



WORLD ENERGY COUNCIL ANNUAL REPORT 2019

Annual Report and Accounts for the Year Ended 31 December 2019

WORLD ENERGY COUNCIL

(A COMPANY LIMITED BY GUARANTEE) ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Company No. 4184478

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MESSAGE FROM THE CHAIR

Jean-Marie Dauger, Chair

Welcome to the World Energy Council's Trustees' Annual Report and Accounts for 2019.

It has been a year of exciting change for the Council and a year of advancement in the broader energy industry, as we work collectively toward the shared goal of successful energy transition management.

First and foremost, I would like to thank my predecessor, Younghoon David Kim, for his dedication as the Council's Chair over the past few years. His leadership has guided the organisation through critical challenges and built a stronger, more successful foundation from which we can better serve our members and partners.

I also offer my sincere thanks to our staff and the honourable volunteers – Officers, Executive Chairs, Standing Committee members and working group experts - who have shaped and delivered our ambitious programme of work aimed at progressing a better energy future for all. And, of course, my utmost gratitude extends to our network of members and their untiring support for the Council's activities in 2019.

Throughout the year, the Council has worked to advance our strategic priorities to help underpin a successful energy transition for global, regional, national and community-level energy systems. Now more than ever, the important role of the World Energy Council in furthering international cooperation on energy is vital. At a time of uncertainty driven by global pandemic, economic uncertainty, geopolitical, technological and environmental change, the Council's members share an important commitment to work together in support of our collective mission: promoting the sustainable supply and use of energy for the greatest benefit of all people.

Let me assure you that the Council will remain impartial and inclusive now and in the future. The Secretariat draws on the values and strengths of its members for direction and support without which it cannot function effectively. We are first and foremost a community network that “belongs” to all its Members. The World Energy Council is anchored in strong principles and is a valuable instrument to assist its members in meeting the unprecedented challenges of these turbulent times. Dr Wilkinson is communicating with the board in full transparency while maintaining constant contact with our community at large. May I assure you that you can count on me along with other Officers and the London Secretariat to uphold the principles that you hold dear. I am certain that I can count on your commitment and support.

In closing, I would like to reiterate my appreciation to our members and stakeholders who supported the organisation through times of change. It is this continued support that has built the strong foundation the Council now enjoys, and the platform from which we propel into a new, exciting year. It is with great appreciation and certainty that I reassert our dedication to advancing successful energy transition that meets the needs and can benefit everyone.

MESSAGE FROM THE SECRETARY GENERAL

Dr Angela Wilkinson

It gives me great pleasure to introduce the Trustees' Annual Report and Accounts for 2019.

It has been a busy and fulfilling year for the Council, and it is with great appreciation that I thank all of our members, supporters, partners and patrons for your involvement and enthusiasm for the Council's activities in 2019 - without which, none of our achievements would be possible.

2019 was a year of significant change for the Council and the wider energy sector, both of which are entering a new and exciting era. It is important we take a moment to reflect on the key highlights of the past twelve months, which included a successful World Energy Congress, an agile series of deeper and practical insights, active engagement of our community network in nearly 90 countries, a redesigned Council website and further improvement in our unique energy transition leadership toolkit. Details of these and more exciting accomplishments can be found throughout the pages of this report.

Today, the shared agenda of our truly world-wide World Energy community reflects unprecedented levels of human ambition and recognises the need for an urgent change in speed and direction in development of regionally diverse and globally connected energy systems. Simply put, we recognise that managing a successful global energy transition is the most pressing challenge facing all of humanity and cannot be addressed as a 'race to zero, zero-sum' game. To be sure, the coming months and foreseeable future will bring new challenges – economic and political – and new hope for societal action. Building on our 97-year heritage for community activation, we will need to be agile and 'go digital' to increase the impact of our impartial global voice and practical wisdom in an increasingly fragmented landscape.

I am delighted to be taking on the leadership of a remarkable energy organisation with an enduring mission of better energy for all at this important moment. I am gratified by the support extended to me already by our Board. I would like to extend my sincere thanks to my predecessor, Dr Christoph Frei for his tireless efforts to mobilise international energy leaders to work together towards enabling a sustainable energy future and for building a talented team.

I am especially grateful to our Executive Chairs and Advisors: Jeroen van de Veer, Sir Philip Lowe, Ged Davis, Gina Domanig, Richard Lancaster, Philippe Joubert, and Assaad Saab. They all bring significant leadership, expertise and time to guide our activities and the work of a highly committed team, to whom I am also grateful. In particular, Emily Melton is retiring after more than twenty years of unstinting service to the Council.

