Turbulence and change

N.V. Eneco
Annual Report 2022

Eneco

About this report

In this integrated report, N.V. Eneco reports on its financial and non-financial performances during the extended financial year, running from 1 January 2022 to 31 March 2023, and the financial, social and ecological value that it created during that period. We have chosen to present a compact and transparent report to provide the information required by our stakeholders based on stakeholder and materiality analyses. The previous annual report was published on 22 March 2022.

The section of the 2022 annual report entitled 'Report of the Management Board' is also available in a Dutch translation. The complete annual report for 2022 (in English) has been filed with the Chamber of Commerce, and is available on our website (www.eneco.com/news-and-figures). Deloitte has issued a limited assurance report on the sustainability information presented in this English-language annual report.

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

The report has been prepared with reference to the standards of the Global Reporting Initiative (GRI). 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) that concern us, and (through Mitsubishi Corporation) we are participants in the Global Compact.

The strategy wheel graphic represents the One Planet focus, Eneco's 'why', its mission, its strategy and its business model. We use strategic key performance indicators (KPIs) to explain our progress towards realising our strategy in the section on 'Progress and Sustainability' and in the financial statements.

The Company has changed its year-end date from 31 December to 31 March, and this is the first financial reporting period adopting the new year-end date. In order to show how Eneco has performed over this 15 month period compared to the prior 12 month periods, the company has produced pro forma unaudited financial and non-financial results for the 12 months ended 31 March 2023, only where deemed useful. Wherever mentioned, "15m 2022" or " 2022" refers to the period 1/1/2022 – 31/3/2023, "12m 2022" refers to the period 1/4/2022 – 31/3/2023 and "2021" refers to the 12 months from 1/1/21 – 31/12/21.
We decided to use 1/4/2022 – 31/3/2023 as a 12 month comparison period as this will be in accordance with our new financial year going forward and can therefore serve as a reference for future years.

Contents

Foreword

It has been a period of turbulence and change, both for our customers and for ourselves. In this foreword, I reflect in particular on the impact of the energy crisis and the momentum for the energy transition. For this once, we report on an extended financial year, covering the whole of 2022 and the first three months of 2023. Starting in 2023, our financial year will run from 1 April to 31 March, to match the financial years of our shareholders in Japan.

From left to right: Kees-Jan Rameau, Jeanine Tijhaar, As Tempelman, Selina Thurer and Hiroshi Sakuma

The energy crisis

One of the key causes of the energy crisis, of course, was the terrible war that has broken out in Ukraine. Due to the drop in gas supplies from Russia, the security of supply was uncertain for the first time in many years, throwing the market into turmoil and sending prices soaring. Eneco is not a producer of gas, but rather a reseller, and the rising market prices meant much higher rates for consumers and business customer as well.

The impact on society was tremendous; for example, the average monthly bill for Eneco's customers went from €119 to €208. In the Netherlands, energy poverty among households with low incomes and high energy costs increased by 15.6%. Energy poverty became an issue for 7.4% of all households during the reporting period; those living in poorly insulated homes were hit particularly hard. Companies also faced higher energy costs, and for some of them the consequences were severe, for example forcing them to cut back or shut down their operations.

Still, it could have been much worse: twice as many households would have faced energy poverty if the government had not intervened with a series of measures: an energy tax cut, an energy allowance that local authorities paid to low-income households, a cut in the VAT rate during the second half of 2022 and a price ceiling that was introduced in 2023.

Even though energy suppliers such as Eneco have no way of influencing international price developments, it is understandable that society's attitude towards the sector soured in view of the high monthly energy bills. It is good, then, that a thorough investigation by the Netherlands Authority for Consumers and Markets (ACM) emphatically ruled out the idea that the companies are making excessive profits: neither Eneco nor any of the other major energy suppliers.

Uncertainty led to unusually high numbers of customer interactions, more than 30% as many as normal, and I am grateful to everyone at Eneco for their tremendous work in doing their best to help our customers during these unsettling times.

Eneco's efforts to reduce the impact on society

Some years ago, Eneco adopted a policy of responsible debt collection. This policy includes a personalised approach and offering sympathetic payment schedules. In February 2022 Eneco was the first nationally operating organisation to be awarded the Debt Collection with Empathy quality mark (Keurmerk Warm Incasseren). We also helped to set up debt management foundation Stichting Nederlandse Schuldhulproute, and the development of information platform Energieroute led to closer interaction with the associated organisations last year. Another effort that we are very positive about is the Temporary Energy Emergency Fund that we helped to set up: the fund received 165,000 applications and paid out €40-50 million. Working under immense time pressure, industry association Energie Nederland and the energy sector overall managed to implement the price ceiling on time to come into effect on 1 January 2023. Lastly, the volunteer work that so many of our colleagues do for the Rotterdam Energy Bank reflects a strong sense of engagement. So much has been achieved in an incredibly short space of time.

Although a part of our consumer division struggled – with slightly disappointing financial results too – we are also proud to highlight some positives. For example, despite facing unprecedented risks, our trade division succeeded in managing those risks effectively and seize the opportunities that the highly volatile prices presented.

Thanks to the warm weather during the winter of 2022/2023, the reduced energy consumption by households and companies and the increased LNG imports, market prices have more or less stabilised at the time of writing. Still, they have not yet returned to the level they were at before the crisis, and the market remains very uncertain, presenting us with risks that we need to manage carefully.

The energy transition

The energy crisis has accelerated the energy transition. That is a positive effect of the crisis: it has made climate change an immediate issue. The findings presented in the most recent report of the Intergovernmental Panel on Climate Change (*IPCC Sixth Assessment Report*, 2023) are a cause for concern about the degree of global warming.

This also relates directly to Eneco's mission to make 'everyone's sustainable energy' reality and to become a climate-neutral company by 2035. Our One Planet Plan, which we presented in June 2021, is based on 3 pillars:

1. Helping our customers in their sustainability efforts – by providing alternatives to natural gas, such as hybrid and non-hybrid heat pumps, heating grids, biogas and electric charging.

2. Producing more renewable energy – by continuing to invest in onshore and offshore solar parks and wind farms and in sustainable heat sources such as aquathermal and geothermal energy and, looking further ahead, in the production of green gas and hydrogen.

3. Balancing and optimising the energy system – to manage the increased dynamics of supply and demand caused by the dependency on weather. We use various solutions to achieve this, including CO_2-free flexible assets such as batteries and e-boilers and by drawing on the flexibility offered by Virtual Power Plants.

The implementation of our One Planet Plan is also on track. In 2022, we (including our customers) emitted 10.0 Mt of CO_2, which was 3,2 Mton less than the year before. We succeeded in increasing the pace of selling and installing hybrid and non-hybrid heat pumps, and Eneco acquired full ownership of installation company Suniverse, including its 'Energie in Huis' label. We opened multiple wind farms and solar parks, for example on the Maasvlakte industrial estate, and our Ecowende joint venture won a contract to build our sixth North Sea wind farm. We also took our first Virtual Power Plant into commission. You can find out more in the pages that follow.

In conclusion

On behalf of myself and my fellow members of the Management Board, I would like to thank our customers for their faith in Eneco, our employees for all their hard work, and our partners and government authorities for working with us. As we face an uncertain market, the challenging task of keeping energy affordable and the need to improve our sustainability, we can look forward to a dynamic future full of opportunities. Together, we can make a difference, for now and for the generations that come after us.

On behalf of my fellow members of the Management Board,

As Tempelman,
Chief Executive Officer

Profile

Eneco is leading the way in the energy transition, following our One Planet Plan to achieve climate-neutrality by 2035: not only for our own activities, but also for the energy that we supply to our customers. We help our customers in their sustainability efforts, we want to produce more sustainable energy, and we strive for balance and optimisation in the energy system. We operate in the Netherlands, Belgium, Germany and the UK.

Eneco is an international energy company committed to accelerating the energy transition. Our One Planet Plan forms the basis for our ambition to be completely climate-neutral as early as 2035, in terms of both our own and our customers' energy consumption. To this end, we focus on three actions: decarbonise our customers, generate more sustainable energy en balance and optimise the energy system. Together we work on everyone's sustainable energy.

Oxxio is a low-cost provider that supplies 100% green electricity. The company believes that energy should not have to be complicated or unpleasant. Thanks to the smart app and easy-to-understand communications, customers spend less time on their energy contracts and have more energy for other things.

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

AgroEnergy focuses primarily on horticulturists in the greenhouse horticulture sector. It supports customers in the agriculture sector so that they can purchase their own sustainable energy at the best price.

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

Participating interests

Eneco has participations in various 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.

Fusebox makes it possible for companies to access the electric 'flexibility' in their processes ('demand response'), with software that they can use to optimise the climate control systems of their office buildings and generate income by helping to balance the electricity grid.

Gradyent is a technology company that makes 'digital twins' of existing and future heating grids to optimise their design and control and so reduce the amounts of energy that are used and the volumes of CO_2 that are emitted.

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.

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 turbines, solar parks and biogas installations on behalf of the owners.

Olisto connects smart devices, apps and services.

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

Solar Monkey supplies companies that install solar panel systems with highly efficient software for designing installations, running the numbers and generating price quotes without being on-site.

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 installs solar panels, but retains ownership, and sells the electricity and residual electricity to households under contracts for green electricity.

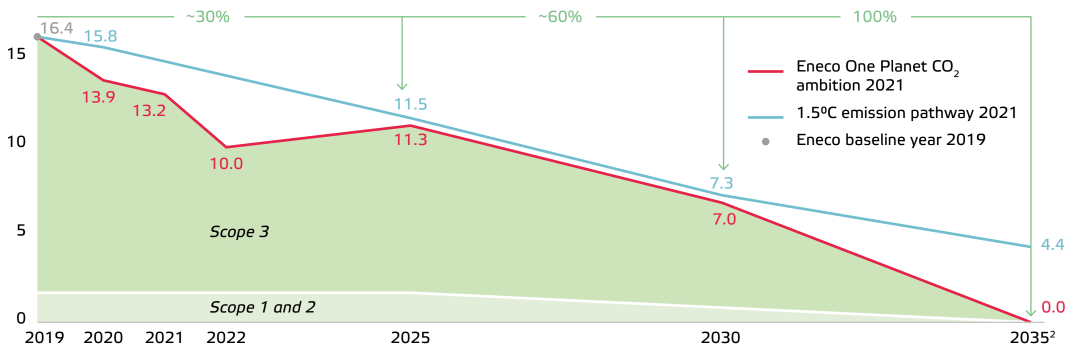
Winst-uit-je-Woning helps homeowners to make their homes more sustainable. It advises local authorities and other institutions on how to maximise the impact of their sustainability projects.

Key figures

One Planet

Eneco's emissions on the road to climate neutrality by 2035[1]

Emissions scope 1, 2 and 3 (Mton CO_2)



Installed sustainable capacity (in MW)	
15m Mar 2023	Dec 2021
2,121	1,926

Sustainable electricity production (incl. PPAs), of total electricity supplied (as a %)	
15m Mar 2023	Dec 2021
53	37

CO_2 emissions per unit of heat supplied[1] (in kg CO_2/GJ)	
Dec 2022	Dec 2021
25.9	26.9

CO_2 emissions from supplies of electricity[1] (in kg CO_2/MWh)	
Dec 2022	Dec 2021
74	101

Rankings

Ecovadis CSR Rating	
	Most recent
	Platinum

CDP score (Activity group: Renewable power generation)	
	Position
Leadership	**A-**

Sustainalytics rating ESG Risk (Industry group: Utilities)	
	Most recent
Low	**18.7**

Sustainable Brand Index (Industry group: Energy)	
Position	Previous year
4	3

For our KPI definitions, reporting policy and restatements (if applicable), we refer to the sustainability supplements.

[1] These key figures cover the reporting period from 1 January to 31 December 2022 to reduce estimations in the figures and to enable alignment with mandatory reporting on this matter.
[2] Approximately 0.9 Mton (6%) from a total of 13.9 Mton of CO_2 emissions will be compensated by 2035.

People

Customer contracts (x 1,000)	
Mar 2023	Dec 2021
5,430	5,617

Customer satisfaction (as a %)	
15m Mar 2023	Dec 2021
84.0	90.2

RIF (Recordable Injury Frequency)	
15m Mar 2023	Dec 2021
0.27	0.34

eNPS (Employee Net Promoter Score)	
15m Mar 2023	Dec 2021
55	58

Diversity (% women in managerial positions)	
15m Mar 2023	Dec 2021
30.9	30.2

Financial results[3]

(x €1 million)

Total revenues		
15m Mar 2023	12m Mar 2023	12m Dec 2021
13,219	**10,779**	5,211

Gross margin and other revenues		
15m Mar 2023	12m Mar 2023	12m Dec 2021
2,040	**1,627**	1,224

Operating profit (EBIT)		
15m Mar 2023	12m Mar 2023	12m Dec 2021
480	**345**	222

Operating income before depreciation (EBITDA)		
15m Mar 2023	12m Mar 2023	12m Dec 2021
969	**743**	572

Net result		
15m Mar 2023	12m Mar 2023	12m Dec 2021
380	**272**	209

Cash flow from operating activities[4]		
15m Mar 2023	12m Mar 2023	12m Dec 2021
1,070	**1,045**	23

Investments (and acquisitions) in fixed assets		
15m Mar 2023	12m Mar 2023	12m Dec 2021
642	**553**	532

Balance sheet total	
Mar 2023	Dec 2021
10,389	9,878

Group equity	
Mar 2023	Dec 2021
3,329	2,921

Interest-bearing debt (incl. lease liabilities)	
Mar 2023	Dec 2021
1,011	1,425

Credit Rating	
Mar 2023	Dec 2021
A-	A-

ROACE (Return on average Capital Employed)[5] (as a %)		
15m Mar 2023	12m Mar 2023	12m Dec 2021
n.a.[6]	**7.2**	6.4

Group equity/ total assets (as a %)	
Mar 2023	Dec 2021
32.0	29.6

Net debt/ EBITDA		
15m Mar 2023	12m Mar 2023	12m Dec 2021
n.a.[6]	**0.77**	1.35

ICR (Interest Coverage Ratio)[7]		
15m Mar 2023	12m Mar 2023	12m Dec 2021
12.3	**12.8**	8,5

3 All data under '12m Mar 2023' are pro forma. They have not been audited.
4 Cash flow reclassified from 'Cash flow from operating activities' in 2021 to 'Cash flow from investing activities' in the period ended 31 March 2023 to align with income statement.
5 ROACE for the reporting period is defined as the ratio between (EBIT plus Profit from JVs & Associates less corporate income tax) and the average of (fixed assets plus net working capital less non-current non-interest-bearing debt at the balance sheet dates).
6 These ratios are only measured and compared on a 12-months period.
7 The Interest Coverage Ratio is the ratio of the operational result (EBIT) divided by the Financial Expenses.

Important events

2022

January

12 INEOS signs a 10-year contract to procure green electricity from Belgian offshore wind farm SeaMade.

25 LichtBlick presents its first carbon footprint, covering the entire lifecycle from production to supply and usage of green electricity and gas.

February

2 Warm Rotterdam awards Eneco the Debt Collection with Empathy quality mark for its fair and considerate debt collection policy.

3 Eneco installs 240 charging stations at Albert Heijn supermarkets in the Netherlands and Belgium.

March

4 Eneco is horrified by Russia's invasion of Ukraine and provides details of its gas procurements. The contract with German Gazprom subsidiary is under particular scrutiny. Later in the year, WINGAS's parent Gazprom Germania is taken over by the German government.

28 Queen Máxima of the Netherlands visits Eneco's head office to launch the 'Grip op je Geld' money management campaign, an initiative of energy suppliers and debt management organisations SchuldenlabNL and Nederlandse Schuldhulproute.

31 Eneco becomes a partner in green hydrogen consortium NorthH2.

April

1 Eneco acquires full ownership of installation company Suniverse, including its home energy 'Energie In Huis' label.

May

9 Selina Thurer assumes her role as Chief Customer Officer, with a seat on the Management Board.

June

27 Eneco and the Port Authority of Rotterdam announce plans to build a shore power installation for Boskalis.

August

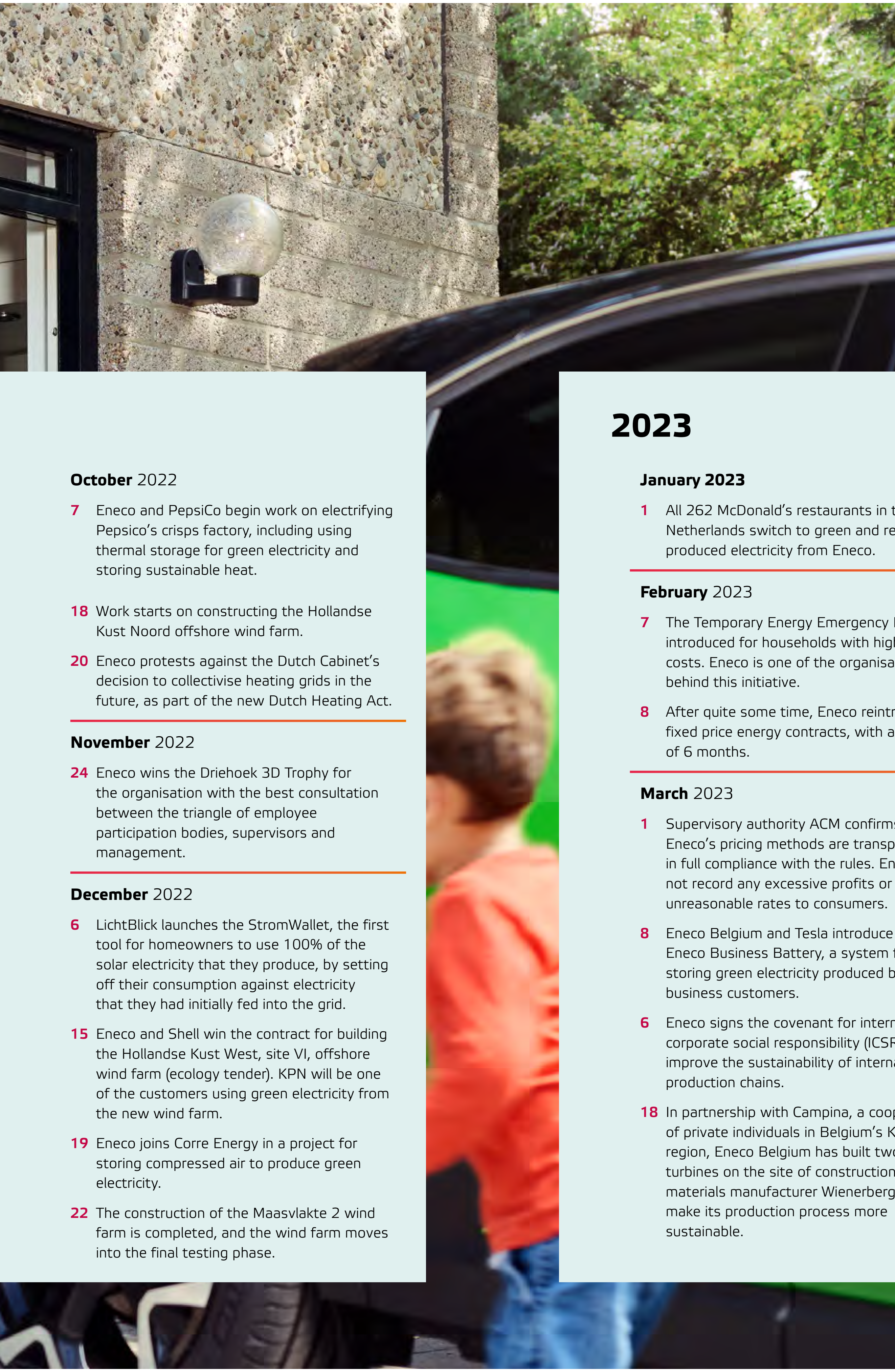
8 Eneco announces that it will no longer sell grey electricity to business customers.

10 Eneco lobbies for the government to compensate the high energy costs using income-linked subsidies. These efforts are based on research carried out for Eneco by CE Delft.

30 Eneco's One Planet Plan is validated by the Science Based Target initiative (SBTi)

September 2022

29 Based on a request from supervisory authority ACM, Eneco promises to give customers 30 days' advance warning of rate changes in future.



October 2022

7 Eneco and PepsiCo begin work on electrifying Pepsico's crisps factory, including using thermal storage for green electricity and storing sustainable heat.

18 Work starts on constructing the Hollandse Kust Noord offshore wind farm.

20 Eneco protests against the Dutch Cabinet's decision to collectivise heating grids in the future, as part of the new Dutch Heating Act.

November 2022

24 Eneco wins the Driehoek 3D Trophy for the organisation with the best consultation between the triangle of employee participation bodies, supervisors and management.

December 2022

6 LichtBlick launches the StromWallet, the first tool for homeowners to use 100% of the solar electricity that they produce, by setting off their consumption against electricity that they had initially fed into the grid.

15 Eneco and Shell win the contract for building the Hollandse Kust West, site VI, offshore wind farm (ecology tender). KPN will be one of the customers using green electricity from the new wind farm.

19 Eneco joins Corre Energy in a project for storing compressed air to produce green electricity.

22 The construction of the Maasvlakte 2 wind farm is completed, and the wind farm moves into the final testing phase.

2023

January 2023

1 All 262 McDonald's restaurants in the Netherlands switch to green and regionally produced electricity from Eneco.

February 2023

7 The Temporary Energy Emergency Fund is introduced for households with high energy costs. Eneco is one of the organisations behind this initiative.

8 After quite some time, Eneco reintroduces fixed price energy contracts, with a duration of 6 months.

March 2023

1 Supervisory authority ACM confirms that Eneco's pricing methods are transparent and in full compliance with the rules. Eneco does not record any excessive profits or charge unreasonable rates to consumers.

8 Eneco Belgium and Tesla introduce the Eneco Business Battery, a system for storing green electricity produced by business customers.

6 Eneco signs the covenant for international corporate social responsibility (ICSR) to improve the sustainability of international production chains.

18 In partnership with Campina, a cooperative of private individuals in Belgium's Kempen region, Eneco Belgium has built two wind turbines on the site of construction materials manufacturer Wienerberger to make its production process more sustainable.

Strategy

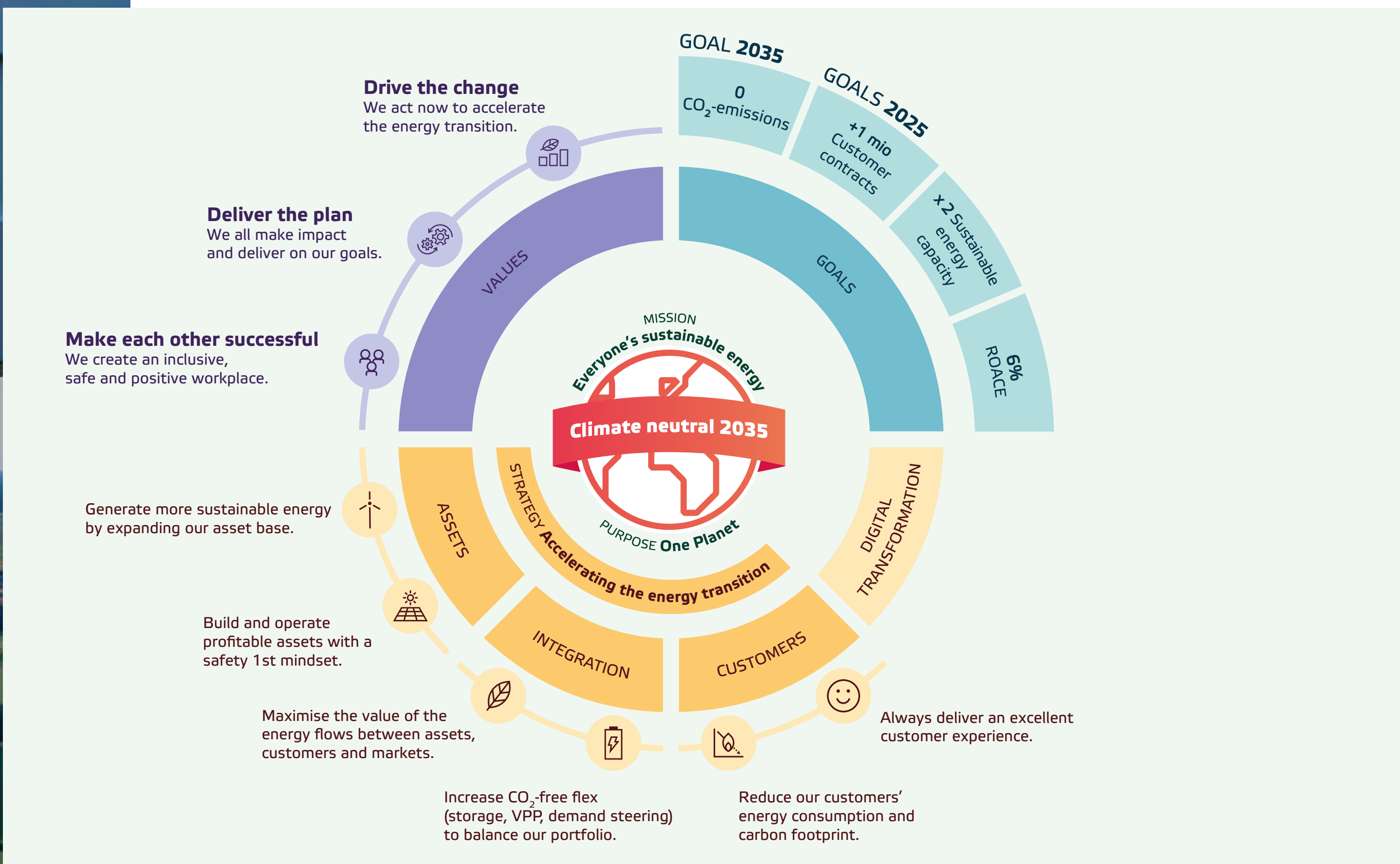
Eneco's ambition is to become climate-neutral by 2035, in order to help limit global warming to no more than 1.5 degrees Celsius. This ambition is at the heart of our One Planet Plan to take responsibility for our actions. To achieve this, we are helping our customers to become more sustainable, are producing more sustainable energy, and are working hard to balance and optimise the energy system, based on our values of 'drive the change', 'deliver the plan' and 'make each other successful'.

Mission and positioning

The current demand for energy is exhausting our planet's capacity. If everyone in the world lived as the average Dutch person does, we would need nearly 3 planets. 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. Eneco's mission to realise 'Everyone's sustainable energy' is based on our belief that it is vital for society to transition towards becoming emission-free and that everybody can do their bit to help. This is what we are working on together with our customers and partners. Our values play a vital role here. The first of those values, '*Drive the change*', means that we have a clear vision for the future and are acting now to accelerate the pace of the energy transition. '*Deliver the plan*' means that everyone should have an impact and realise their goals. '*Make each other successful*', lastly, reflects how important it is to work in a safe, positive and inclusive environment.

Ambition

One of the pillars of Eneco's One Planet Plan is the ambition for us and our customers to be climate-neutral by 2035. Three things will need to happen. First, we need to make sure that our customers can move away from natural gas and switch to alternatives, for example heat pumps (hybrid and non-hybrid), but also heating grids and green alternatives such as biomethane ('green gas') and green hydrogen for industrial customers. We also need to produce more green energy: green electricity as a sustainable source to feed the heat pumps, green heat for our heating grids and green molecules such as biomethane and hydrogen. Lastly, we want to balance and



optimise the system, for example by offering energy management services. A large portion of the sustainable energy that we produce depends on the weather, and electricity is not as easy to store as gas. As a result, the dynamics of supply and demand are becoming increasingly complicated. Keeping the transition affordable and the energy supply reliable demands flexibility. That flexibility can be ensured using specific assets, for example large-scale batteries and e-boilers. However, it can also be achieved by utilising the flexibility in other assets such as heat pumps, electric cars, solar parks and wind farms, which is done using what we term Virtual Power Plants.

Market trends

The energy transition is moving forward swiftly, with changes and innovations succeeding each other at a rapid pace. Nevertheless, the trends on the market have been stable for a while now, and can be summarised in 4 Ds: decarbonised, decentralised, digital and democratic. At the same time, the changes in geopolitics are creating more volatile commodity prices and leading to more drastic and less predictable government intervention on the energy market.

Decarbonised
Energy from renewable sources is quickly occupying a larger and large share, creating a decarbonised market. Due to the rise of electric transport and alternative heat sources, the demand for electricity is also rising, to replace fossil fuels. The cost of sustainable electricity production is going down.

Decentralised
Thanks to the availability of cheap and efficient technologies, new energy sources are more likely to be decentralised. Large centralised production plants are making way for local installations for private use.

Digital
Digital solutions play an important role in several different areas. For example, customers expect flawless digital service 24/7. Human interactions serve to exceed the customer's expectations. Systems not only coordinate energy production and consumption, they also predict energy requirements to make it possible to supply energy when and where it is needed, at the lowest cost. Digital tools also make it easier to save energy. New parties from outside the energy world (ANWB, Amazon, Google, Apple) have joined the market to introduce services in domains that energy suppliers are still exploring (for example Smart Home solutions). Operators in the automotive industry, such as Tesla and Volkswagen, and major retailers such as IKEA and Coolblue have also ventured onto the market.

Democratic
With decentralised energy production, customers and cooperatives of private individuals can now invest in, or even own, production installations. In many instances they are supported by companies. Numbers of energy cooperatives and their installations are growing, involving more and more local residents.

Economy
Russia's decision to politically weaponise natural gas had already caused gas prices to surge to an all-time high at the end of 2021, and electricity prices also soared as a result. This effect was amplified by the conflict in Ukraine and the sabotage of the Nordstream 1 pipeline. Another consequence was increased volatility, with unprecedented fluctuations in energy prices. Also for the coming winter, it is still uncertain how the balance between gas supply and demand will evolve in Europe. We expect the market to remain volatile for now, at least until the end of next winter. It is unclear whether prices will ever return to past levels if gas supplies from Russia remain limited and there is competition with Asian countries for LNG.
Furthermore, we are faced with rising costs of investment projects due to shortages in the supply chain and rising core inflation. On top of that, our financing costs are increasing and grid congestion and the nitrogen crisis in the Netherlands are complicating the process of obtaining permits. As a result, the investment climate is even more uncertain than before.

Politics
For the energy transition to succeed, we need a strong and decisive government that provides the market with clearly defined parameters. A stable long-term policy is essential here, given the distant investment horizons for assets for renewable energy

sources and heating grids, for example. Most governments in Europe are embracing more and more ambitious climate goals. We will continue our ongoing dialogue with policymakers, supervisory authorities, NGOs and other stakeholders so that together we can define a fair and effective long-term policy and accelerate the pace of the energy transition.

Strategic objectives

To further strengthen our role as a frontrunner in the energy transition, 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. In the chapters describing our results, we explain what efforts we have undertaken and what we have achieved.

Customers

We want to deliver value for our customers by offering an excellent standard of service and a range of energy products that meet their needs and help them to reduce both their costs and their CO_2 emissions. In addition to our traditional role of strong energy supplier, we are going to increase the amount of sustainable energy that we supply in combination with being an innovative service provider. This is how we expect to be able to retain customers for longer.

Growing our customer numbers
By offering a range of different products and services we will create more value for our customers. We will learn from data and create a smooth digital customer journey and so offer our customers an enjoyable personal experience. We are responding better to our customers' needs, enabling us to sell greater volumes of more relevant products and services.

In the Netherlands, Belgium and Germany our focus is customer retention and on growing our market share.

In the business market, we will sell more electricity generated using sustainable means to our customers, increasing the share to 98% in 2025; in the consumer market, 100% of the electricity that we sell is already green.

We are also pursuing a strong growth in heating customers. We have adopted a district-based approach to disconnect entire residential districts from the gas grid and transition to our district heating grids, which we are expanding. We also offer consumers customised heating solutions, whether individually or on a larger scale, such as thermal storage and heat pumps (hybrid or otherwise). As a result, we – and our customers – have reduced our CO_2 emissions, which is key to achieving our One Planet goals. It also helps to compensate the drop in our revenue from gas. Our sales of individual heating solutions to consumers are focused chiefly on the Dutch and German markets.

Growing the number of paid services per customer
By responding to individual customer needs, we can develop and sell more and better integrated products and services per customer. For consumers, our focus (besides existing services such as digital energy management services, central heating maintenance and solar panels) is on hybrid heat pumps. On the German market, we are also selling home batteries. In the business market, we expect the demand for batteries and flex propositions to increase, alongside existing services such as ZonOpDak and ZonnigLaden. We are also taking our first steps towards electrifying heat in 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 new energy-related services. This will create valuable propositions for our customers, such as our energy waste checker, smart boilers and advice on financing.

Growing the number of charging services for electric transport
To achieve our goal of a Top 3 position in e-mobility in the Netherlands and Belgium, we are adding new charging points and charging services (charging cards, for example), both at home and at work. We are also pursuing greater standardisation and efficiency. Another trend is the increase in energy

services and semi-public charging stations, as demonstrated by our partnership with Albert Heijn supermarkets.

Assets

By investing in a variety of assets, we want to be leading in the production of green energy: sustainable electricity, sustainable molecules and sustainable heat.

Growing in sustainable electricity
Eneco has a leading position in sustainable electricity production. In order to maintain this position, we will double our sustainable electrical capacity from 1,300 MW in 2019 to 2,600 MW by 2025. With a capacity of 2121 MW in 2022, we are making good progress. 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 grow our solar energy portfolio in the Netherlands as well and in Germany we are expanding significantly.

Growing in sustainable molecules
Electrification is a key success factor for the energy transition. However, to replace natural gas, we also need sustainable molecules. Biomethane is a direct replacement for gas, for example, and green hydrogen is an excellent raw material for making our industry more sustainable. Eneco intends to be an active driver of biomethane production in our core countries, as well as exploring the possibilities for investing in green hydrogen.

Growing in sustainable heat
The Netherlands is switching from natural gas to other heat sources. Eneco is taking the lead in this transition, to retain its leading position in the heating market. We are switching to heat sources based on residual heat and electricity, and are building heat buffers to make optimum use of the heat. This will increase our sustainable heating capacity to 450 MW by 2027, on the way to making our grids CO_2-neutral by 2035. We are also taking the first steps towards producing green gas, as a key transitional fuel in the energy transition and realising our net-zero ambition.

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 for generating renewable electricity will be available 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 mitigate price and volume risks. Eneco is in a strong position here, possessing a large direct customer base, a seasoned trade division and extensive experience with linking electricity production from (for example) offshore wind energy directly to long-term customer contracts.

Growing in energy management
We are contracting and building large-scale batteries, e-boilers, electrolysers and large-scale heat pumps to give us further options for managing, controlling and balancing the energy system.

