the workshop in which the matrix was developed, it was decided that the four themes would be combined in one theme. This is mostly because the latter three themes are means to achieve the goal of being climate neutral in 2035 and therefore there is significant overlap. This was also evident in the results of the stakeholder consultations, where all four themes were found most material. Therefore, in the matrix the theme has been defined as *climate neutral 2035*, while in the definition and disclosures all four previous themes are mentioned.

Our most material theme is *climate neutral 2035*, which relates well to several of the material themes of last year, such as *growth in heating solutions, investing in renewable sources and contributing to the Paris Climate Agreement*. Last year the most material theme was *contributing to the energy transition,* which is now redefined and captured under the theme *proactive contribution to the legal and regulatory environment*. *Direct economic* performance and *customer satisfaction* were also material themes in the prior years. Themes that were found material in this years' assessment but weren't in the prior years, include *community engagement, access to energy and financial implications and risks due to climate change*. *Safety, health and well-being* was deemed material in previous years, whereas this year it is no longer material found by stakeholders, though it is deemed important.

Connectivity

We focus our reporting on topics that are deemed material on one or both axes, as can be found in the materiality matrix. In the table below we provide references to the sections in the annual report where more information on the material themes can be found.

Material theme	Strategic KPI	Chapter reference
Environmental		
Climate neutral 2035 Eneco's commitment to become climate neutral and to pursue opportunities to limit temperature below 1.5 above pre-industrial levels as laid down in the Paris Agreement. Eneco's efforts are focused on reducing CO2 emissions in the whole value chain (scope 1, 2 and 3). Eneco is aiming to achieve this climate ambition through three climate actions: radical electrification, phasing out natural gas and accelerating sustainable heat.	• One planet KPI • CO_2 emissions from power • CO_2 emissions from heat • % Renewable energy • Renewable own capacity	• Key figures • Operating results • One Planet results
Social		
Access to Energy Eneco's efforts, including those in cooperation with for example governments, to ensure an affordable, reliable and unrestricted electricity supply. People can be denied access to energy for a number of reasons, including but not limited to geographic isolation and/or financial poverty.	N/A – qualitative	Operating results
Community Engagement Eneco's commitment to perform best-in-class community engagement with the communities involved in or affected by our energy projects in order to manage potential negative impacts of local energy projects on the local community.	N/A – qualitative	One Planet results
Customer Satisfaction Eneco's efforts to keep its customers satisfied. We do this by offering smart and sustainable products and services which support customers in saving energy and decreasing their emissions and energy bills, by offering products and services with excellent quality for competitive prices and by proactively providing information and advice, as well as by creating a digital customer journey that ensures a good and personal experience. This topics also includes complaint management.	Customer Satisfaction KPI	• Key figures • Operating results
Governance		
Proactive contribution to the legal and regulatory environment Eneco's commitment to go beyond compliance with rules and regulation and to proactively contribute to policy other than for Eneco's self-interest (e.g. climate policy).	N/A – qualitative	One Planet results
Financial implications and risks due to climate change The way Eneco manages risks resulting from climate change in order to manage the financial implications of the energy transition as well as impact of physical climate risks. This includes the management of weather risk. This topic excludes the opportunities from climate change as these are part of other topics.	N/A – qualitative	Risk management

Direct Economic Performance The efforts of Eneco to ensure good Economic Performance in the short as well as the long run.	• ROCE • Net result • #contracts	• Key figures • Operating results • Financial results

Besides the themes that were deemed material in our materiality assessment, Eneco also highly values health & safety, good employment practices and diversity, inclusion & equality. Even though these are not amongst the material themes, Eneco has chosen to include the linked KPIs (Recordable Injury Frequency rate, Employee Net Promotor Score and the diversity KPI) specifically in the review of Deloitte. The results can be found in the key figures.

GRI content index

General Disclosures

GRI Standards 2016	Description	Reference
Profile		
102-1	Name of the organisation	Financial statements: Note 1.1
102-2	Main activities, brands and products and services	Profile
102-3	Location of the head office	Financial Statements: Note 1.1
102-4	Location of operations	Profile
102-5	Ownership and legal form	Corporate Governance
102-6	Important markets (geographical division, sectors and type of customers)	Profile
102-7	Scale of the organisation	• Key figures • Operating results • Financial results • Workforce
102-8	Information about the total workforce	Workforce
102-9	The organisation's value chain and supply chain	Energy production & distribution
102-10	Significant changes during the reporting period	Workforce
102-11	Note about the application of the precautionary principle	Risk management
102-12	External economic, environment-related and social charters or principles to which the organisation subscribes	• One Planet results • Reporting policy
102-13	Membership of associations	• Associates • One Planet results
Strategy		
102-14	Statement of the senior decision-maker of the organisation on the relevance of sustainable development for Eneco Group and its strategy to aim for sustainable development	Foreword
Ethics & Integrity		
102-16	Values, principles, standards, and norms of behaviour of the organisation	Integrity, compliance and privacy
Governance		
102-18	Governance structure	Corporate Governance
Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder engagement & materiality assessment 2021
102-41	Percentage of employees falling under a collective labour agreement	Workforce
102-42	Basis for identifying and selecting stakeholders	Stakeholder engagement & materiality assessment 2021
102-43	Approach to stakeholder engagement	Stakeholder engagement & materiality assessment 2021
102-44	Result stakeholder management	Stakeholder engagement & materiality assessment 2021
Reporting		
102-45	Operational structure of participating interests	Participating interests, Financial Statements