I would finally like to thank our network of members, supporters and global partners for actively engaging in our new shared vision on *humanising energy transition* and for their warm welcome to me in my new capacity. Our members, through their contributions to the Council form our community of practice. With your continued support, I am very pleased to affirm my belief that the World Energy Council is not only up to the task of re-designing energy for flourishing societies and a healthy planet, but the essential community for progressing these ambitions.

TRUSTEES REPORT

The Board of Trustees, who are also the Directors of the Charity, present their annual report for the year ended 31 December 2019 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the year.

The financial statements comply with current statutory requirements, the Articles of Association of the Charity, FRS 102 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (Charity SORP FRS 102).

OUR MISSION

"To promote the sustainable supply and use of energy for the greatest benefit of all people"

OBJECTIVES AND ACTIVITIES

The Charity's objectives include:

1. Collating data about and undertaking research into the means of supplying and using energy for, in both the short and long term, the greatest social benefit and least harmful environmental impact, and publishing or otherwise disseminating the useful results of such research
2. Undertaking actions including, but not limited to, the holding of congresses, workshops and seminars, to facilitate such supply and use of energy
3. Collaborating with other organisations in the energy sector with compatible goals

Public Benefit

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees further confirm that the activities of the World Energy Council are carried out, in line with its objects, for the public benefit as described in this report.

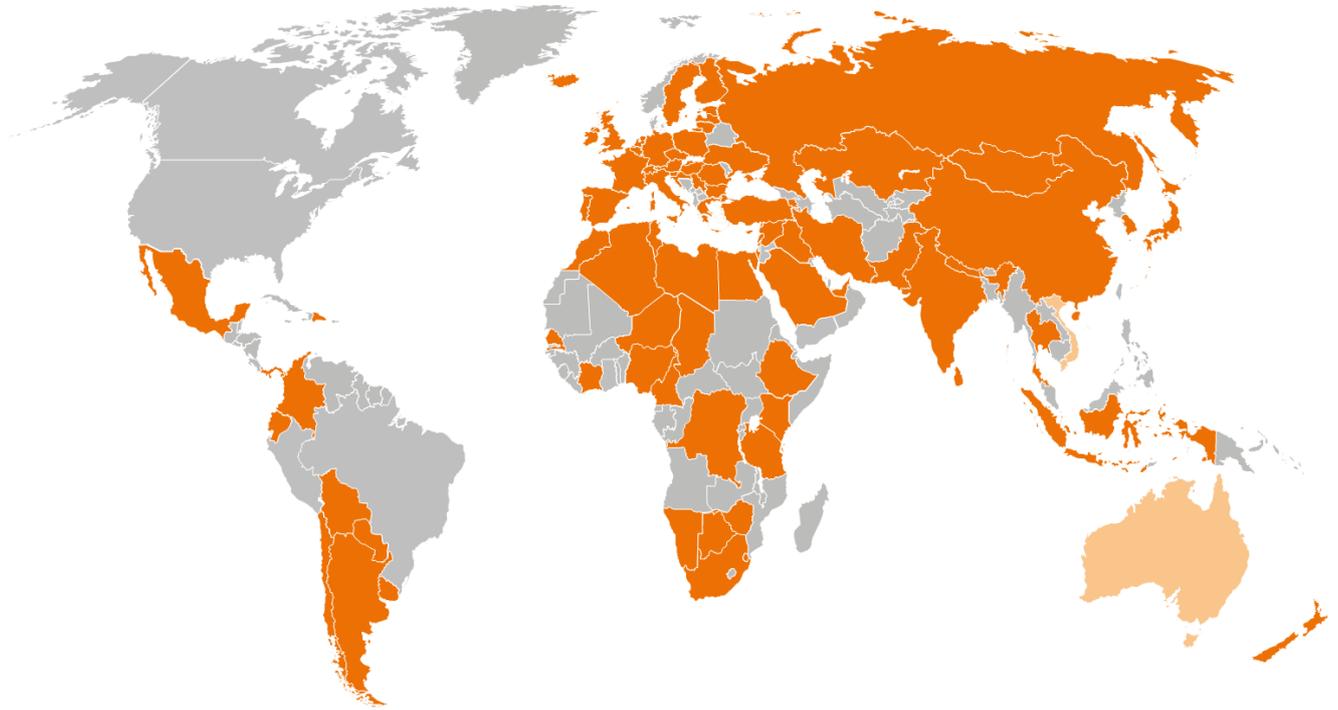
Energy plays a key role in the lives of everyone on the planet, from contributing to the provision of basic needs, such as sanitation, cooking, heating and lighting to supporting healthcare, education, transportation and communication.