Virtual Power Plants
Another area of growth that we are pursuing is our range of energy management services for customers (in particular decentralised services). We help them to purchase or deliver back energy at the right moment, or we commercialise the potential flexibility that they offer. A combination of multiple customers and their devices into a single entity to be deployed on the energy market as a virtual unit is called a Virtual Power Plant, or ‘VPP’. We believe that VPPs are a growth market, and are investing heavily in the digital platform to support our VPP services. This includes consolidating our Internet-of-Things (IoT) skills and achieving substantial growth in the number of devices (charging stations, boilers, heat pumps etc.) that we can read and/or operate remotely.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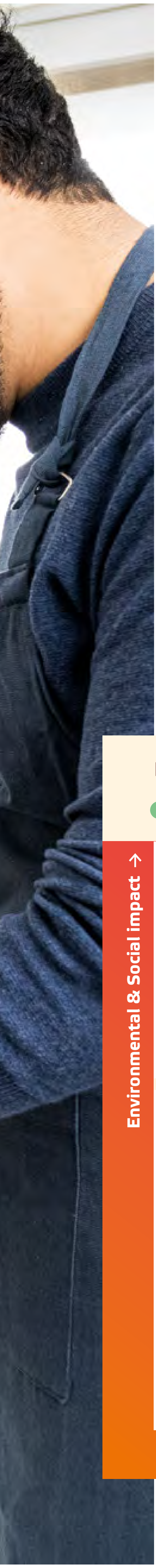
Material themes

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 2022

In 2021, Eneco performed a comprehensive materiality analysis. Based on that analysis, the materiality matrix was updated. We started by identifying potential material themes, and in a series of surveys and more detailed interviews we asked stakeholders such as suppliers, banks, employees and customers to define which of those themes were their priorities.

This year we updated the materiality matrix based on surveys among a select group of internal stakeholders who are in frequent communication with those external stakeholders. Those internal stakeholders were asked where they believed the 2021 materiality matrix needed to change, based on the recent societal and market developments. The results are shown on this page.

Every one of the themes was identified as important again this year. We distinguished between important themes and material themes. In the upper right, the matrix shows that our climate ambition is still the most important theme. This aligns with our One Planet Plan.

For further details of our materiality analysis for 2022, see the Sustainability Supplements attached to this annual report (English version only).

Eneco's Materiality Matrix 2022

● Environmental ▲ Social ■ Governance

1 Changed 2 New material theme 3 Renamed

Environmental & Social impact ↑

Material

- ▲ Community Engagement
- ● Biodiversity[1,2]
- ▲ Affordability of Energy[1,3]

Most material

- ● Climate Neutral Scopes 1-3[1,3]

Important

- ▲ Health & Safety
- ● Circularity & material dependencies
- ▲ Good employment practices
- ● Sustainable procurement
- ● Emissions to air and water
- ▲ Human Rights
- ■ Data security
- ▲ Diversity, inclusion and equal opportunities
- ■ Integrity & Transparency
- ■ Financial implications and risks due to Climate Change[1]

Material

- ▲ Customer Satisfaction
- ■ Changes in law and regulations[1,3]
- ■ Direct Economic Performance
- ■ Market liquidity and supply security[1,2]

Business impact →

Operating results

Without question, our customer-facing operations drew the most attention during the financial year, particularly where customers were confronted with energy poverty. Our two other strategic domains of Assets and Integration recorded solid results, as is explained in description in this chapter of the company's most important results. We also comment on the unprecedented developments on the wholesale markets.

Customers

Offering an excellent customer experience at all times

Support during the energy crisis
In 2022 and early-2023, energy occupied more of our customers' attention than usual, the main reason being their rising energy costs due to the higher energy prices. This involvement was also reflected in the number of customer interactions: in the Netherlands, we recorded around 30% more than before, particularly after the summer of 2022. In Belgium and Germany the number of interactions were also much higher. Our customers not only had numerous questions, of course, but they also wished to discuss their concerns, for example about energy prices, contracts or payment difficulties. We made every effort to answer their questions wherever possible. However, labour shortages regularly meant longer waiting times at the customer contact centre after the summer, and sometimes customers could not even access the app. Fortunately we managed to solve most of these difficulties quickly.

In response to a request from the Dutch government, Eneco – working with industry partners – has been working hard since September 2022 to cap the prices for electricity, gas and heating for all small volume users. In November and December 2022,

Temporary Energy Emergency Fund

In March 2022, debt management organisations SchuldenlabNL and Nederlandse Schuldhulproute and energy suppliers Eneco, Essent, Greenchoice and Vattenfall came together to start looking for ways to solve the problem of high energy prices. One of their initiatives was the Temporary Energy Emergency Fund, which was set up to help people avoid falling into energy debt. The Emergency Fund was intended for households with high energy bills in the low and lower middle income categories (up to 200% of the guaranteed minimum income). Households could apply for assistance from the Emergency Fund for the period from October 2022 until the end of March 2023. The Fund accepted requests until 5 May 2023. The Fund handled 165,000 requests and expects to pay out between €40 and €50 million euros.

Find out more

Responsible debt collection policy

Eneco long ago adopted a policy of social responsibility in connection with its debt collection. In February 2022, following an independent audit, it was the first large energy supplier to receive the Debt Collection with Empathy quality mark (Keurmerk Warm Incasseren). This became more relevant than ever last year, as prices surged. Responsible debt collection involves various steps, including repeated conversations with customers whose payments are in arrears, agreeing on sympathetic payment schedules and making house calls to discuss the issues, while also seeking contact with other sources of assistance such as finance assistance organisation Geldfit and the local authorities. We do not sell debt to commercial operators, and if we need to terminate a customer's contract, this will only be after we have gone through an extensive process where we make every effort to agree on a solution with the customer.

customers were paid a one-time refund on their energy bills, and on 1 January 2023 a differentiated price ceiling was introduced. The results – in most cases a lower monthly energy bill – have been personalised for all our Dutch customers. They appear not only on the year-end bill, but also elsewhere, for example in the app. We also arranged for more lenient payment schedules in both the Netherlands and Belgium, to reflect the situation.

From February until 5 May 2023, vulnerable households with high energy bills could make an application to the Temporary Energy Emergency Fund. If the household was eligible for financial support, the Emergency Fund would pay part of its energy bills from October 2022 until March 2023. Households could apply for assistance from the Emergency Fund for the entire period. The Emergency Fund was an initiative of Eneco, a number of other energy suppliers and debt management organisations Nederlandse SchuldhulpRoute and SchuldenlabNL, and was backed by the Dutch government.

Customer satisfaction

Despite measures such as the price ceiling introduced by the government to soften the impact, our customers' uncertainty and concern increased. This had an impact on our relational customer satisfaction performance (2021: 90.2%, 2022: 84,0%), being affected in particular by concerns about the affordability of our customers' energy bills and the associated media and political attention. In personal interactions, however, our customers appreciated the service that we provided.

Digital customer support

We made good progress in the area of digital customer support. This included work on the app, the chat and voicebot, and the website's new landing pages and video explanations. These possibilities for interaction existed side-by-side with human-operated channels such as telephone, email and the chat service.

In the Netherlands, we launched a new digital customer management system in the autumn of 2022 that offers our customers a more personal customer experience and enables us to make customised offers. This system allows us to support both our customers and the energy transition as a whole and represents an important step along the way towards a broader transformation of the IT landscape in Eneco's consumer supply chain. Ultimately, the goal is to digitalise the processes to become more flexible and customer-friendly.

Reducing the amount of energy people use

Energie in Huis
On 1 April 2022, Eneco completed its takeover of Suniverse (in which it already held a minority interest), including the label Energie in Huis which over the past years has become one of the market leaders in sustainable home energy solutions. Our focus is on hybrid and non-hybrid heat pumps. This contributes to our One Planet ambition.

The separate team that was created to scale up the installation of heat pumps in the consumer market, in the financial year also started expanding into the business market. In 2022, a project was started to recruit and train or retrain technicians for the installation of heat pumps. In addition, collaborations are entered into with heat pump installation partners to provide service coverage in a large part of the Netherlands.

Heating customers
One of the highest priorities under our One Planet Plan is to scale up the installation of heat pumps in the consumer market. We have a separate team for this, and during the financial year they started expanding into the business market too. In 2022, we kicked off a project to recruit technical staff and train (or reskill) them to install heat pumps, while contracting partners to install heat pumps as well so that our service covers a large portion of the Netherlands.

The old heat meters of customers whose heating comes from collective heating systems were replaced by smart meters. With the markets under extreme pressure, we struggled to find enough smart meters and technical staff to carry out all the replacements that were planned. Nevertheless, Eneco achieved its goal of installing over 35.000 smart heat meters (15 months period).

Business customers
We have signed a 15-year PPA (power purchase agreement) with KPN to supply 50 MW of wind energy. Supplies will begin in 2027, and will be made possible by the realisation of the Hollandse Kust (west) offshore wind farm.

In December 2022, Eneco eMobility announced a new partnership with Astara, one of the global players in mobility and distribution. Under this deal, Eneco eMobility will be helping Astara's customers by handling the entire process of obtaining a smart charging station with load-balancing features, from application to installation, as well as the administrative and financial paperwork for charging. It will also issue subscription-free international charging cards to drivers using green electricity. Eneco Belgium also recorded successes in linking offshore wind assets to business customers in Belgium such as Wienerberger.

Eneco and the Rotterdam Energy Bank

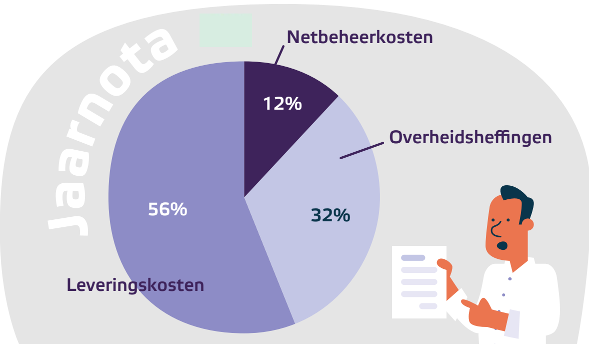
The Dutch Energy Bank (Stichting Energiebank Nederland) is a foundation that wants energy to be available for everyone, as a basic necessity. For the past 2 years, Eneco has been supporting the Rotterdam Energy Bank by supplying and facilitating around 25 active energy coaches and energy-saving products, to offer minimum-income households personalised advice on how to use less energy and lower their energy bills. The coaches also install products such as low-flow shower heads and draught excluders for doors and letterboxes. We have recorded a video where Kevin Priem explains all this:

Find out more

We have renewed our contract with Intrakoop until the end of 2025. Under this business relationship, we will continue to supply more than 2 TWh of gas and electricity to many of the hospitals and care institutions in the Netherlands.

We have signed a contract with McDonald's to supply all 262 of its restaurants in the Netherlands with Dutch solar and wind energy, and make them climate-neutral.

All the electricity we supplied to the consumer markets in Belgium and the Netherlands was already green. In August 2022, however, we decided that 100% of the electricity supplied under new business contracts will be green as well. As a result of this decision, Eneco expects to have switched all of its business customers in the Netherlands to green electricity by around 2026; four years sooner than the target specified in the One Planet Plan.



Eneco's prices not unreasonable

An investigation by the Dutch Authority for Consumers and Markets (ACM), which included a visit to Eneco's offices by a team of investigators, revealed that the prices that Eneco charges to cunsumers in the Netherlands are not unreasonable. The profit on the current prices is no more than in previous years, ranging between 0% and 5% in 2022. The high prices that consumers are being charged are caused by the high procurement prices that suppliers of gas and electricity have to pay, plus those suppliers' costs of taking out insurance against the risks on the unpredictable energy market.

Sustainability in Germany: LichtBlick
Thanks to the LichtBlick StromWallet homeowners with a LichtBlick contract can use 100% of the solar energy that they produce themselves. If they produce more electricity than they use, the difference is fed into the grid and credited to their StromWallet, to be used free of charge at a later moment. This is a milestone development. Looking further ahead, LichtBlick's customers will be able to use their StromWallet for charging electric vehicles on the road or passing electricity on to others using the LichtBlick app.

Since January 2023, LichtBlick subsidiary Ison enables LichtBlick customers who produce their own electricity to make smart use of energy flows and link them to the electricity market, to achieve considerable savings and reduce their CO_2 emissions. The same technology is used to power the StromWallet.

In December 2022, LichtBlick's first wholly-owned solar power station was completed in Saksen-Anhalt. This involved installing 8,097 solar panels on an area of around 25,000 square metres, offering a total capacity of 3.7 MWp and a projected output of 4 GWh. This installation means that LichtBlick is now one of Germany's producers of green electricity.

Just like Eneco, LichtBlick is highly transparent about its own CO_2 footprint. The company makes allowance for the entire lifecycle of production, transport and usage of green gas and electricity. It expressly does not use CO_2 compensation payments to reduce its emissions.

Sustainability in Belgium
In January 2022, Eneco entered into the largest PPA in Belgium to date: global chemical enterprise INEOS signed a contract to purchase 65.5 MW of electricity over the next ten years. The electricity is produced by offshore wind farm SeaMade off Belgium's coast. Under the new contract, 13.5% of SeaMade's energy is purchased by INEOS, reducing the company's carbon footprint by 940,000 tonnes over the duration of the contract.

A partnership project was completed in March 2023 that had involved local residents, the municipal authorities, construction materials manufacturer Wienerberger, citizens cooperative Campina Energy and Eneco. On Wienerberger's site, two wind turbines were taken into commission with a capacity of 7.2 MW and a production of 19,000 MWh per year. Wienerberger is compensating 90 local households with eco cheques or shares, or by paying part of their energy costs.

Companies in Belgium can use a powerful Eneco Business Battery to store electricity that they have produced. With capacities of 111kWh and up, these batteries are even suitable for smaller companies.

New centralised data management in Belgium
The energy sector in Belgium was overhauled on a large scale in November and December 2022. Previously, every supplier and every grid operator exchanged data according to its own procedures. In December, all operators in the energy market adopted the same procedure for managing those data. This required us to switch to a centralised data system and a universal communication standard, MIG 6. New market protocols were embraced that came with the implementation of MIG 6 on the Belgian market: wherever new technological developments were unavailable, manual solutions were adopted to minimise customer impact.

Assets

Producing more sustainable energy with additional assets

Both our managed electricity production and our production capacity (installed capacity) show growth.

Managed electricity production

Production (GWh)[1]	Total		NL		BE		UK		GE	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Biomass	223	155	218	151	5	4	-	-	-	-
Solar	1.519	834	1.333	717	124	97	23	19	39	-
Onshore wind	9.512	4,984	6,777	3,571	875	638	1.176	768	684	8
Offshore wind	5,963	4,508	2,486	1,878	3,477	2,630	-	-	-	-
Total sustainable	**17,217**	**10,481**	**10,815**	**6,317**	**4,480**	**3,369**	**1.198**	**787**	**723**	**8**
of which wholly-owned	*5,667*	*3,784*	*3,258*	*2,124*	*1,787*	*1,228*	*632*	*432*	-	-
Conventional	3,262	2,901	3,262	2,901	-	-	-	-	-	-
CHP	1,524	1,354	1,524	1,354	-	-	-	-	-	-
Total	**22,003**	**14,735**	**15,601**	**10,572**	**4,480**	**3,369**	**1.198**	**787**	**723**	**8**

1 Electricity production from all of Eneco's managed capacity, including contracted capacity owned by third parties. Period 1 January 2022 - 31 March 2023.

Managed electricity production capacity

Installed capacity (MWe)[1]	Total		NL		BE		UK		GE	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Biomass	14	17	14	14	.	3	-	-	-	-
Solar	1,639	1,191	1,460	1,060	110	109	23	23	46	-
Onshore wind	3,089	2,602	2,269	1,826	394	363	400	400	26	13
Offshore wind	1,464	1,465	615	615	850	850	-	-	-	-
Other (shore power and batteries)	115	64	67	16	-	-	-	-	48	48
Total sustainable	**6,322**	**5,339**	**4,425**	**3,531**	**1,354**	**1,325**	**422**	**422**	**120**	**61**
of which wholly-owned	*1,917*	*1,721*	*1047*	*890*	*602*	*567*	*216*	*216*	*52*	*48*
Conventional	523	523	523	523	-	-	-	-	-	-
CHP	508	508	508	508	-	-	-	-	-	-
Total	**7,352**	**6,370**	**5,456**	**4,561**	**1,354**	**1,325**	**422**	**422**	**120**	**61**

1 Overall production capacity under Eneco management, including contracted capacity owned by third parties. Numbers 2022: at 31 March 2023, numbers 2021: at 31 december 2021.

Solar and wind energy

At the end of the reporting year, Eneco's operational solar energy installations had a combined capacity of 205 MWp, up 6% from the year before. Further installations under construction representing a combined capacity of 43 MWp were 90% complete at year-end. Eneco owns many solar energy systems In Belgium and is leading the way in this segment. In the Netherlands, Eneco has further increased its share in the solar market, and is now approaching the Top 5. The number of development projects in the pipeline went up significantly: major rooftop solar energy systems are being developed in Belgium, the Netherlands, Germany and the UK, for a total capacity of more than 850 MW. Eneco also has a large portfolio for developing onshore solar energy systems. Most of these are linked to nearby wind farms.

Eneco's has also continued to expand its onshore wind energy portfolio, adding 184 MW of operational capacity in 2022, though it should be noted that some of that capacity is not formally in commission, due to restrictions in the supply chain. We still have numerous projects in the pipeline to add further growth in onshore wind, whether developing new projects or updating existing locations to improve yields (*repowering*). In the Netherlands and Flemish-speaking Belgium, we expect the shortage of suitable locations to slow down our growth between 2025 and 2030. In Germany and French-speaking Belgium, however, the outlook is still favourable.

Between January 2022 and the end of March 2023, the installed capacity for sustainable production rose by 195 MW:

Increase in installed sustainable capacity (wind, solar) by country in MW, period 1/1/2022-31/3/2023:

BE	Solar	3
GE	Solar	4
NL	Solar	5
BE	Wind	32
NL	Wind	152
	Total	**195**

Heating

Heat production capacity (MWth)[1]	NL (total)	NL (total)
Wholly-owned installed capacity	**2022**	**2021**
Biomass	191	191
Electrode boilers	12	12
Aquathermal energy	1	1
Total sustainable	**204**	**204**
CHP	1,069	1,069
Total	**1,273**	**1,273**

1 Period 1 January 2022 - 31 March 2023.

Heating in Utrecht
We first started delivering district heating to the hospital on Utrecht's Catharijnesingel back in 1922. This means that Eneco's heating grid goes back a hundred years, making it the oldest heating grid in the Netherlands.

We are building a large heat pump on the site of the water treatment plant of De Stichtse Rijnlanden District Water Board in Utrecht. Having begun in the summer of 2022, construction is currently on schedule. The pump will harvest residual heat from the effluent to supply Eneco's district heating grid in Utrecht. Once ready, it will be the largest heat pump of its kind in Western Europe.

We have started construction on four buffers (large hot water tanks) for Utrecht's district heating system. They will be vital for ensuring an optimum distribution of heat across the city. Preparations are also underway to construct two e-boilers, each with a capacity of 10 MW.

New heating connections
Around 5,400 new customer connections were realised in 2022, and all replacement projects, inspections and maintenance activities were completed. The grid availability is nearly 100%.

Dutch heating legislation
In October, the Dutch Cabinet announced that new heating grids may now have privately-owned companies only as minority shareholders. Eneco shares the view of municipal authorities that it is important to introduce more public direction into the heating transition. However, if its control is limited, Eneco cannot take responsibility for the huge business risks associated with a heating company. As such, in 2022 we were forced to end most of our heating transition projects (or at least put them on hold), in view of the uncertainties of the investment horizon. Our concern is that the Cabinet's plans, which still have to go through Parliament, will cause further delays in the heating transition.

Building and managing assets with a safety-first mindset

Developments in offshore wind
Hollandse Kust Noord – Crosswind
The Crosswind project (Hollandse Kust Noord) is proceeding according to schedule. By mid-February 2023, all the monopiles had been installed, and the manufacture of the secondary steel cables and infield cables will be completed shortly. The first turbines have already been delivered to the marshalling port in Eemshaven. Production is also underway on the blades.

Hollandse Kust (west)
The Eneco-Shell joint venture Ecowende won a contract on 15 December to construct an offshore wind farm at site VI of Hollandse Kust (west). What sets Ecowende apart is the premise that its design and construction should have minimal impact on birds, bats and water-living creatures. Of the seven tenders that were submitted, the government rated Ecowende's as the best. The wind farm will have an installed capacity of approximately 760 MW. The plan is for the Hollandse Kust (west) offshore wind farm to become operational in 2026.

Malfunctioning turbine blades
On 10 November 2022, a major malfunction occurred in the blades of one of the turbines at Lochluichart wind farm in Scotland. As a precaution, 7 other turbines were deactivated. All of the turbines have been cleared and are now operational again, except for the one that suffered the actual malfunction, although the controls have been upgraded. The follow-up investigations into the malfunctioning turbine will take until the end of 2023.

Wind turbine regulations
Developing on-shore wind farms has become more difficult in recent years. The reason lies in a 2021 judgment by the Dutch Council of State, related to a judgment by the Belgian

Council of State. In that judgment, which has become known as the ‘Nevele’ judgment, the Council of State found that the Dutch State should define new standards for issues such as noise, shadow flicker and safety at wind farms and incorporate them into the Dutch Environmental Management Activities Decree (Activiteitenbesluit milieubeheer). This means that obtaining a permit for a new wind farm depends on being compliant with those standards. The new standards under the Decree will be based on recent impact assessments, to be formalised by the government in an environmental impact assessment (planning EIA). That process is currently underway. Initially, the planning EIA should have been completed by mid-2023. However, it is expected to be delayed by about six months. Until that time, it is still possible to apply for a permit based on a local impact assessment and specific arrangements with local authorities. However, this takes more time and the process is often subject to appeal.

So far, Eneco has not been obliged to halt any of its development projects as a result of these issues. However, some delays have occurred as a result of appeals before the Council of State. Examples include a project to expand the Delfzijl Zuid wind farm: following Nevele, the Council of State declared the original permit void, meaning that an application had to be made, via the alternative route, for new permit with specific substantiating information. Eneco and its project partners eventually succeeded in completing this process on 12 April 2023, when the Council of State turned down the appeals against the new permits.

Eneco believes that the pace of development projects will pick up again, and the potential will increase, once the new standards are formalised in the Environmental Management Activities Decree.

Industry

Green hydrogen – NorthH2
In March 2022, Eneco reached an agreement on the main terms for a 10% stake in the NorthH2 project. This is intended to become the largest green hydrogen project in the Netherlands, producing no less than 3-4 GW by around 2030. Eneco’s partners in the consortium are Shell, RWE and Equinor. The project is backed by the Province of Groningen and Groningen Seaports.

Sustainability improvements for industrial customers
Heineken has set itself the ambition to undergo a radical switch towards electricity and become energy-neutral by 2030. As part of these sustainability efforts, Heineken intends to build a giant e-boiler at its site in Zoeterwoude. As the brewery’s energy partner, Eneco is helping Heineken to realise its ambition. The call for tenders for the e-boiler project is expected to go out any day now. However, global difficulties with obtaining materials mean longer production times for e-boilers.

Shore power
Until recently, it was uncommon to use shore power for heavy offshore floating cranes. Usually, vessels use diesel generators to

Sustainability at PepsiCo

At the PepsiCo crisps factory in Broek op Langedijk, Eneco has been contracted to electrify the manufacturing processes. We are building a thermal storage system that will draw heat from sustainable electricity, to make more efficient use of the sustainable heat during the production process. By using sustainable electricity instead of natural gas, the company is reducing its CO_2 emissions: from 51% in the first phase to ultimately 98%. This will be a unique project for the industry: PepsiCo will become the first company worldwide to adopt this application on such a huge scale.

Watch the video

produce electricity on board, even while they are at berth. To prevent this idle running, Eneco partnered with Heerema and the Port of Rotterdam to install shore power facilities and modify two floating cranes. The electricity cable supplies ships with sustainable energy produced by wind turbines situated at the nearby headland at Rozenburg. The result is a reduction in CO_2 emissions by around 15,000 tonnes, as well as 20 tonnes of particulate matter and 5 tonnes of sulphur, meaning better air quality and less noise pollution for local residents. The system was taken into commission in March 2022.

Contracting and engineering is also underway for new shore power systems for Boskalis and DFDS in Rotterdam's port.

The company handling the development, realisation and commercial operation of all these shore power projects is Rotterdam Shore Power BV. Starting in March 2023, the Port of Rotterdam and Eneco each own half the shares in this joint venture.

Maximising the value from energy flows

Eneco Energy Trade (EET)
The markets have been undergoing extremes ever since April 2022, both in absolute terms an in terms of their volatility (i.e. their movements). The trade division managed to make good use of the portfolio value under those extreme conditions. With prices changing so rapidly, the flexibility in the portfolio became more valuable (switching between sustainable production, batteries and conventional flexibility), which meant that the revenue level was maintained. This compensated for the smaller wind volumes and the higher costs of balancing.

Q1 of 2023 was quiet, as prices for both gas and electricity continued to fall and moved closer together on the forward markets for future years. As a result, the markets will be under little pressure, if any at all, in the short term, which meant that EET was able to manage the portfolio with less risk. The weather was fairly warm and stable during

Integration

More CO_2-free flexible capacity

Virtual Power Plant
In 2021, we sold our minority stake in the NextKraftwerke Virtual Power Plant (VPP). Since then, Eneco started to develop its own VPP. This platform has been taken into commission in the financial year, and we are implementing an ambitious roadmap for connecting all our flexible and non-flexible production assets, whether wholly-owned or contracted from third parties, with capacities ranging from very large (>100 MW) to very small (<1 MW).

Buffalo Battery
An important part of the Integration department's function is to recruit more flexible capacity (preferably CO_2-free). With this in mind, Eneco has contracted the 25 MW GIGA Buffalo Battery, and is in charge of its commercial operation. The idea is to help balance our portfolio. The battery, which is located in Lelystad and has a capacity of 48 MWh, has been integrated into Eneco's broader flexibility portfolio.

Connection to the Virtual Power Plant (VPP)

During the previous financial year, we successfully connected several of our major wind farms and solar parks to our VPP; our target for this year is to connect and activate all our Dutch production assets. This will then swiftly be followed by the assets in the other countries where Eneco operates.

Watch the video

this quarter, meaning a relatively low demand for gas at the national level. Thanks to the deliveries of LNG, gas supplies stayed at a relatively safe level, and will not require much filling in the immediate future. Wind and solar volumes were also reasonably solid. On some days, the volume of sustainable production forced prices into negative values, and having sufficient flexible resources to manage these market conditions proved highly valuable.

Germany
In Germany, Eneco's trade division substantially expanded its activities for wind and solar energy. Both LichtBlick and NordGröön contracted more sustainable electricity. Nordgröön is a wholly-owned Eneco subsidiary that gives independent sustainable electricity producers access to the market. The foundations of these trade activities have revealed themselves to be very solid. Together with LichtBlick and Nordgröön, Eneco will continue to focus on the growth prospects on the German market, to create vertical integration in the enterprise, with consumer and business customers, wholly-owned and contracted sustainable production assets, and flexible production assets for balancing purposes.

Belgium
With less wind in 2022, the actual production volume of the wind energy facilities in our portfolio (wholly-owned and contracted) fell below the long-term average. The problems that this presented hit particularly hard in Belgium, where subsidy levels were hedged for a one-year duration and the production shortfall had to be procured on the market at the extreme market prices of 2022. This had a high financial impact. The subsidy method triggered a series of discussions between the sustainable energy sector and the Belgian government. As a result, it was agreed that future subsidies (starting in 2024 or 2025) will be based on the short-term price index.

Research & Development (R&D)
Eneco's main R&D efforts focusses on real time capability to optimise and balance the supply and demand of our sustainable renewable asset portfolio in real time; the development of green hydrogen installations and sales markets; and on digital energy consumption insight services, enabling our customers to manage and reduce their energy consumption.

A remarkable year

The energy markets experienced a remarkable year in 2022, as prices for commodities broke all records as a result of the geopolitical developments triggered by Russia's invasion of Ukraine. Those prices caused the risk on the overall portfolio to soar and greatly influenced our capital requirements. The EU and national governments intervened to offer consumers protection against the extremely high prices that these market conditions caused.

Most noticeably, this took the form of a range compensatory measures at the national level aimed chiefly at consumers. These were intended to ensure that energy remained affordable for households and to implement the price ceilings introduced by the EU for gas and for 'inframarginal revenues' (a price cap on sustainable production assets). The effect of these interventions on the market was smaller than foreseen, however: most of them were not introduced until wholesale prices were falling again after peaking in September, following the explosions near the Nordstream 1 and 2 pipelines. Prices fell further thanks to the massive volumes of imported LNG (mostly from the US), the high fill level of Europe's gas storage facilities and the mild winter. Nevertheless, at the time of this report's publication, the forward prices for 2023/2024 are still higher than before the war in Ukraine.

The high prices and price fluctuations on the market drove Eneco's capital requirements up. The required margins (both the initial margin and the variation margin) for users of the European gas and electricity exchanges (for example EEX and ICE Endex) underwent significant increases. Market operators demanded more security from their counterparties to compensate for the dramatic price fluctuations in 2022. These required margins offer market operators protection against the risk that the counterparty might not fulfil its obligations. Another effect of the higher requirements was that significantly fewer customers were offered new long-term fixed-price contracts.

WINGAS
The energy crisis and the resulting increases in wholesale prices exposed Eneco to a greater risk in respect of some of its counterparties. In January 2022, in anticipation of this development, we took out credit insurance to hedge this risk.

Another possibility that we faced during the early months of 2022 was that we would be unable, or not allowed, to perform the contract between Eneco and WINGAS (a subsidiary of Gazprom Germania) from 2011 as a result of sanctions imposed either by the Dutch authorities or at the European level. Around 10-15% of Eneco's gas is delivered under that contract, and we followed the developments very closely in 2022. Eventually, the risk was eliminated when the German authorities took over ownership of Gazprom Germania – including, indirectly, WINGAS – by nationalising it under the name SEFE (Securing Energy for Europe).

Required margins
With price volatility in the wholesale energy market increasing, combined with the rising wholesale prices, anyone taking a position on the commodity markets was required to deposit more security (*initial margin*), with significant amounts being added (or received) on a daily basis to cover the difference between the contractual price and the market price (*variation margin*). Both of these margins had a material impact on every single company in the wholesale energy market, including Eneco. By optimising the total group portfolio, Eneco managed to keep the required margins under relative control.

Regulatory developments
As a result of the energy crisis, the EU adopted new goals for its energy policy, aimed at consumer protection and security of supply. In the Netherlands, one of the important measures was the introduction of a price ceiling for 2023, defining maximum consumer prices for gas and electricity. The EU's intention (at least temporarily) is to shift the producer surplus to the consumer surplus by levying charges on electricity production combined with subsidised energy consumption. It is also working to separate the gas and electricity markets. Another EU measure, introduced on 1 December 2022, is the Inframarginal Revenue Cap, allowing Member States to claim revenue from electricity production if the price exceeds €180 per MWh. The Netherlands, Belgium and Germany have chosen to start charging on prices starting at €130 per MWh instead. The EU intends this levy to be temporary, only remaining in place until 30 June 2023.

The EU has also introduced a Market Correction Mechanism for gas. If the TTF gas price (i.e. the price on Dutch gas trading platform Title Transfer Facility) rises to above €180, and is also €35 higher than the price for LNG, trade in gas will be suspended. This measure will remain in place during 2024.

Availability of gas
In 2022, the entire European gas sector felt concerns about the continuity of the gas supply. Eneco also prepared for a scenario involving a serious disruption of Europe's supply of gas from Russia, whether as a result of European or Russian sanctions or as a result of potential physical difficulties (as illustrated by the sabotage of the Nordstream pipelines). Preparations were made at the Dutch level for such a situation, including an update of the Dutch Gas Protection and Recovery Plan (BH-G). At the European level, many new possibilities were introduced for importing LNG into Europe, and the EU imposed obligations to maintain sufficient volumes of stored gas.

By late-2022, the situation with Europe's gas supply for the 2022/2023 winter was becoming more comfortable. European countries passed the storage goals imposed by the authorities to reach 80% capacity by early-November. Another factor was that the winter started with mild weather. Consumers and companies used significantly less gas, adjusting their behaviour to save energy both in response to the high prices and as a matter of public awareness.

Financial results

Eneco has changed to the reporting period of its largest shareholder, Mitsubishi Corporation, which runs from 1 April to 31 March. Consequently, for this year only, Eneco has to publish figures for an extended reporting period of fifteen months from 1 January 2022 to 31 March 2023 (referred to below as the 'reporting period' or the '15-month period').

The reporting period was marked by the energy crisis. Prices on the energy market were rising at the end of 2021 and this accelerated after the outbreak of the war in Ukraine. Consequently, the risks for energy companies have risen. The shortage of gas on the European market was largely offset by additional purchases of liquefied natural gas (LNG) and reduced consumption by customers responding directly to the higher prices. The mild winter was also beneficial.

As increasing amounts of sustainable energy are being generated, by both Eneco and its customers, the chance of price fluctuations has risen. Generation of more sustainable energy is a positive thing and good for the planet. However, the financial risks for energy companies are much greater as a result of dependence on wind and sun, and strongly increased prices. Eneco has to dispose of a surplus in the supply of electricity but, at such times, prices will often be low. When there is too little supply, purchase prices are high. In cases where the customers pay a fixed price, Eneco bears the financial risk. Eneco can limit this risk thanks to years of experience in the market and because we have our own wind farms and power stations ('flex assets') which we can bring online or take offline as necessary. Furthermore, Eneco is investing in battery solutions and is planning to invest in hydrogen plants in the future to help align supply and demand.

Risks are increasing for all energy companies and they also supply each other. There can be a risk if any of these players should encounter financial problems. This counterparty risk was covered in more detail in the section 'a remarkable year' on the preceding pages. In addition, more and more trading is being done on exchanges. Increasing amounts of collateral are required for both private supplies and exchange trading in the form of bank guarantees or advance payments (known as 'margining'), and these may involve hundreds of millions. Years of experience balancing risks, a healthy financial position and the backing of strong shareholders mean that Eneco is well placed to limit these risks and to continue meeting its financial obligations.

Despite these difficult circumstances, Eneco achieved a good financial result in the reporting period, contributing to trust and certainty of supply. This allows Eneco to invest further in the energy transition and to achieve its climate ambitions as set out in the One Planet Plan to remain within the 1.5 degree climate warming limit.

Change of reporting period

As a result of changing to a new reporting period, Eneco has to publish figures for a period of fifteen months while the comparative figures are for the twelve months of 2021. This means that this reporting period's figures are not directly comparable with the previous year's. To a large extent, the differences between the figures in the income statement for the reporting period and the comparative figures for calendar year 2021 can be explained by the 'additional three months'. To allow better interpretation of the results, figures for the period 1 April 2022 to 31 March 2023, referred to below as the pro forma reporting period, are also presented in this chapter. The figures are unaudited.

The comparison of profits between calendar year 2021 is exaggerated as the 15-month period includes two first quarters. Seasonal effects mean that Eneco traditionally earns the bulk of its annual results in the first quarter. This is partly because while the operating expenses are incurred more or less steadily throughout the year:

- volumes of gas and heat supplied are much higher in the winter than in the second and third quarters;
- the wind is much stronger in the winter months than in the summer and so Eneco can sell more self-generated electricity in the winter.

Consequently, with increased sales and production but unchanged costs, the result is higher in the first quarter than in other quarters.

Income statement (x €1 million)	15-month period	Pro forma reporting period 2022	2021
Total revenues	13,219	10,779	5,211
Gross margin and other operating revenues	2,040	1,627	1,224
Operating expenses	1,071	885	652
EBITDA	969	743	572
Depreciation, amortisation and impairment	489	398	350
Operating profit (EBIT)	480	345	222
Profit after income tax	380	272	209
as a percentage of revenue	2.9%	2.5%	4.0%

15-month period: 1 January 2022 to 31 March 2023
Pro forma reporting period 2022: 1 April 2022 to 31 March 2023 (unaudited)
Comparative figures for 2021: 1 January 2021 to 31 December 2021

A stable result

Revenue in the 15-month period was €13.2 billion. In the pro forma reporting period from 1 April 2022 to 31 March 2023, revenue was €10.8 billion which is €5.6 billion (107%) higher than in calendar year 2021. The increase was mainly because prices were much higher as a result of the energy crisis than the relatively low prices during much of 2021.Revenue is calculated based on the tariff contractually agreed with customers. Revenue from trading activities rose by €1 billion. Revenue from services, mainly for e-mobility, was up by €70 million (68%).