GRI Standards 2016	Description	Reference
102-46	Process for the determination of the content of the report and application of GRI principles	Reporting policy
102-47	List of material themes	Connectivity
102-48	The effect of any restatements of information given in previous reports	Reporting policy
102-49	Changes in reporting compared to previous reporting periods	Reporting policy
102-50	Reporting period	Reporting policy
102-51	Date of most recent report	Reporting policy
102-52	Reporting cycle	Reporting policy
102-53	Point of contact for questions about the report or the contents of the report	Box: Publication, inside of cover
102-54	In accordance option that the organisation has chosen	Reporting policy
102-55	GRI content index	GRI content index
102-56	External assurance policy	Reporting policy

Management Approach

Material theme	GRI 2016 103-1 Scope	GRI 2016 103-2 Strategy and policy	GRI 2016 103-3 Objectives/control frameworks
Environmental			
Climate neutral 2035	• NL, D, B, UK • Reporting policy • Connectivity	• Foreword • Strategy	• Key figures • One Planet results • Operating results
Social			
Access to Energy	• NL, D, B, UK • Connectivity	• Foreword • Strategy	Operating results
Community Engagement	• NL, D, B, UK • Connectivity	• Strategy	One Planet results
Customer Satisfaction	• NL, D[1], B • Reporting policy • Connectivity	• Foreword • Strategy	• Key figures • Operating results
Governance			
Proactive contribution to the legal and regulatory environment	• NL, D, B, UK • Connectivity	• Foreword • Strategy	One Planet results
Financial implications and risks due to climate change	• NL, D, B, UK • Connectivity	• Foreword • Risk management	• Financial results • Risk management
Direct Economic Performance	• NL, D, B, UK • Connectivity	• Strategy	• Key figures • Financial results

1 Germany is not included in the reported customer satisfaction KPI

Topic specific disclosures

Theme	GRI Disclosure / own indicator	Reference
Environmental		
Climate neutral 2035	305-1 Direct (Scope 1) GHG emissions	• One Planet results • Reporting policy
	305-2 Energy indirect (Scope 2) GHG emissions	• One Planet results • Reporting policy
	305-3 Other indirect (Scope 3) GHG emissions	• One Planet results • Reporting policy
	305-4 GHG emissions intensity	• Key Figures • One Planet results • Reporting policy
	305-5 Reduction of GHG emissions	• Key Figures • One Planet results • Reporting Policy
Social		
Access to Energy	Own indicator - qualitatively disclosed	Operating results
Community Engagement	Own indicator – qualitatively disclosed	One Planet results
Customer Satisfaction	Own indicator – Customer Satisfaction KPI	• Key figures • Operating results
Governance		
Proactive contribution to the legal and regulatory environment	Own indicator – qualitatively disclosed	One Planet results
Financial implications and risks due to climate change	201-2 Financial implications and other risks and opportunities due to climate change	Risk management
Direct Economic Performance	201-1 Direct economic value generated and distributed	• Consolidated income statement • Consolidated cash flow statement

Workforce

	2021	2020
Number of own employees		
Total average workforce in FTE	2,865	2,819
Total workforce in FTE at year end	2,970	2,835
Men - women ratio		
percentage of men and women of the total number of employees in FTE at year end		
Men	67%	63%
Women	33%	37%
Age distribution		
percentage per age group of the total number of employees in FTE at year end		
Age 15 - 24	2%	2%
Age 25 - 34	28%	28%
Age 35 - 44	34%	32%
Age 45 - 54	21%	21%
Age 55 and over	15%	17%
Diversity		
in percentages at year end		
Women in managerial positions	30%	25%
Employment contract		
in percentages at year end		
Employees with a Collective Labour Agreement (CLA) contract[1]	59%	59%
Employment contract for an indefinite period	2,622	2,406
Men	66%	68%
Women	34%	32%
NL	73%	72%
BE	11%	13%
GE	16%	15%
Employment contract with a fixed term	348	429
Men	70%	66%
Women	30%	34%
NL	81%	90%
BE	1%	0%
GE	18%	10%
Employees with a full-time contract	2,384	2,302
Men	91%	92%
Women	59%	59%
Employees with a part-time contract	586	625
Men	9%	8%
Women	41%	41%

	2021	2020
Absenteeism		
in percentages	4.8%	4.8%

1 2020 percentage restated for comparative purposes.