HOW DO WE DO THIS

The Council's **insights, tools, programmes and events** benefit the public good by:

- Informing and supporting policymakers with tools that enable sound energy systems policy, a strong regulatory framework and the long-term thinking required for investment in energy infrastructure, which ultimately benefit the general public
- Providing information to opinion-influencers, including the media, on critical energy issues
- Assisting governments, companies and communities to work together to deliver a sustainable energy future and to accelerate a sound energy transition appropriate to their context and situation; with the intended end result being a better, cleaner, more efficient world where energy supplies are secure, affordable and sustainable
- Raising awareness of energy issues and their impact on future generations
- Addressing social equity, that is, the importance of working to find ways to supply commercial and sustainable energy to those who do not currently have it (often, the poorest people in both rural and urban areas of developing countries) as well as to those who cannot afford it
- Raising awareness of the risks of climate change and providing advice on ways to mitigate such risks and to use energy more efficiently
- Supporting talent development and capacity building of the next generation of energy leaders and educating young professionals
- Supporting and accelerating the development of energy transition innovators and start-ups, providing the most promising innovators with access to key decision-makers, investors, and markets

HOW WE WORK



Insights on the energy transition

The Council engages members and partners in developing new insights on energy transition and transformation of energy systems that meet the challenge of sustainable energy for the benefit of all. Through our content, delivered through interactive tools, actionable insights and collaborative activities, the Council brings perspectives and timely insights on the implications of structural changes as well as the fast moving, broad landscape of innovations that are transforming energy systems, from within and beyond the conventional energy system. This work is produced within our Business, Industry, and Policy Insights Department and its activities are overseen by the Studies Committee.

The Council strongly believes that a whole energy system mindset and a flexible Transition Leaders Toolkit are essential to achieving success. The Council's Energy Transition Toolkit includes five transition tools to help users define, better manage and collaborate effectively on successful energy transitions. These five tools – which can be used individually or in combination – enable the development of new, timely and actionable insights. The flexibility of the toolkit recognises there are different starting points and a no 'one size fits all' approach to a successful transition. The tools can be used to support interventions on a global, regional, national, sectoral, and/or cross-sectoral basis.

- **World Energy Issues Monitor:** In an era where the energy landscape is undergoing faster and fundamental transformation, energy leaders must pay attention to many different signals of change and distinguish key issues from the noise. The World Energy Issues Monitor provides an annual snapshot of what keeps energy policymakers, CEOs and leading experts in over 90 countries awake at night. It enables an understanding of the world energy agenda and the evolution of priorities on a historical and geographical basis.
- **Energy Trilemma Index:** Healthy energy systems are secure, equitable and environmentally sustainable, showing a carefully managed balanced Trilemma between the three dimensions. Maintaining this balance in context of rapid transition to decentralised, decarbonised, and digital systems is challenging with the risk of passive trade-offs between equally critical priorities. Energy leaders need to manage the competing demands of the energy trilemma. The World Energy Council Energy Trilemma Index is an annual measurement of national energy system performances.

- **World Energy Scenarios:** World Energy Scenarios use innovative collaboration, interactive experiences, rigorous research, and analysis to map out plausible energy futures. The practice of developing and using scenarios emerged as a way to provide an inclusive and strategic framework enabling big picture thinking and deeper assumptions, choices and options. The Council has been developing scenarios for almost two decades.
- **Dynamic Resilience Framework:** Energy systems need to prepare for multiple and complex emerging risks. The Dynamic Resilience Framework is an integrated approach to emerging risk management that contributes to building capacity and capabilities for managing the resilience of energy systems. Resilience to specific events and systemic shifts can be enhanced by situational awareness of the different types of risks preparedness for future developments.
- **Innovation Insights:** The Innovation work series is an effort to make sense of the fast-moving pace of the energy transition by digging deeper into the role of technology, policy and social innovation. The series includes discussion papers, virtual discussion hubs and workshops to further engage energy stakeholders and allow for innovation to be shared, adopted and possibly implemented on a wider scale.

Working across energy communities

The World Energy Council is a member-driven, stakeholder-focused organisation, working in support of energy-interested communities regardless of country, sector, resource or technology. Our Networks and Communities department work programme has a focus on developing the Council's network to engage and deepen our community, to ensure that it reflects the current and future state of the energy system, and to deliver and develop services and value to members and stakeholders. Activities are overseen by the Programme Committee.