In the pro forma reporting period, the churn in commodity contracts was 4.4%, mainly in the Netherlands and Germany. In Belgium the number of contracts rose. Against the fall in energy contracts, there was a 10% increase in the number of service contracts last year, mainly for e-mobility. This fits our strategy of expanding our energy-related services.

Higher prices meant that customers significantly reduced their consumption. The volumes of gas, electricity and heating sold fell between 2021 and the pro forma reporting period. Reductions were seen in both the retail and business markets in every country.

Gross margin and other operating revenues for the 15-month period was €2.0 billion. In the pro forma reporting period, it was €1.6 billion, an increase of €0.4 billion or 36% compared with calendar year 2021. This increase is mainly attributable to trading activities in the Netherlands and Germany. The mild winter played a significant role and our flex assets proved their worth by covering shortfalls when the supply from sun and wind was insufficient. The newly-purchased Nordgröön business unit also made a positive contribution to the margin. Nordgröön offers services for optimisation, synchronisation and integration of sustainable energy from sources in Germany by selling energy on the German market on behalf of owners of wind turbines, solar farms and biogas plants. The margin on deliveries of gas and electricity to customers fell in the Netherlands, was almost unchanged in Belgium and was somewhat up in Germany. Overall, gross margin and other operating revenues fell from 23.5% of revenue in calendar year 2021 to just above 15% in both the 15-month period and the pro forma reporting period.

In January the Netherlands Authority for Consumers and Markets (ACM) established that profits from the current tariffs were no higher than in earlier years. The high prices that consumers were having to pay were a consequence of higher purchase prices for gas and electricity faced by suppliers. In addition, suppliers are also having to spend more to deal with risks in a turbulent energy market. As explained in note 2.1 to the 2022 financial statements, as part of the price cap scheme, the government requires energy suppliers to perform a margin test for the calendar year 2023. Accordingly, Eneco performed a margin test for the quarter ended 31 March 2023 and concluded that the margin did not exceed the benchmark. This analysis was evaluated by the auditor as part of the 2022 audit. The auditor will audit the full margin test for the period 1 January to 31 December 2023, in accordance with an audit protocol to be set in the future, no later than June 2025.

The margin from Eneco's own generation facilities, such as wind and solar farms, rose slightly, mainly as a result of expansion. Wind conditions in 2022 were better than in 2021 but still below the long-term average. Eneco runs a risk on this since production has already been sold in the past at fixed prices and the shortfall now has to be made up at higher prices. Higher electricity prices do not have a great effect on Eneco's income from solar and wind farms since the energy generated is often sold at long-term fixed prices agreed in the past. The government imposed a profit ceiling on the limited number of wind farms that have benefited from the price increases. Eneco reserved €26 million for this levy in the period from 1 December 2022, when the ceiling was introduced, to 31 March 2023.

As a result of the increase in market prices, Eneco is less dependent on subsidies. New wind farms are now regularly built without government subsidies. The government guaranteed minimum prices for wind farms built in the past but now that market prices have risen above that minimum, the government no longer has to supplement them. This involves large sums: in 2020 Eneco received a subsidy of €125 million while in the reporting period it was some €13 million.

Operating expenses (excluding depreciation and amortisation) rose by €419 million during in the 15-month period compared with calendar year 2021, and by €233 million (36%) in the pro forma reporting period, mainly because Eneco's activities continued to grow during the energy crisis. The increase was due in part to inflation, a larger workforce, increased support from external staff, and greater credit risk and project costs.

- Employee benefit expenses rose significantly, by €120 million, during the 15-month period. The increase in the pro forma reporting period was €52 million (20%) compared with calendar year 2021, mainly a result of the growth in activities and the related 12% increase in staff numbers from 2,970 FTE at 31 December 2021 to 3,340 FTE at 31 March 2023. The highest growth was in Germany, where we are expanding our operations, and at the Field Operations business unit, which helps our customers with sustainability, for example by installing heat pumps. In the current circumstances, Eneco is receiving many more questions from customers. In order to respond to these properly, Eneco has invested further in customer services and the number of staff has been increased. In addition, average salaries rose as a result of collectively negotiated increases and promotions.

- The cost of temporary staff rose by €20 million (12-month basis). The number of temporary staff rose 25% from 612 FTE at 31 December 2021 to 766 FTE at 31 March 2023, partly as a result of the transformation to a more digital organisation and with the implementation of new regulations including the price ceiling.

- High energy prices and inflation mean that more and more customers are having difficulty paying their bills. This has led to an increase of €38 million in the loss allowance on receivables in the 15-month period and of €24 million in the pro forma reporting period compared with 2021. Eneco has contributed €5 million to the national Temporary Energy Emergency Fund (Tijdelijk Noodfonds Energie).

- As a major investor in the energy transition, Eneco is developing many new projects. Unfortunately not all of them are successful, for example because a permit is not granted at the last moment, because market conditions have since changed or because the project cannot operate as efficiently as expected. Partly as a result of sharply higher inflation in construction and maintenance costs and rapidly changing market conditions, Eneco suffered several such setbacks this year involving a total cost of some €84 million. The largest individual cost was a result of the application of IAS 16 to Maasvlakte 2 windfarm.

Depreciation, amortisation and impairment rose by €139 million in the 15-month period (increase of €48 million or 14% in the pro forma reporting period compared with 2021). The increase in the 15-month period is attributable to the additional quarter, growth in the number of production assets and non-recurring impairment of business units of €35 million in early 2023. The impairment was partly a result of deteriorating prospects and higher required return driven mainly by higher interest rates. See note 13 'Intangible assets' in the Financial Statements for further information.

Overall, operating profit (EBIT) was €480 million (3.6% of revenue) for the 15-month period and €345 million (3.2% of revenue) for the pro forma reporting period compared with €222 million (4.3% of revenue) in 2021.

Eneco's net profit was €380 million (2.9% of revenue) for the 15-month period and €272 million (2.5% of revenue) for the pro forma reporting period, compared with €209 million (4.0% of revenue) in 2021.

Eneco's solvency ratio was 32.0% at 31 March 2023 (31 December 2021: 29.6%). This figure was heavily affected by the prices on the energy markets. High prices have caused the measurement of the derivative financial instruments to increase significantly for both for assets and liabilities over the past two years, extending the balance sheet. During the 15 months reporting period equity increased by €408 million and interest-bearing debt (including lease liabilities) decreased with €414 million. These factors have strengthened Eneco's financial position.

Investments

Eneco's investment in its own assets and acquisitions was €642 million in the 15-month period, which is 60% of operating cash flows generated. Of this €330 million was invested in wind farms: €157 million in offshore wind farms in the Netherlands (€131 million for Hollandse Kust Noord, where the first turbine was installed in April 2023 and which is expected to come on line in the summer of 2023, and €26 million in preparations for Hollandse Kust (West), €126 million in onshore wind parks in the Netherlands (including €50 million for Maasvlakte II) and €48 million in onshore wind parks in Belgium. In addition, €26 million was invested in solar panels, €124 million in district heating networks, €38 million in new and more sustainable heat generation and €17 million in flex assets. €57 million was invested in intangible assets, mainly in software that Eneco uses to improve operational efficiency and service to our customers.

As well as investing in its own assets, Eneco is also investing indirectly by entering into lease or purchase obligations with suppliers. An example of this is a user agreement for batteries for temporary storage of energy which our trading department uses for short-term alignment of electricity demand and supply. The supplier is in a position to make the investment thanks to the guarantee that Eneco will pay to use the batteries over the long term.

Outlook

To achieve the energy transition and the climate goals, Eneco will continue to invest in its people and in capital assets. Thanks to its healthy finances, Eneco is in a position to fund its planned investments in sustainable assets. Market conditions remain volatile and difficult to predict, as are developments in the energy transition. Against this background, we will refrain from issuing a results forecast for financial year 2023.

One Planet results

The key goal of Eneco's One Planet Plan is to reduce humanity's impact on planet Earth. To end the situation where the West needs three entire planets to fulfil our needs, people's energy requirements and energy consumption need to stay within the boundaries of a liveable planet. Eneco's goal is to achieve climate neutrality by 2035, in terms of both our own emissions and our customers'. Our focus is on helping our customers to become more sustainable, and on producing more sustainable energy and balancing and optimising the energy system.

One Planet Plan

Recent scientific findings show that global warming and the worldwide loss of biodiversity are occurring at a faster and faster pace: according to United Nations climate change experts, the planet will warm up by 1.5ºC long before 2040. Based on these facts, in 2021 Eneco further updated its business strategy and published its 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 and investment decisions.

Climate

To live within our planet's natural limitations: that is what Eneco believes in, and that is the goal that we have long pursued. Sadly, humanity is exhausting the planet. Ecosystems are not given enough time to recover, our biodiversity is under threat, more and more nature is disappearing, with a destructive impact on people's living environment and wellbeing. We are sending more CO_2 into the atmosphere than nature can absorb, causing the climate to change. If we are to leave a habitable planet to future generations, we need to limit global warming to 1.5ºC. To help achieve this, in June 2021 we presented our new ambition in our One Planet Plan to become climate-neutral by 2035: not only for our own operations, but also for the energy that we supply to our customers. 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 and investment decisions.

Climate neutrality by 2035

According to a report published by the International Energy Agency (IEA) in 2021, to limit global warming to 1.5ºC, 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 emitted 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

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). The reason for choosing 2019 for this baseline was that it was the most recent year for which results were available when we drafted our climate plan.

Almost 90% of our CO_2 emissions are released by the energy – predominately from natural gas – that is consumed by our customers. Our climate goal covers the emissions from our entire supply chain: scope 1 (direct emissions), scope 2 (emissions from procured electricity and heat) and scope 3 (emissions in the supply chain and from suppliers and customers), This means that we can only accelerate the pace if we work together with customers, the world around us and local partners such as residents, municipal authorities, housing corporations and energy cooperatives. It is therefore key to forge connections with everyone involved. We are working with them to create affordable solutions, social innovations and new participation models, so that we can offer transparency regarding the benefits and burdens of the energy transition and share them equitably.

In 2022, we succeeded (according to plan) in reducing the emissions from our entire supply chain to 10.0 Mtons of CO_2-eq (CO_2 emissions and other greenhouse gas emissions, measured as CO_2 equivalents). This is 2.9 Mtons below our carbon budget of 12.9 Mtons of CO_2-eq for 2022, and a reduction of 3.2 Mtons compared with the 13.2 Mtons of CO_2-eq emitted in 2021. We sold 26% less gas in 2022 than we had in 2021, as warmer weather and higher energy prices meant that people used less natural gas. Other factors causing the drop were a change in the method (only upstream emissions for fuels are now included[1,2] at the insistence of the SBTi[3]) and the increase in the proportion of sustainable electricity that we supplied to customers, up from 80.0% in 2021 to 81.5% in 2022. The result is a lower emission factor – including upstream emissions – for the electricity that we supplied (74 kg in 2022 versus 101 kg of CO_2-eq/MWh in 2021).

The CO_2 emissions from Eneco's heat supplies were slightly down from 26.9 kg of CO_2 /GJ in 2021 to 25.9 kg of CO_2/GJ in 2022, largely from the smaller volume of natural gas that was needed as a result of the warmer weather. Higher prices caused people to use less as well, as a result of which less heat was produced by means of gas boilers. This positive development was largely offset by the relatively higher share of distribution loss due to the lower demand.

1 All the results and developments described in this chapter relate to the 12 month period from 1 January to 31 December 2022, to limit estimates in the figures and to enable alignment with mandatory reporting on this matter.

2 Scope 3 emissions are divided into upstream and downstream emissions. Upstream emissions are emissions from supply chain operations before the product is manufactured, such as suppliers' emissions and emissions from transport.

3 Science Based Targets initiative, an organisation that uses climate change science to demonstrate by how much a company needs to cut its emissions and how fast, according to best practices. See also the section on 'Sustainability scores' elsewhere in this chapter.

Total emissions

Scope 1 Direct emissions from our own operational activities (chiefly natural gas used for producing electricity in our power plants): 1,3 Mtons of CO_2-eq.

Scope 2 Indirect emissions as a result of purchases of electricity, steam, heat and cooling for our own use: 0,1 Mtons of CO_2-eq.

Scope 3 Indirect emissions from upstream and downstream activities: 8,6 Mtons of CO_2-eq.

Governance

To realise our climate ambition for 2035, we work according to a CO_2 budget that is reduced year by 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 1.5ºC emissions pathway for scope 1, 2 and 3, as defined by the SBTi (see Sustainability scores).
- **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 has been allocated to the various business units. It will gradually decrease, until it is zero in 2035.
- **Training** Our employees are given regular opportunities to attend sessions to find out more about the latest situation with the One Planet Plan and what steps we need to take to realise our climate ambition.
- **Remuneration** The remuneration policy, not only for the Management Board but for all Eneco's employees, is 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 reducing CO_2, and KPIs for sustainability are included in our loan documentation.
- **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** To ensure transparency towards our stakeholders, what progress we have made towards our climate goals and what we have achieved are reported on every year in our annual report and to the Carbon Disclosure Project.

Risks and opportunities

The energy market is transitioning towards sustainability. Eneco intends to use technology to accelerate that transition. All around, innovations are taking place in the technology for production, storage, savings and conversion, which of course affect our future revenue model for supplying energy to households and industries. The energy crisis showed that it has become even more urgent to pick up the pace of the transition, given the advantages of insulation and other measures in lowering people's energy bills. The risk here is that Eneco might fail to react to these developments on time, or fail to react properly, and so find our market share under pressure, leaving us unable to realise our goals for the innovative service growth domain, for example. To lower this risk, Eneco has set aside innovation budgets and dedicated resources to review technologies and launch pilot projects. We work with universities and carry out market scans. This should help us establish a consistent portfolio of the best technologies available.

Eneco keeps a close watch on the latest developments in energy-related markets, and investigates what new technologies offer opportunities for replacing conventional production and control capacity, whether in whole or in part, and what their impact will be on how energy is supplied in the future. Our Virtual Power Plants are an example of this. We believe that possibilities exist for further sustainability in heating, but also in the market for electric transport. With this in mind, we are working with customers and partners to develop new solutions and business models.

Climate change impact on accounting and preparation of the financial statements
As stated in our strategy, Eneco is committed to being climate neutral by 2035. This ambition is further detailed in our One Planet Plan. Management has translated this ambition into long-term and short-term - financial and non-financial targets which serve as input for the operational and financial planning processes of N.V. Eneco.

External technological, economic, legal and fiscal developments and political stability are taken into account when making investment decisions. Investment decisions and resource allocations also incorporate assumptions on the development of electricity, gas and CO_2 prices, imbalance costs, speed of electrification (power-demand), as well as interest rates and inflation. All these developments and assumptions are factored into our business planning processes.

Eneco uses proprietary price curves for gas, CO_2 and electricity price outlooks. These curves are based, in part, on market data, external analyst data and scenarios, government policies, and fundamental power market modelling. Our own scenarios as well as third party scenarios foresee the following price developments for these key commodities:

- As gas prices slowly recover from recent extremes, long-term price expectations differ based on the commitment towards net-zero. Net-zero scenarios see a stronger decrease in gas prices as compared to business as usual scenarios in the long run, as a decarbonized energy system has a bearish effect on gas prices.

- Carbon prices have increased in the same period, as supply tightens. Demand remains high due to the Carbon Border Adjustment Mechanism (CBAM) covering major industries and electricity, phasing out of free allocations as of 2026, and inclusion of maritime sector in EU ETS as of 2024.

- Short-term electricity markets remain highly correlated to commodity markets. On the mid to long term however, current policy decisions can have a major impact. More stringent CO_2 mitigation targets from the EU further accelerate the energy transition, predominantly through a faster roll-out of renewables. This remains a highly important driver for the energy transition, as electrification of household and industrial demand will increase considerably over the coming decades.

Accounting estimates and management judgements:
The effects of climate change and the potential impact thereof on the energy transition (including legal and regulatory changes) are relevant to some of the economic assumptions underlying our estimations of future cash flows. The results of these developments, and the degree to which Eneco's activities will be affected by them, are sources for uncertainty. Estimating energy demand and commodity prices towards 2035 is a challenging task, as this comprises assessing the future development in supply and demand, the speed of electrification, the impact of the introduction of green hydrogen, other technology changes, taxation, tax on emissions and other important factors. By definition, actual outcomes will differ from assumptions and the related projected scenarios. This could result in significant changes to accounting estimates of property, plant and equipment, such as economic useful life, value-in-use calculations, and residual values. This also affects depreciation periods, timing of asset retirement obligations and impairment assessments.

Since Eneco is a front runner in sustainability, its existing asset base already largely consists of renewable assets. Eneco operates some smaller gas-fired CHP's as part of our district heating infrastructure and we operate two gas-fired power plants as balancing plants in case there is too little wind and solar energy available. Eneco is developing a clear strategy on renewable heat sources to supply heat for our district heating operations. In the near future, we will investigate how to transform the existing natural gas fired installations to green gas and/or hydrogen.

Biodiversity

The SDGs (Sustainable Development Goals) are a set of 17 goals to make the world a better place by 2030. Every one of the 196 countries making up the United Nations (UN) has agreed to help achieve them, including the Netherlands. Eneco is helping to realise these goals to the best of its abilities. The chapter on our One Planet Plan includes details on SDG 7, 11, 12, 13, 14 and 15. We have committed ourselves to helping achieve these goals, which reflect the areas where our operations can best reinforce the positive impact and/or limit the negative impact.

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. As such, one of our One Planet goals is that from 2025 forward all our investment decisions for new sustainable energy assets should have a positive impact on biodiversity. This means that after Eneco's activities have been completed, the natural environment will recover to at least 110% relative to its condition when the project started. We will develop valuable nature, with more species, compared with the present situation, which we will achieve by optimising the existing biodiversity whenever we develop and operate new projects. We can do this in various ways, including by investing in nature recovery and development. The next phase is management, where we use specific measures to let nature flourish as best possible.

Method

Consultancy and engineering organisation Arcadis has developed a method for Eneco to map out what nature recovery measures every single project will need, to register a net positive biodiversity result. This method is applied on top of the requirements for obtaining whatever permits and licences are prescribed. To achieve these goals, Eneco uses the Biodiversity Metric, a measuring instrument developed in the UK that uses changes in types of habitat to establish what steps are needed to allow the natural environment to recover.

Pilot projects

We are starting with 6 demonstration projects aimed at achieving at least 110% nature recovery. These projects involve developing various types of sustainable assets (for solar, wind and heat) in the Netherlands, Belgium and Germany. For each of these demonstration projects, we estimate beforehand how the sustainable asset will best fit into the landscape and what we can do to boost nature and biodiversity, preferably locally. If it is impossible to help the local environment to recover, or if that does not make sense, we will help the natural environment in a similar location to recover, or we will make a financial contribution towards nature recovery. The management plan becomes active after construction. That plan sets out the nature management during subsequent years in order to achieve the nature goals. We also monitor the situation to make sure that the natural environment does in fact recover as planned. If the monitoring results indicate that we will fall short of our goals, we will then have time to make improvements.

After this demonstration phase is completed in 2024, Eneco will decide whether this metric can be used for all new sustainable assets. By 2025 at the latest, our investment decisions will contain all the measures that are necessary for a net positive biodiversity impact from new sustainable energy assets.

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, to guarantee that the management and design of the farms 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 lifeforms on and around the oyster bags are flourishing too: various species of fish, crabs, shellfish and sea slugs have been spotted.

Target	Eneco's goal	Result for 2022
Target 7.2 Promoting the use of renewable energy (CBS)	Increasing the proportion of sustainable electricity production in the total delivery to 50% by 2022	53%
Target 11.6 Less environmental impact in cities (CBS)	Working together towards 100% sustainable mobility	-64% CO_2 reduction, compared to 2016. (1,0 versus 1,9 tonnes of CO_2/fte). 94% of Eneco's passenger car fleet in the Netherlands is fossil free.
Target 12.2 Sustainable management and efficient use of natural resources (CBS)	20% circular procurement in 2022	28,8%
	SRP criteria in 60% of our new contracts (>€50k) in 2022	56% (+9% compared to 2021)
Target 13.2 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 1.5ºC emissions pathway for scope 1, 2 and 3, as defined by the SBTi.	10,0 Mton CO_2-eq
Target 14.2 Sustainable management and conservation of marine and coastal ecosystems (CBS)	Net positive impact on biodiversity for all new assets, starting in 2025	Nature development in the form of oyster projects and nature-inclusive erosion protection in several offshore wind farms.
Target 15.2 Protect, restore and promote sustainable use of 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	A bird radar has been installed at Maasvlakte 2 wind farm that makes it possible to bring the wind turbines to a standstill to reduce the number of deaths among migratory birds and seagulls breeding in the vicinity.

Substrate containing shell fragments was deposited at the wind farm in June 2021, for the oyster larvae to settle and kickstart a flat oyster reef. In 2023, we will send down cameras and carry out an environmental DNA analysis to see whether we have succeeded.

In November 2022, we installed oyster structures by the Luchterduinen offshore wind farm. These structures are based on the design for Borssele III & IV and Borssele V, and have been attached to the erosion protection of four turbines on the south west side of the wind farm. This will allow the oyster larvae to spread across the rest of the farm. The installation work was carried out in partnership withStichting de Rijke Noordzee and dredging company Van Oord.

Ecowende

Eneco's joint venture with Shell, called Ecowende, won the tender for the offshore wind farm Hollandse Kust (west). A unique feature of this wind farm is the role of ecological research and the use of various measures to reduce the potential negative impact of a North Sea wind farm and instead encourage nature to reinforce itself. For example, it will include an innovative reef – called a Tree Reef – made up of dead fruit bushes, a residual product that has a reef-like structure to offer shelter to fish and a place for maritime flora and fauna to settle. The wind farm's design also provides for a passage for birds and bats making their way to the Bruine Bank Natura 2000 area.

Study into black blades for wind turbines

A study has been launched to determine how painting one blade of a wind turbine black affects the number of birds colliding with the turbine. Eneco has partnered up with government authorities and other producers of wind energy for this study. 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, in the Eemshaven, is researching whether this holds true in the Netherlands as well. The baseline measurement has been completed. In the summer of 2022, one blade on each of 7 turbines was painted black. The study to determine how effective this measure is will continue until the end of 2024. At the same time, an aeronautic study is underway to determine the impact of these black blades on air traffic.

Bird study on the Maasvlakte 2 industrial estate

One of Eneco's projects is realising the Maasvlakte 2 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 negative 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 has been 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 flightpath, speed and altitude. By monitoring the wind farm's impact on the natural environment, we can optimise how we use our measures. We are also taking steps to improve the breeding conditions for herring gulls, lesser black-backed gulls and common terns, and researching what other measures we can take to further cut the risk of collisions.

Circularity

Circularity is one of the four pillars on which the One Planet Plan is built. The Circularity pillar is about:

- **Responsible use of materials** to become a circular business by 2050.
- **CSR (corporate social responsibility) due diligence,** i.e. how we give practical shape to our responsibility towards society in order to be in control of social risk in the value chains by 2027.
- **Socially Responsible Procurement** to approach our suppliers' markets so that suppliers help us to realise the ambitions under our One Planet Plan.

The Circularity pillar focuses on our responsible actions in the value chain: from extraction up to and including the expiration of the useful lives of our assets, products and services. This involves key roles for ourselves, our suppliers, the vendors supplying our suppliers, and the users of our products and services. Acting with responsibility should be seen in the context of the raw materials contained in our assets and products, and the potential negative impact of our operations in terms of human rights, nature & the environment and ethical business conduct.

Responsible use of materials

Our ability to realise our climate ambition of climate neutrality by 2035 depends on the materials used to manufacture our sustainable energy assets. We are reducing CO_2 emissions in the production chains and preventing waste at the end of the lives of our assets by extending their useful lives and making smarter use of materials and through reuse and recycling. These efforts are focused first on the three value chains of Wind, Solar and Heat.

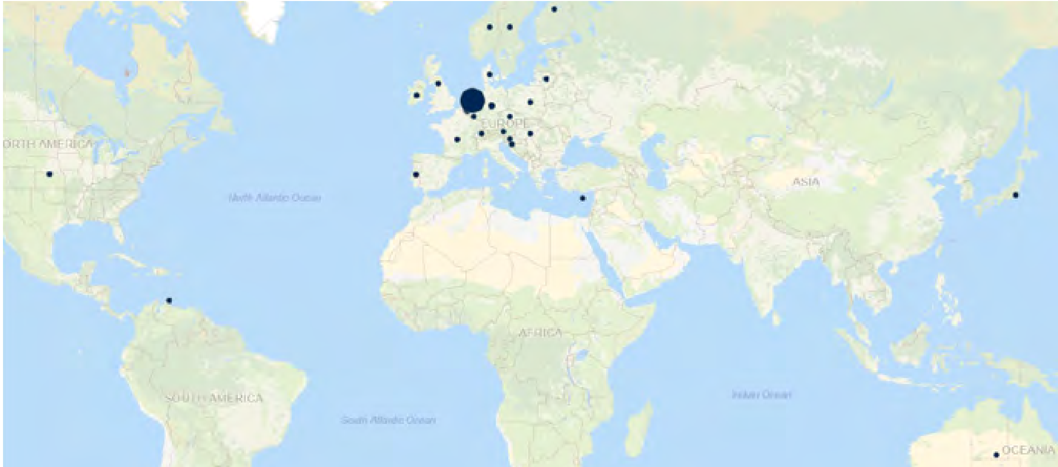
To create a better understanding of where we currently stand, we have defined a series of pilot projects within our organisation. Those projects concern the three value chains and the various life phases of an asset or product (design, use and end of life). Beyond our organisation, we are an active contributor to the*Buyer Groups*[1]: circular onshore wind farms, under PIANOo's leadership, and circular sustainable solar panels under leadership of the Netherlands Enterprise Agency (RVO) are part of the LICHEN-BLADES consortium[2]under the leadership of Delft University of Technology. The researchers talk to our suppliers to determine what steps are possible within the margins of existing best practices. During the 2022 Dutch Design Week, we sponsored an installation by Blade Made that displayed examples of how blades of wind turbines can be reused.

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. On 6 March 2023, Eneco joined with a broad coalition of partners to sign the covenant for international corporate social responsibility (ICSR) in the renewable energy sector. The purpose of the organisations involved is to work together to tackle and prevent risks of human rights violations and environmental damage.

The first challenge facing us is to perform a thorough gap analysis to determine how far our company is in the process of CSR due diligence. We also need to create greater transparency in the Wind and Solar value chains. This will allow us to address complex issues, working under the Renewable Energy Agreement. Of course we will draw on the existing reports on abuses in the Wind and Solar value chains. Stakeholders that we bring into the dialogue, or their representatives, are our colleagues in community engagement and business development for solar energy, EPC contractors[3], unions and NGOs under the Renewable Energy Agreement.

1 Buyer Groups are arrangements where public and private clients work together to achieve a shared market vision and strategy for the sustainability of a specific product category.
2 Living, Innovative materials for Circular, Hierarchically structured, Erosion resistant, Natural Blades.
3 EPC: engineering, procurement and construction. An EPC is a construction contract that is used for a large or complicated project that the builder (the 'EPC contractor') delivers on a turnkey basis.



Geographic spread of suppliers

In terms of the geographic spread of our expenditure, most of it is situated in Europe, and specifically the Netherlands.

Socially Responsible Procurement

With Socially Responsible Procurement (SRP), we are shifting our focus in the regular procurement process by also taking social and ecological criteria into account when selecting suppliers. The four pillars of our One Planet Plan come together here, in what we demand of our suppliers. Our procurement can be broken down into a number of categories: Assets & Equipment Services (52%), IT & Innovation (14%) and Professional Services (30%). The remaining 3% has not been assigned to a particular category yet. Our procurement partners include manufacturers of wind turbines, EPC contractors, solar energy contractors, earthwork contractors, soil surveyors, software vendors, legal experts, cleaners, catering firms and consultancy firms. In terms of the geographic spread of our expenditure, most of it is situated in Europe, and specifically the Netherlands.

At least 90% of our procurement expenditure should be spent at suppliers that subscribe to our Supplier Code of Conduct (see our website). During 2022 and Q1 of 2023, 91% of our procurements were from suppliers that have signed that Supplier Code of Conduct. We select various suppliers and ask them to explain how sustainable their business is. Among our 50 principal suppliers, the proportion of Corporate Social Responsibility (CSR) Leaders is 44%, which means that we have surpassed our 40% target. However, it is not only the sustainability of the suppliers in our portfolio that matters, but also the sustainability of the products and services that we procure from them. Our target is for 60% of our contracts that represent a procurement volume in excess of €50,000, to include at least 1 CSR criterion. In 2022 and Q1 of 2023, we achieved a rate of 56%: not quite the 60% that we had targeted, but still a 9% improvement compared with 2021. At a more detailed level, 28,8% was spent on circular procurement. The procurement category of 'Assets & Equipment Services' is the greatest contributor to this figure. This year we will focus even more closely on impact, and we expect that the other categories will start to contribute more as well. We have noticed that including sustainability as a regular factor in our supplier selection process has an inspiring effect, and many of our suppliers have started integrating sustainability into their operations.

Examples of CSR

In 2022, we took a major step forward in reducing our CO_2 emissions, by signing a ten-year strategic partnership with Capgemini. By 2030, we plan to cut our CO_2emissions by 1 megaton through the use of data engineering, digitalisation, artificial intelligence, business technology and IT platforms to simplify processes that currently consume large amounts of energy.

We use CTVs (crew transfer vessels) to ferry service staff to our offshore wind farms to carry out maintenance. When we issued a call for tenders for these vessels in 2022, we encouraged the tendering parties to use new and high-tech vessels. Driving criteria for selection included NO_x emissions and fuel efficiency (and therefore CO_2 emissions too).

In Belgium, based on our sustainability criteria, we chose an outbound telesales partner in Turkey that is in the process making its offices more environmentally friendly, and that wants to make even more of a contribution by working with TEMA, an NGO dedicated to reforesting and protecting Turkey's natural habitats.

Society and environment

Community engagement

Our One Planet Plan also includes the social and societal aspects of the energy transition. A meticulous stakeholder approach to projects and urban development is key to a successful energy transition and how customers and stakeholders view projects, and consequently their thoughts on how we give shape to our strategy.

Besides the technical and economic aspects of the energy transition, it also poses social and societal challenges, and our stakeholders' views are an important factor in how heating projects, solar parks, wind farms and similar developments are accepted. Every single project impacts the landscape, local residents, companies and NGOs. We are aware of that, and for the energy transition to pick up pace it is vital that our projects enjoy as much acceptance as possible in the surrounding area. To achieve this, we proactively work with the various stakeholders to integrate renewable energy assets into the scarce space available.

Our goals are:

- for Eneco to be appreciated for its approach to community engagement and project communication in every segment of the energy transition.

- for Eneco to form successful local partnerships not only with energy cooperatives, but also with social and societal groups to make sure that the energy transition helps these too.

- for Eneco's employees who are involved in these projects and urban developments to be trained in community engagement and stakeholder management.

New employees working in these fields have undergone a training in Strategic Environment Management.

Projects

Social and societal

In Rotterdam's Bospolder-Tussendijken district, we joined the local authorities and the Havensteder housing corporation in a project to create social and societal value. Eneco has committed to the language and environment coaches for 4 years, providing various forms of support, including sharing knowledge to help them offer energy advice and install energy-saving devices in people's homes. A fund has also been set up for district-specific initiatives to boost training and employment, help eliminate problem debt and poverty (including energy poverty) and increase people's language skills.

Together with social organisation De Verbindingskamer, we trained social workers and budget coaches in Bospolder-Tussendijken to help people with payment difficulties and debts. We also provide staff for informal consultation sessions for residents, with short lines of communication to Eneco's experts.

Together with job counselling organisation De Beroepentuin, social energy organisation WijkEnergieWerkt and contracting firm MVOI, Eneco has set up a pilot project that will train four local candidates who have limited access to the labour market to become Heating Insulation Specialists. Their job will be to install a heating grid in the district to help residents disconnect from the natural gas grid. The idea is for the district's residents to become involved in the energy transition.

Wind turbines and wind farms

Eneco is working with energy cooperatives in the Rijnenburg area of Utrecht, in the municipalities of Culemborg, Beuningen, Lopik, Zwijndrecht and Weert and at the Ze-Bra wind farm. The Weert wind farm, which was developed in partnership with WeertEnergie, is already operational. These are all long-term projects, and the relationships will last multiple years.

We have set up the following funds for our wind farms: the Gries Hej Wind Fund, which is linked to the Weert wind farm, and the Delfzijl-Zuidoost Area Fund, which is linked to the Geefsweer-Oosterhorn wind farm and consists of profit and project arrangements. This is our first hybrid fund; the set-up was chosen also at the request of local stakeholders.

The first round for the Maasvlakte 2 wind farm fund was organised in 2022. Thanks to a fund donation, Strandweer.nu was able to replace its webcam on the building of lifeboat organisation Reddingsbrigade Maasvlakte, to show visitors and tourists a clear picture of the conditions and weather at the Maasvlakte beach. Sister organisation Reddingsbrigade Rockanje used a contribution from the fund to buy a combination consisting of an electric beach emergency vehicle and a beach rescue water scooter. Nature association Hollandse Delta has decided to improve biodiversity by reintroducing field gentians to the part of the Voornes Duin natural area called De Kleine Heveringen, using specialist measures to help manage the area. Another round for further initiatives began in early-2023.

Near the Oude Maas wind farm, we have teamed up with a local nature organisation to develop a nature plan to introduce greater biodiversity in the area. In the Maasvlakte area, we installed a Robin Radar to help minimise the number of birds colliding with the wind turbines. The radar will be trialled while the wind farm is being constructed, to gather data about birds in the vicinity. Once the wind farm becomes operational the Robin Radar will start detecting birds, for example large swarms of migratory birds and local seagulls. The wind turbines can be deactivated automatically if necessary.

Proactive input on 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.

One of the major issues during the reporting year, both in terms of complexity and impact on the business processes, was the introduction of a price ceiling for electricity, gas and district heating from 1 January to 31 December 2023. The purpose of that ceiling is to make sure that, below a particular volume, household and other small-volume users do not pay more than a set maximum for their gas, electricity and district heating. Other important subjects 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. RA and PA also lobbied with the government to improve its climate policy, for example by expanding the possibilities under the SDE++ scheme for the heat transition and providing better support for renewable electrolysis-based hydrogen production.

In 2022, the European Council and the European Parliament made political arrangements about key elements of the Fit for 55 Package that the European Commission published in 2021. One of the new arrangements concerned updating the European CO_2 emissions trade system EU ETS and expanding its scope. The updated EU ETS will have a positive direct and indirect impact on the implementation of our One Planet Plan and Eneco's activities in the Netherlands, Belgium and Germany. Our wind and solar farms for example, as well as new electrification and green hydrogen production projects, will benefit from the decarbonisation requirements for industry, transport and the built environment. Therefore, the various departments with responsibility for regulation and public affairs in the countries where Eneco operates are closely monitoring these developments and translating them into business opportunities.