Eneco records most of the workforce data in SAP. Other management systems are used for a number of business units both in the Netherlands and abroad.

Eneco Supplier Code of Conduct

Everyone's sustainable energy
Since 2007, Eneco's strategy is aimed at increasing sustainability. This is embedded in our mission, 'everyone's sustainable energy'. Our ambition is to bring our own and our customers' energy consumption within the limits of a habitable planet for the sake of our own generation and generations to come. To this end, we seek to collaborate with our customers, government bodies, suppliers and other partners that share this ambition.

Supplier Code of Conduct
The Supplier Code of Conduct is based on the ISO 26000 guideline for corporate social responsibility. Social responsibility and responsibility with respect to sustainability within the supply chain is something we also expect from our suppliers. Furthermore, we expect our suppliers to select their own suppliers in accordance with the guidelines of our Supplier Code of Conduct.

Corporate governance
We never conduct business with untrustworthy business partners. We never conduct business with (suspected) criminals or become involved in transactions in which the proceeds of criminal offenses play a role. Our suppliers adhere to national and international legislation and regulations, ensure that they have all the necessary permits and observe the principles of good corporate governance with a focus on continuity and integrity. Suppliers are expected to implement our Supplier Code of Conduct in their organisation and to monitor employee and supplier compliance.

Human rights and working conditions
Our suppliers:

- recognise the Universal Declaration of Human Rights and act accordingly;
- ensure that there is no child labour, forced labour or discrimination and that no conflict resources are being used in their supply chains;
- recognise and respect the right of employees to organise and to join a trade union;
- do not pay their employees less than the statutory minimum wage;
- adhere to acceptable working hours and social security provisions in accordance with local standards and national and international legislation and regulations;
- provide adequate working conditions to safeguard health and safety
- ensure that regular assessment interviews are conducted with their employees and offer training opportunities for employees.

Fair trading
Our suppliers:

- engage in fair trade practices and make just decisions to avoid corruption, abuse of power and conflicts of interest;
- in no way tolerate that the proceeds of criminal activities are disguised by their legitimate business transactions;
- in no way tolerate the use of legitimate financial resources for criminal activities, including terrorism;
- respect intellectual and other property rights and take appropriate measures to protect the personal details of customers, employees and other business contacts.

Consumer issues
Our suppliers:

- take measures to protect the health and safety of consumers that include providing reliable, environment-friendly and safe products that enable sustainable consumption;
- apply fair business standards with respect to marketing, sales and transparent and fair competition;

Environment
Manners in which suppliers of Eneco demonstrate commitment, a proactive approach and continuous improvement with respect to protection of the environment include:

- energy saving and reduction of emissions of carbon dioxide and other harmful greenhouse gases;
- promoting waste sorting, processing and recycling;
- limiting water consumption and improving water quality;
- preventing local pollution in the form of airborne particles, noise and light;
- stimulating biodiversity;
- preventing the use of resources the extraction of which harms the environment;
- limiting the harmful impact of a product on the environment during the product's useful life;
- having an environmental management system in place that is in accordance with or similar to ISO14001 or being committed to having such a system in place within an agreed period of time.

Involvement with and development of the community
Our suppliers:

- are involved with the community in which they operate;
- create local jobs and develop the skills of their (local) employees;
- take into account and take responsibility for the effects of their activities on the community as a whole and on the health of the people and animals in that community.

Audit
Eneco has the right to ensure, by means of an audit, that suppliers comply with this Code of Conduct. Evidence of not consistently operating in accordance with this Supplier Code of Conduct may have consequences for the continuation of the relationship between the supplier and Eneco.

Signing
All suppliers of Eneco are required to sign the Supplier Code of Conduct. By signing, suppliers commit to comply with the content of the Eneco Suppliers Code of Conduct.