- **Member Committees:** national-level committees leading the energy dialogue, facilitating debate between government, business and other stakeholders and acting as an important channel of insight and communication supported by regional and global teams.
- **Partners:** organisations working with the Council and our network to develop insight, share knowledge and facilitate dialogue.
- **Future Energy Leaders:** ongoing programme developing the next generation of energy leaders and facilitating networking opportunities and participation in the Council's activities.
- **Community Programmes:** targeted engagements focussing on specific energy communities including ministers, innovators, and start-ups.
- **Institutions:** organisational and institutional bodies working with the Council to support sustainability, the climate change agenda, intergovernmental interactions and regional development organisations.

Convening and Communicating

Engaging and communicating with members, stakeholders and diverse audiences is vital to the development of our insights and influence. The Council delivers these through digital and physical platforms including events, media, communication and social media, and our customer relationship management system, in order to deliver our agenda within a highly competitive and digital environment. Its governing body is the Communications Strategy Committee.

- **World Energy Congress:** As the Council's global flagship platform, World Energy (WE) Congress reaches across the public, private and civic sectors to connect and inspire leaders and practitioners from the energy+ value chain. Held triennially since 1924, WE Congress provides a unique space for the global energy community to catalyse new cooperations and forge pathways in the energy transition.
- **World Energy Week:** World Energy Week is a powerful platform that connects regional realities and priorities with the global energy agenda. Hosted each year in a different country, these events bring together the entire energy community with adjacent industries to address whole energy systems challenges, drive practical action and help shape the future of energy
- **World Energy Leaders' Summits:** World Energy Leaders' Summits are high-level forums for senior government officials and business leaders from across the full energy spectrum. These exclusive annual

gatherings aim to spark dialogue on the critical issues affecting energy transition management and provide a platform to share best practices and embrace new opportunities for collaboration.

- **Innovation Forums:** Modelled on Stanford University's proven Design Thinking approach to solving complex problems, Innovation Forums bring together decision makers, subject matter experts and policymakers. These interactive small-group gatherings enable best practice and experience sharing to address the complex issues impacting energy transition management.
- **World Energy Academy:** Provides a broad contextual overview of the energy sector and energy issues for young energy professionals, with the course syllabus based on the Council's content.
- **Start-up Energy Transition:** Promotes the acceleration of the energy transition by identifying the top energy innovators and start-ups world-wide every year. The submissions are evaluated by a highly credible jury, who then identify the top 100 list of the most innovative and promising start-ups. Fifteen finalists then have the opportunity to pitch their innovation to investors and be connected into the World Energy Council leadership community, facilitating access to new markets and connections, to share best practice, and achieve a successful energy transition.
- **Digital Platforms:** Tools for engagement and collaboration depend on reliable and dedicated digital platforms to facilitate and enable member engagement, develop and communicate insights, and leverage data-driven strategies for collaboration and a deeper understanding of how the Council's insights can be utilized.
- **Communications:** The Council's omni-channel platforms and resources to connect, engage and inform members and stakeholders on the Council's programmes, projects and initiatives. These help to grow the organisation and our brand, increase visibility and deepen stakeholder engagement.

2019 – REVIEW AND ACHIEVEMENTS

Delivering our 24th World Energy Congress

The 24th World Energy Congress was a resounding success. Held from 9-12 September 2019 under the patronage of H.H. Sheikh Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates, over 18,000 attendees from 146 countries gathered in Abu Dhabi to discuss the future of the energy transition under the theme of Energy for Prosperity.

As the first World Energy Congress to be hosted by a Middle Eastern country, the 24th edition represented a significant milestone. Not only is the region a major energy player, it is also undergoing critical transition efforts to sustainable energy.

With over 70 ministers and more than 350 speakers in attendance, the Congress programme was of a high quality, with clear support towards the Council's objectives to accelerate successful energy transition.

Over the year, the agreement for the 25th World Energy Congress in 2022 was also signed with Russia at the St Petersburg International Economic Forum and preparations began for opening bidding for the 26th World Energy Congress in 2025.

Convening the global energy community

The World Energy Council once again reprised its strategic partnership at the annual Africa Energy Indaba, which took place in Johannesburg in February. With a focus on helping to shape energy policy for the African continent, the event also included the Council's Africa regional meeting and Indaba Energy Leaders' Dialogue, a private forum that brought together over 30 top-level participants.

The Council had a strong profile at a number of other industry events across the year where we supported key partnerships, including the Start-Up Energy Transition Festival in Berlin in April with dena and SPIEF in St Petersburg in June with Rosseti. Over the course of the year, we were delighted to announce that our Kazakh member committee was selected to host the World Energy Week 2021.