They also 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 WindEurope. Through their participation in Energie-Nederland, RA and PA are also affiliated with pan-European sector organisation Eurelectric. Their counterparts in Belgium and Germany are members of similar forums in their own countries.

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.

Science Based Targets initiative (SBTi)

In 2022, the Science Based Target initiative (SBTi) has approved our 'net-zero' goal for the entire value chain (scope 1, 2 and 3) based on the 1.5ºC pathway with 2019 as our baseline year, making us one of the first companies with SBTi approval for our net-zero goal.

The SBTi is a global organisation that helps companies to establish ambitious targets for reducing emissions, based on the latest climate science. Its objective is to encourage companies worldwide to halve their emissions by 2030, and achieve net zero emissions by 2050. The SBTi is an initiative of the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

EcoVadis Platinum

EcoVadis rates companies on environment, labour and human rights, ethics and sustainable procurement policy. In 2021, Eneco was awarded EcoVadis's Platinum medal, which is reserved for the 1% of companies with the highest sustainability ratings in a particular sector or industry. However, with the change in the financial year, and given the importance of the annual report as a source for answering the questions in the EcoVadis survey, Eneco has decided to push back its assessment for 2022.

Sustainalytics

Sustainalytics gives Eneco a low Environmental, Social & Governance (ESG) Risk Rating of 18.7 (in 2021). 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 subsector for sustainability.

Sustainalytics is a global player that assesses companies' sustainability performances at the request of investors. Its ESG ratings are based on an assessment of the company's environmental, social and governance performances. 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.

However, with the change in the financial year, and given the importance of the annual report as a source for answering the questions in the Sustainalytics survey, Eneco has decided to push back its assessment for 2022.

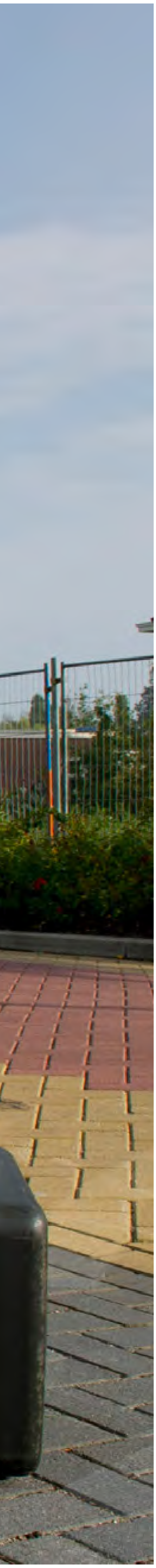
CDP Climate Change 2022

Eneco has been awarded a score of A– by the Carbon Disclosure Project (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 (B–).

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 18,700 companies worldwide participated in CDP in 2022.

Our staff, their passion and their vitality

After the relief and easing of tensions when the pandemic restrictions were lifted, 2022 brought new challenges for our people. The invasion of Ukraine and the subsequent energy crisis led to huge workloads at many of our business units, and aggression towards our employees increased. We offered support to help them deal with the new situation, and this year we will invest even more in becoming a people-centric organisation.



Dealing with the energy crisis

The surging energy prices impacted everyone: our customers, our staff and our organisation. New regulations and market challenges added to the workload of the teams responsible for work such as setting up the price ceiling and for energy procurement, risk management and customer contact, and some individuals also had significant financial concerns. Helping our customers means not ignoring our own people, and we are helping them with information, training and if necessary further support to stay in control of their financial and mental health. We also support them in dealing with aggression, answering difficult questions and handling heated conversations, whether on the telephone or in a home setting. We offer products for at home and give discounts on our own sustainability products, and we have set up a Social Fund to provide relief in urgent cases.

Formalising hybrid working

We spent the financial year working in a hybrid form: 40% from home, 40% at the office, and the remaining 20% either from home or at the office, at the individual's preference. According to assessments from April, June and November 2022, this is an attractive balance. It helps us to make progress towards the four key goals that we have identified as essential for the future of our work:

- Sustainability: on average, we now spend 45% of our time at the office, compared with more than 75% before the pandemic, which is helping us to reduce the CO_2 emissions from commuting.
- Diversity and connection at the office: 66% of our people feel a sense, or even a strong sense, of connection with everyone else in the organisation, compared with 41% during the COVID-19 lockdowns.
- Healthy work-life balance: according to 78% of our staff, our 40-40-20 model offers a healthy balance between their work life and private life, time at the office and time at home.
- Effective working: the details are not entirely clear, with some of our teams and individual employees indicating that they are less focused or effective at the office. However, the quality of teamwork at the offices is rated as high.

On 1 April 2023, we will formally adopt the 40-40-20 model of hybrid working as our new way of working.

Transformation and the culture to facilitate it

We want our company to be climate-neutral and digital. We also want to create a people-driven culture that will help us to realise this. Our values of '*Drive the change*', '*Deliver the plan*' and '*Make each other successful*' provide the foundations that underpin our mentality and conduct. We made progress in the right direction in 2022: we are working hard to realise our diversity and inclusion (D&I) ambitions, we are developing a new performance process (Perform & Grow), our internal communications reflect our values, and we are specifically working on improving our eNPS (employee Net Promoter Score).

Last year, we began setting up a digital organisation and we will carry this forward into this year. As part of our culture we are learning how to make more choices, how to strive for shared successes and how to confront difficult issues sooner to allow us to move on immediately. This will help us to build an organisation where people come first, with a safe environment where we can all be ourselves and that gives us all the energy and enjoyment to work towards our ambitions.

Diversity and inclusion

Making a stronger culture also includes making better use of our diversity and our differences. To accelerate the pace of the energy transition, we need to achieve a stronger sense of connection, combine our strengths and make the best possible use of everyone's talents. Our efforts towards diversity and inclusion (D&I) in 2022 were focused on translating awareness into appropriate conduct. D&I-related networks are in place, such as our women's network and our D&I ambassadors. In 2023 our new internal programme for mentoring female colleagues will kick off. At the same time, by focusing on D&I, we are opening up the dialogue and facilitating the debate about safety and inclusion in the workplace. We offer interactive learning possibilities and perspectives on how to act in order to increase our people's understanding and awareness; for example through gaming, with the roll-out of a D&I game for internal teams to play that we developed ourselves and that deals with the themes of gender and ethnicity. We also create connection among our employees using a range of different D&I themes in the form of events, campaigns and information such as a D&I movie night.

For leadership positions below the Management Board (N-1 to N-4), the balance has not improved, despite our best efforts. Women make up 30.9% of these sub-management roles, compared with 30.2% at the end of 2021. Our ambition of reaching the target of 37% at the start of 2024 is looking very challenging.

Gender balance policy
In 2022, Eneco decided to formalise its policy on gender balance and expand its scope to include the Management Board and Supervisory Board. Eneco has defined appropriate and ambitious goals, in the form of target numbers, to better balance the proportions of men and women on the Management Board and Supervisory Board and in leadership positions.

	Number of positions 2022	Starting date	Target number	Target year
Management Board	6	2022: 33% women / 67% men	50%	Year-end 2025
Supervisory Board	7	2022: 14% women / 86% men	29%	Year-end 2025
Management	421	2021: 30% women / 70% men	37%	Year-end 2023

We will undertake various actions to achieve these targets, starting for example by specifically recruiting women. This gender balance will be monitored continually, and is a key topic in our talent and promotion policy.

The gender balance on the Management Board has improved significantly: in 2021, the proportions were 100% men and 0% women. Over the space of 2 years, we have welcomed female executives for the 2 positions that opened up, and as a result, we are proud to report, the relative numbers on the Management Board have shifted to 67% men and 33% women.

When a 'shareholder position' opened up on the Supervisory Board in 2022, we looked for a woman to fill the vacancy. Unfortunately, the suitable female candidate had other responsibilities that made it impossible for her to take up this role in the Netherlands, and so a man was appointed, as the only other candidate who matched the profile. As a result, the gender balance on the Supervisory Board did not change during the reporting period. For leadership positions below the Management Board, the balance has not improved as much as we hoped, despite our best efforts.

Perform & Grow

In 2018, we overhauled our performance review cycle, transforming it into an ongoing dialogue that addresses 'what' (am I doing what I should be doing?), 'how' (am I doing it right?) and development (am I empowered, where am I headed?). We also abolished the direct link between performance-related conclusions and the percentages for regular pay rises, which did not offer the proper motivation. This year, we began preparations to further reinforce the new approach, introducing an even greater focus on development and, above all, our people's wellbeing. We will offer more encouragement for our people to engage in self-reflection and to request, give and receive feedback, to help us learn and develop. Instead of looking at the past, we will adopt a Perform & Grow cycle that involves regular discussions and looking ahead. We will establish goals with a short cycle, and agree on targets for those goals. This will help us to stay flexible and regularly appreciate our people's contributions. The system of formal reviews is being abolished. We started using this approach in early-2023.

eNPS

Under pressure from the challenging conditions during the financial year, our Employee Net Promoter Score (eNPS) fell slightly, from 58 to 55. In our employee check-in survey, it was mentioned that one of the impacts of the energy crisis was a higher perceived work pressure. The eNPS is still within the bandwidth denoting a good employer (50-60). Eneco's sustainable strategy is named as the most important reason to work here. The eNPS and other findings from the employee survey are addressed in the 'people views' of the various business units, with concrete actions to hold on to the strengths and tackle the weaknesses, such as the work-life balance.

Employee participation in decision making

Employee participation in the decision-making process is important within Eneco. We also do this 'together' and in a modern way. The essence of modern employee participation is that the management involves their works councils at an early stage. Thus, a shared understanding of the problem or the opportunity is reached. We examine the various options and the best choices together. As a result, employee participation procedures are completed a lot faster. We take better decisions and there is wider support for a decision.

The works councils were involved in each of their business unit's important themes during the financial year, such as minor changes to the structure.

The Central Works Council (COR), which liaises with Eneco's Management Board, worked on a new performance management system in 2022, and on updating and optimising the hybrid working policy. The other most important themes for the Central Works Council during the financial year were workloads and the safety of the working environment (psychological safety and inappropriate conduct). Physical safety and Diversity & Inclusion are other themes for which the Central Works Council demands awareness.

The Central Works Council works with Eneco's management to bring about continual change within the organisation. We are increasingly opting for gradualism instead of major reorganisations that demand a lot of the organisation and generally take a long time. In this manner, we can focus more on what it is about: on our customers and on the realisation of our strategy. In recognition of how well Eneco's consultation structure works, in November 2022 we were awarded the Driehoek 3D Trophy. The Driehoek 3D Trophy for the organisation with the best consultation between the triangle of employees, supervisors and management is awarded by the Alliance for Employee Participation and Governance (AMG), a partnership between the Social and Economic Council of the Netherlands, NR Governance, employers' association AWVN, trade federations CNV and FNV, works councils association MNO Foundation, executive and supervisory directors' association NCD, employee participation associations NVMz and SBIFormaat, professionals' trade union federation VCP, industry and employers' confederation VNO-NCW, law firm De Voort Advocaten Mediators and consultancy firm WissemaGroup.

Safety, quality, security and ICT

We want our operations to be safe and healthy for everyone, in particular our staff and contractors. We make every effort to be 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. Physical, psychological, social and digital safety, quality and the environment are integral parts 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, plus 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.

NEN Safety Ladder
Just as in previous years, during the past 15 months we again invested in efforts to improve our safety practices. The organisation's awareness has continued to grow, with a focus on the physical, social and psychological aspects. Providing our employees with information from multiple perspectives and sharing positive criticism is part of a proactive safety culture. This is further enshrined in our Eneco DNA. Following independent external review, the business units in the asset organisation maintained their Step 4 position (on a scale of 1 to 5) on the NEN Safety Ladder. Other parts of the company are not at the same level yet. Step 4 represents the proactive level: 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.

RIF
We measure safety using the strategic KPI Recordable Incident Frequency (RIF).[1] In the 15 month reporting period we achieved an RIF score of 0.27 (target: 0.45). This is a slight drop compared with 2021 (RIF: 0.34) Even though every incident is one too many, the results are better than our initial target.

Severity rate
In the 15 month reporting period we recorded 5 accidents resulting in absenteeism. This corresponds to a Lost Time Injury Frequency (LITIF) of 0.68 (target 0.9). The 5 accidents resulting in absenteeism led to a total of 162 absenteeism days, putting the severity rate at 32.4 (162/5). This severity rate represents a increase relative to 2021, when it was 5.8 (29/5).

Industry partners
We are actively involved in sector initiatives, including the Working Conditions Catalogue for the energy sector and the Working Together Safely on Heat governance code. This gives us the opportunity to work more closely with other companies on matters of health and safety and together achieve higher standards.

Contractors
We also take safety very seriously in respect of our contractors. Our ability to work together with our suppliers, contractors and partners 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.

Despite those joint efforts, during the past 15 months (2022 and Q1 of 2023), contractors were involved in 21 accidents resulting in absenteeism, alternative work and/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.

1 The RIF (Recordable Incident Frequency) is the rolling average number of incidents resulting in absenteeism, alternative work or medical treatment per 200,000 hours worked, not including First Aid cases. This rate is based on the number of recordable incidents that were registered during the reporting period and the number of FTEs registered at the end of the financial year. This KPI covers all incidents recorded in our system, relative to our own FTEs (i.e. staff who have an Eneco employee number). We define a recordable incident according to the definition of a work accident under Dutch law (arbeidsongeval); as a result, accidents during commuting, for example, are not included in the scope. The Lost Time Injury Frequency (LTIF) represents the number of incidents resulting in absenteeism per 1 million hours worked.

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

	2022	Target 2022	2021	target 2021
RIF	0.27	0.45	0.34	0.50
LTIF	0.68	0.9	0.95	1.07

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.

Multiple crises

The impact of the pandemic on our operations lessened during our 15-month financial year. Positive side effects such as working from home are now incorporated into our hybrid working policy, and are monitored and facilitated by the organisation. Then the energy crisis arose. This is another crisis with prolonged uncertainty, a direct impact on society and frequent changes to laws and regulations. One of the consequences that this produced was increasing aggression towards our people and our organisation. In response, we implemented controls in the form of protocols, technical solutions and training sessions for dealing with aggression. The company also set up various consultation forums during the energy crisis – with representatives from different parts of the organisation, from Management Board to specialists – to focus on separate aspects of the crisis such as the developments in the consumer domain or the impact of international developments on the wholesale markets, as described in the chapter on our operating results.

At the same time, we succeeded in further professionalising our procedures for dealing with potential crises. Every part of the crisis management organisation has had proper training in swift and decisive action.

Quality management

QIS

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), ISO 45001 (safety) and ISO 55001 (asset management) standards is built.

Audits and certification

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 the 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.

Cybersecurity

Attacks in the wind turbine industry

A small number of cybersecurity incidents occurred last financial year. No real major incidents happened. However, some of our European supply chain partners in the wind turbine industry were hit by cyberattacks in late-2021 and early-2022. Although these attacks meant that new wind farms were taking into commission later than planned, they did not impact our operations.

Updated controls

Following those attacks, we identified new threats and cybersecurity risks and analysed and updated the related controls. A major part of this involved updating the security of our central IT environment and operating assets, detecting incidents and vulnerabilities, and working with our strategic partners to raise awareness. In the context of our crisis preparation training we conducted cybersecurity exercises, where we ran and tested various scenarios, for example for a crisis on an offshore wind farm.

Legislation
The requirements that European legislation imposes for cyber-resilience in the essential sectors also affect Eneco as an energy producer, and specifically where information and operational technology meet (IT/OT). At present, Eneco is obliged to comply with the Dutch Network and Information Systems Security Act (Wet beveiliging netwerk- en informatiesystemen) and the German IT Security Act 2.0 (IT Sicherheitsgesetz 2.0). The new European NIS2 Directive that has been adopted will bring changes to the regulatory frameworks at the national level. At the same time, we have begun researching certification for security standards to allow us to oblige third parties not only to be compliant but also to be responsive and flexible in terms of security requirements.

Recalibration of the cybersecurity strategy
In Q4 of 2022, we began the process of recalibrating our cybersecurity strategy and roadmap (2021-2025), including updating our Security Operating Model. Directly linking our business strategy to the identification of our strategic cybersecurity risks will provide us with the understanding and capability needed to guarantee Eneco's cyber-resilience, now and in the future.

Risk management

Risk management helps us to achieve our goals in a responsible manner. We carefully weigh the risks and opportunities against our risk policy. When we identify a risk, we decide what controls to use, testing their effectiveness and optimising the underlying processes and control activities.

Risk governance

The Management Board is responsible for the risk management of the Group as a whole. To facilitate effective risk management, Eneco has organised its system according to the three-lines-of-defence model. 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 and Risk 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 with management on a regular basis. These are then consolidated and reported to the Management Board and the Supervisory Board's Audit and Risk Committee.

Risk and performance management framework

Eneco's control and risk management system (ECRS) is based on the COSO ERM 2017 framework, the worldwide standard for Enterprise Risk Management. The ECRS is designed to provide a reasonable degree of assurance that we will realise our strategic, operational, financial, reporting and compliance goals. It provides for 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 the ECRS.

Risk management is an iterative and continuous process and is part of the regular Business Planning Cycle. The business units periodically carry out in-depth analyses of the threats and opportunities, and review the results of their self-assessments for the principal controls.

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

Risk and control activities

Operational Risk Management facilitates the risk and In Control processes and reviews compliance with risk management policy and the quality of reporting on the control assessments.

The business units periodically update their risk registers and report to the Management Board and the Operational Risk Management department. The aggregated data reveal the principal risks facing Eneco. The consolidated reports are discussed at least once every six months with the Management Board and the Supervisory Board's Audit and Risk Committee.

Eneco applies specific 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. The criteria also contain both best practices for designing processes effectively and efficiently.

About the 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 Internal Audit and any further relevant information and developments.

The Statement from the Management Board presents the Management Board's opinion on the effectiveness of the design and functioning of the internal risk management and control systems.

Reviews and audits

We use internal and external reviews and audits to determine how effective the design and functioning of the internal risk management and control systems is.

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 are implemented.

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 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 with regard to reputation and quality, and we endeavour to prevent any harm to the organisation's image.

Internal Audit carries out independent tests of a selection of the most important internal risk management and control systems. The annual risk and audit plan is risk-based.

Risk tolerance

Eneco has established its risk tolerance for each of the risk categories that it distinguishes.

The risk categories and our risk tolerance are applied in connection with strategic, operational, financial, reporting and compliance risks.

Developments over the 15-month reporting period

The developments over the 15-month reporting period were dominated by the energy crisis, which lead to an extreme level of market volatility and changes in market regulation. The energy crisis served as an important stress test of our risk management (ECRS) system. Despite our ECRS framework, Eneco was vulnerable to human error. During the crisis, we identified areas for improvement that include timely response to sudden price movements, and general IT controls (and the impact of these on our processes). The strong fluctuations in energy prices, combined with the volatile market, meant that such errors had a greater impact than before the energy crisis, and some incidents had an impact that exceeded the limits of our risk tolerance. For example, we unintentionally failed to observe the terms of our contracts for one product and a specific group of customers (Oxxio LosVast). Once the incident was discovered and analysed, and the scope established, we proactively informed the Netherlands Authority for Consumers & Markets (ACM) and communicated with the customers concerned. The irregularities were corrected in their final bill statements.

In response to the incidents and our review of the controls, we made corrections and implemented improvements in the underlying business processes and the related internal controls. Internal Audit will keep a close watch on the further follow-up to adjust the underlying controls.

The volatility of the energy markets and the changes to energy regulation are causing a shift in our risk profile. The integrated business model – with both sustainable production and sales to customers – gives Eneco a diversified risk profile in which any value shifts in the value chains are automatically hedged. If energy regulations change and become uncertain, this could affect our willingness to invest and our ability to realise our growth targets. At the same time, however, the trend towards electrification offers great opportunities, given our ambitions and role in the decarbonisation trend.

Eneco further improved the quality and verifiability of its processes and controls during the financial year, using risk controls for operational processes, reports (on financial matters and other issues) and compliance.

As the year progressed, we identified shortcomings in how our general IT controls are designed and function, particularly for controlling access and managing changes. These findings have been properly mitigated without leading to material shortcomings, although they did cause temporary inefficiencies in the underlying process activities. General IT controls remain an important area for continuous improvement in order to prevent shortcomings.

Eneco's risk management and control system (ECRS) is designed to monitor, among other things, the risks and uncertainties that affect the reliability of the internal and external financial reporting. As the shareholders of Eneco (Mitsubishi Corporation and Chubu Electric Power) are both listed on the Japanese stock exchange, Eneco (as an important subsidiary) also needs to comply with the regulations from Japanese Sarbanes Oxley (J-Sox). Eneco has finalized the implementation of J-Sox, which further strengthens our controls in ECRS. As the shareholders of Eneco (Mitsubishi Corporation and Chubu Electric Power) are both listed on the Japanese stock exchange, Eneco (as an important subsidiary) also needs to comply with the Japanese Sarbanes Oxley (J-Sox) regulations. Eneco has finalised the implementation of J-Sox, which further strengthens our controls in ECRS.

Strategic risks

Strategic risks are long-term risks that influence the realisation of our strategic objectives. For the goals and objectives that we have defined, we recognise the most important strategic risks listed below, which may not only constitute threats, but can often also present opportunities.

1. **Failure to achieve CO_2 targets**

Eneco Group's mission is 'Everyone's sustainable energy'. We want to lead the way in the energy transition and as a sustainable energy company acting within the boundaries of our planet (our One Planet ambition), which calls for remaining below the 1.5ºC pathway. This ambition has been given shape in a targets for reducing the CO_2 emitted by our own operations and our customers to net zero by 2035. Some of the ways in which we are doing this include doubling our own sustainable production capacity and scaling up the number of consumer heat pumps. Every single interaction with our business customers and stakeholders centres around our mission of 'Everyone's sustainable energy'.

2. **Diminishing public support for the energy transition**

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 (such as on the willingness of residents to accept district heating) and an indirect impact (how the government determines the level of stimulation measures, for example). One effect that the energy crisis had was an increased awareness of sustainable alternatives to using natural gas and of the possibilities for customers to produce their own electricity, which boosted public support for the energy transition. At the same time, the high prices had a negative impact on the image of the energy sector overall.

Eneco is aware of the uncertainties for customers inherent in the energy transition. Our mission of 'Everyone's sustainable energy' means that we seek to proactively bring about changes together with our customers. We also mitigate this risk through transparent communication with stakeholders on our progress in implementing our strategy.

3. **Increasingly unpredictable regulation**

For the energy transition to succeed, we need a strong and decisive government that provides the market with clearly defined parameters: for instance to internalise the external cost of CO_2 emissions and by doing so encourage the market to invest in clean activities and phase out fossil investments. A stable long-term policy is essential here, given the distant investment horizons for renewable energy assets and heating grids, for example. The government should also consider the need for fair sustainable development, limiting any unwelcome distribution caused by factors such as high energy prices. However, the energy crisis and the sentiment in society have also resulted in government interventions that have diminished the certainty of investing in sustainability improvements, holding back the energy transition and making it more difficult to achieve the climate goals. We will continue our ongoing dialogue with policymakers, supervisory authorities, NGOs and other stakeholders so that together we can define a fair and effective long-term policy and accelerate the pace of the energy transition.

4. **Volatile electricity prices that add uncertainty to long-term investments**

Uncertainty about electricity prices in the future and lower subsidies for sustainable production 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. Pricing is highly uncertain, in both the long and the short term, and will be influenced by any government intervention in the market.

We use international diversification to spread the risk. In addition, our 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 pass on price risks through hedging and by structuring trading contracts.

5. **Shortage of physical liquidity on the gas market**

Russia's decision to turn natural gas into a political weapon revealed just how real the risk of a physical gas shortage in Europe is. Throughout the crisis, we have carefully monitored this risk, controlling it by making further arrangements with suppliers, customers and other stakeholders. We will continue this if and when the energy crisis appears to have passed.

6. **Increasing impact of weather on the result**

The increasing influence of weather conditions – which are a permanent physical risk – are leading 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 structurally coming to depend more and more on the weather. This is reflected in the degree days risk (which affects the volumes of gas purchased in the customer segment) and the wind volume risk (affecting the volume of electricity produced). We are actively managing our portfolios to stay in control of these risks as they increase. We mitigate the weather risk using hedging transactions in the market, entering into structured agreements and taking out insurance.

Climate risks sometimes appear suddenly, manifesting in physical form. Eneco makes allowance for 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. We use scenario analyses, predictive instruments and stress tests to identify and assess these risks.

7. **Lack of sufficient new income flows to compensate for the loss of income from gas**

The government wants all households to be no longer reliant on natural gas by 2050. Eneco strives to achieve this with its customers by 2035. 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 also focusing on new sources of income including, for example, electric transport and green hydrogen for industry.

8. **Failure to meet our customers' needs, failure to seize new business opportunities**

The energy transition is transforming customers' needs and stimulating innovations, for example in technologies for production, storage, savings and conversion. The risk here is that we might fail to react to such 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. 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. However, we can only do this through a swift and appropriate response to our customers' needs. Our customer organisation operates in terms of value streams, which are designed for a swift and flexible response to market developments and our customers' needs. We are also improving our digital skills, as well as actively monitoring technological developments in the energy sector and investing in start-ups.

9. **Shortage of qualified staff to help carry out the energy transition**

Implementing our strategy and realising the energy transition will require new competencies, speed and agility of the organisation and its employees. Good staff are in short supply in specific fields, for example technical personnel and people with digital skills. Eneco offsets the scarcity of qualified personnel within its own company by paying proactive attention to these fields. That attention is illustrated by our own business school, which we set up to train technical personnel, and the Eneco hackathons that we organise in order to retain our current and attract new IT colleagues.

10. **Inability of the supply chain to support our growth ambitions**

As the energy transition gathers speed worldwide, the global demand for charging stations, solar panels, heat pumps and wind turbines is increasing. The pandemic highlighted the vulnerability of global supply lines, including for the hardware that is needed for the energy transition. The demand for installation capacity is rising as well. To safeguard and enhance the security of supply, Eneco is signing more local and long-term contracts, reinforcing relationships with our partners and working with local suppliers. We are also working with our shareholders to give us greater sway on the international procurement markets.

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 take into account potential legal risks: risks arising from regulations, from contracts with partners and customers, and from non-compliance with environmental permits. As part of its risk controls, Eneco ensures that it is familiar with all the latest 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 due to the influence of trends such as digitalisation, data, decentralisation and the emergence of sustainable sources of energy.

Another development in this context are the European Clean Energy Package regulations, which concern the transition to renewable energy, and so are in line with our strategic objectives.

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

The risk here is that we fail to respond to these developments in time, or fail to react appropriately, thus putting pressure on our climate neutrality ambition and our market shareand preventing us from realising our goals, for example in the innovative services growth domain.

Market
Being a sustainable energy company, Eneco aims to lead the way in the energy transition. Key market risks include the high volatility of energy prices and the declining 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 ‘Know Your Customer’ criteria for accepting commercial customers, contracting parties, 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 might have a major impact despite mitigation.

Risk (trend compared with 2021 ↑→↓[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 cyberattacks.	• Despite our IT security measures, information technology and infrastructure, we might still be vulnerable to cyberattacks or breaches. Any breach can disrupt our operations, 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. • If our general IT controls reveal any findings, this leads to work on repairs and risk mitigation, which take up part of our IT capacity.	• Continual implementation of the newest security procedures and measures to improve our security level and minimise vulnerabilities to cyberattacks. • 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.
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 (where CIA stands for Confidentiality, Integrity, Availability). • Maintenance and monitoring of Eneco's assets, including distribution grids and production units, in accordance with best practices for asset management (ISO 55001).
Market risk ↑ Volatile prices and energy markets.	• 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 downward volume adjustments at lower prices. *Rising prices:* loss of position management as a result of smaller numbers of outgoing customers, requiring Eneco to procure greater volumes at higher prices and more capital to satisfy potential margin obligations • Offering products with price guarantees or longer contract terms requires more capital and liquiidty for margin calls, and volatility means a greater churn risk in the retail segment.	• Risk exposure monitoring (for example sensitivity analyses). • Modifying procurement policies and product ranges, including through shorter fixed-price durations for the retail segment and spot price products in the B2B segment. • • Identifying and anticipating all the various risks, important variables, short-term events and developments in time. • Using hedge instruments for the position management risk.

Risk (trend compared with 2021 ↑→↓[1])	Potential impact	Controls
Degree days risk ↑ Our financial results are affected by the high/low demand from customers when the winter is colder/milder than usual, combined with strong fluctuations in gas prices.	• The substantially higher fluctuating market prices this financial year rendered Eneco susceptible to differences in the volume purchased relative to the normal winter volumes.	• Taking out degree days hedges and weather insurance. • Making use of Eneco's 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.	• Taking our weather insurance and wind volume hedges. • Portfolio management and use of expertise to forecast weather in relation to expected wind energy production. • Sourcing some of our sustainable energy under long-term procurement from third parties (PPAs) instead of our own wind farms.
Participation risks → Risks relating to the business performances, control and governance our participating interests, including both minority interests (mostly business ventures) and wholly-owned subsidiaries (generally from acquisitions).	• Financial losses (such as an inability to realise targeted synergy advantages or the need to sell for a lower value). • Reputation damage.	• For minority interests, Eneco Ventures has representation on supervisory bodies of its participating interests, and where necessary reviews the policies of their management for business development and internal controls. • Eneco Ventures is sent periodical financial and non-financial information about its participating interests to supervise the latest developments in the portfolio of business ventures. It also requires an independent compilation report, at the minimum, on the financial statements. • The elevated risk profile of business ventures is offset in part by applying a specific transaction structure and terms (for example preference shares), as is common practice with venture capital and pursuing returns at the portfolio level. • Participating interests, whether newly acquired or already in the portfolio, are included in the ECRS if they exceed a specific size. This improves the in-control maturity and offers more information about the participating interests.

1 ↑ risk higher compared with 2021 ↓ risk lower compared with 2021 → risk unchanged compared with 2021.

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.

See note 29 Financial risk management in the Financial Statements for an explanation of Eneco's exposure to financial risks and how those risks could affect the future financial performance of the Group.

Risk (trend compared with 2021 ↑→↓)	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 and margining obligations 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. • Adjusting our internal mandates and tolerances to allow us to act swiftly in response to extreme market movements. • Strong shareholders who support Eneco's credit quality.
Creditworthiness of customers and suppliers ↑ Increased inherent risks of potential losses if the creditworthiness of customers or suppliers declines as a result of volatile energy prices.	• 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.
Liquidity risk↑ With volatility and prices high and bilateral trade drying up, margin requirements went up.	• High margin calls have the potential to cause liquidity problems.	• Subjecting margin calls to monitoring and stress analyses. • Modifying the product range, signing fewer fixed price contracts, or for shorter durations. • Setting up an exchange for physical deals, moving positions from the exchange to bilateral parties. • Raising liquidity so that it is sufficient even in extreme situations.
Reporting risk ↑ Risks in the area of the internal and external financial planning and reporting.	• Reputation damage, claims and legal proceedings. • Non-compliance or incorrect reporting. • Lack of accurate, timely and substantiated financial steering information for management's decision-making.	• Maintaining up-to-date financial reporting expertise and understanding of new government measures in response to the energy crises and how they impact financial reporting. • The internal controls and administrative and organisational measures, including procedures relating to compliance with Eneco's accounting guidelines, incident reporting, whistleblowers policy, et cetera. • Procedures for periodic closing, reporting, forecasting and energy balance.

Compliance risks

See also the chapter on Integrity and compliance.

Risk (trend compared with 2021 ↑→↓[1])	Potential impact	Controls
Compliance risk		
Legislative changes with the potential to impact our operations ↑ Temporary measures in response to the Ukraine crisis and higher prices put the sector under increased scrutiny from both supervisory authorities and customers. Adjusting systems under time pressure to comply with changing laws (price ceiling). Sustainability improvements require major investments for the long term. Uncertainty and confusion about changes in laws and regulations and their timing have a major impact. The Dutch Ministry of Economic Affairs and Climate Policy has announced plans for mandatory public ownership of heating grids. This will affect the heat transition and our ambitions and willingness to invest in sustainable heat. Sanction legislation and regulations set by authorities and to which Eneco is subject may entail the risk that certain transactions are or will be sanctioned.	• Greater financial impact from pricing and volatility on the energy market. • As energy companies become more data-intensive, the increasing regulations in that area pose an ever-greater risk. • Fines. Fines can be imposed by European and national authorities supervising the markets where Eneco operates. • Legal proceedings. • Claims. • Reputation damage. • Investment appetite. • Realisation of ambition to grow sustainable energy production capacity. • The inability to fulfill/comply with contractual agreements by counterparties and/or Eneco with potential financial exposures and consequences.	• Constructive dialogue with other operators in the sector and regulatory bodies. • Awareness programmes. • Compliance and privacy control frameworks at business units, including risk-mitigating controls and reporting. • Staying up-to-date about new and forthcoming legislation, and taking proactive action. • Controls on investment decisions. • Strict monitoring of sanction considerations and announced sanction measures as well as development of scenarios and risk mitigation measures and compliance.

1 ↑ risk higher compared with 2021 ↓ risk lower compared with 2021 → risk unchanged compared with 2021.

Integrity, compliance and privacy

A key condition for giving shape to our mission is treating our customers, our partners and each other properly and doing business with integrity. We have implemented a proactive compliance and integrity programme to ensure that we remain compliant with laws and regulations and to focus on promoting and enforcing our standards and values. We also keep a close eye on data protection, in compliance with the relevant rules, to ensure privacy. The Compliance & Integrity manager coordinates the compliance and integrity programmes and reports to the Management Board on their effectiveness.

Compliance

Risk assessments
Our licence to operate derives from our compliance with national and international laws, and our reputation among customers and elsewhere. We also want to avoid the potential adverse financial impact of fines and void contracts. As part of the compliance framework, every one of Eneco's business units performs risk assessments to map out risks, controls and shortcomings. The pattern revealed by those risk assessments is stable, and no ad-hoc intervention is needed.

Eneco's compliance policy is risk-based. Policies have been defined for the principal compliance issues, and their practical effect is monitored, updated or developed further in response to legislative developments, developments in society and follow-up on incidents.

In 2021, the Netherlands Authority for Consumers & Markets (ACM) indicated a number of areas that Eneco needs to improve in connection with its communication obligations in the event of power plant outages. Those improvements were incorporated into our internal policies and new procedures in early-2022. At the end of 2022 ACM posed some questions about compliance with regulations relating to the integrity and transparency of the wholesale energy market. Eneco is now in the process of answering these questions and setting up the required follow-up.

Fraud prevention
During 2022 and Q1 of 2023, we continued to focus on giving shape to fraud-prevention requirements. We carry out risk assessments that cover generic fraud risks and controls, plus compliance topics. The manager of Compliance & Integrity was in touch with the various business units during the financial year to discuss the quality and effectiveness of the risk controls.

Assurance
Internal assurance for the compliance process is obtained using the integrated approach in the ECRS (Eneco Control and Risk System) process and audits. 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 previous years, we were under an obligation to inform the Dutch Authority for the Financial Markets (AFM) that we were exempt from the licensing obligation under the MiFID (the Markets in Financial Instruments Directive; a European investment directive). That announcement covered multiple Eneco entities. Starting 2022, this is no longer necessary.

Integrity

Code of Conduct
If our strategy is to be realised, it needs to be supported by the organisation's culture and leadership. The values of *Drive the change*, *Deliver the plan* and *Make each other successful* highlight the importance of each individual's sense of responsibility to make a difference through their own conduct and actions. The cultural values have also been incorporated into Eneco's Corporate Code of Conduct, which applies in the countries where Eneco operates and has been made available in multiple languages.