UN Global Compact principles

Progress report

Eneco subscribes to the ten Global Compact principles and reports here on the progress

Categories and principles	Location
Human rights	
1. Eneco supports and respects the internationally proclaimed human rights.	Integrity, compliance and privacy Socially responsible procurement Circularity Code of Conduct, (text code of conduct) Supplier Code of Conduct
2 . Eneco continually makes sure that it is not complicit in human right abuses.	Socially Responsible Procurement Supplier Code of Conduct
Working conditions	
3 . Eneco upholds the freedom of association and the effective recognition of the right to collective bargaining	Employee participation in decision making Workforce
4 . Eneco strives to eliminate all forms of forced and compulsory labour	Supplier Code of Conduct
5 . Eneco strives for the effective abolition of child labour.	Supplier Code of Conduct
6 . Eneco strives for the elimination of discrimination in respect of employment and occupation.	Diversity and inclusion Integrity, compliance and privacy Code of Conduct
Environment	
7 . Eneco supports a precautionary approach to environmental challenges.	One Planet results Code of Conduct
8 . Eneco undertakes initiatives to promote greater environmental responsibility.	Strategy One Planet results
9 . Eneco encourages the development and diffusion of environmentally friendly technologies.	Strategy
Anti-corruption	
10 . Eneco works against corruption in all its forms, including extortion and bribery.	Integrity, compliance and privacy Code of Conduct

P.O. Box 8208, 3009 AE Rotterdam

Mr. H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Rotterdam, 16 February 2022

Eneco statement expressing continued support of the UN Global Compact Principles

Dear Mr. Secretary-General,

I am pleased to confirm that Eneco continues to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to further implement these principles. We are committed to making the UN Global Compact and its principles part of our company's strategy, culture and day-to-day operations, and to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Eneco will make a clear statement of this commitment to its stakeholders and the general public.

We recognise that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We are pleased to present our integrated annual report: https://yearreport2021.eneco.com/, in which we report on our progress on the most relevant SDGs and the Ten Principles. For the sake of readability, a UNGC index has also been added to our integrated annual report.

Yours sincerely,

Mr. A.C. (As) Tempelman
CEO

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Declaration of compliance with Suppliers Code of Conduct Smart Meters

Declaration of compliance with Suppliers Code of Conduct Smart Meters (2012)

regarding data from low-volume meters that can be read remotely.

Name of legal entities: Eneco Consumenten B.V. and Eneco Zakelijk B.V., hereafter jointly referred to as Eneco, and Oxxio Nederland B.V. and CEN B.V., hereafter jointly referred to as Oxxio.

Registered offices: Rotterdam

Period: 1 January 2021 up to and including 31 December 2021

Eneco and Oxxio make use of meter data obtained from low-volume meters that can be read remotely in order to carry out their services properly. As a supplement to the Personal Data Protection Act (now the General Data Protection Regulation), suppliers and meter reading companies acting under their responsibility in the Dutch energy sector have drafted a code of conduct regarding the use, recording, exchange and storing of data obtained from low-volume meters that can be read remotely.

Eneco B.V. hereby states, duly represented in this matter by its director F.C.W. (Frans) van de Noort, in its capacity as director of Eneco Consumenten Nederland B.V., who in turn is the director of Eneco Consumenten B.V., Oxxio Nederland B.V. and CEN B.V., as well as in its capacity as director of Eneco Zakelijk Nederland B.V., who in turn is the director of Eneco Zakelijk B.V., that Eneco and Oxxio have complied with the rules and obligations laid down in the Suppliers Code of Conduct Smart Meters during the above-mentioned period and adequate responses were given to customer inquiries.

Article 3.1.2 of the code of conduct states that personal meter data must be processed in accordance with the law. With regard to this specific issue, it should be noted that the General Data Protection Regulation (GDPR) came into effect on 25 May 2018. Eneco is compliant with the GDPR. In addition, Eneco drew up a proposal for a new code of conduct, together with Energie Nederland, containing the obligations that follow from the GDPR. This proposal was discussed with the Dutch Data Protection Authority and will come into force after formal approval by the Dutch Data Protection Authority.

Rotterdam, 2 February 2022

F.C.W. (Frans) van de Noort,

Member of the Management Board of N.V. Eneco

Disclaimer

This report contains forward-looking statements. These statements can be recognised by the use of wording such as ‘anticipated’, ‘expected’, ‘forecast’, ‘intends’, and similar expressions. These statements are subject to risks and uncertainties and the actual results and events can differ considerably from the current expectations. Factors that can lead to this include, but are not limited to, the general economic situation, the situation in the markets in which N.V. Eneco operates, the behaviour of customers, suppliers and competitors, technological developments and legal judgements and stipulations of regulatory bodies that affect the activities of N.V. Eneco.

Future results could also be influenced by factors including, but not limited to, financial risks, such as foreign currency and interest risks and liquidity and credit risks. N.V. Eneco does not accept any liability or obligation related to the adjustment or revision of the current forecasts on the basis of new information or future events or for any other reason.

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This annual report will be published on the internet in its entirety in the English language only. The Report of the Management Board will also be published in the Dutch language.

No rights may be derived from the information as presented on this website. In the event of any discrepancies between Eneco information presented on the internet and the printed version thereof, the latter prevails.

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