The team continued to focus on positioning the Council as a convening space, bringing together leaders and practitioners to engage with the Council's insights, build connections and facilitate dialogue as we work towards more inclusive and sustainable energy systems for the benefit of all.

Enabling Action through Insight

The Council released 12 new insights briefs and publications in 2019. Building on our ground-breaking benchmarking study of global scenarios in 2018, we released four new World Energy Scenario-related publications. These are focussed on (1) new turning points in global innovation pathways to 2040, (2) the outlook for nuclear power, (3) European regional scenarios, and (4) Constellations of Disruption – a new framework for managing ‘disruption-as-normal’ dynamics.

For the very first time, the 2019 World Energy Trilemma Index showcased the value-added benefits of being able to track year-on-year national policy performance and included new policy learning enabled by comparing leaders on each element of the trilemma – energy security, energy equity and affordability and broader environmental sustainability – as well as the overall rankings.

Innovation Insights Briefs included – Blockchain v2, Energy Infrastructure, Hydrogen and rethinking the basic access challenge to meet new demand for productive uses of energy. Dynamic Resilience reports covered extreme weather, cyber security and introduced the Council’s new resilience management framework which aims to support energy leaders in better preparing for new energy shocks associated with systems risks of global environmental changes - water stress, climate change - and technology developments, e.g. cyber security threats. The search is on for ways to design, build and operate for agility and flexibility and adapt existing energy systems to new and different future conditions. Rethinking energy security in terms of whole systems resilience includes exploring the emerging opportunities and threats of systems and/or regional integration as the energy sector enters a new era.

Over the year, the Council launched a new type of bias to action initiative called Hydrogen Global and is a “how to” platform for companies, governments and communities to commit to creating demand for clean and affordable hydrogen-based fuels. The aim is not to achieve a 100% hydrogen but to facilitate the role of clean hydrogen: as an enabler of renewables at scale; a seasonal storage gamechanger; as a way to manage risks of pace of stranded assets e.g. repurposing; and, as a driver of affordable and deeper decarbonisation of reach hard to electrify energy end-uses e.g. space heating, freight transport, and industrial energy use.

Expanding Our Global Member Network

The Congress providing a major focal point for our member community to gather amongst 15,000 participants from around the world in Abu Dhabi in September. More than 80 countries were represented and members participated in nearly 70 programme sessions over four days, including sessions aimed with specific regional focus or aimed at specific communities such as the Future Energy Leaders, Ministers, regulators, and start-ups.

In 2019, the Council welcomed new member committees Malta, Bosnia-Herzegovina, and the Australian Energy Market Commission joined as a Direct Member. Sadly, the organisations hosting our member committees in the USA and Canada, USEA and the Canadian Energy Association withdrew from membership at the end of 2019. We were pleased to welcome new corporate partners who joined in 2019: Axpo Group, Akseos, California ISO, the European Distribution System Operators (EDSO) and the European Network of Transmission System Operators (ENTSO-E). The Council had 12 Partners (sometimes referred to as Patrons) who contributed £894,000 (2018: £989,000 and 11 Supporters (sometimes referred to as Global Partners) who contributed £445,000 (2018: £302,000).

We invested further in the strengthening of strategic relationships with regional institutions, with a view to building capacity to use the Council’s toolkit. Our development was particularly active in Africa with the African Union, ECOWAS and La Francophonie, and the bringing to life of our Memorandum of Understanding with COMESA with the delivery of an Issues Monitor map focused on COMESA member countries.

The Council selected and onboarded new Future Energy Leaders to join the Council community, bringing together the brightest and most promising young energy leaders from around the world at the highly successful Future Energy Leaders’ Congress in Abu Dhabi, held with the support of several partners.

As we approached the end of 2020, we initiated conversations with members and regions on the shared endeavour to engage in the Council’s vision of humanising energy transition and our efforts to sustain the relevance of the Council’s mission across our diverse membership and geographies.

Innovation at the heart of the energy transition

Our Start Up Energy Transition platform (SET-100) which we run in collaboration with dena, the German Energy Agency, has consolidated and managed to put innovation at the heart of global energy discussions. We had 437 start ups from 77 countries applying to the award this year. The Top 100 of these were invited to the World Energy Congress in Abu Dhabi, where they had the chance to showcase their innovations and meet with energy leaders' from around the world. They as well joined different sessions as speakers showcasing how start-ups are developing innovative solutions for the challenges the energy sector is facing.