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

Integrity programme
The practical implementation of our integrity programme was coloured by the pandemic and the restrictions that were in place during part of the year in response. We spent more time working from home, or in hybrid forms of teamwork. This meant fewer physical training activities. Instead, we focused more on online communication and online activities, focusing on integrity, safety and inclusion in our conduct and covering issues such as psychosocial safety, unconscious bias and normative discussions about inappropriate behaviour. Another issue was that the energy crisis affected not only our customers, but our staff as well. That impact on our people was

given attention, addressing issues of both financial and mental health. We prepared for a potential increase in integrity lapses and fraud risks in connection with the energy crisis and working from home, for example as a result of greater pressure (including mental pressure), the possibility of shifts in financial health, the lack of oversight by colleagues or the elevated risk of forms of digital fraud such as phishing. No concrete indications emerged of increased levels of fraud or other integrity issues as a result of the pandemic.

Compliance & Integrity 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 or has been affected by any other integrity issue, may report this to our Compliance & Integrity Reporting Desk, or they can ask for help from our confidential counsellor.

We updated our policy on reporting compliance and integrity issues in 2022, which follows the EU Whistleblower Directive and the Dutch Whistleblower Protection Act (Wet bescherming klokkenluiders). Under the policy on reporting compliance and integrity issues, breaches of the code of conduct or EU law by Eneco can be reported by employees, but also by third parties, using any of the reporting channels that we have set up for this purpose. An important aspect of implementing this policy is encouraging and facilitating a dialogue, in an open climate where people are comfortable expressing and sharing situations.

During 2022 and Q1 of 2023, 71 reports were made to the Reporting Desk and 27 to the confidential counsellor. These numbers are up compared with 2021, resulting from a combination of our return to the physical workplace and the associated lower barrier to report issues, an increased visibility of the compliance function and the initiatives that we have taken to reimplement this policy. Approximately 27% of these reports concerned fraud or theft,7% concerned psychosocial working conditions such as discrimination, harassment and bullying, and 22,5% concerned other integrity-related issues. The rest of the cases related to employment relationships, or compliance. Where necessary, we adjusted processes to prevent further incidents. We also took disciplinary measures where appropriate.

Privacy

GDPR
We have put a great deal of effort into demonstrating our compliance with the General Data Protection Regulation (GDPR). To demonstrate our privacy compliance, we use a Privacy Risk and Control Matrix. 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. Those results were taken into account in the privacy self-assessments that all Eneco's business units in the Netherlands, Germany and Belgium carried out.

Privacy supervision authorities
Eneco reported 4 privacy-related data breaches to privacy supervision authorities. In the Netherlands, 1 data breach was reported to the Dutch Data Protection Authority. In Belgium, 2 data breaches were reported to the Belgian Data Protection Authority, and in Germany, LichtBlick reported 1 data breach to the Hamburg DPA (Hamburgische Beauftragte für Datenschutz und Informationsfreiheit).

Data policy
The possibilities that data present are increasing all the time. Through careful analysis, we can offer our customers better solutions for their situation. How data are used is coming under increased regulation, however, at both the European and the national level. Eneco is compliant with those laws and regulations.

To ensure clear and uniform communication about how Eneco uses customers' data, wherever necessary we have updated and clarified our data policies for Eneco, Eneco Belgium, LichtBlick and eMobility. The new data policies have been published on the company websites to inform our customers of the purposes for which we use their data.

Suppliers of Smart Meters Code of Conduct (2012)

Together with Dutch energy industry association Energie Nederland, Eneco proposed a new Suppliers of Smart Meters Code of Conduct 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 of Smart Meters 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 that we handled customers' questions satisfactorily.

Declaration of compliance with Suppliers of Smart Meters Code of Conduct (2012)

regarding data from low-volume meters that can be read remotely.

Names 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 2022 up to and including 31 March 2023

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 S.M. (Selina) Thurer, in its capacity as director of Eneco Consumenten Nederland B.V., which 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., which 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 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, 7 June 2023

S.M. (Selina) Thurer,
member of the Management Board of N.V. Eneco

Corporate Governance

In this chapter, we describe the various executive and supervisory roles and the corresponding duties and powers. We underline the importance of diversity, inclusion and integrity.

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, joint ventures and associates (referred to jointly as 'Eneco' or 'the Group'). Mitsubishi Corporation (Tokyo, Japan) is the ultimate parent of N.V. Eneco (formerly N.V. Eneco Beheer). The full large company regime applies to N.V. Eneco pursuant to the articles of association. The company is registered at the Chamber of Commerce under number 24246970.

Tasks and responsibilities

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. As of 1 April 2023, one of the positions is 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 shareholders when Eneco was privatised are observed.

In 2022, 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 & Risk Committee (A&R), which supervises the integrity of the financial and non-financial reporting, the internal controls and risk management. The Audit & Risk Committee also oversees the internal and external audit processes. This committee is chaired by Michael Enthoven. 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 this annual report provides sufficient information about 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 twelve months after preparation of the annual report;
- the financial statements for 2022, 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 March 2023, and of the consolidated income statement for the 15 month period ended 31 March 2023 of N.V. Eneco;
- the annual report provides a true and fair view of the situation at 31 March 2023, and the course of business during the 2022 financial year and a description of the principal risks faced by the Group.

During the 15-month reporting period ended 31 March 2023, Eneco further strengthened its internal controls on strategic, operational, financial and compliance risks with a focus on the areas described in this annual report and will continue to do so. Management Board's opinion, the internal risk management and control systems are adequate and effective as at 31 March 2023.

Rotterdam, 7 June 2023

As Tempelman (CEO), Jeanine Tijhaar (CFO), Kees-Jan Rameau (COO-IE), Hiroshi Sakuma (CCIO), Selina Thurer (COO-C)

Report of the Supervisory Board

The Supervisory Board supervises and advises the Management Board. This report explains how the Supervisory Board gave shape to that role last year.

Events during 2022 were dominated entirely by the war in Ukraine, and its enormous impact on the energy market, our customers and our staff. Prices for gas and electricity surged to unprecedented levels, though fortunately the government intervened to limit the impact of the high energy prices on customers. Eneco helped to achieve this, thanks to the tremendous efforts of its people, both during the preparations and when the measures were put into practice. It is almost easy to overlook that the impact of the pandemic lasted into 2022. The Supervisory Board wishes to express its appreciation for Eneco's customers and staff for their enthusiasm and dedication. Despite the uncertainty and the high energy prices, they continued to work together to look for possibilities and solutions to make sustainability improvements. The Supervisory Board oversees and advises the Management Board. This report describes how the Supervisory Board gave shape to that role in the past year.

One Planet Plan

In the summer of 2021, Eneco presented its One Planet Plan, describing its ambition to achieve climate neutrality by as early as 2035. In 2022, emphasis was also placed on the forward-looking ambition for biodiversity. With input from Arcadis, Eneco selected and developed a method to achieve Eneco's goal of establishing the biodiversity impact of our investments in sustainable assets and making the necessary investments to help nature recover. Eneco wants to lead the way in the energy sector. One of our One Planet goals is that from 2025 forward, all our investment decisions for new sustainable energy assets should have a net positive impact on biodiversity. The new method is being tested in a series of pilot projects. We are also taking steps to refine our reporting on CO_2 reductions for ESG reporting purposes. Together with our customers, we are looking for solutions to reduce our CO_2 emissions. For example, we have signed a deal with PepsiCo to electrify a crisps factory, by realising thermal storage in order to use sustainable electricity instead of natural gas. In August 2022, we decided that we will not contract any new grey electricity for business customers after we see out existing contracts. This will help to phase out grey electricity ahead of schedule. We also launched several initiatives for more sustainable heating for households and offices. For example, construction started on the largest heat pump in the Netherlands as part of the development of an aquathermal installation in Utrecht that will produce sustainable heat for around 20,000 households in Utrecht and Nieuwegein starting in late-2023.

The One Planet Plan is very important to the Supervisory Board. We wish to highlight that Eneco is doing its share to make sure that the planet remains habitable for the generations that will follow, and making every effort to help limit global warming to no more than 1.5ºC.

The One Planet Plan and the various related topics were the subject of regular consultation between the Supervisory Board and the Management Board, to discuss both the necessary investments and support for management's choices in order to realise the climate ambition.

Key themes

The Supervisory Board has been involved extensively in the market developments triggered by the surging energy prices and the effect thereof on customers and employees, and in further steps towards realising the One Planet Plan. Topics discussed during its meetings included various proposed investments, in particular for thermal storage installations and wind farms. One of those was Hollandse Kust (west), an offshore wind farm off the coast at IJmuiden that is designed to be in harmony with nature and have a positive impact on the biodiversity in and around the North Sea. The extreme market volatility and, in particular, the significant impact on margining and liquidity management, were a regular topic of discussion during the meetings. Other important and recurring topics included the business plan and strategy for 2023-2027, the associated investment agenda, and themes such as 'gender balance' and 'a safe working culture for all'. The Supervisory Board wishes to thank the Management Board and the employees for the way in which they have navigated Eneco through this unprecedented storm.

Composition of the Boards

Membership of the Supervisory Board

The composition of the Supervisory Board changed during 2022. On 9 March 2022, Yutaka Kashiwagi resigned his seat on the Supervisory Board to accept another role within Mitsubishi Corporation, and the General Meeting of Shareholders appointed Satoshi Hamada to succeed him effective the same day. Satoshi Hamada, who was put forward by the Supervisory Board at the shareholder's nomination, possesses extensive international management experience in the energy sector, coupled with strategic expertise and experience with complicated stakeholder issues.

On 9 March 2022 the General Meeting of Shareholders also appointed Aiichiro Matsunaga to the Supervisory Board, as the successor of Katsuya Nakanishi, who stepped down effective that date in connection with his appointment as President and CEO of Mitsubishi Corporation. Aiichiro Matsunaga, who was put forward by the Supervisory Board at the shareholder's nomination, brings not only a broad range of international experience at various divisions of Mitsubishi Corporation, but also expertise relating to large-scale projects. His extensive network will help with the development of strategic propositions.

Lastly, Hiroki Sato resigned from the Supervisory Board on 1 October 2022 to assume another role within Chubu Electric Power Co., Inc. Katsuji Sugimori was appointed as his successor effective the same date. Katsuji Sugimori, who was put forward by the Supervisory Board at the shareholder's nomination, not only possesses a broad range of international management experience, he also brings expertise in the fields of energy business development, asset management (including technical management) and management of complex energy projects. He has a great deal of experience with joint venture partnerships as well.

The Central Works Council was involved in the various succession procedures and issued a positive opinion on these appointments to the General Meeting of Shareholders.

The Supervisory Board wishes to thank Yutaka Kashiwagi, Katsuya Nakanishi and Hiroki Sato for their efforts during the past period.

Membership of the Management Board

The Management Board's composition changed in 2022. On 7 February 2022 it was announced that Selina Thurer would be appointed COO-Customer effective 9 May 2022, succeeding Hans Peters, who left Eneco on 15 September 2021. Another announcement, on 14 December 2022, concerned Frans van de Noort's departure on 1 April 2023. The Supervisory Board wishes to thank Frans van de Noort for his efforts on behalf of Eneco. We are very grateful for everything that he has done. The process of selecting a new COO-Assets is already underway.

Meetings of the Supervisory Board

The Supervisory Board met both online and in person, as pandemic-related travel restrictions were lifted during 2022. Besides the 9 regular meetings of the Supervisory Board, several additional meetings took place (some in writing), resulting in a total of 21 meetings. Some of the additional meetings were scheduled to update the Supervisory Board on the latest developments concerning proposed investments, or to meet deadlines in the decision-making process. The Supervisory Board discussed the annual report and financial statements 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 met regularly without the Management Board. The Chair of the Supervisory Board had very frequent meetings with the Chair of the Management Board, besides regular contact between Supervisory Board members and Management Board members, and representatives of the shareholders.

Meetings of the Supervisory Board's committees

The Supervisory Board has set up various committees, allowing it to handle 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 13 times, including meetings in writing. Topics of discussion included the composition of Eneco's Management Board and Supervisory Board, the performance dialogue with the Management Board, and a review of target realisation in connection with the variable remuneration of the Management Board's members. Another important item on the agenda was the Gender Balance policy, including the targets for Eneco's executive levels. A further topic of discussion was a proposal to streamline and simplify the process of nominating candidates recommended by the shareholders. Lastly, the RSA Committee discussed the recurring issue of succession management, for both the Management Board and other senior management positions.

The RSA Committee also talked about the changes to the remuneration policy for the Management Board prior to the adoption of this policy by the General Meeting of Shareholders. On 1 April 2022, two new targets relating to safety (RIF) and sustainability (CO_2 emission reductions) were added to the short-term variable remuneration goals.

Audit & Risk Committee

The Supervisory Board's Audit & Risk (A&R) 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 role that the Supervisory Board's audit committee plays in connection with risk management and the various controls was further highlighted in 2022. Risk management, and the Supervisory Board's role in supervising that risk management, came – and still is – under scrutiny, particularly given the developments on the energy market and the risks that those developments brought. Besides the various issues relating to risk management and controls that were scheduled and discussed, the Committee was renamed the Audit & Risk Committee to reflect these developments, with updated rules of procedure. The Supervisory Board is given very frequent updates on the most important market developments and financial (and other) risks, exposures and capital requirements. The risk limits are recorded at the Group level in various concrete policy statements, codes and guidelines for matters such as safety, trading mandates and authorisational powers.

The Audit & Risk Committee met 9 times 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. Other areas of discussion were several strategic market (and other) risks, the impact of the energy crisis on the Group, the J-SOx regulations, the list of compliance and integrity reports and the Group's new financial year.

Self-assessment

The Supervisory Board reviewed its own performance, using a structured survey and a plenary discussion and feedback requested from the Management Board. The results were good. The Supervisory Board has a good relationship with the Management Board. The Supervisory Board is closely involved, from an early stage, in major propositions and proposed investments and in strategic developments such as the One Planet Plan. Dilemmas and risks are also addressed during the discussions, whether by subcommittees and/or in plenary sessions. The Supervisory Board's members work on developing the Supervisory Board's understanding of sustainability, for example in connection with the One Planet Plan, but also by taking part in external events. The Supervisory Board is effective and capable in its functioning. A previous issue for the Supervisory Board was the need to organise more meetings at different locations once the pandemic-enforced restrictions were lifted, and combine those meetings with site visits. In 2022, multi-day programmes were held both in Japan and in the Netherlands. These in-person programmes will continue in 2023.

Attendance overview

All the Supervisory Board's regular meetings involved all its members. Twice during regular meetings, one of the Supervisory Board's members represented another member by proxy. A number of special meetings were scheduled in addition to the regular meetings, where the Supervisory Board received updates on specific proposed investments and other proposals. Several meetings were also conducted in written form, to facilitate the decision-making process.

Various agreements with, and proposals relating to, affiliates (Mitsubishi Corporation, Chubu Electric Power Co. Inc. or their subsidiaries) were presented to the Supervisory Board for its approval in 2022. Some of those agreements concerned staff secondments with a view to exchanging knowledge and experience, financing contracts and proposed investments. The members of the Supervisory Board associated with the relevant shareholders did not take part in the discussions or decisions on these topics. The two independent members gave prior approval for these agreements, in accordance with the additional arrangements made when the company was privatised.

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 appointed under the Central Works Council's reinforced right of recommendation each took part in one of the Central Works Council's meetings. The Supervisory Board was also in regular communication with the Central Works Council in connection with various developments, including structuring specific investments, selecting successors for the roles of COO-Customer and COO-Assets, updating the remuneration policy for the Management Board and appointing Satoshi Hamada, Aiichiro Matsunaga and Katsuji Sugimori.

Interactions with the shareholders

The Supervisory Board has a good relationship with the shareholders. The working relations between the Management Board, the Supervisory Board and the shareholders are positive and constructive, both in terms of support for the climate ambitions laid down in the One Planet Plan and in connection with the realisation of those plans, including the proposed investments. The shareholders have also expressed their support by providing financing facilities.

Regular communication takes place to identify opportunities in concrete projects and partnerships. There are numerous possibilities for giving further shape to the relationship between the shareholders and Eneco, some of which have already produced concrete results. We are exchanging knowledge and experience in areas such as offshore wind projects, and the shareholders have provided staff members to support Eneco in several areas of expertise, including Finance, J-SOx, IT and Asset Operations.

Final remarks

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

Last year was an unusual time, and the unprecedented energy crisis affected both customers and staff. Only if our customers, management, Central Works Council, shareholders, staff and partners all work together and do their share can we continue to build towards the future where sustainable energy is for everyone. Eneco wishes to work with and for its customers to become climate-neutral by 2035 and accelerate the pace of 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, 15 June 2023

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, after 1 April 2021: Net Result). The most recent amendment of the remuneration policy dates from 29 March 2022, when two new targets concerning safety and sustainability were added in relation to the short-term remuneration.

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 societal position and sustainable nature, the reference point for remuneration 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), for sustainability (carrying 15% weight), for customer satisfaction (carrying 10% weight), for employee engagement (carrying 10% weight) and for safety (carrying 5% 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 two 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. In accordance with the remuneration policy of the Manegement Board, an annual review is carried out by the Supervisory Board. 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 minimum of 20% and 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 minimum of 20% and 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. In addition to this, several meetings are (also) 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 & Risk 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 remuneration of the Management Board and Supervisory Board during 2022, see note 6 to the financial statements: 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 15-month period ended 31 March 2023 (the "**sustainability information"**) of N.V. Eneco (hereafter "**Eneco"** or the "**Company**"). A review is aimed at obtaining a limited level of assurance.

The sustainability information is presented in the following chapters:

- About Eneco (pages 5-9);
- Report of the Management Board, presented in the chapters:
    - Strategy (pages 10-15);
    - Material themes (pages 16-17);
    - Operating results (pages 18-29);
    - One Planet results (pages 36-49);
    - Our staff, their passion and their vitality (pages 50-53);
    - Safety, quality, security and ICT (pages 54-57).

Based on the review procedures 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 15-month period ended 31 March 2023,

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). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. 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 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 on pages 184-190 of the annual report.

The sustainability information is prepared with reference to the GRI Standards and the applied supplemental reporting criteria as disclosed in the chapter 'Reporting policy' on pages 184-190 of the annual report. The GRI Standards used are listed in the GRI Content Index as disclosed on pages 196-199 of the annual report.

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

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

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 Management Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. 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 it determines is necessary to enable the preparation of the sustainability information that is free from material misstatements, whether due to error or fraud.

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 engagement 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.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability 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 through inquiries a general understanding of control environment, processes and information systems relevant to the preparation of the sustainability information in order to design assurance procedures that are appropriate in the circumstances, but did not obtain evidence about their implementation or test their operating effectiveness.
- 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 local 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.
    - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
    - 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. Based thereon we selected the components and locations to request supporting documents. These procedures are aimed at, on a local level, validating source data and evaluating the design of internal controls and validation procedures.
    - 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, 15 June 2023

Deloitte Accountants B.V.

Was signed,

N.H.M. van Groenendael

N.V. Eneco - Financial Statements

Consolidated financial statements for the 15-month period ended 31 March 2023

Consolidated income statement

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Revenues from energy sales and energy-related activities	3	13,145	5,144
Purchases of energy and energy-related activities		-11,179	-3,987
Gross margin		**1,966**	**1,157**
Other income	4	74	67
Gross margin and other income		**2,040**	**1,224**
Employee benefit expenses	5	-378	-258
Cost of contracted work and other external costs		-618	-377
Depreciation and impairment of property, plant and equipment	11, 12	-337	-259
Amortisation and impairment of intangible assets	13	-152	-91
Other operating expenses		-75	-17
Operating expenses		**-1,560**	**-1,002**
Operating profit		**480**	**222**
Share of profit of associates and joint ventures	7	54	63
Financial income	8	13	2
Financial expenses	9	-39	-26
Profit before income tax		**508**	**261**
Income tax	10	-128	-52
Profit after income tax		**380**	**209**
Profit distribution			
Profit after income tax attributable to non-controlling interests		3	-
Profit after income tax attributable to shareholder of N.V. Eneco		377	209
Profit after income tax		**380**	**209**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.

Consolidated statement of comprehensive income

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Profit after income tax		**380**	**209**
Unrealised gains and losses that will not be reclassified to profit or loss			
Remeasurement of defined-benefit pension plans	23	1	1
Unrealised gains and losses that may be reclassified to profit or loss			
Currency translation differences			
- Current period	29	-11	18
Net investment hedge			
- Current period, net change before tax	29	5	-18
- Income tax effect	16	-1	5
Cash flow hedges			
- Current period, net change before tax	29	105	-258
- Income tax effect	16	-27	67
Share of unrealised profit of associates and joint ventures after tax	15, 29	56	6
Total other comprehensive income		**128**	**-179**
Total comprehensive income		508	30
Profit distribution			
Non-controlling interests		3	-
Shareholder of N.V. Eneco		505	30
Total comprehensive income		**508**	**30**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.

Consolidated balance sheet

x €1 million	Note	At 31 March 2023[1]	At 31 December 2021[2]
Non-current assets			
Property, plant and equipment			
- Owned assets	11	3,216	2,965
- Right-of-use assets	12	336	238
Intangible assets	13	1,043	1,121
Associates and joint ventures	15	317	221
Deferred income tax assets	16	24	21
Financial assets			
- Derivative financial instruments	17	372	600
- Other financial assets	18	104	98
Total non-current assets		**5,412**	**5,264**
Current assets			
Assets held for sale		2	1
Intangible assets and inventories	13	630	231
Trade receivables	19	1,798	1,260
Current income tax assets		2	19
Other receivables	20	794	543
Derivative financial instruments	17	1,314	1,906
Cash and cash equivalents	21	437	654
Total current assets		**4,977**	**4,614**
TOTAL ASSETS		**10,389**	**9,878**
Equity			
Equity attributable to shareholder of N.V. Eneco	22	3,317	2,914
Non-controlling interests	22	12	7
Total equity		**3,329**	**2,921**
Non-current liabilities			
Provisions for employee benefits	23	5	6
Other provisions	24	208	185
Deferred income tax liabilities	16	167	169
Derivative financial instruments	17	775	842
Lease liabilities	12	302	205
Interest-bearing debt	25	619	409
Other liabilities	26	210	182
Total non-current liabilities		**2,286**	**1,998**
Current liabilities			
Liabilities held for sale		-	2
Provisions for employee benefits	23	3	4
Other provisions	24	10	1
Derivative financial instruments	17	1,149	1,980
Lease liabilities	12	31	28
Interest-bearing debt	25	59	783
Current income tax liabilities		106	28
Trade creditors and other liabilities	26	3,416	2,133
Total current liabilities		**4,774**	**4,959**
TOTAL EQUITY AND LIABILITIES		**10,389**	**9,878**

1 Balance sheet position at 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 Balance sheet position at 31 December 2021.

Consolidated cash flow statement

For the 15-month period ended 31 March 2023

x €1 million	Note	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Profit after income tax		**380**	**209**
Adjusted for:			
- Financial income and expense recognised in profit or loss	8, 9	26	24
- Income tax recognised in profit or loss	10	128	52
- Share of profit of associates and joint ventures	7	-54	-63
- Depreciation, amortisation and impairment	11, 12, 13	487	350
- Result from sale of tangible and intangible assets		17	-6
- Movement in working capital	32	83	-436
- Movements in provisions, derivative financial instruments and other		97	-35
Cash flow from business operations		**1,164**	**95**
Interest paid	9, 12	-36	-22
Interest received		11	3
Income tax paid/received		-69	-53
Cash flow from operating activities		**1,070**	**23**
Loans granted		-13	-5
Repayment of loans granted	18	3	-
Dividend received from associates and joint ventures[3]		24	19
Acquisition of subsidiaries (net, exclusively purchased cash)	14	-5	-18
Acquisition of joint operations, joint ventures and associates	14	-20	-134
Disposal of joint operations, joint ventures and associates		4	69
Investments in property, plant and equipment	11	-560	-345
Disposal of property, plant and equipment		2	10
Investments in intangible assets	13	-57	-35
Disposal of intangible assets		1	6
Disposal of assets held for sale		-1	13
Cash flow from investing activities		**-622**	**-420**
Dividend payments		-104	-58
Payment of lease liabilities	12	-36	-28
Repayment of interest-bearing debt	25	-791	-144
Proceeds from interest-bearing debt	25	266	722
Purchase/sale of non-controlling interests		1	1
Cash flow from financing activities		**-664**	**493**
Movement in cash and cash equivalents		**-216**	**96**
Balance of cash and cash equivalents at 1 January 2022 respectively 1 January 2021		654	557
Translation gains and losses on cash and cash equivalents of subsidiaries		-1	1
Balance of cash and cash equivalents at 31 March 2023 respectively 31 December 2021		**437**	**654**

1 15-month period from 1 January 2022 to 31 March 2023, see note 1.2 'Change in financial reporting period'.
2 12-month calendar year 2021, from 1 January to 31 December.
3 Cash flow reclassified from 'Cash flow from operating activities' in 2021 to 'Cash flow from investing activities' in the period ended 31 March 2023 to align with income statement.

Consolidated statement of changes in equity

x €1 million	Paid-up and called-up share capital	Trans-lation reserve	Cash flow hedge reserve	Retained earnings	Un-distributed profit	Total	Non-controlling interests	Total equity
	Equity attributable to shareholder of N.V. Eneco[1]							
At 1 January 2021	**122**	**-13**	**-52**	**2,768**	**117**	**2,942**	**6**	**2,948**
Profit after income tax 2021	-	-	-	-	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[2]	122	-8	-247	2,838	209	2,914	7	2,921
Profit after income tax for the 15-month period ended 31 March 2023	-	-	-	-	377	377	3	380
Total other comprehensive income	-	-7	134	1	-	128	-	128
Total comprehensive income	**-**	**-7**	**134**	**1**	**377**	**505**	**3**	**508**
Profit appropriation 2021	-	-	-	105	-105	-	-	-
Dividend to shareholder of N.V. Eneco	-	-	-	-	-104	-104	-	-104
Other movements	-	-	-	2	-	2	-	2
Changes in non-controlling interests in subsidiaries	-	-	-	-	-	-	2	2
Total transactions with owners of the company	**-**	**-**	**-**	**107**	**-209**	**-102**	**2**	**-100**
At 31 March 2023[3]	122	-15	-113	2,946	377	3,317	12	3,329

1 See note 22 'Equity' for further information on equity.
2 Balance sheet position at 31 December 2021.
3 Balance sheet position at 31 March 2023, see note 1.2 'Change in financial reporting period'.

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

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, joint ventures and associates (referred to jointly as 'Eneco' or 'the Group'). Mitsubishi Corporation (Tokyo, Japan) is the ultimate parent of N.V. Eneco (formerly N.V. Eneco Beheer). The full large company regime applies to N.V. Eneco pursuant to the articles of association. 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, investment with Nethys N.V. in the Norther wind farm in the North Sea and investment with a number of others (Partners Group, Swiss Life, Shell, Inpex and Luxcara) in the Blauwwind (Borssele III & IV) offshore wind farm. Eneco is also participating in the SeaMade wind farm being developed off the Belgian coast. The CrossWind consortium is a joint investment between Shell and Eneco to build the Hollandse Kust Noord 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. In December 2022, the Ecowende consortium, a joint investment between Shell and Eneco, was awarded the tender to build the Hollandse Kust (west) site VI wind farm without subsidies.

The consolidated financial statements have been prepared by the company's Management Board. The financial statements for the 15-month period ended 31 March 2023 were signed by the Management Board during its meeting on 15 June 2023 and will be submitted for adoption by the General Meeting of Shareholders on 3 July 2023.

The company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) in force at 31 March 2023, 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 Change in financial reporting period

On 8 December 2021, the company's Management Board decided that the company's financial reporting period will change from the calendar year to a fiscal year running from 1 April to 31 March in order to align its financial reporting period with that of the ultimate parent, Mitsubishi Corporation.

Accordingly, the accompanying consolidated and company financial statements for the current financial reporting period cover a period of fifteen months, from 1 January 2022 to 31 March 2023. The comparative figures are for twelve months, from 1 January 2021 to 31 December 2021, and hence are not directly comparable.

1.3 Amended IFRS standards

A number of changes to existing IFRS standards adopted by the European Commission have been in force since 1 January 2022 and, where relevant, have been applied by Eneco since that date. They are as follows:

Amendments to IAS 16 'Property, plant and equipment' regarding proceeds before intended use
The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E) any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing them, through profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment, i.e. the financial reporting period 2021.

Amendments to IAS 37 'Provisions, contingent assets and contingent liabilities' regarding onerous contracts – costs of fulfilling a contract
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. Where applicable, Eneco will apply the amendments prospectively to contracts for which it had not yet fulfilled all of its obligations at the beginning of the 15-month period ended 31 March 2023.

Amendments to IFRS 3 'Business Combinations' regarding reference to the Conceptual Framework and some other limited amendments
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21 'Levies', if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IFRS 9 'Financial instruments' regarding fees in the '10 per cent' test for derecognition of financial liabilities
The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender,

including fees paid or received by either the borrower or lender on the other's behalf. Where applicable, Eneco will apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the 15-month period ended 31 March 2023.

These amendments do not have a material impact on the Group in the current reporting period.

New standards and amendments to existing standards, which Eneco has not early adopted, become effective from 1 January 2023 and will be applied by Eneco as from the next reporting period (starting on 1 April 2023):

- New standard IFRS 17 'Insurance Contracts': this standard is not applicable to Eneco based on its business activities (not an insurance company). However, Eneco has 'fixed-fee service contracts' (e.g. for central heating boiler maintenance) that meet the definition of an insurance contract in IFRS 17. For these contracts, Eneco has decided to apply IFRS 15 'Revenue from Contracts with Customers', which is permitted by the scoping paragraphs of both IFRS 15 and IFRS 17.

- Amendments to IAS 1 'Presentation of financial statements' and IFRS Practice Statement 2 regarding the disclosure of accounting policies: the amendments may impact Eneco's accounting policy disclosures. This will be determined during the preparation of the financial statements 2023;

- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' regarding the change of the definition of an accounting estimate: based on a preliminary assessment, it is expected that these amendments will not have a material impact on Eneco's financial statements, but they should provide helpful guidance for the preparation of the financial statements 2023 when determining whether changes are to be treated as changes in estimates, changes in policies, or errors;

- Amendments to IAS 12 'Income taxes' regarding deferred taxes related to assets and liabilities arising from a single transaction: the amendments require the recognition of deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. For Eneco this applies to leases and decommissioning obligations. The impact would have been approximately €80 million to €90 million of additional deferred tax assets and liabilities if these amendments had been adopted in the financial statements for the 15-month period ended 31 March 2023.

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.

1.4 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.

2. Accounting policies

2.1 General

The principal accounting policies used when preparing the financial statements for the 15-month period ended 31 March 2023 are summarised below.

The accounting policies used in these financial statements are consistent with those set out in the 2021 financial statements except for the effect of amended standards as set out in 1.3 '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.

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 2.1 ‘General', ‘Impact energy crisis’ section: application of customer support arrangements and inframarginal revenue cap law;
- 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';
- notes 2.2 'Revenues' and 3 'Revenues from energy sales and energy-related activities’: whether the Group acts as agent or principal (regarding energy contracts and related grid fees); and
- note 1.4 'Basis of consolidation' 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 11 'Property, plant and equipment – owned assets': the useful lives of property, plant and equipment;
- note 12 '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 13 'Intangible assets': the useful lives of intangible assets and impairment and significant assumptions underlying realisable amounts when performing a goodwill impairment test;

- note 16 'Deferred taxes': recognition of deferred tax assets and availability of future taxable profits against which transferrable tax losses can be used;

- note 17.4 'Fair value hierarchy': the main assumptions for determining the fair value measurement of level 3 financial instruments on the basis of unobservable inputs;

- notes 19 'Trade receivables' and 29.1 '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 23 'Provisions for employee benefits' and 24 '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.

Accounting estimates and management judgements related to climate changes
The effects of climate change and the potential impact on the energy transition (including changes in the legal environment) are relevant to some of the economic assumptions in our estimates of future cash flows. The result of these developments, and the degree to which Eneco's activities will be affected by them are sources of uncertainty. Estimating energy demand and commodity prices towards 2035 is a challenging task, involving assessing future developments in supply and demand, the speed of electrification, the impact of the introduction of green hydrogen, other technology changes, taxation, tax on emissions and other important factors. By definition, actual outcomes will differ from assumptions and the related projected scenarios. This could result in significant changes to accounting estimates for Eneco's property, plant and equipment, such as useful life, value-in-use calculations, and residual values. It also affects depreciation periods, timing of decommissioning and impairment assessments.

Since Eneco is a front runner in sustainability, its existing asset base already consists largely of renewable assets. Eneco operates some smaller gas-fired combined heat and power (CHP) plants as part of our district heating infrastructure and we operate two gas-fired power plants as balancing plants when there is too little wind and solar energy. Eneco is developing a clear strategy on renewable heat sources to supply heat for our district heating operations. In the near future, we will investigate how to convert the existing natural-gas-fired plants to green gas and/or hydrogen.

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 13 '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.

Impact energy crisis

As a response to volatile and rising European energy prices, governments in Europe have introduced certain customer support arrangements to partly compensate for the financial effects of higher energy prices for consumers and businesses. In addition, an inframarginal revenue cap was introduced by the European Union to transfer earnings made from the production of electricity with renewable assets above a certain threshold to the respective local government. The impact on N.V. Eneco's financial statements related to these customer support arrangements in the main countries Eneco operates in and the inframarginal revenue cap law, is explained in more detail below.

Customer support arrangements in response to high energy prices
The Netherlands
The Dutch government has implemented the following customer support arrangements:

Temporary contribution to energy bills for small-scale electricity connections in November and December 2022 ('Tijdelijke overbruggingsregeling tegemoetkoming energieprijzen kleinverbruikers 2022 (CEK22)'): For November and December 2022 a monthly compensation was granted of €190 per month to each small-scale electricity connection with a residential function. Final declaration and settlement with the Dutch government will be ultimately in December 2023.

Price cap for gas, electricity and district heating ('Subsidieregeling bekostiging plafond energietarieven kleinverbruikers 2023 (CEK23)'): For the period from 1 January 2023 to 31 December 2023 a temporary price cap on gas, electricity and district heating has been introduced for Dutch households and other small-scale users up to a specified level (volume) of consumption. It means that, up to a certain volume, these users will not pay more than a maximum tariff. The government requested suppliers of electricity, gas and district heating to execute the price cap arrangement by transferring compensation from the government to the households and other small-scale users. The amount of the compensation from the government to the energy supplier covers the difference between the energy price in the price cap and the average contractual energy price agreed with the customer multiplied by the volume of energy supplied up to the volume cap. The maximum tariffs (including taxes) applicable to the energy consumption ceilings are:

- €0.40 per kWh for 2,900kWh of electricity used
- €1.45 per m^3 for 1,200m^3 of natural gas used
- €47.38 per GJ for 37GJ of district heating used

Final declaration and settlement with the Dutch government will be ultimately in June 2025.

When accounting for this arrangement, some uncertainties are noticed. One of the uncertainties relates to the split between the receivable from/payable to the government versus customers, following from estimated volumes (including churn) and average prices as these can differ over time during the settlement period.