Enhanced ways of working and retaining talent

The simplified organisational model implemented over the course of 2017 and 2018 as a result of the Strategy Review has worked well to improve service delivery and cross-cutting outputs. We continued to evolve and adjust to meet new commitments, and over the year some adjustments were also made to respond to the skillset of team members and stakeholder priorities. Leadership efforts to develop our organisational culture has resulted in bringing together a hardworking and mission-aligned team with a strong performance culture. This was clearly visible in the lead up to, and at, our Congress. Whilst our team is lean, they are highly motivated, bringing with them multiple skills sets and international perspectives.

LOOKING FORWARD

Having modernised the Council's operations to enhance relevance and reach, in 2020 the Council will address the challenges of: clarification of strategic differentiation in an increasingly crowded landscape; member activation in terms of both global thought leadership and the development of scalable movement making; and building and strengthening organisational capabilities.

Maintaining a broad mission while adopting a focused Vision 2025

The Council's long-term strategic positioning reflects underlying values to be societally purposeful; impartial; credible and legitimate; and pragmatic and practical. While maintaining this broad core focus, the Council aims to increase influence and impact and secure its licence to operate for another 100 years. To enhance the impact and influence of the Council in a new era of 'Energy for Humanity' we will enact a more focussed, medium term Vision 2025: 'Humanising Energy Transition'.

Vision 2025: 'Humanizing energy transition' builds on the Council's existing systematic approach and reflects new realities of the ongoing shift to a customer-centric energy future and the need to engage non-energy and third sector leaders in managing transition. It maintains the emphasis on engaging regional diversity and aims to build a shared understanding which inspires new collaborations, guided better policy choices and sustains more effective community-based decision making and action.

Building two different types of member 'muscle'

The reputation and standing of the World Energy Council and Community is enabled through a combination of global thought leadership, and the development of scalable movement making. As such, the Council will be focused on the development of a highly relevant and more focused thought leadership agenda to strengthen our Community's voice in a way that remains flexible to fast shifting realities and is amplified via member-based communications and global media outreach. To accomplish this, the Council will implement a Community thought leadership program centred around the theme of humanising energy transition. This will provide a distinctive agenda that broadens our systematic approach to include societal acceptability, social impacts, behaviour change implications and human-level dimensions of practical and pragmatic energy transition.

The Council will also be focused on movement making - sharpening existing tools and extending our reach to develop new capabilities, skills and mechanism to engage communities in transition and enable breakthrough performance to be measured and reported. This includes a higher ambition to increase measurable impact of our pragmatic "how to" action community by convening broader transition communities and engaging societies to deliver breakthrough transition performance.

The Council has already created footprint in action space by establishing a flexible Energy Transition Toolkit and promoting its use as a toolkit for use by teams, groups and communities and collating examples of good practice in use from members, however, a step-change in capabilities is needed to enable community-based actions which deliver scalable and measurable impacts.

Building and strengthening organisational capabilities

Implementation of the above strategies will require building new capabilities and skills and engaging with new stakeholders. It will be important to leverage existing assets and to grow the brand. To progress a focussed Vision 2025 of ‘humanising energy transition’ the Council must not only increase its financial sustainability, it needs to achieve a step-change in level and further diversity in sources of funding.

We will enable delivery of the Vision 2025 strategy by achieving progress in:

- Organisational strategy, for a high ambition vision and more distinctive action-biased agenda including membership-based thought leadership and community-based action
- Orienting our core operations to enable our new strategic positioning, including strong marketing and communications enabled by digital platforms and tools
- Building new business processes with capabilities for agile alignment of a more diverse global membership located across wider geographies
- Upskilling and culture change to achieve successful implementation, involving the creation of a new business ventures unit
- Accelerating digital transformation to activate community participation and contributions and to enable new collaborations in thought leadership and movement making
- A broadening of third-party relations to engage responsible new and unconventional energy transition leaders within and beyond the energy sector.

| | Value Proposition Elements |
|--------------|--|
| WE Community | A global network of ‘practical wisdom’ that enables new learning and exchanging of best practices; reaching beyond energy; engaging third sector and new and non-traditional energy transition leaders. <i>(Members, FELs, SET100, etc.)</i> |
| WE Tools | A unique, practical and flexible toolkit that supports a whole system approach and can be used to develop deeper and shared understanding about the state of transition and where to intervene. <i>(Leadership Toolkit, WE Prize)</i> |
| WE Academy | Renewing our ambition on workforce skills and capabilities, our commitment to develop socially responsible future energy leaders and addressing energy literacy challenges. <i>(WE Academy, WE Books, etc.)</i> |
| WE Talks | A series of regional curated experiences and a digital platform to engage progressive leadership voices in dialogue about global and regional agendas. <i>(WELS, regional summits, webinars, podcast, blog, etc.)</i> |
| WE Lab | Action on system-level innovation for new and better energy pathways on a global and regional basis. Goal-led and coalition/community driven accelerated learning-by-doing approach. <i>(Hydrogen Global, Innovation Forums, etc.)</i> |

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| WE Award | Recognising outstanding community contributions of our members and new/wider energy transition leaders. (<i>SET-100, FEL-100, WE Energy Award, etc.</i>) |
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FUTURE PLANS - 2020

To support implementation of the strategy and to embed effective ways of working, a framework for performance management has been approved by the Officers, guided by the following three principles:

- **Accountability:** Performance management is aligned with the approved accountability model
- **Focused:** Performance plan is forward looking, reflecting long and short-term priorities of the membership
- **Simplicity:** Fit for purpose approach that seeks to balance inputs from stakeholders

The 2020 workplan maintains the essential core capabilities and baseline activities for ongoing operations and for engaging, testing and aligning members in support of the Vision 2025. The top three priorities for 2020 are to:

- Translate Vision 2025 into action through member community engagement and alignment
- Build financial resilience
- Prepare high impact pivot - start to build the Council credibility in the movement making space

We note with caution, the likely and far-reaching impact of Covid-19 on the ability to deliver some of our objectives, and the likely impact of Covid-19 on our network of member committees. Key activities such as our global or regional events may need to be deferred or held in virtual mode as is already being planned, our workstreams have been continuously refocused, and at the time of writing the London office of the Secretariat has been closed for more than two months. Despite this, the team has developed robust effectiveness in its new way of working, and the investments made to improve our cloud resilience and capacity has ensured that we were immediately able to ensure business continuity measures in remote working. Nonetheless, we are conscious that Covid-19 impacts on the network of members and partners including downward financial pressures that could impact our financial position. As such ensuring the Council strengthens our value proposition to members and our share of voice on energy transition through the plans outlined below will be critical. Further, the impact on operating budgets will continue to require close management to maximise returns for the charity's objectives and ability to meet commitments, and the diversification of income streams to improve long term resilience.

Based on their review of the organisation's overall financial and operational health, the Trustees believe that the Charity is stable and will continue to operate but that it must also take the following actions to ensure that it remains viable and strong for the future:

Strategy

- Prepare and implement the Vision 2025 Strategy ensuring engagement and alignment with member committees, and continued evolution of the Council strategy in line with the mission and the vision of the members and with regular and transparent reporting
- Manage risks and risks register

Operating model effectiveness

- Organisational structure in place to deliver against strategy with team aligned to Vision 2025; develop and activate informal Development Advisory Group
- Embed new ways of working in support of organisation cohesiveness, agility and responsiveness to the Charity's priorities and management of risks; complete the digital transformation phases of web and CRM utilisation

External positioning and relevance

- Member activation in support of Vision 2025, in using tools and in expert engagement in generation of new insights through value generation, engagement, impactful interactions with Secretary General and Officer participation
- Revise members satisfaction survey to improve appreciation of members' expectations.
- Deliver successful schedule of events and dialogues across the network.

- Ensure Congress 2022 preparations on track and on-board initial tranche of sponsors. Congress 2025 bid process is attractive and cleanly run leading to viable bids.
- Develop and deliver our value proposition to communities, and growing the interaction of the network through national presence of member committees, partners, and national energy leaders, expanding community to non-energy, customer and third sector organisations
- Strengthen brand visibility and develop confident and consistent tone of voice across network. Scope role and initiate high level regional ambassadors' network to support a regional development strategy.
- Continuous improvement of Tools and Insights in line with members expectations, contributions and impact objectives. Quality delivery of Issues Monitor 2020, Energy Trilemma 2020, SET-100.

Financial delivery

- Disciplined financial delivery in line with approved budget plans
- Build financial stability to underpin the future of the Council, exploring income diversification options across new markets and products
- Careful financial management to ensure value for stakeholders and compliance with obligations

People

- Build a positive team spirit in the Secretariat including leadership by example of the values and measured through staff engagement
- Enhance the Charity's team environment so that it continues to attract, retain and build staff commitment and development, and that the Council is seen as a destination to build high potential talent by members and partners
- Upskill teams for strategy implementation

STRUCTURE, GOVERNANCE, AND MANAGEMENT

The World Energy Council is a company limited by guarantee and is a registered charity. It is governed by a Council of Trustees, also referred to as the Officers Council, all of whom are also Directors of the company.

Officers' Council

The Officers' Council is constituted by the Trustees of the Charity and oversees a robust governance framework. The Charity is governed by Articles of Association, adopted in November 2012 and amended in 2013, 2015 and 2016. The Articles ensure the Charity is compliant with the UK Companies Act 2006 and the UK Charities Act 2011.