The table below shows the amounts relating to these arrangements in the Netherlands:

The Netherlands

Arrangement	Period	Received from government	(to be) settled with customers	Note 20 - Other receivables	Note 26 - Trade creditors and other liabilities
CEK22	November and December 2022	626	624	-	2
CEK23	January 2023 to March 2023	773	896[1]	123	-
CEK23	April 2023	164	-	-	164

1 This amount relates to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government.

As part of the price cap arrangement, the government requires energy suppliers to perform a margin test for the calendar year 2023. An energy supplier that has received compensation from the government regarding the price cap regulation is required to prove that the realised gross margin in 2023 has not exceeded the preliminary determined benchmark. The benchmark is based on an arithmetic average of the historical gross margins over the last four years. It is permitted to leave out one year from this calculation. The arrangement defines the gross margin as the difference between the sourcing costs of the energy supplied (including specific sourcing premiums to cover the risks of profiling, imbalance and weather) and the sales revenues of the energy supplied.

Eneco has performed this margin test for the first quarter of 2023, according to the definitions and calculations as defined in the government regulation. The reference period used to calculate the benchmark was the first quarters of 2019, 2020, 2021 and 2022 of which it is permitted to exclude one quarter. The outcome of the margin test was that the gross margin for the first quarter of 2023 did not exceed the benchmark. Consequently, no adjustment has been made in the financial statements.

The arrangement regarding the margin test is formulated to be applicable for the total energy sector with approximately 60 suppliers in the Netherlands. For that reason, the terms, definitions and formulas used in the regulation aim to be suitable for a broad range of business models, administrations and accounting policies. For the evaluation of the margin test for the first quarter of 2023 the terms, definitions and formulas have been applied to Eneco's specific business model and administration.

For the costs incurred to execute the price cap arrangement, the energy suppliers receive a compensation of €4.31 (excl. VAT) per connection per year from the government.

Temporary energy emergency fund ('Noodfonds Energie'): In addition to the above customer support arrangements, a temporary energy emergency fund was set up on 7 February 2023 by several energy companies in cooperation with the Dutch government. This 'Noodfonds Energie' is intended for Dutch households with a low income to (partly) compensate their energy invoices and to avoid energy debts. Eneco has voluntarily funded the 'Noodfonds Energie' with €5 million. Eneco's customers had received €3 million from the fund at 31 March 2023.

Germany
The German government has implemented the following customer support arrangements:

Emergency assistance ('Soforthilfe'): In November 2022, the German government has decided to financially relieve certain gas customers, by paying one-twelfth of the annual consumption forecast by the energy supplier at the take-off point in September 2022 and of the agreed gas price in December 2022. Energy suppliers were instructed not to collect the December prepayments from their customers. Instead, the federal government transferred the forecasted one-twelfth part of the yearly consumption of these customers to the energy suppliers. The calculation of the one-twelfth yearly consumption was defined by the government.

Electricity and gas price brake ('Strom- und Gaspreisbremse'): In December 2022, the German government decided to launch further price relief for gas and electricity customers.

- Gas: In order to relief households and small and medium-sized enterprises that consume less than 1.5 million kWh of gas, the German government pays the difference between the higher contract price and 12 cents gross per kWh, based on 80% of the customer's prior-year consumption of gas. The allocated amount is based on 80% of the projected annual consumption at September 2022.

For industries who use more than 1.5 million kWh, a price brake of 7 cents net based on 70% of previous year's consumption is applied. The amount allocated is based on 70% of the annual consumption in 2021.

The support arrangement is paid to LichtBlick through Kreditanstalt für Wiederaufbau (KfW - the state-owned investment and development bank).

- Electricity: In order to relief households and small and medium-sized enterprises that consume less than 30,000 kWh of electricity, the German government pays the difference between the higher contract price and 40 cents per kWh, including all taxes, levies, surcharges and grid use fees, based on 80% of forecasted consumption.

For customers which consume above 30,000 kWh, the payments by the customers is limited to 13 cents per kWh plus taxes and levies, based on 70% of the annual consumption in 2021.

In both arrangements, the forecasted consumption is based on either the consumption forecast provided by the grid operators or the customer's actual consumption in 2021.

The support arrangement is paid to LichtBlick through the transmission system operator.

- General: The price brake applies for the calendar year 2023 with a possible extension until April 2024.

The final declaration for both arrangements will be ultimately in this year and the following year aligned with the final annual settlements with customers. The final declaration to transmission system operators will start on 31 May 2024 and to KfW on 31 May 2025.

The table below shows the amounts relating to these arrangements in Germany:

Germany					
Arrangement	**Period**	**Received from government/ grid provider**	**(to be) settled with customers**	**Note 20 - Other receivables**	**Note 26 - Trade creditors and other liabilities**
Emergency assistance (gas)	December 2022	20	20	-	-
Electricity and gas price brake	January 2023 to March 2023	69	69[1]	-	-
Electricity and gas price brake	April 2023	15	-	-	15

1 This amount relates to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government.

Belgium

The Belgian government has implemented the following customer support arrangements:

Heating premium ('Verwarmingspremie'): The federal heating premium of €100 is granted once to families who had a residential contract for electricity supply on 31 March 2022. This was received from the government and paid by Eneco to its customers in May and June 2022. The final declaration to the government will be in May 2023 and paid to the government before the end of 2023.

Regular social tariff and Extended social tariff customers ('Sociaal tarief' and 'Uitgebreid sociaal tarief'): Customers are entitled to obtain social tariffs for gas and electricity, based on certain criteria determined by the government. The government pays the difference between the social tariff and a determined reference price . The social tariff regulation was already in place. Due to the energy crisis more customers became eligible for this regulation. Furthermore, in January 2022 a €80 compensation was given to the people with social tariff, this regulation is called the Social tariff forfait ('SOCTAR Forfait'). For the balance sheet position of €102 million in regard to the regular and extended social tariffs, €46 million was declared for calendar year 2022 and will be received in October 2023, after approval by the CREG (Belgian Federal Commission for Electricity and Gas Regulation). The remaining amount related to calendar year 2023 is to be declared in March 2024.

Basic energy package I and II ('Winterpremie'): Residential customers with a variable energy contract received for the period November 2022 to March 2023 an amount of €135 per month in regard to the gas invoices and €61 per month for the electricity invoices for their primary residence. Final declaration will be ultimately at the beginning of 2024.

The table below shows the amounts relating to these arrangements in Belgium:

Belgium					
Arrangement	**Period**	**Received from government**	**(to be) settled with customers**	**Note 20 - Other receivables**	**Note 26 - Trade creditors and other liabilities**
Heating premium	31 March 2022	46	44	-	2
Social tariff (regular and extended)	January 2022 to March 2023	101	203	102	-
Social tariff forfait	30 September 2021	6	6	-	-
Basic energy package I	November and December 2022	84	83	-	1
Basic energy package II	January 2023 to March 2023	155	133	-	22

Accounting treatment
The way the customer support arrangements have been accounted for is described below.

Eneco is not the intended beneficiary of the above described customer support arrangements per country, but the households and other small-scale users/businesses are. Therefore, the amounts received from the government are processed through the balance sheet as transitory amounts and settled with households and other small-scale users/businesses. These received amounts from the government did not affect the amount of revenues presented in the income statement based on the application of IFRS 15 'Revenue from contracts with customers'. This is on the basis that Eneco remains entitled to receive full consideration for the supply of electricity, gas and district heating based on either the existing price cap structure or customers' fixed or variable priced contracts and such that the transaction price under IFRS 15 is unchanged. The trade receivables arising from the supply of energy are settled both by the customer and the government. Eneco considered the alternative application of IAS 20 'Accounting for government grants and disclosure of government assistance' specifically for the CEK23 arrangement in the Netherlands and the Electricity and Gas price brake arrangements in Germany and concluded that this would have resulted in a similar accounting outcome. Any uncertainties in the accounting applied are disclosed in the above described arrangements.

Inframarginal revenue cap
On 6 October 2022, the European Union has decided to temporarily levy the expected excess market revenues above a certain price cap for electricity producers, applicable from 1 December 2022 to 30 June 2023. This European directive has been translated into country-specific (draft) laws in Germany, Belgium, and the Netherlands.

The rationale for this levy is that certain power generating asset classes, such as solar and wind, are expected to be beneficial from the higher electricity revenues, while the production costs for these asset classes was only impacted by higher inflation.

The general market revenue ceiling is set at €130 per MWh for solar and wind assets or, if applicable, the higher obtained subsidy for that specific asset. For biomass the market revenue ceiling is set at €240 per MWh.

For all assets in scope of this levy, the estimated cost for this levy amounts to €26 million for the period up to and including 31 March 2023. This is recognised as part of 'Purchases of energy and energy-related activities' in the income statement and 'Trade creditors and other liabilities' in the balance sheet.

Since the law in the Netherlands still needs to be approved by Parliament, the final amount may be subject to change. The estimated cost for this levy are based on our own interpretation of the most recent draft law and discussions with the regulator/government. Based on that information, the electricity producer (regardless if the producer is part of a larger or integrated group) may choose from two methods to determine the realised market revenues. The producer cannot switch between the methods during the mentioned period. The methods to determine the market revenues are:

1. based on day ahead pricing;
2. based on the administration of the producer.

For the calculation of the estimated costs for this levy we used method 1.

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.

A judgement is made for each performance obligation, as to whether it 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 Eneco 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. This estimation is corrected for e.g. re-delivery of electricity, because of yearly increasing number of customers with solar panels, and for gas savings by customers as a consequence of the energy crisis.

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 27).

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 including depreciation charges for the right-of-use assets and interest expenses in respect of lease liabilities from the commencement date of the lease. 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, as explained in 'Measurement of lease liabilities' above;
- 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'.

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; in other cases, 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 (held for sale in the ordinary course of business), 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. The fair value of these power 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 five 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 on the achievement 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 cases where the contracts have option characteristics.

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.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by conversion in the marketplace.

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.

A default on a financial asset is the non-compliance of a counterparty with its contractual obligations towards Eneco, such as payment obligations.

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 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

For the 15-month period ended 31 March 2023.

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.

	Period ended 31 March 2023	Year ended 31 December 2021
Electricity	7,740	3,163
Gas	4,633	1,600
Heat	562	276
Energy-related activities	210	105
Total	**13,145**	**5,144**

Electricity revenue included €13 million (2021: €63 million) of government grants.

Each year, the Group settles prior year revenues with its customers. Revenue of €92 million that related to earlier years of supply was recognised (2021: €19 million).

	Period ended 31 March 2023	Year ended 31 December 2021
Netherlands	8,851[1]	3,103
Belgium	1,825	794
Germany	2,252[1]	1,145
United Kingdom	217	102
Total	**13,145**	**5,144**

1 Amounts related to the revenues recognised for the period 1 January until 31 March 2023 under the price cap arrangement (to be) collected from the government are included. See note 2.1 'Accounting policies - Impact energy crisis'.

Revenue included transmission charges of some €389 million (2021: €290 million) invoiced on behalf of grid operators and some €333 million (2021: €482 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 income

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

5. Employee benefits

	Period ended 31 March 2023	Year ended 31 December 2021
Wages and salaries	-272	-186
Social security contributions	-37	-25
Pension contributions	-29	-21
Other employee benefits	-40	-26
Total	**-378**	**-258**

Total employee benefits were €417 million (2021: €287 million). €27 million (2021: €20 million) of employee benefits have been capitalised. As their nature is directly related to revenue, employee benefits of €12 million (2021: €9 million) have been recognised as part of Purchases of energy and energy-related activities.

Number of employees in Full Time Equivalents (FTE)

	Period ended 31 March 2023	Year ended 31 December 2021
Average		
FTEs employed	3,119	2,865
of whom, working outside the Netherlands	878	737
At 31 March 2023 respectively 31 December 2021		
FTEs employed	3,340	2,970

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 and the last amendment to the remuneration policy regarding the non-financial targets of the Management Board is dating from 29 March 2022 and took effect on 1 April 2022 (both 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.

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

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%), for customer satisfaction (with a weight of 10%), employee engagement (with a weight of 10%), safety (with a weight of 5%) and sustainability (with a weight of 15%). The 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 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 2022 STI applies from 1 April 2022 to 31 March 2023. The targets for STI 2021 and most targets for STI 2022 have been realised and the related amounts are disclosed in footnote 3 of the table below.

The grant of LTI is fully dependent on the improvement of the financial performance over a period of three years. The 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 including holiday allowance and is maximised at an 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 three 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, the 2021-2023 LTI applies from 1 April 2021 to 31 March 2024 and the 2022-2024 LTI applies from 1 April 2022 to 31 March 2025. The target for LTI 2020-2022 has been realised and the related amount is disclosed in footnote 4 of the table below.

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. Two non-financial targets (safety and sustainability) were implemented for the STI in 2022.

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 €114,866 (2022)/ €128,810 (2023). As a result, the contribution to pensions for the part of the gross salary in excess of €114,866 (2022)/€128,810 (2023) 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 2021, Ms Tijhaar was appointed as CFO on 1 February 2021. Mr Peters (CCO) stepped down with effect from 15 July 2021.

Ms Thurer was appointed as COO-Customer on 9 May 2022 and receives her wages as from 1 May 2022. Mr Van de Noort stepped down as COO-Assets with effect from 1 April 2023.

No sign-on bonuses or recruitment incentive payments were paid to the members of the Management Board nor were clawbacks applied during the reporting period.

1 The Supervisory Board has discretionary authority to apply normalisations to the reported net result.

Total remuneration was as follows:

Remuneration of the Management Board[1] (15 months) x €1,000	Gross salary[2]	Variable remuneration (STI)[3]	Variable remuneration (LTI)[4]	Pension contributions[2]	Other pension compensation[2]	Other[5]	Total for period ended 31 March 2023
A.C. Tempelman	753	309	265	48	87	-	1,462
C.J. Rameau	562	224	196	41	58	-	1,081
J.M.J. Tijhaar	551	224	98	41	58	-	972
F.C.W. van de Noort	557	224	196	41	58	564	1,640
H. Sakuma	559	224	196	41	58	-	1,078
S.M. Thurer[6]	416	139	40	29	42	-	666
Total	**3,398**	**1,344**	**991**	**241**	**361**	**564**	**6,899**

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 in IAS 19 and IAS 24.
2 These amounts are based on a 15-month period (1 January 2022 to 31 March 2023).
3 Includes the 2021 STI (January 2022 to March 2022 based on actual result), an adjustment for the actual realisation of the 2021 STI for the period from April 2021 to December 2021: €218 and the 2022 STI based on actual result (April 2022 to March 2023). The 2022 STI for Ms Thurer is calculated on a pro rata basis for the period May 2022 to March 2023.
4 Three LTI cycles overlap: LTI 2020-2022: EBITDA (April 2020 to March 2023), LTI 2021-2023: Net result (April 2021 to March 2024) and LTI 2022-2024: Net result (April 2022 to March 2025). This amount has been calculated on actual achievement for the completed LTI cycle (LTI 2020-2022: €186) and for the continuing LTI cycles assuming on-target achievement of the financial targets after the three-year period. If applicable, the LTI amounts are calculated on a pro rata basis, dependent on the start date of the employment of the individual board member. For Mr Van de Noort this includes a settlement of the LTI 2021-2023 and LTI 2022-2024 related to the end of his employment for an amount of €98.
5 Mr Van de Noort: continued payment of salary for the period 1 April 2023 to 1 July 2023 during which Mr Van de Noort is not required to work and the compensation at the end of employment (1 July 2023) as contractually agreed.
6 Ms Thurer was appointed with effect from 9 May 2022, but was remunerated from 1 May 2022.

Remuneration of the Management Board (12 months) x €1,000	Gross salary	Variable remuneration (STI)[1]	Variable remuneration (LTI)[2]	Pension contributions	Other pension compensation	Other[3,4,5]	Total for year ended 31 December 2021
A.C. Tempelman	604	216	105	43	71	-	1,039
C.J. Rameau	449	165	76	36	47	-	773
G.A.J. Dubbeld[6]	37	67	11	3	4	88	210
J.M.J. Tijhaar[7]	404	98	33	33	43	10	621
F.C.W. van de Noort	446	165	76	36	47	-	770
J.A.F.M. Peters[8]	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 Includes the 2020 STI (January 2021 to March 2021 based on actual result) and the 2021 STI (April 2021 to December 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: April 2020 to December 2020: €155. Mr Peters has received a pro rata incentive at the termination date of his contract of employment.
2 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 (April 2020 to March 2023) and LTI 2021-2023 (April 2021 to March 2024). The amount of long-term variable remuneration for 2021 is an estimate based on twelve months (January 2021 to December 2021, regarding the LTI 2020-2022) as well an estimate based on nine months (April 2021 to December 2021, 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.
3 Mr Dubbeld: continued payment of salary for the period February 2021 to April 2021 during which Mr Dubbeld was not required to work.
4 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 April 2021 for Ms Tijhaar.
5 Mr Peters: continued payment of salary for the period 15 July 2021 – 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.
6 Salary to 1 February 2021.
7 Ms Tijhaar was appointed with effect from 1 February 2021.
8 Salary to 15 July 2021.

Remuneration of the Supervisory Board

The General Meeting of Shareholders adopted the remuneration policy for the Supervisory Board with effect from 24 March 2020.

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 & Risk 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.

Total remuneration was as follows:

Period ended 31 March 2023 (15 months)		Committees			
x €1	Remuneration	Audit & Risk Committee	Remuneration / Selection and Appointments Committee	Expenses	Total for period ended 31 March 2023
J.M. Kroon, chairperson	100,000	9,375	8,125	1,438	118,938
M. Enthoven	75,000	12,500	10,625	1,438	99,563
J.M. Roobeek	75,000	-	8,125	1,438	84,563
G. Yaguchi[1]	-	-	-	-	-
K. Nakanishi[1,2]	-	-	-	-	-
A. Matsunaga[1,2]	-	-	-	-	-
Y. Kashiwagi[1,3]	-	-	-	-	-
S. Hamada[1,3]	-	-	-	-	-
H. (Hiroki) Sato[1,4]	-	-	-	-	-
K. Sugimori[1,4]	-	-	-	-	-
Total	**250,000**	**21,875**	**26,875**	**4,314**	**303,064**

1 These members have voluntarily waived their remuneration entitlements.
2 Mr Matsunaga was appointed as member of the Supervisory Board on 9 March 2022 and succeeded Mr Nakanishi who stepped down on the same date.
3 Mr Hamada was appointed as member of the Supervisory Board on 9 March 2022 and succeeded Mr Kashiwagi who stepped down on the same date.
4 Mr Sugimori was appointed as member of the Supervisory Board on 1 October 2022 and succeeded Mr Sato who stepped down on the same date.

Year ended 31 December 2021 (12 months) x €1	Remuneration	Committees: Audit Committee	Committees: Remuneration / Selection and Appointments Committee	Expenses	Total for year ended 31 December 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 remuneration 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.

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.

	Period ended 31 March 2023	Year ended 31 December 2021
Share in net profit and result on sales of associates and joint ventures	54	65
(Reversal) Impairment	-	-2
Total	**54**	**63**

8. Financial income

Financial income consists mainly of interest €4 million on short term deposits (2021: €0 million), negative interest on Euro Commercial Paper borrowings of €1 million (2021: €1 million), interest on margin calls of €4 million (2021: €0 million) and other €4 million (2021: €1 million).

9. Financial expenses

	Period ended 31 March 2023	Year ended 31 December 2021
Interest expenses	-29	-15
Interest added to provisions and lease liabilities	-8	-5
Other	-2	-6
Total	**-39**	**-26**

See note 25 '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:

	Period ended 31 March 2023	Year ended 31 December 2021
Current tax expense	-161	-65
Movements in deferred taxes	33	13
Income tax	**-128**	**-52**

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 increased the tax rate from 25% to 25.8%. The impact of this increase (€5 million) was recognised in the 2021 result as deferred tax expenses and it also resulted in a net increase in the deferred tax assets and liabilities.

The tax rate was not changed in the 2023 Tax Plan and remains at 25.8%.

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.

There were several changes to the government in the UK during 2022. There were plans to cancel the announced tax rate increase, but the current government has decided to proceed with the tax rate increase to 25%.

The corporate income tax rates for Belgium and Germany were not adjusted in the period from 1 January 2022 to 31 March 2023 and are 25% respectively 32.28%.

Including prior year adjustments of €2 million (2021: €4 million), current income tax charges were €161 million (2021: €65 million). The deferred tax gain of €33 million in the table above (2021: deferred tax gain of €13 million) included a release of €4 million from the Energy Investment Allowance to be amortised (2021: €4 million).

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:

	Period ended 31 March 2023		Year ended 31 December 2021	
Profit before income tax		**508**		**261**
Nominal tax rate (in the Netherlands)	25.8%	-131	25.0%	-65
Effect of:				
- Participation exemption	-2.8%	14	-6.3%	16
- Non tax-deductible expenses	2.4%	-12	3.2%	-8
- Tax incentives	-0.8%	4	-2.1%	5
- Movement in deferred taxes (effect rate change)	0.0%	0	4.1%	-11
- Adjustment of prior years results (current and deferred taxes)[1]	0.4%	-2	0.0%	4
- Investment allowances and foreign loss relief[1]	-0.6%	3	-1.8%	1
- Tax effect of different foreign tax rates	1.0%	-5	-0.8%	2
- Tax-exempt income and other	-0.2%	1	-1.4%	4
Effective tax rate	**25.2%**	**-128**	**19.9%**	**-52**

1 2021 amount restated for comparative purposes.

Notes to the consolidated balance sheet

11. Property, plant and equipment – owned assets

	Land and buildings	Machinery and equipment	Other operating assets	Assets under construction	Total
Cost					
At 1 January 2021	**82**	**4,494**	**45**	**218**	**4,839**
Investments[1]	6	33	1	305	345
Acquisitions	1	8	-	2	11
Disposals	-	-35	-2	-7	-44
Changes in decommissioning provision[1]	-	53	-	-	53
Reclassification other	-	167	1	-159	9
Translation differences	-	25	-	-	25
At 31 December 2021	**89**	**4,745**	**45**	**359**	**5,238**
Investments	-	18	4	538	560
Acquisitions	-	-	-	1	1
Disposals	-2	-28	-2	-7	-39
Reclassification from/to assets held for sale	1	-12	-	-1	-12
Changes in decommissioning provision	-	19	-	-	19
Reclassification other	5	442	2	-451	-2
Translation differences	-	-17	-	-	-17
At 31 March 2023	**93**	**5,167**	**49**	**439**	**5,748**
Accumulated depreciation and impairment					
At 1 January 2021	**27**	**1,999**	**38**	**6**	**2,070**
Annual depreciation and impairment	3	220	3	-	226
Acquisitions	-	2	-	-	2
Disposals	-	-27	-1	-6	-34
Translation differences	-	9	-	-	9
At 31 December 2021	**30**	**2,203**	**40**	**-**	**2,273**
Annual depreciation and impairment	4	291	3	-	298
Disposals	-2	-17	-2	-	-21
Reclassification from/to assets held for sale	-	-11	-	-	-11
Reclassification other	1	-	-1	-	-
Translation differences	-	-7	-	-	-7
At 31 March 2023	**33**	**2,459**	**40**	**-**	**2,532**
Carrying amount					
At 1 January 2021	55	2,495	7	212	2,769
At 31 December 2021	59	2,542	5	359	2,965
At 31 March 2023	**60**	**2,708**	**9**	**439**	**3,216**

1 'Machinery and equipment': for comparative purposes, decommissioning provision for new assets restated to line item 'Changes in decommissioning provision'.

Capitalised interest
Attributable interest capitalised for property, plant and equipment was €2 million (2021: €2 million). The capitalisation rate of interest was 1.11% (2021: 0.75%).

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 €26 million (2021: €20 million) have been recognised through the income statement.

12. 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 2021	**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**
Additions[1]	72	20	-	92
Revaluation	45	-	3	48
Disposals	-3	-	-	-3
Translation differences	-1	-	-	-1
At 31 March 2023	**370**	**77**	**24**	**471**
Accumulated depreciation and impairment				
At 1 January 2021	**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**
Annual depreciation and impairment	30	4	5	39
Disposals	-3	-	-	-3
Translation differences	2	-	-	2
At 31 March 2023	**87**	**32**	**16**	**135**
Carrying amount				
At 1 January 2021	194	32	9	235
At 31 December 2021	199	29	10	238
At 31 March 2023	**283**	**45**	**8**	**336**

1 The new 'Land and buildings' leases for the 15-month period ended 31 March 2023 include €16 million of leases with a commencement date in 2021.

Movements in lease liabilities were as follows:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**233**	**229**
New leases[1]	92	27
Lease payments	-43	-31
Interest added to lease liabilities (financial expenses)	7	4
Changes of contract period, indexation	48	7
Disposal of contracts	-3	-5
Translation differences	-1	2
At 31 March 2023 respectively 31 December 2021	**333**	**233**
Classification		
Current	31	28
Non-current	302	205
At 31 March 2023 respectively 31 December 2021	**333**	**233**

1 The new leases for the 15-month period ended 31 March 2023 include €16 million of leases with a commencement date in 2021.

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 37 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

	Period ended 31 March 2023	Year ended 31 December 2021
Depreciation charge for right-of-use assets	39	28
Interest added to lease liabilities	7	4
Other lease costs[1]	3	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 were €46 million (lease repayments of €36 million, interest of €7 million and other lease costs of €3 million), 2021 €34 million (lease repayments of €28 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
See note 27 'Commitments, contingent assets and liabilities' for future lease payments resulting from renewal or termination options in leases. Leases which have been entered into but are not yet in force amount to €2 million (31 December 2021: €36 million, excluding the €16 million for

leases with a commencement date in 2021 as mentioned in the footnote above). Residual value guarantees 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.

13. Intangible assets

	Goodwill	Customer databases	Software and software licences	Concessions, permits, trade names and other rights	Development expenditure	Total
Cost						
At 1 January 2021	**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**
Investments	-	1	48	-	8	57
Acquisitions	10	1	2	1	-	14
Disposals	-	-5	-9	-1	-1	-16
Disposal of group companies	-	-	-	-	-	-
Translation differences	-	-	-	-1	-	-1
Reclassification other	-4	4	2	4	-	6
At 31 March 2023	**548**	**793**	**225**	**177**	**26**	**1,769**
Accumulated amortisation and impairment						
At 1 January 2021	**-**	**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**
Annual amortisation and impairment	29	78	26	12	7	152
Disposals	-	-5	-8	-1	-	-14
Disposal of group companies	-	-	-	-	-	-
Reclassification other	-	-	-	-	-	-
At 31 March 2023	**29**	**473**	**136**	**71**	**17**	**726**
Carrying amount						
At 1 January 2021	537	434	52	122	10	1,155
At 31 December 2021	542	392	64	114	9	1,121
At 31 March 2023	**519**	**320**	**89**	**106**	**9**	**1,043**

Goodwill
Goodwill was €519 million (31 December 2021: €542 million) and consisted mainly of €152 million (31 December 2021: €145 million) of goodwill relating to the group of cash-generating units in the Netherlands, €191 million (31 December 2021: €212 million) relating to the group of cash-generating units in Belgium, €159 million (31 December 2021: €159 million) relating to the group

of cash-generating units in Germany and €17 million (31 December 2021: €18 million) relating to the cash-generating unit in the United Kingdom.

An impairment analysis was performed on this goodwill in December 2022 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, except for the sum of the recoverable amounts for the cash-generating units in Belgium and the cash-generating unit Eneco eMobility - Germany. See 'Impairments' below.

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;

- a terminal growth rate and a long-term growth rate of about 2.5% have been taken into account from 2028;

- these expected future cash flows are based on the Business Plan 2023–2027, 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 6.9% - 16.8% (in 2021: 3.1% - 9.8% 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 €0.4 billion and would lead to an impairment of some €30 million.

Impairments
The cash-generating unit Eneco eMobility has been split into Eneco eMobility - the Netherlands and Belgium and Eneco eMobility – Germany, as a consequence of the transfer of the German Eneco eMobility activities from the Netherlands to Germany. The impairment analysis referred to above established that the value in use of the group of cash-generating units in Belgium and the value in use of the cash-generating unit Eneco eMobility - Germany were lower than their carrying amounts (including the goodwill allocated to these groups of cash-generating units) mainly as a result of the significant increase of pre-tax discount rates compared to 2021 and lower expected future cashflows for Belgium. The cash-generating unit Eneco eMobility - Germany relates to charging station activities in Germany. The 'Power' and 'Gas' cash-generating units in Belgium concern respectively the electricity- and gas-related operations in that country.

Management recognised an impairment of €21 million to the goodwill in the cash-generating units in Belgium. A pre-tax weighted average discount rate of 9.6% (31 December 2021: 4.9%) was used in the calculation of the value in use. The total goodwill of €8 million for the cash-generating unit Eneco eMobility - Germany was fully impaired and in addition the total other intangible assets of €6 million were fully impaired. A pre-tax discount rate of 16.8% (31 December 2021: 9.8%) was used in the calculation of the value in use. These amounts were recognised in the income statement in line item ‘Amortisation and impairment of intangible assets’.

Customer databases
Customer databases relate to 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.).

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 €630 million (31 December 2021: €231 million). €525 million (31 December 2021: €152 million) related to green certificates and emission rights and the remaining €105 million (31 December 2021: €79 million) to other inventories. Of these green certificates and emission rights, €358 million were measured at fair value (31 December 2021: €0 million) in the fair value hierarchy 1. See note 17.4 'Fair value hierarchy' for other fair value hierarchy disclosures.

14. Business combinations and other changes in the consolidation structure

Acquisition of remaining shares in Suniverse Holding B.V.
On 1 April 2022, Eneco completed the purchase of the remaining shares (70.7%) from several external shareholders in Suniverse Holding B.V. ('Suniverse') after receiving the approval of the Dutch competition authorities. Suniverse, based in Amsterdam, is a one-stop-shop for residential renewable energy solutions including a 100% financing solution for both movable and immovable goods. Suniverse consists of three entities; Suniverse Holding B.V., Suniverse B.V. (name changed in 2022 to Eneco Duurzaam Wonen B.V.) and Suniverse Developments B.V.

This acquisition has no material impact on the financial statements and so is not disclosed further. The assessment of the fair value of the identified assets and liabilities including the purchase price allocation was finalised during the financial reporting period and therefore the figures for this business combination are definitive.

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. 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 of the financial statements 2021. The assessment was finalised during the second half of 2022 and therefore the figures for this business combination are definitive. An amount of €4 million has been recognised in the opening balance sheet for intangible assets (customer contracts). The goodwill arising from this business combination amounts to €1 million and is not tax deductible.

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.) after reaching agreement on the proposed acquisition with the works councils of both companies and after receiving the approval of the Dutch competition authorities. 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 of the financial statements 2021. The assessment was finalised during the second half of 2022 and therefore the figures for this business combination are definitive. There has been no material impact on Eneco's figures compared to the provisional recognition of this acquisition in the financial statements 2021.

15. 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 March 2023	At 31 December 2021
Interest in Greenchoice (30%)	Associate	87	66
Interest in Norther wind farm (50%)	Joint venture	202	139
Other associates		22	9
Other joint ventures		6	7
Total		**317**	**221**

The carrying amount of interest in Greenchoice increased with €21 million. This concern our share in their estimated result for the 15-month period minus dividends received.

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 2021	At 31 December 2020
Non-current assets	161	195
Current assets	474	224
Non-current liabilities	69	76
Current liabilities	423	226
Net assets (100%)	**143**	**117**
Eneco's share of net assets	43	35
Carrying amount of interest in Greenchoice (incl. acquired goodwill)	**66**	**58**

Comprehensive income information (based on most recent available information)	Year ended 31 December 2021	Year ended 31 December 2020
Revenues (100%)	566	520
Profit after income tax (100%)	29	-5
Total other comprehensive income (100%)	-	-
Total comprehensive income (100%)	29	-5
Group's share of total comprehensive income (30%)	**9**	**-2**

Northern

Balance sheet information	At 31 March 2023[1]	At 31 December 2021[2]
Non-current assets	968	954
Current assets	195	165
- of which cash and cash equivalents	116	131
Non-current liabilities	817	922
- of which non-current financial liabilities (excl. trade creditors, other obligations and provisions)	736	829
Current liabilities	130	122
- of which current financial liabilities (excl. trade creditors, other liabilities and provisions)	62	63
Net assets (100%)	**216**	**75**
Eneco's share of net assets	108	37
Carrying amount of interest in Norther (incl. acquired premium)	**202**	**139**

1 Applying IAS 28.34, the February 2023 figures are presented (one month delay).
2 Applying IAS 28.34, the November 2021 figures are presented (one month delay).

Comprehensive income information	Period ended 31 March 2023[1]	Year ended 31 December 2021[2]
Revenues (100%)	234	163
Depreciation, amortisation and impairment (100%)	-65	-52
Financial income (100%)	1	1
Financial expenses (100%)	-26	-28
Tax charge or gain (100%)	-16	-12
Profit after income tax (100%)	69	46
Total other comprehensive income (100%)	112	23
Total comprehensive income (100%)	181	69
Group's share of total comprehensive income (to May 2021: 25%; from June 2021: 50%)	**91**	**17**

1 Applying IAS 28.34, the figures for December 2021 to February 2023 are presented (one month delay).
2 Applying IAS 28.34, the figures for December 2020 to November 2021 are presented (one month delay).

Total comprehensive income (the Group's share) for the other associates was €3 million negative (2021: €3 million negative) and for the other joint ventures €0 million (2021: €0 million).

16. Deferred taxes

The table below shows the deferred tax assets and liabilities:

	Assets		Liabilities	
	At 31 March 2023	At 31 December 2021	At 31 March 2023	At 31 December 2021
Property, plant and equipment[1]	3	1	138	158
Intangible assets	15	15	81	96
Hedges and derivatives[1]	69	89	14	4
Receivables[1]	5	1	18	10
Loss carry forwards	18	16	-	-
Losses at non-resident participating interests	-	-	10	11
Provisions	8	9	-	-
Tax liabilities (assets) before set-off	**118**	**131**	**261**	**279**
Set-off of tax	-94	-110	-94	-110
Total	**24**	**21**	**167**	**169**

1 Deferred tax previously presented as 'Effect of previously adopted IFRS standards' has been restated in the specific categories. The comparative figures have been restated.

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 for the period from 1 January 2022 to 31 March 2023 were as follows:

	Net balance at 1 January 2022	Recognised in profit or loss[1]	Recognised in other comprehensive income	Other (including business combinations)	Net balance at 31 March 2023	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-158	19	-	4	-135	3	-138
Intangible assets	-80	13	-	1	-66	15	-81
Hedges and derivatives	84	-	-28	-1	55	69	-14
Receivables	-8	-3	-	-2	-13	5	-18
Loss carry forwards	16	-	-	2	18	18	-
Losses at non-resident participating interests	-11	1	-	-	-10	-	-10
Provisions	9	-1	-	-	8	8	-
Tax liabilities (assets) before set-off	**-148**	**29**	**-28**	**4**	**-143**	**118**	**-261**
Set-off of tax						-94	94
Total						**24**	**-167**

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 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
Hedges and derivatives	11	-	72	1	84	88	-4
Receivables	-3	-5	-	-	-8	2	-10
Loss carry forwards	16	-	-	-	16	16	-
Losses at non-resident participating interests	-12	1	-	-	-11	-	-11
Provisions	7	2	-	-	9	9	-
Tax liabilities (assets) before set-off	**-228**	**9**	**72**	**-1**	**-148**	**131**	**-279**
Set-off of tax						-110	110
Total						**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'.

The table below shows the expiry periods for temporary differences available for relief at 31 March 2023:

Expiry periods for differences available for relief	In years
Property, plant and equipment	1 - 45
Intangible assets	1 - 20
Hedges and derivatives	1 - 15
Receivables	1 - 15
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 2021: €7 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 (31 December 2021: indefinitely).

17. Derivative financial instruments

17.1 Financial instruments of the Group

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

Financial assets	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	29	-
Currency swap contracts	2	-
Energy commodity contracts	1,632	2,487
CO_2 emission rights	23	19
Total	**1,686**	**2,506**
Classification		
Current	1,314	1,906
Non-current	372	600
Total	**1,686**	**2,506**

Financial liabilities	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	-	24
Currency swap contracts	6	9
Energy commodity contracts	1,909	2,775
CO_2 emission rights	9	14
Total	**1,924**	**2,822**
Classification		
Current	1,149	1,980
Non-current	775	842
Total	**1,924**	**2,822**

The fair value of the energy commodity contracts decreased by some €0.9 billion (2021 increase €2.2 billion) in respect of derivative assets and also some €0.9 billion (2021 increase €2.4 billion) in respect of derivative liabilities. This decrease is mainly the result of the decrease in the average market price for electricity and gas.

17.2 Financial instruments recognised through the income statement

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

Financial assets	At 31 March 2023	At 31 December 2021
Currency swap contracts	2	–
Energy commodity contracts	1,369	2,487
CO_2 emission rights	23	19
Total	**1,394**	**2,506**
Classification		
Current	1,049	1,906
Non-current	345	600
Total	**1,394**	**2,506**

Financial liabilities	At 31 March 2023	At 31 December 2021
Currency swap contracts	3	4
Energy commodity contracts	1,381	2,460
CO_2 emission rights	9	14
Total	**1,393**	**2,478**
Classification		
Current	1,104	1,934
Non-current	289	544
Total	**1,393**	**2,478**

The total amount recognised in the income statement for financial assets and liabilities measured at fair value through profit or loss (including recycling and other effects of financial assets and liabilities allocated to hedge accounting) was €41 million loss (2021: €33 million gain).

17.3 Financial instruments recognised in equity - cash flow hedge accounting

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

Financial assets	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	29	–
Energy commodity contracts	263	–
Total	**292**	**–**
Classification		
Current	265	–
Non-current	27	–
Total	**292**	**–**

Financial liabilities	At 31 March 2023	At 31 December 2021
Interest rate swap contracts	–	24
Currency swap contracts	3	5
Energy commodity contracts	528	315
Total	**531**	**344**
Classification		
Current	45	46
Non-current	486	298
Total	**531**	**344**

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.

17.4 Fair value hierarchy

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

At 31 March 2023	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO_2 emission rights	1,137	514	4	1,655
Interest rate and currency swap contracts	-	31	-	31
	1,137	**545**	**4**	**1,686**
Liabilities				
Energy commodity contracts and CO_2 emission rights	188	1,237	493	1,918
Interest rate and currency swap contracts	-	6	-	6
	188	**1,243**	**493**	**1,924**

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**

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 offset by higher future electricity sale proceeds.

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 €117 per MWh for the measurement period (2021: €73)	A 5% increase or decrease would result in a change in fair value of €28 million (2021: €25 million)
Option contract	Option pricing model	Average price €111 per MWh for the measurement period (2021: €81)	A 5% increase or decrease would result in a change in fair value of €21 million (2021: €15 million)
		Volatility	A 10% increase or decrease would result in a change in fair value of €17 million (2021: €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	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-283**	**-35**
Included in income statement	-12	-7
Included in statement of comprehensive income	-225	-251
Purchases	3	10
Sales and settlements	28	-
At 31 March 2023 respectively 31 December 2021	**-489**	**-283**
Classification		
Financial assets	4	8
Financial liabilities	-493	-291
At 31 March 2023 respectively 31 December 2021	**-489**	**-283**

17.5 Cash flow hedges

Movements in the cash flow hedge reserve are presented in note 29.2 'Market and regulatory 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 March 2023	At 31 December 2021
Expected cash flow		
Within 1 year	535	-48
From 1 to 5 years	-205	-100
After 5 years	-292	-161
Total	**38**	**-309**

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 March 2023	At 31 December 2021
Expected recognition in result after tax		
Within 1 year	178	-34
From 1 to 5 years	-125	-74
After 5 years	-166	-120
Total	**-113**	**-228**

18. Other financial assets

	At 31 March 2023	At 31 December 2021
Loans	4	4
Other capital interests	3	3
Other assets and prepayments	53	60
Contract acquisition costs	44	31
Total	**104**	**98**

See note 20 'Other receivables' for the movements in contract acquisition costs.

19. Trade receivables

The table below shows the trade receivables:

	At 31 March 2023	At 31 December 2021
Energy receivables	1,184	880
Amounts to be invoiced	595	348
Other trade receivables	124	96
Less: Loss allowance	-105	-64
Total	**1,798**	**1,260**

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

	At 31 March 2023			At 31 December 2021		
	Nominal receivables	Loss allowance	Percentage for loss allowance	Nominal receivables	Loss allowance	Percentage for loss allowance
Not past due	1,455	-22	2%	1,094	-10	1%
After due date						
- under 3 months	295	-16	5%	135	-7	5%
- 3 to 6 months	58	-13	22%	15	-4	27%
- 6 to 12 months	41	-17	41%	23	-7	30%
- over 12 months	54	-37	69%	57	-36	63%
Nominal value	**1,903**	**-105**		**1,324**	**-64**	
Less: Loss allowance	-105			-64		
Total	**1,798**			**1,260**		

The table below shows the movements in loss allowance:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-64**	**-69**
Additions through profit or loss	-55	-18
Withdrawals	14	23
At 31 March 2023 respectively 31 December 2021	**-105**	**-64**

20. Other receivables

	At 31 March 2023	At 31 December 2021
Contract acquisition costs	31	31
Prepayments and accrued income	133	88
Margin calls	346	381
Customer support arrangements[1]	225	9
Other receivables	59	34
Total	**794**	**543**

1 See note 2.1 ‘Accounting policies – Impact energy crisis’.

The movements in contract acquisition costs were as follows:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**62**	**56**
Capitalisation	66	48
Amortisation	-53	-42
At 31 March 2023 respectively 31 December 2021	**75**	**62**
Classification		
Current	31	31
Non-current (see note 18)	44	31
At 31 March 2023 respectively 31 December 2021	**75**	**62**

Amortisation of contract acquisition costs has been recognised in the result for €53 million in 'Purchases of energy and energy related activities' (2021: €42 million).

21. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of €437 million (31 December 2021: €654 million). Term deposits and blocked accounts, which are not at the free disposal of the Group, were €168 million (31 December 2021: €122 million).

22. Equity

	At 31 March 2023	At 31 December 2021
Share capital	122	122
Translation reserve	-15	-8
Cash flow hedge reserve	-113	-247
Retained earnings	2,946	2,838
Undistributed result for the financial reporting period	377	209
Equity attributable to shareholder of N.V. Eneco	**3,317**	**2,914**
Non-controlling interests	12	7
Total equity	**3,329**	**2,921**

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 March 2023, 267,458 shares had been issued and fully paid (unchanged compared to 31 December 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 29.2 'Market and regulatory 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 hedged

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 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 29.2 'Market and regulatory 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.

23. Provisions for employee benefits

	Long-service benefits	Other	Total
At 1 January 2021	**6**	**6**	**12**
Addition	1	2	3
Withdrawals	-1	-2	-3
Release	-	-2	-2
At 31 December 2021	**6**	**4**	**10**
Classification			
Current	-	4	4
Non-current	6	-	6
At 31 December 2021	**6**	**4**	**10**
Addition	1	2	3
Withdrawals	-2	-2	-4
Release	-	-1	-1
At 31 March 2023	**5**	**3**	**8**
Classification			
Current	-	3	3
Non-current	5	-	5
At 31 March 2023	**5**	**3**	**8**

Long-service benefits
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 €2 million (31 December 2021: €3 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 March 2023	At 31 December 2021
Long-service benefits (NL)		
Discount rate at reporting date	3.40%	0.79%
Future salary increases	0.6%-4.0%	1.0%-1.5%
Mortality table	GBM & GBV 2016-2021	GBM & GBV 2015-2020
Pension liabilities (BE)		
Discount rate at reporting date	3.50%	0.80%
Future salary increases	2.25%/scale +0.5% 2.25%/scale +2.0%	1.5%/scale +0.5% 1.5%/scale +2.0%
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.

24. Other provisions

	Decommissioning	Onerous contracts	Other[1]	Total
At 1 January 2021	**132**	**-**	**10**	**142**
Addition	24	-	1	25
Withdrawals	-2	-	-5	-7
Release	-3	-	-3	-6
Adjustment for change in inflation and discount rate	30	-	-	30
Other	1	-	1	2
At 31 December 2021	**182**	**-**	**4**	**186**
Classification				
Current	-	-	1	1
Non-current	182	-	3	185
At 31 December 2021	**182**	**-**	**4**	**186**
Addition	40	3	8	51
Withdrawals	-	-	1	1
Release	-2	-	-1	-3
Adjustment for change in inflation and discount rate	-18	-	-	-18
Other	-	-	1	1
At 31 March 2023	**202**	**3**	**13**	**218**
Classification				
Current	-	3	7	10
Non-current	202	-	6	208
At 31 March 2023	**202**	**3**	**13**	**218**

1 This category concern restructuring provision and other provisions.

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 2.3% to 2.5% (2021: 1.7% to 1.8%). 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. Interest in a range of 2.2% to 2.5% was added to the provisions (2021: no interest was added).

25. Interest-bearing debt

The Group’s interest-bearing debt related largely to financing wind farms and general financing.

	At 31 March 2023	At 31 December 2021
Non-recourse (mainly financing wind farms and solar projects)	381	456
Other loans and liabilities	297	736
Total	**678**	**1,192**

See note 29 'Financial risk management' for details of the periods over which the repayments will be made.

	At 31 March 2023	At 31 December 2021
Classification		
Current	59	783
Non-current	619	409
Total	**678**	**1,192**

The total repayments in interest-bearing debt were €791 million and concern mainly the repayment of short term corporate loans of €700 million. The total proceeds in interest-bearing debt were €266 million and concern mainly a new long-term corporate loan of €250 million.

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 was €381 million (31 December 2021: €456 million). No collateral has been provided for the other interest-bearing debt.

The liability for loans of a fixed-rate nature (fair value risk) was €309 million (31 December 2021: €567 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 was 2.0% per annum (2021: 2.0% per annum). 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 was €608 million (31 December 2021: €1,226 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.

26. Trade creditors and other liabilities

	At 31 March 2023	At 31 December 2021
Trade and energy creditors	1,468	1,271
Contributions received for connections and other long-term contract liabilities	196	163
Accruals	469	383
Margin calls	839	195
Customer support arrangements and inframarginal revenue cap[1]	232	-
Pension contributions	3	3
Other liabilities	419	300
Total	**3,626**	**2,315**
Classification		
Current	3,416	2,133
Non-current	210	182
Total	**3,626**	**2,315**

1 See note 2.1 'Accounting policies – Impact energy crisis'.

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:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	163	145
Addition to contributions for connections	36	19
Release of contributions for connections as other income	-4	-3
Addition to other long-term contract liabilities	1	1
Other	-	1
At 31 March 2023 respectively 31 December 2021	**196**	**163**
Classification		
Current	5	5
Non-current	191	158
At 31 March 2023 respectively 31 December 2021	**196**	**163**

In view of their nature, the carrying amount of trade creditors and other liabilities is their fair value.

27. 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:

	At 31 March 2023	At 31 December 2021
Within 1 year	20	18
From 1 to 2 years	18	16
From 2 to 3 years	17	13
From 3 to 4 years	16	11
From 4 to 5 years	15	10
After 5 years	58	44
Total	**144**	**112**

Energy purchase and sale commitments
The Group has energy purchase commitments of €15.8 billion (31 December 2021: €13.7 billion) under contracts relating to 2023 and later years. €3.6 billion falls due within 1 year (31 December 2021: €2.5 billion), €6.6 billion between 1 and 5 years (31 December 2021: €5.6 billion) and €5.6 billion after 5 years (31 December 2021: €5.6 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 €7.9 billion (31 December 2021: €6.0 billion) for 2023 and later years. €3.5 billion falls due within 1 year (31 December 2021: €3.1 billion), €3.3 billion between 1 and 5 years (31 December 2021: €2.7 billion) and €1.1 billion after 5 years (31 December 2021: €0.2 billion).

The Group has commitments of €0.9 billion (31 December 2021: €0.9 billion) for the purchase of heat until 2046. These purchase commitments consist of the heat that is required to be purchased from suppliers for the duration of existing contractual agreements. The heat that is required to be purchased consists of both contractually agreed volumes as well as additional volumes based on expected sales. Note that suppliers which are expected to be contracted in the future, but currently have no contractual agreement with Eneco, are not included in the purchase commitments. The expected perpetual annual commitments for the sale of heat are €0.6 billion per year (31 December 2021: €0.3 billion).

Investment obligations
The Group had entered into investment obligations with a total amount of €1.0 billion (31 December 2021: €0.5 billion), of which €0.7 billion relates to the offshore wind farm Hollandse Kust (west) site VI, conditional to finalising the permits. These permits have been finalised and assigned to Eneco in May 2023.

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 €10 million (31 December 2021: €12 million), of which €2 million falls due within 1 year (31 December 2021: €2 million), €3 million between 1 and 5 years (31 December 2021: €3 million) and €5 million after 5 years (31 December 2021: €7 million).

Potential future cash outflows of €59 million (31 December 2021: €59 million) have not been included in the lease liabilities because it is not reasonably certain that the lease contracts will be extended (or they may be terminated early).

Other (contingent) obligations
There were other contractual obligations of €0.7 billion (31 December 2021: €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 2021: remote).

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.

Since the start of the energy crisis, the price levels and volatility in the power and gas markets have been very high. Consequently, the sector experienced more frequent adjustments of consumer tariffs. The legal validity of various tariff changes has been challenged by a number of consumer customers who have filed complaints. It is yet unclear if and how this will evolve.

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.

1 The Energy Company comprises: N.V. Eneco and all its subsidiaries and other investments.

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 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.

28. 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 (2021: €10 million).

The table below shows the trading transactions with the principal related parties:

	Sales		Purchases	
	Period ended 31 March 2023	Year ended 31 December 2021	Period ended 31 March 2023	Year ended 31 December 2021
Shareholding companies	7	-	3	2
Associates	1	1	4	3
Joint ventures	-	1	85	20

	Receivables		Liabilities	
	Period ended 31 March 2023	Year ended 31 December 2021	Period ended 31 March 2023	Year ended 31 December 2021
Shareholding companies	5	-	-	-
Associates	3	6	-	1
Joint ventures	4	2	13	3

See note 6 'Remuneration of the Management Board and Supervisory Board' for the remuneration of Management Board and Supervisory Board. In 2021 and in the reporting period from 1 January 2022 to 31 March 2023, 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.

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 €250 million had been drawn at 31 March 2023 (31 December 2021: €200 million).

29. Financial risk management

This note explains Eneco's exposure to financial risks and how those risks could affect the future financial performance of the Group. Eneco's normal business activities involve exposure to credit, commodity market, foreign currency, interest rate, inflation and liquidity risks that are a natural part of our business activities. The Group's risk management policy is designed to monitor these risks and minimise the adverse consequences of unforeseen circumstances on its financial results.

The war in Ukraine caused unprecedented volatility in prices for electricity and gas during the financial year. High volatility increases the risks referred to in this note. In response, the Group has intensified the risk control measures described below and is monitoring developments very closely and actively managing its business and commodity portfolios. See note 2.1 'Accounting policies – Impact energy crisis' for a general description of the financial impact of the energy crisis on Eneco.

The Management Board is responsible for risk management. Procedures and guidelines have been drawn up and they are evaluated at least once a year and, if required, adjusted. In this context, the Management Board 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 Mandates which state the terms and conditions under which transactions may be entered into with external parties.

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, whose members include several Management Board members, are in charge of the formulation and monitoring of the Group's financial risk policy, decide on business and other proposals and advise the Management Board accordingly.

29.1 Credit risk

Credit risk is the risk of a loss to the Group if a counterparty or its guarantor to a financial instrument fails to meet its contractual 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 exposure is the carrying amount of the financial assets including the derivative financial instruments.

Debtor risk

Debtor risk is the risk that a debtor (primarily customers) fails to pay a receivable due. There are large numbers of debtors and most receivables from debtors are of a limited size. There is, therefore, a limited concentration of risk.

Credit 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 if 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
- using the services of debt collection agencies, cooperation with municipalities and debt relief agencies, further alternative collection methods for current and former customers; and
- credit insurance, if necessary, to cover settlement exposures for B2B customers (in the Netherlands and Belgium) and Agro energy 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 the amounts to be billed. A provision matrix is used to ascertain the expected credit losses on receivables from retail and SME customers. This classifies 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 (credit limits, bank guarantees and/or margining (cash collateral)).

In the financial year, credit risk increased as a consequence of unprecedentedly high electricity and gas prices. This resulted in an increase in the gross trade receivables amount at 31 March 2023, in addition to the regular increase due to the seasonal effect (31 March compared to 31 December). The impact of the increased debtor risk has been reviewed and relates mainly to the not past due trade receivables. This resulted in an increase of €41 million (64%) of the loss allowance for trade receivables. The increased debtor risk (and increase of the loss allowance for trade receivables) has been partly mitigated by the measures taken by the governments in the Netherlands, Belgium and Germany in calendar years 2022 and 2023 as a result of the energy crisis. See note 2.1 'Accounting policies – Impact energy crisis' for further details of these governmental measures.

The expected credit losses on trade receivables at 31 March 2023 were ascertained in this way. See note 19 '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 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 likelihood or probability that a trading partner (counterparty) cannot or will not meet its delivery or payment obligations. This risk is primarily encountered in trading in energy commodities (and also emission rights, green certificates and fuel (or 'feedstock') for our biomass power stations), interest rate and foreign currency hedge transactions. The basis for the management of this risk is set out in the Credit Mandates, Trading Mandates and the Treasury Statute.

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 almost every 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 by exchange of physical swaps;
- requiring additional guarantees from counterparties, such as bank guarantees; and
- credit insurance taken if necessary to cover exposures exceeding the credit limits.

The financial year saw very large counterparty exposures. As well as the standard methods described above, there was a focus on making trades with large, creditworthy and system-critical counterparties. Trades were taken to the exchange even though margin calls were rising, see note 29.2 'Market and regulatory risk' for more detailed comments. In January 2023, the credit insurance policy that covers counterparty risk has been extended for one year, for an amount of €173 million.

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 arrangements are also concluded with counterparties. This implies periodic (daily, weekly, etc.) settlement 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 29.3 'Liquidity risk'). Risk policy is set to monitor and manage the margin, liquidity and counterparty risk. There is a system for monitoring internal limits using regular reports, to manage both risks. The liquidity requirement relating to margining increased significantly during the financial reporting period, but diminished on the back of dropping commodity price levels resulting in lower margin asset and margin liability amounts at 31 March 2023. Eneco managed to keep the liquidity need for margining under control through active position management between the over-the-counter market and the exchange as well as adapting the product offerings to customers. Eneco also increased the credit facilities via Mitsubishi Corporation and external banks, so that the Group has sufficient liquidity. These facilities were partly used in the financial year.

29.2 Market and regulatory 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. Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business or market. In the financial year many regulatory measures were taken by local governments and at European level, which were all instigated by the energy crisis. Most noteworthy is the inframarginal revenue cap: this regulation stipulates that earnings from renewable assets above a certain threshold are subject to additional tax by means of a special government levy. See note 2.1 'Accounting policies – Impact energy crisis' for more information and the financial impact.

The authorities have also taken various financial measures to reduce energy costs for retail customers and small businesses, especially those most in need. Additional resources for energy conservation were also made available to the most vulnerable retail customers.

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 volume limits, mark-to-market 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 on a frequency as determined by the commodity. Limit infringements are reported in line with escalation procedures.

The price risk inherent in the commodity portfolios for purchasing and delivering to customers is initially limited by back-to-back transactions for purchase and sale 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 a historically strong correlation with the price risks to be hedged. Gas storage, trading on the short-term gas market and volume flexibility under the Group's own and contracted positions are used to respond to short-term fluctuations in demand and supply, for example, as a result of changes in the weather.

The 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 for hedging 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 far 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 aggregated price risk 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 decisions are taken 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 €1.7 million (2021: €1.9 million). The electricity and gas prices drive the changes in fair value of hedge accounting recognised in other comprehensive income. An increase or decrease in the market price of electricity and gas by 5% would change other comprehensive income by €68.1 million (2021: €42.5 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 March 2023 and 31 December 2021 were:

Cash flow hedges (GWh)	12 months or less	More than 12 months	Total	Average rate per MWh (€)
Gross volume of contracts				
At 31 March 2023	5,230	12,608	17,838	64.78
At 31 December 2021	366	12,594	12,960	40.93

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 March 2023 and 31 December 2021 were:

Cash flow hedges for price risks in energy generation, purchasing and delivery portfolios	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Gross contract value of the derivative financial instruments (often settled net compared with market price)	1,156	530
Carrying amount of derivative financial instruments[1]	-265	-315
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	50	-277
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	9	-
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**59**	**-277**
Hedge ineffectiveness in the cash flow hedges	-6	7
Movement in fair value of hedged risks to determine possible ineffectiveness	-53	270

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

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 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 hedging 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 outflows of its foreign operations in a currency other than its functional currency (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 notional sterling amount hedged and the related forward contracts.

The sensitivity of the Translation reserve in equity to a 1% movement in the sterling/euro exchange rate was €1.2 million (after application of net investment hedge accounting) (2021: €0.8 million).

The sizes and rates of the hedged risks in the cash flow hedges at 31 March 2023 and 31 December 2021 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				
At 31 March 2023	2	30	32	0.97
At 31 December 2021	2	34	36	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 foreign currency risk at 31 March 2023 and 31 December 2021 were:

Cash flow hedges for currency risk x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments (x £1 million)	32	36
Carrying amount of derivative financial instruments[1]	-2	-2
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	-	-2
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	**1**	**-2**
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	-1	2

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 ‘Financial instruments recognised in equity’.

The sizes and rates of the hedged risks for a net investment in a foreign operation were as follows at 31 March 2023 and 31 December 2021:

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				
At 31 March 2023	157	-	157	0.89
At 31 December 2021	210	-	210	0.85

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 line item 'Interest-bearing debt' in the balance sheet.

The hedging instruments for a net investment in a foreign operation with foreign currency risk were as follows at 31 March 2023 and 31 December 2021:

Hedge of net investment in a foreign operation x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments (x €1 million)	157	179[1]
Carrying amount of derivative financial instruments[2]	-1	-3
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	2	108
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	3	-126
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**5**	**-18**
Hedge ineffectiveness in the cash flow hedges	-	-
Movement in fair value of hedged risks to determine possible ineffectiveness	-5	18

1 2021 amount restated for comparative purposes.
2 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

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 line item 'Unrealised gains and losses on cash flow hedges' in the statement of comprehensive income for the unrealised gains and losses on foreign 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). 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 €0.2 million (after application of cash flow hedge accounting using interest rate swaps) (2021: €2.5 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 March 2023 and 31 December 2021 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				
At 31 March 2023	30	265	295	1.08%
At 31 December 2021	28	311	339	1.07%

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 March 2023 and 31 December 2021 were:

Cash flow hedges for interest rate risk	Period ended 31 March 2023	Year ended 31 December 2021
At 31 March 2023 respectively 31 December 2021		
Nominal value of derivative financial instruments	295	339
Carrying amount of derivative financial instruments[1]	29	-24
Movements in elements for assessing hedging relationships		
Movement in fair value of derivative financial instruments presented in the balance sheet	53	14
Movement in fair value of derivative financial instruments that do not affect the hedge reserve (sales, purchases or other transactions)	-1	-3
Movement in fair value of derivative financial instruments to determine possible ineffectiveness	**52**	**11**
(Reversal of) hedge ineffectiveness of cash flow hedges	-1	3
Movement in fair value of hedged risks to determine possible ineffectiveness	-51	-14

1 Individual debit and credit amounts for these derivative financial instruments are presented in note 17.3 'Financial instruments recognised in equity'.

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 the reporting period from 1 January 2022 to 31 March 2023 and 2021 were:

	Energy commodities	Interest rate swap contracts	Currency swap contracts	Total
At 1 January 2021	**-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**
Movements in derivatives	40	50	-	90
Reclassification of cash flow hedge reserve to the consolidated income statement	19	2	1	22
Deferred tax liabilities	-14	-13	-	-27
Ineffective portion of cash flow hedges recognised in income statement	-6	-1	-	-7
Unrealised gains and losses on cash flow hedges in consolidated statement of comprehensive income	**39**	**38**	**1**	**78**
Share of movements in cash flow hedges of associates and joint ventures, after tax	-	56	-	56
At 31 March 2023	**-169**	**57**	**-1**	**-113**

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:

	Period ended 31 March 2023	Year ended 31 December 2021
At 1 January 2022 respectively 1 January 2021	**-8**	**-13**
Translation gains and losses during the reporting period	-11	18
Movement in hedge of net investment in a foreign operation	5	-18
Tax effects in the movement in translation reserve	-1	5
At 31 March 2023 respectively 31 December 2021	**-15**	**-8**

The amount remaining in the foreign currency translation reserve from any hedging relationships for which hedge accounting has no longer been applied since 31 March 2023 was €6 million (31 December 2021: €8 million).

29.3 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. A downgrading in the Group's credit rating may, without further mitigation, lead to a significant increase in the capital requirement for providing collateral and/or guarantees.

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 purchasing and trading department ('Commodity Trading Mandates') 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. Reporting frequency was increased and additional stress tests were set up because of the relatively high margin needs in the financial reporting period. Funding was based on these stress tests, which were updated on a regular basis to ensure that Eneco could meet the margin calls even in extreme situations. These stress scenarios were made by the Financial Risk Management department and discussed on a regular basis with the Management Board.

Uncommitted credit and guarantee facilities

Uncommitted credit and guarantee facilities totalling €3,814 million (31 December 2021: €1,549 million) have been agreed with a number of banks and Mitsubishi Corporation Finance Plc.; €1,101 million of these facilities had been drawn at 31 March 2023 (31 December 2021: €293 million). Eneco also has a €1,250 million Euro Commercial Paper programme (31 December 2021: €750 million) of which €0 million had been drawn at 31 March 2023 (31 December 2021: €450 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. Eneco increased these two facilities during 2022 to a combined total of €1,250 million. Moreover, a 5-year committed working capital facility of €2,500 million was closed with Mitsubishi Corporation Finance Plc. on 27 September 2022. Furthermore, an additional €750 million committed working capital facility was signed with a number of banks on 14 December 2022 with a two-year tenor.

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 March 2023	Within 1 year	From 1 to 5 years	After 5 years	Total
Derivative financial instruments	-416	102	218	-96
Lease obligations	33	135	224	392
Interest-bearing debt	81	229	542	852
Trade and other payables	3,066	-	-	3,066
Total	**2,764**	**466**	**984**	**4,214**

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**

29.4 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 March 2023	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	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Assets						
Derivative financial instruments	7,706	6,020	1,686	-290	-839	557
Other financial instruments	477	132	345	-	-223	122
Total	**8,183**	**6,152**	**2,031**	**-290**	**-1,062**	**679**

At 31 March 2023	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	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Liabilities						
Derivative financial instruments	7,944	6,020	1,924	-290	-223	1,411
Other financial instruments	1,145	132	1,013	-	-839	174
Total	**9,089**	**6,152**	**2,937**	**-290**	**-1,062**	**1,585**

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	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Assets						
Derivative financial instruments	13,348	10,842	2,506	-359	-195	1,952
Other financial instruments	1,051	582	469	-	-	469
Total	**14,399**	**11,424**	**2,975**	**-359**	**-195**	**2,421**

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	Financial instruments not offset in the balance sheet	Cash collateral received not offset in the balance sheet	Net amount
Liabilities						
Derivative financial instruments	13,664	10,842	2,822	-359	-	2,463
Other financial instruments	1,517	582	935	-	-195	740
Total	**15,181**	**11,424**	**3,757**	**-359**	**-195**	**3,203**

30. 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.

The Group monitors its capital using the Financial Boundaries Framework. This includes the Return on average capital employed (ROACE), Adjusted FFO/Net debt (rolling average) and Return on equity, which are regularly monitored by the Management Board. The disclosed metrics are different from those in the financial statements 2021, when only the solvency was disclosed. These new metrics, do not affect the Group's bank covenants. The metrics for the period ended 31 March 2023 include the period April 2022 to March 2023.

	Period ended 31 March 2023	Year ended 31 December 2021
ROACE[1]	7.2%	6.4%
Average FFO/Net debt (rolling average)[2]	71.5%	59.5%
Return on equity[3]	8.9%	7.1%

1 ROACE: the ratio between (EBIT plus profit from associates and joint ventures less corporate income tax) and the average of (fixed assets plus net working capital less non-current non-interest-bearing debt).
2 Adjusted FFO/Net debt (rolling average): the ratio between (EBITDA plus dividend received from associates and joint ventures minus cash interest paid minus cash taxes paid) and the average of (non-current & current interest-bearing debt minus accessible cash plus asset retirement obligations net of corporate income tax plus pension obligation). The rolling average is based on the monthly positions in the period.
3 Return on equity: the ratio between (net income) and the average of (shareholders' equity).

31. Events after the reporting date

No material events or transactions have been identified after the balance sheet date, which should be disclosed in this paragraph.

Notes to the consolidated cash flow statement

For the 15-month period ended 31 March 2023.

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.

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 receipts.

Development expenditure, investments in and disposals of non-current assets (including financial interests) and dividend receipts are included in cash flow from investing activities. Dividends paid out are recognised as outgoing cash flow from financing activities.

32. 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	Period ended 31 March 2023	Year ended 31 December 2021
Movements in intangible current assets	-15	-23
Movements in inventories	-379	-54
Movements in trade debtors	-538	-570
Movements in other receivables	-251	-388
Movements in non-interest bearing debt	1,266	599
Total	**83**	**-436**

List of principal subsidiaries, joint operations, joint ventures and associates

This is a list of the principal subsidiaries, joint operations, joint ventures and associates at 31 March 2023. 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%
Axel Ventus B.V.*	Heerenveen	100%
BioEnergieCentrale Delfzijl B.V.	Rotterdam	100%
CEN B.V.*	Hilversum	100%
Eneco B.V.*	Rotterdam	100%
Eneco Belgium NV	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 DCO 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 HKW-A B.V.	Rotterdam	100%
Eneco HKW-B 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 Liberis B.V.*	Rotterdam	100%
Eneco LP 1 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 Solar Belgium N.V.	Gent (B)	100%
Eneco UK Limited	Leeds (UK)	100%
Eneco Verda B.V.*	Rotterdam	100%
Eneco Vortex B.V.*	Rotterdam	100%
Eneco Warmte & Koude B.V.*	Rotterdam	100%

Name	Seat	Share
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 UK B.V.*	Rotterdam	100%
Eneco Wind Belgium Holding NV	Brussels (B)	100%
Eneco Wind Belgium NV	Wavre (B)	100%
Eneco Windenergie Delfzijl B.V.	Rotterdam	100%
Eneco Windmolens Offshore B.V.*	Rotterdam	100%
Eneco Windpark Autena 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%
Speciosa B.V.*	Rotterdam	100%
Spontanae B.V.	Rotterdam	100%
Warmtebedrijf Eneco Delft B.V.*	Rotterdam	100%
Windpark de Beemden B.V.*	Rotterdam	100%
Windpark De Graaf B.V*	Oosterhout	100%
Windpark Hartel B.V.*	Goedereede	100%
Windpark Houten B.V.*	Rotterdam	100%
Windpark Kabeljauwbeek B.V.*	Rotterdam	100%
Windpark Maasvlakte II B.V.	Rotterdam	100%
Windpark Martina Cornelia B.V.*	Rotterdam	100%
Windpark Nieuwe Waterweg B.V.*	Hilversum	100%
Windpark van Pallandt B.V.*	Rotterdam	100%
WNW W.T. B.V.*	Heerenveen	100%
WP HZP B.V.*	Heerenveen	100%

* N.V. Eneco has issued a declaration of joint and several liability for the subsidiaries marked with *, pursuant to Section 403(1f), Part 9, Book 2 of the Dutch Civil Code.

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%
Ecowende Beheer B.V.	The Hague	40%
Q10 Offshore Wind B.V.	Rotterdam	50%
SeaMade NV	Ostend (B)	12.5%
Zonnepark Ameland B.V.	Ballum	33.3%

Joint ventures

Name	Seat	Share
Norther NV	Ostend (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 Part 9, Book 2 of the Dutch Civil Code.

Company financial statements for the 15-month period ended 31 March 2023

Company income statement

For the 15-month period ended 31 March 2023

x €1 million	Period ended 31 March 2023	Year ended 31 December 2021
Share of profit of subsidiaries	355	184
Other results after income tax	22	25
Profit after income tax	**377**	**209**

Company balance sheet

Before profit appropriation

x €1 million	Note	At 31 March 2023	At 31 December 2021
Non-current assets			
Property, plant and equipment		1	1
Intangible assets		8	2
Financial assets	3	4,151	3,646
Total non-current assets		**4,160**	**3,649**
Current assets			
Receivables from group companies	4	1,449	823[1]
Other receivables		5	5
Cash and cash equivalents	5	161	486
Total current assets		**1,615**	**1,314**
TOTAL ASSETS		**5,775**	**4,963**
Equity			
Share capital		122	122
Translation reserve		-15	-8
Cash flow hedge reserve		-113	-247
Other statutory reserves		140	73
Retained earnings		2,806	2,765
Undistributed profit		377	209
Total equity	**6**	**3,317**	**2,914**
Non-current liabilities			
Other provisions	7	13	-
Interest-bearing debt	8	250	-
Other liabilities		2	3
Total non-current liabilities		**265**	**3**
Current liabilities			
Interest-bearing debt	8	17	769
Liabilities to group companies	9	1,840	1,077[1]
Liabilities for tax and social security premiums	10	326	186
Pension premiums		3	3
Other liabilities		7	11
Total current liabilities		**2,193**	**2,046**
TOTAL EQUITY AND LIABILITIES		**5,775**	**4,963**

1 2021 amount restated to reflect the net position per group company of the in-house bank, trade receivables and trade payables.

Notes to the company financial statements

All amounts in millions of euros unless stated otherwise.

1. Accounting policies

General information
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.

Subsidiaries with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the subsidiaries that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. If N.V. Eneco partially guarantees the debts of the relevant subsidiary or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by N.V. Eneco on behalf of the subsidiary.

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.

Change in financial reporting period
See note 1.2 'Change in financial reporting period' to the consolidated financial statements for the change in financial reporting period.

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 the 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 29 (2021: 24).
The average number of FTEs working abroad are 0 (2021: 0).

3. Financial assets

	Subsidiaries	Receivables from subsidiaries	Other receivables	Deferred income tax assets	Total
At 1 January 2021	**2,024**	**1,609**	**-**	**-**	**3,633**
Share of profit of subsidiaries	184	-	-	-	184
Dividend received[1]	-	-	-	-	-
Movements in loans to subsidiaries[1]	-	-11	-	-	-11
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	**2,033**	**1,608**	**1**	**4**	**3,646**
Share of profit of subsidiaries	355	-	-	-	355
Movements in loans to subsidiaries	-	14	-	-	14
Movement in cash flow hedges	133	-	-	-	133
Movements in deferred income tax assets	-	-	-	-2	-2
Translation differences	-5	-6	-	-	-11
Movement participation value	15	-	-	-	15
Movement in other receivables	-	-	1	-	1
At 31 March 2023	**2,531**	**1,616**	**2**	**2**	**4,151**

1 2021 figure restated for comparative purposes following a reclassification from 'dividend received' (subsidiaries) to 'movement in loans to subsidiaries' (receivables from subsidiaries).

4. Receivables from group companies

Receivables from group companies included current interest-bearing receivables of €1,259 million (31 December 2021: €679 million) and non-interest-bearing receivables of €190 million (31 December 2021: €144 million).

5. Cash and cash equivalents

Cash and cash equivalents comprised bank balances, cash and deposits of €161 million (31 December 2021: €486 million). All cash and cash equivalents are at the free disposal of the Company.

6. 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	Other statutory reserves	Retained earnings	Undistri-buted profit	Total
At 1 January 2021	**122**	**-13**	**-52**	**66**	**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 reporting period	-	-	-	7	-7	-	-
At 31 December 2021	**122**	**-8**	**-247**	**73**	**2,765**	**209**	**2,914**
Total (other) comprehensive income	**-**	**-7**	**134**	**-**	**1**	**377**	**505**
Profit appropriation 2021	-	-	-	-	105	-105	-
Cash dividend to shareholder of N.V. Eneco	-	-	-	-	-	-104	-104
Movements in the financial reporting period	-	-	-	67	-65	-	2
At 31 March 2023	**122**	**-15**	**-113**	**140**	**2,806**	**377**	**3,317**

See note 22 ‘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, a reserve for development expenditure and a revaluation reserve.

The development expense reserve was €4 million (31 December 2021: €5 million) and is included in the other statutory reserves.

The total amount of the other statutory reserves was deducted in full from retained earnings.

Distributable results
N.V. Eneco distributed a dividend of €104 million (2021: €58 million).

The retained earnings included an amount of €385 million, which was non-distributable. In determining the non-distributable amount, the statutory reserves have been accumulated on an individual basis. The amount consists of the debit amounts in the cash flow hedge reserve (€370 million) and the translation reserve (€15 million).

7. Other provisions

The other provisions of €13 million (31 December 2021: €0 million) consist for €12 million of a provision for subsidiaries with a negative equity for which the Company is liable (31 December 2021: €0 million).

8. Interest-bearing debt

The company's interest-bearing debt related mainly to general financing, and consists of financing drawn under short-term facilities at banks.

	At 31 March 2023	At 31 December 2021
Classification		
Current	17	769
Non-current	250	-
Total	**267**	**769**

The liability for fixed interest-rate loans (fair value risk) was €250 million (31 December 2021: €500 million). Other loans are at market-linked variable rates.

The average interest rate was 1.2% per annum (2021: 0.8% per annum). This was calculated as the weighted average monthly interest expense directly related to the interest-bearing debt, excluding other financial expenses.

9. Liabilities to group companies

Liabilities to group companies included current interest-bearing liabilities of €1,802 million (31 December 2021: €1,064 million) and non-interest-bearing liabilities of €38 million (31 December 2021: €13 million).

10. Liabilities for tax and social security premiums

Liabilities for income tax, VAT and social security premiums comprised current amounts related to tax liabilities of €326 million (31 December 2021: €179 million) and social security premiums of €0 million (31 December 2021: €7 million).

11. 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 27 'Commitments, contingent assets and liabilities' to the consolidated financial statements for the guarantees issued by N.V. Eneco.

12. 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 for period ended 31 March 2023
Audit of the financial statements	3,083	-	3,083
Other audit engagements	3,014	1,292	4,306
Other non-audit services	190	-	190
Total	**6,287**	**1,292**	**7,579**

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 for the 15-month period ended 31 March 2023 and other audit engagements, include work not performed during the reporting period.

Other audit engagements relate to the audit/review of the quarterly financial information reported to Mitsubishi Corporation, the Japanese Sarbanes-Oxley audit and the audit of the statutory financial statements of subsidiaries and joint operations and related engagements.

13. Proposed appropriation of the profit for the 15-month period ended 31 March 2023

The Management Board, with the approval of the Supervisory Board, recommends that the General Meeting of Shareholders on 3 July 2023 declares a dividend to the shareholder of €189 million from the profit after tax attributable to the shareholder. This represents a distribution of €705.22 per share. The dividend will be paid no later than in July 2023.
A recommendation will also be made to add the remaining €188 million of the profit to retained earnings.

Rotterdam, 15 June 2023

N.V. Eneco

Management Board

A.C. (As) Tempelman, chairperson
J.M.J. (Jeanine) Tijhaar
H. (Hiroshi) Sakuma
C.J. (Kees-Jan) Rameau
S.M. (Selina) Thurer

Supervisory Board

J.M. (Mel) Kroon, chairperson
M. (Michael) Enthoven
G. (Gaku) Yaguchi
K. (Katsuji) Sugimori
J.M. (Annemieke) Roobeek
A. (Aiichiro) Matsunaga
S. (Satoshi) Hamada

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 subject to the approval of the Supervisory Board. 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 for the 15-month period ended 31 March 2023 included in the annual report

Our opinion
We have audited the financial statements for the 15-month period ended 31 March 2023 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 March 2023, and of its result and its cash flows for the 15-month period ended 31 March 2023 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 March 2023, and of its result for the 15-month period ended 31 March 2023 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 March 2023.

2. The following statements for the 15-month period ended 31 March 2023: the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement.

3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 March 2023.

2. The company income statement for the 15-month period ended 31 March 2023.

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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section Risk Management and Integrity, compliance and privacy of the Report of the Management Board for management's risk management, and section Audit & Risk Committee of the Report of the Supervisory Board for the Supervisory Board's monitoring thereof. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- estimates in the energy balance, including how management determined the effect of the energy crisis on customer (consumption) behaviour; and

- the risk that management may override controls to manipulate accounting records and prepare fraudulent financial statements by overriding controls.

We held discussions amongst team members and component auditors to identify fraud risk factors and considered whether other information obtained from our risk assessment procedures indicated risks of material misstatement due to fraud.

We evaluated whether unusual or unexpected relationships have been identified in performing analytical procedures, including those related to revenue accounts, that may indicate risks of material misstatement due to fraud.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors (including the head of compliance, head of internal audit and other relevant managers) and the supervisory board.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations
We assessed the laws and regulations relevant to the entity through discussion with management, those charged with governance and others within Eneco, including but not limited to the head of legal and the head of compliance, reading minutes and reports of internal audit.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the newly implemented government measures following the energy crisis, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations, such as energy laws and regulations, where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern
We are responsible for obtaining reasonable assurance that the Group is able to continue as a going concern. Management is responsible to assess the Group's ability to continue as a going concern and disclosing in the financial statements any events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern.

As described in note 1.1 of the financial statements, the Management Board has prepared the Financial Statements on a going concern basis. Management believes that no events or conditions, including those related to the Energy crisis and Russia/Ukraine conflict, give rise to doubt about the ability of the Group to continue in operation in the next reporting period.

We performed the following specific procedures:

- we evaluated management's assessment of the going concern assumption and related disclosures in note 1.1 of the financial statements; and
- we challenged management's five-year business plan and primary assumptions as part of our impairment testing procedures. Additionally, we evaluated the Company's finance facilities, Eneco's credit rating and management's outlook as reported in the Report of the Management Board.

Although there always remains an inherent level of uncertainty in relation to future events, we concur with management's application of the going concern assumption in preparing the financial statements.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- 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.
- 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 all the information regarding the management report and the other 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.

Management 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 management and the Supervisory Board for the financial statements
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, 15 June 2023

Deloitte Accountants B.V.

Was signed,

N.H.M. van Groenendael

Sustainability Supplements 2022

Reporting policy

In this integrated annual report for the 15-month period ended 31 March 2023, 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 with reference to the GRI Standards. Eneco's financial year runs from 1 January 2022 to 31 March 2023. The previous annual report was published on March 22nd 2022.

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 organisation, 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 with reference to the standards of the Global Reporting Initiative (GRI). 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 One Planet results, 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.

Through our parent company, Mitsubishi Corporation, we are also a member of the UN Global Compact.

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 Material themes. 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 management board report to a process manager who leads a multidisciplinary team. The responsibility for the content 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. In the next section we further elaborate on the definitions, scope and boundaries of the strategic KPIs that we have requested Deloitte to include in their review. In terms of the GRI standards, we have opted for the 'with reference to' option this year, with the ambition to grow to the 'in accordance with' option in the near future. This is in line with our own wish and the wish of our stakeholders to report concisely on our financial and non-financial performance. Eneco complies with the GRI 'with reference to' requirements to (1) publish a GRI content index; (2) provide a statement of use; and (3) notify GRI that a report has been published. Eneco also applies the reporting principles and explains how material topics are managed.

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) Corporate Standard Protocol, GHG Corporate Value Chain (scope 3) Standard, GHG Technical Guidance for Calculating Scope 3 Emissions, and ISO 14064-1 standard and The Eneco Greenhouse Gas (GHG) Accounting Manual. The Eneco GHG Accounting Manual's aims are to provide guidelines and information on Eneco's accounting policies, processing methods and disclosures and clarifies the way emissions are to be measured, processed and disclosed for external reporting purposes.

To report its Greenhouse Gas (GHG) emissions in scope 1, Eneco applies the 'operational control' approach described in the GHG protocol. In addition to CO_2, this scope also includes CH_4 (methane) and N2O (dinitrogenoxide). These greenhouse gases are converted to CO_2 equivalents based on their Global Warming Potential (GWP). The emissions are therefore expressed in megatonnes of CO_2eq. Eneco's Climate Plan, includes a roadmap for staying within the limits of the 1.5ºC pathway and reducing Eneco-chain emissions to zero by 2035. Each year, the outcome of this KPI is compared to the pathway in Eneco's Climate plan, leading to zero emissions in 2035.

Eneco does not currently use carbon offsetting methods and aims for absolute emission reductions in line with the 1.5ºC pathway objectives. Eneco commits to investing in permanent carbon sequestration of all residual emissions. Although we do not yet have specific plans involving the neutralisation of remaining emissions when reaching net-zero, we will be using neutralisation methods that are in line with the SBTi net-zero standard. These methods will be used for up to 0,9 Mton CO_2eq, which is lower than the maximum of 10% (1,65 Mton) of the total emissions in the base year specified by the Science Based Targets initiative.

One Planet KPI method
Eneco reports its emissions in accordance with the Corporate Value Chain (scope 3) standard. This standard has been prepared by the World Business Council of Sustainable Development (WBCSD) and the World Resource Institute (WRI). The standard makes it possible to report on the entire chain: the emissions of our own operations and the related emissions of our suppliers and those of our customers.

The emissions are calculated by multiplying the relevant volumes by the corresponding emission factor. The emission factors used are described below. Adding up these emissions results in Eneco's value chain carbon footprint. The annual outcome is compared to the target set in Eneco's Climate Plan: climate neutrality in 2035 in our own operations and in the energy that we deliver to our customers.

The volumes used in scope 1 consist of the consumption of natural gas for electricity production, heating of premises and fuels and electricity for our vehicle fleet.

The volumes used in scope 2 consist of the electricity and heat consumed by the organisation and the grid losses for the heat supplied by us.

The volumes used in scope 3 consist of:

- The quantities of gas, electricity and heat supplied.
- The fuel and electricity consumed by our vehicle fleet for the calculation of upstream emissions.
- Our spend on purchased goods and services.
- The commuting kilometres of our employees (exclusively relating to the vehicle fleet) categorised according to our modal split (average way in which our employees get to and from work, or work from home), which was determined by means of a representative survey among employees.
- The fuels and electricity used for business travel

Consolidation approach One Planet KPI
For corporate GHG reporting, Eneco uses the operational control approach to consolidate GHG emissions, which means Eneco accounts for 100 percent of the GHG emissions from operations over which it has operational control. GHG emissions from operations in which Eneco owns an interest but has no control are not accounted for.

Taking full ownership of all GHG emissions that Eneco can directly influence and reduce is best reflected by the operational control approach.

As part of the GHG accounting process, structural changes such as mergers, acquisitions, and divestments are directly taken into account. Structural changes that have a significant impact on the base year, either individually or cumulatively, shall be retroactively recalculated in order to ensure consistency and relevance of reported GHG emissions.

Emission factors
For natural gas emissions in Germany and Belgium we now use emission factors specified by the International Institute for Sustainability Analysis and Strategy (IINAS). IINAS is the host of the GEMIS (Global Emissions Model for Integrated Systems) tool. The emission factors include direct and upstream emissions and emissions due to grid losses and are country specific. For the Netherlands we continue to use the emission factors published on www.co2emissiefactoren.nl. The direct emissions for electricity supply are based on the KPI 'CO2 emissions from power supplied to end-users', which concerns relative CO2 emissions of the total volume of electricity supplied to the end-users of Eneco. See below for a detailed description of this KPI. The emissions factors for grid losses originate from the International Energy Agency (IEA) and, specifically for the Netherlands, are also based on the GoOs purchased by the grid operators as specified in their annual reports. The direct emissions factor for district heating is based on the legally required heat label. The upstream emission factor is also taken from www.co2emissiefactoren.nl, as are all emission factors for company cars, commuting and business travel.

Estimates
The modal split for commuting data for 2020 and 2021 is not based on measured data, as a result of Covid-19. Best estimates were used, based on the occupancy of our head office. For some office buildings we do not purchase the energy ourselves but, for example, by the landlord. We extrapolate the 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 CO2 emissions relative to the total volume of electricity supplied to the end-users of Eneco. The aim is to reduce greenhouse gas emissions related to power supplied, and to not exceed the limits of the 1.5-degree pathway (kg CO2/MWh). The emission factor of supplied electricity consists of direct emissions and (indirect) upstream emissions of the total volume of electricity supplied to end-users. The upstream emissions factor for electricity is based on the LCA methodology (Life Cycle Analysis) within the scope of extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company and is taken from www.co2emissiefactoren.nl.

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.The (indirect) upstream emission factors are taken from www.co2emissiefactoren.nl.

Science Based Targets
In 2022, Eneco is among the first group of companies to receive SBTi approval on its net-zero target for 2035 for the entire value chain (scope 1, 2 and 3) based on the 1.5ºC pathway with 2019 as the base year. Eneco commits to achieving net-zero GHG emissions across the value chain by 2035 and has committed to the following science-based targets:

Science Based Target	Cumulative result 2022	2019
92% reduction of absolute scope 1, 2 and 3 GHG emissions by 2035 compared to the base year 2019	39%	0%
95.3% reduction of scope 1 GHG emissions per MWh by 2035 compared to the base year 2019[1]	21%	0%
94.4% reduction of scope 1 and scope 3, fuel and energy-related activities, power generation GHG emissions per MWh of all electricity sold to end users by 2035 compared to the base year 2019[1]	57%	0%
90% reduction of absolute scope 3 GHG emissions from the use of sold products by 2035 compared to the base year 2019	29%	0%

1 The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks

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. It is expressed in kg CO_2 emissions per GJ heat and relates to all heat (originating, for example, from our large heat networks and the smaller collective heat systems).

The calculation method applied corresponds to the NTA8800-based method described in the Dutch Heat Act, as this is used in our yearly sustainability reporting to the ACM..

These CO2 emissions include 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 of the energy input used in our calculations are provided annually by the Netherlands Enterprise Agency.

Recordable Injury Frequency (RIF)

The RIF represents the moving average number of incidents resulting in absenteeism, alternative work or medical treatment per 200,000 hours worked (also: 'lost time incidents'). It excludes first aid cases and is based on the amount of recordable incidents that have been registered in the reporting period, as well as the registered FTEs at the end of the financial year.

This KPI relates to all incidents recorded in our system, relative to our own FTEs (staff who have an Eneco employee number). We define a recordable incident according to the definition of a work accident under Dutch law ("*arbeidsongeval*"); as a result, accidents during commuting, for example, are not included in the scope.

Customer contracts

A customer contract is defined as an agreement between Eneco as supplier and a customer to supply energy commodities and/or energy-related services. This means that one customer may have multiple contracts.

In terms of products, customer contracts relate to all energy types and energy-related services. The customers included in this KPI are end-users. All mid- and large corporates are excluded from this KPI (except for eMobility, for which we include all charging cards/poles). 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 generated (as a percentage of electricity supplied)

The percentage of sustainable electricity is the sustainable electricity purchased (sourced) and produced (from own assets and third parties via Power Purchase Agreements (PPAs)), as % of total electricity volume supplied.

This KPI includes production from our own sustainable assets as well as production from third-party sustainable assets under a long-term purchase agreement (PPA) with the producer. Supply means the total volume of electricity supplied to all types of customers (end-users, Eneco brands) in all countries.

Renewable own capacity

Renewable own capacity is the amount of sustainable energy expressed in MWh available to Eneco that is produced by or stored in assets of which Eneco has partial or full ownership. Examples of these assets include solar farms, wind farms and batteries. Only renewable capacity that is technically operational at 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 employer minus the percentage of employees that awards a 5 or lower. 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.

FTEs & diversity

Our workforce is expressed in Full Time Equivalents (FTEs) at year-end, applying a part time factor where applicable. Internal FTEs include all staff employed by Eneco by means of a labour agreement with Eneco. External FTEs include all staff who do not have a labour agreement with Eneco, but who are employed via a third party or are self-employed and work for Eneco on the basis of a management agreement. The total number of FTEs include all internal and external employees.

Our diversity KPI indicates the percentage of women in managerial positions. This is calculated based on the financial year-end personnel list and a managerial position is defined as a manager who has the responsibility for one or more team members. The managerial levels included in this KPI run from one layer below the board of directors to four layers below the board of directors. For the the calculation of Eneco's diversity ratio, the external employees are registered in a separate system and are not in the scope.

Stakeholder engagement & materiality assessment 2022

Ongoing Stakeholder Engagement

Persons and/or groups of persons, organisations 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. Our customers, for example, 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 2022

In 2021 a full materiality assessment was performed, resulting in a renewed materiality matrix. The assessment consisted of a four-step process and was conducted in line with the GRI principles for defining report content. We have opted to apply the concept of double materiality in our analysis, which impacts the dialogues with stakeholders and the definition of the axes of the matrix. On the one hand we assessed the environmental and social materiality of the themes and, on the other hand, their financial materiality, or business impact. This means that we discussed both types of materiality in our stakeholder consultations last year.

This reporting year we updated the materiality matrix by involving our internal stakeholders in the process. Based on a mix of perspectives from the business and the Management Board, we focused on strategic dilemmas. Our conclusion is that the material themes that we presented last financial year remain virtually unchanged, with the exception of the addition of one theme ‘Market liquidity and supply security’. The energy crisis has shown that physical market liquidity, in particular for natural gas, is not a given and expect this to be a material theme that will have an impact on the business.

Materiality matrix

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 have opted to visualise the matrix. The matrix has four quadrants, each representing a different category: themes that are important on both axis, themes 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 updated materiality matrix was approved by our CEO and CFO..

Eneco's Materiality Matrix 2022

Environmental | Social | Governance

1 Changed | 2 New material theme | 3 Renamed

Environmental & Social impact →

Material

- Community Engagement (Social)
- Biodiversity[1,2] (Environmental)
- Affordability of Energy[1,3] (Social)

Most material

- Climate Neutral Scopes 1-3[1,3] (Environmental)

Important

- Health & Safety (Social)
- Circularity & material dependencies (Environmental)
- Good employment practices (Social)
- Sustainable procurement (Environmental)
- Emissions to air and water (Environmental)
- Human Rights (Social)
- Data security (Governance)
- Diversity, inclusion and equal opportunities (Social)
- Integrity & Transparency (Governance)
- Financial implications and risks due to Climate Change[1] (Governance)

Material

- Customer Satisfaction (Social)
- Changes in law and regulations[1,3] (Governance)
- Direct Economic Performance (Governance)
- Market liquidity and supply security[1,2] (Governance)

Business impact →

Our most material theme remains climate neutral scopes 1-3. The name is of this theme is slightly changed by the addition of 'scopes 1-3', to highlight that it also includes our customers.

Compared to the previous reporting period there were some shifts to different quadrants and some name changes. The theme 'Biodiversity', is now considered material in terms of its environmental and social impact. We have noticed that there was a lot of interest in the UN Biodiversity Conference in Montreal late last year and expect that, more and more, this theme is becoming a license to operate for asset developers.

On the other hand, we feel that the business impact of 'Financial implications / risks climate change' has now become important rather than material. This change is based on recent internal research indicating that the impact of climate change on our asset business seems limited, which is why we feel we are well-equipped to limit the impact on our customer business.

In light of the energy crisis and the resulting emphasis on affordability of energy, we have renamed "Access to Energy" to "Affordability of Energy". Similarly, we have renamed "Proactive contribution to legal and regulatory environment" to "Changes in laws and regulations" because we have seen that we have been forced to move from being a proactive contributor to a more defensive position as a result of proposed changes in laws and regulations that would strongly hurt our business and the energy transition. As an additional consequence, business impact has changed from important to material and environmental & social impact from material to important.

Connectivity

We focus our reporting on topics that are deemed material on one or both axes of the materiality matrix. The table below contains references to the sections in the annual report where more information on the material themes can be found.

Environmental

Material theme	Strategic KPI	Chapter reference
Climate neutral scopes 1-3 Eneco's commitment to become climate neutral and to pursue opportunities to limit global warming to less than 1.5 degrees above pre-industrial levels as laid down in the Paris Agreement. Eneco's efforts focus on reducing CO2 emissions in the entire value chain (scope 1, 2 and 3). Eneco aims 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 electricity • CO_2 emissions from heat • % Renewable energy • Renewable own capacity	• Key figures • Operating results • One Planet results
Biodiversity Eneco's efforts to ensure that all our new sustainable assets such as wind farms and solar parks have a net positive effect on biodiversity by 2025 at the latest. This means that we will promote rather than harm biodiversity. We achieve this by minimising the negative effects on biodiversity when developing and operating new projects and by investing in nature restoration and development.	N/A – qualitative	• One Planet results

Social

Material theme	Strategic KPI	Chapter reference
Affordability of energy Eneco's efforts, including those in cooperation with, for example governments, to ensure an affordable, reliable and unrestricted electricity supply, with particular emphasis on affordability. 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 deliver 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 that support customers in saving energy and lowering their emissions and energy bills, by offering products and services with excellent quality for competitive prices and proactively providing information and advice, as well as by creating a digital customer journey that ensures a good and personal experience. This topic also includes complaint management.	Customer Satisfaction KPI	• Key figures • Operating results

Governance		
Material theme	**Strategic KPI**	**Chapter reference**
Changes in laws and regulations Eneco's commitment to go beyond compliance with rules and regulation by proactively contributing to policy not just for Eneco's self-interest, but also for a just and swift transition to a climate neutral society.	N/A – qualitative	• One Planet results
Direct Economic Performance The efforts of Eneco to ensure good economic performance in the short run as well as the long run.	• ROCE • Net result • #contracts	• Key figures • Operating results • Financial results
Market liquidity and supply security The way in which physical liquidity of energy markets impacts our business and society as a whole.	N/A – qualitative	• Risk management

Besides the themes that were deemed material in our materiality assessment, Eneco also highly values health and safety, good employment practices and diversity, and inclusion and equality. Even though these are not amongst the material themes, Eneco has specifically requested Deloitte to include the linked KPIs (Recordable Injury Frequency rate, Employee Net Promotor Score and the FTEs and diversity KPI) in their review. The results on these KPIs can be found in the key figures.

GRI content index

Statement of use: NV Eneco has reported the information cited in this GRI content index for the period January 1, 2022 - March 31, 2023 with reference to the GRI Standards

GRI 1 used: GRI 1: Foundation 2021

In the table below, reference is made to the integrated financial, social and environmental annual report 2022 of N.V. Eneco. The full report can be downloaded at www.eneco.com

General Disclosures

DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	
2-1 Organizational details	• Profile p.5 • Corporate Governance p.74-75 • Financial statements p.95
2-2 Entities included in the organization's sustainability reporting	• Profile p.5 • Sustainability Supplements p.185-190
2-3 Reporting period, frequency and contact point	• About this report cover • Disclaimer cover
2-4 Restatements of information	• Key figures p.6-7
2-5 External assurance	• About this report cover • Assurance report p.85-88
2-6 Activities, value chain and other business relationships	• Profile p.5
2-7 Employees	• Workforce p.200
2-8 Workers who are not employees	• Safety, quality, security and ICT p.55-56
2-9 Governance structure and composition	• Corporate governance p.74-75 • Report of the Supervisory Board p.78-82
2-10 Nomination and selection of the highest governance body	• Report of the Supervisory Board p.78-82
2-11 Chair of the highest governance body	• Report of the Supervisory Board p.78-82
2-12 Role of the highest governance body in overseeing the management of impacts	• Report of the Supervisory Board p.78-82
2-13 Delegation of responsibility for managing impacts	• Corporate governance p.74-75
2-14 Role of the highest governance body in sustainability reporting	• Report of the Supervisory Board p.78-82 • Sustainability Supplements p.185-193
2-15 Conflicts of interest	• Report of the Supervisory Board p.78-82
2-16 Communication of critical concerns	• Report of the Supervisory Board p.78-82
2-17 Collective knowledge of the highest governance body	• Report of the Supervisory Board p.78-82
2-18 Evaluation of the performance of the highest governance body	• Report of the Supervisory Board p.78-82

DISCLOSURE	LOCATION
2-19 Remuneration policies	• Report of the Supervisory Board p.28-82 • Remuneration p.83-84
2-20 Process to determine remuneration	• Report of the Supervisory Board p.78-82 • Remuneration p.83-84
2-22 Statement on sustainable development strategy	• Foreword p.2-4 • Report of the Supervisory Board p.78-82
2-23 Policy commitments	• Integrity, compliance and privacy p.70-73 • Eneco Supplier Code of Conduct p.202-205
2-24 Embedding policy commitments	• One Planet results p.36-49
2-25 Processes to remediate negative impacts	• One Planet results p.36-49 • Connectivity p.194-195
2-26 Mechanisms for seeking advice and raising concerns	• Integrity, compliance and privacy p.70-73
2-27 Compliance with laws and regulations	• One Planet results p.36-49 • Risk management p.58-69
2-28 Membership associations	• One Planet results p.36-49
2-29 Approach to stakeholder engagement	• One Planet results p.36-49 • Stakeholder engagement and materiality assessment 2022 p.191-193
2-30 Collective bargaining agreements	• Workforce p.200

Material Topics

DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	• Strategy p.10-14 • Material themes p.16-17 • Sustainability Supplements p.191-193
3-2 List of material topics	• Strategy p.10-14 • Material themes p.16-17 • Sustainability Supplements p.191-193
3-3 Management of material topics	• Strategy p.10-14 • Material themes p.16-17 • Sustainability Supplements p.191-193

Environmental

DISCLOSURE	LOCATION
GRI 305: Emissions 2016 / Climate Neutral Scopes 1-3	
305-1 Direct (Scope 1) GHG emissions	• Key figures p.6-7 • One Planet results p.36-49 • Sustainability Supplements p.185-190
305-2 Energy indirect (Scope 2) GHG emissions	• Key figures p.6-7 • One Planet results p.36-49 • Sustainability Supplements p.185-190
305-3 Other indirect (Scope 3) GHG emissions	• Key figures p.6-7 • One Planet results p.36-49 • Sustainability Supplements p.185-190
305-4 GHG emissions intensity	• Key figures p.6-7 • One Planet results p.36-49 • Sustainability Supplements p.185-190
305-5 Reduction of GHG emissions	• Key figures p.6-7 • One Planet results p.36-49 • Sustainability Supplements p.185-190
Biodiversity	
Own indicator – qualitatively disclosed	• One Planet results p.36-49

Social

DISCLOSURE	LOCATION
Affordability of energy	
Own indicator – qualitatively disclosed	• Operating results p.18-19
Community engagement	
Own indicator – qualitatively disclosed	• One Planet results p.18-19
Customer satisfaction	
Own Indicator - Customer Satisfaction KPI	• Key figures p.6-7 • Operating results p.18-19

Governance

DISCLOSURE	LOCATION
Changes in laws and regulations	
Own indicator – qualitatively disclosed	• One Planet results p.36-49
Market liquidity and supply security	
Own indicator – qualitatively disclosed	• Risk management p.58-69
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	• Key figures p.6-7 • Operating results p.18-19 • Financial results p.30-24 • Financial statements p.89-177
201-2 Financial implications and other risks and opportunities due to climate change	• One Planet results p.36-49 • Risk management p.58-69 • Financial statements p.89-177

Workforce

	Period ended 31 March 2023	Year ended 31 December 2021
Number of own employees		
Total average workforce in FTE	3,119	2,865
Total workforce in FTE at period end	3,340	2,970
Men - women ratio		
percentage of men and women of the total number of employees in FTE at period end		
Men	65%	67%
Women	35%	33%
Age distribution		
percentage per age group of the total number of employees in FTE at period end		
Age 15 - 24	3%	2%
Age 25 - 34	29%	28%
Age 35 - 44	35%	34%
Age 45 - 54	19%	21%
Age 55 and over	14%	15%
Diversity		
in percentages at period end		
Women in managerial positions	31%	30%
Employment contract		
in percentages at period end		
Employees with a Collective Labour Agreement (CLA) contract	56%	59%
Employment contract for an indefinite period	2,943	2,622
Men	65%	66%
Women	35%	34%
NL	69%	73%
BE	11%	11%
GE	20%	16%
Employment contract with a fixed term	397	348
Men	69%	70%
Women	31%	30%
NL	87%	81%
BE	0%	1%
GE	13%	18%
Employees with a full-time contract	2,691	2,384
Men	91%	91%
Women	61%	59%

	Period ended 31 March 2023	Year ended 31 December 2021
Employees with a part-time contract	649	586
Men	9%	9%
Women	39%	41%
Absenteeism		
in percentages	5.8%	4.8%

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. Our mission stems from the conviction that we must pass the earth on in a livable manner to our children and the generations that follow. Living within the natural boundaries of the planet, that's what Eneco believes in. Eneco has laid down its sustainability targets in the One Planet plan. The One Planet plan contains concrete objectives in the field of climate, biodiversity, circularity and society.

Together we have an important task: to prevent the earth from warming up by more than 1.50C. The challenge we face as a society is urgent and its scale far greater than many realize. The energy sector has an important pioneering role in the energy transition. It's Eneco's ambition is to be climate-neutral in 2035. Not only in our own activities, but also in the energy we supply to our customers. In doing so, we will go faster than the scientifically substantiated 1.5ºC path prescribes. We believe we have to and we believe we can. To this end, we seek to collaborate with our customers, government bodies, suppliers and other partners that share this ambition.

Code of Conduct for Suppliers
The Supplier Code of Conduct is based on the UNDHR[1], UNGP's[2], the ILO[3] core labor standards for corporate social responsibility, the OECD[4] guidelines and relevant laws on environmental protection. Social responsibility and responsibility with respect to sustainability is something we also expect from our suppliers to be incorporated in their business conduct. Furthermore, we expect our suppliers to select their own suppliers in accordance with to the guidelines of this Supplier Code of Conduct. Corporate governance Under no circumstances do we work with dishonest suppliers or (suspected) criminals, or get involved in business where proceeds of crime play a role. We do not engage with third parties that are in any way involved in the weapon industry, nor with parties and countries that are on the UN, EU sanction list or on the Politically Exposed Persons list. Our suppliers therefore are expected to at least comply with 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. Our suppliers are expected to implement the principles, norms and values described in this Supplier Code of Conduct and to monitor compliance by employees and their suppliers. Our suppliers will not tolerate discrimination against anyone who reports violations of these principles. Our suppliers have the obligation to report and be transparent to Eneco about (potential) severe violations of these principles.

1 United Nations Universal Declaration of Human Rights
2 United Nations Guiding Principles on Business and Human Rights
3 International Labor Organization
4 Organization for Economic Co-operation and Development

Human rights and working conditions
Our suppliers:

- recognize and act in accordance with the Universal Declaration of Human Rights and work to ensure respect for human rights along the supply and value chain,
- ensure that there is no child labor, forced labor or (modern) slavery along the supply and value chain,
- prevent any discrimination or exclusion based on sexuality, gender, religion, culture, country or region of origin, or age,
- recognize and respect the right of employees to organize and join trade unions,
- do not pay their employees less than the legal minimum wage or what could be expected for employees to live at a decent life standard,
- adhere to acceptable working hours and social security in accordance with local standards, national and international legislation and regulations,
- ensure adequate working conditions in the areas of health and safety,
- ensure that regular appraisal interviews are conducted with their employees and provide training opportunities for employees

Fair trading and integrity
Our suppliers:

- commit to fair trade practices and make equitable decisions to avoid corruption, abuse of power and conflicts of interest,
- in no way tolerate, and therefore take appropriate measures in their supply and value chain, to prevent the use of legitimate financial resources for criminal activities including terrorism and espionage,
- take appropriate measures in their companies to prevent financing the production of weapons,
- consider the principles of fair competition as an elementary part of their actions,
- ensure that applicable competition regulations are complied with and take appropriate measures to ensure compliance with competition law by their business partners,
- do not enter into agreements or concerted practices with other companies that have the purpose of preventing, restricting or distorting competition, and act in accordance with the principles of fair competition,
- adhere to applicable security and privacy standards and respect intellectual and other property rights,
- carefully select their suppliers, consultants, agents and other intermediaries according to appropriate suitability criteria.
- Compensation of suppliers, consultants, agents and other intermediaries shall not be used to provide improper benefits to business partners, customers or other third parties,
- shall not promise, give or accept any gift or entertainment that is improper or given with the expectation of receiving improper consideration or other favor in return,

- do not tolerate any form of unlawful tangible and intangible benefits (including their providers) to public officials or persons comparable to them (whether directly or indirectly through third parties),
- reject material and immaterial donations of any kind (e.g. illegal donations) to political parties, their representatives as well as to mandate holders and candidates for political offices,
- always make donations on a voluntary basis and without the expectation of anything in return,
- will not use sponsorship of individuals, groups or organizations to gain unlawful business advantage.

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 customer communication,
- respect intellectual and other property rights and take appropriate measures to protect the personal details of (Eneco) customers, (Eneco) employees and other (Eneco) business contacts.

Environment
Our suppliers are expected to proactively be committed to environmental and climate protection through continuous improvements. These include:

- energy saving and reduction of emissions of carbon dioxide and other harmful greenhouse gases,
- responsible as well as traceable procurement of products and their components, especially if they contain ecologically and/or socially critical raw materials,
- promotion of waste sorting, processing and recycling,
- continuous optimization of the product's recyclability,
- limiting water consumption and improving water quality,
- avoidance of local pollution in the form of spilled fluids, airborne particles, noise and light,
- enhancing of biodiversity,
- preventing the use of resources whose extraction damages the environment,
- limiting the harmful effects of a product on the environment during the product ´s life cycle,
- having an environmental quality 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,
- seek for opportunities to employ people with a distance to the labor market with decent work within their abilities,
- consider and take responsibility for the impact 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 inconsistent compliance with this Supplier Code of Conduct may have consequences for the continuation of the relationship between the supplier and Eneco. Severe violation will result in the discontinuation of the relationship.

Signing
All suppliers of Eneco are required to sign the Supplier Code of Conduct. By signing, suppliers commit to comply with the content of this Eneco Suppliers Code of Conduct.

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Design
CF Report

Disclaimer

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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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