The Officers' Council sets the strategic direction and ensures the Charity achieves its objectives. It oversees governance and is responsible for upholding the Charity's values, reviewing key performance targets, and assessing operational and financial performance. It is supported by a number of committees to which it delegates certain authorities. The day-to-day running of the Charity is the responsibility of the Senior Leadership Team (the Key Management Personnel).

The Trustees are appointed for an initial period of three years. Apart from the Chair and Co-Chair, a further extension of three years is permitted in the role to which they have been elected. Trustees must be a constituent member or employed by a constituent member of a national member committee and are expected to be familiar with and promote the Council's work, to participate in meetings of the Board and Executive Assembly and to support their own travel costs and any other expenses associated with serving as a Trustee.

In addition to the Chair and Co-Chair, the Trustees include the Chairs of Standing Committees (see below), the Vice-Chairs of respective regions and regional development, and the Finance Committee Chair.

The Trustees meet at least twice a year to discuss strategy, assess operational and investment performance, review financial reports and set the budgets. The Trustees may, at their discretion, put before the members at the AGM any issues of policy or any other business for discussion and debate. New Trustees receive an induction pack

containing a description of Trustees' responsibilities as well as policy and other documents governing the work of the Board and the Charity. The pack also includes a description of the Trustees' fiduciary and legal responsibilities under UK law and other pertinent information necessary for effective and informed decision-making. The Secretary General and Chair brief new Trustees on their responsibilities when they are elected.

During the year two new Trustees were appointed to the Officers Council, three stepped down, and two concluded their terms. The Officers' Council comprised 12 Trustees at 31 December 2019. All Trustees are appointed from the membership of the Charity and are Directors of the charitable company, and the charity's subsidiary WSL Limited.

It was convened four times during the year.

Member Committees

The Charity's Articles allow for the appointment of member committees. They are entitled to attend all general meetings, including the Annual General Meeting, which is referred to as the Executive Assembly, to receive the Annual Report and Accounts, to approve the Accounts and annual budget, appoint the auditors, to elect or re-elect Trustees, to approve new member committees and to terminate member committees. Other issues of policy may be put to the members for discussion by the Trustees. All member committees have one vote in the Executive Assembly, regardless of size or subscription category.

Regular contact is maintained with Member Committees, mainly through monthly and ad hoc updates from the Secretariat and periodic communications from the Secretary General.

Finance Committee

The Finance Committee is responsible for the short- and long-term financial viability of the Charity and effective stewardship of its assets. It reviews and approves for recommendation to the Officers' Council the annual budget, the reserves and investment policies, and oversees management of investments. It reviews the Annual Report and Accounts of the Charity, including accounting policies and any key accounting estimates and judgements, reviews budgets on a three-year forward projection and monitors performance against budget and plan, recommending action where necessary. The Finance Committee also serves as the audit committee, reviewing the effectiveness of the external audit and recommending the appointment of the auditors.

The Committee met five times during the year.

Nominations Committee

The Nominations Committee is responsible for nominating new Directors and developing the slate of nominees for presentation to the Member Committees. It initiates the search and selection process and makes recommendations for new Trustees as may be necessary. In selecting suitable candidates, the Committee considers a range of factors including relevant skills, experience, diversity and region.

Before election, nominees are required to disclose to the Nominations Committee and the Board any other significant commitments which might affect their ability to carry out their duties and advise them when circumstances change.

Remuneration Committee

The Committee determines the remuneration and benefits of the Chief Executive, and reviews performance of the Chief Executive against the performance framework. It is chaired by the Chair of the Officers Council and its membership comprises the Chairs of the Standing Committees and the Finance Committee.

The Charity offers a level of remuneration that reflects individual responsibilities and performance, and the overall performance of the organisation. Salaries are positioned in the median of the corporate and charitable sectors and remuneration for roles is validated objectively using market comparators across the public, private and not-for profit sectors. The Charity conducts an annual salary review with increases awarded for individual performance and operates a bonus scheme.

The remuneration framework sets out pay bands clearly and is openly available to employees. This supports the

Charity's aim to ensure a culture of transparency, fairness and teamwork and clarity regarding performance and reward philosophy.

The key management personnel for the Charity consist of the Secretary General, the Chief Operating Officer and Senior Director level staff. The compensation package for the Secretary General, including salary, bonus and benefits, is set annually by the Remuneration Committee and is based on an assessment of UK inflation rates, the salaries of comparable executives in the UK and the financial performance of the Charity. The compensation policy for the other key management personnel, which includes salary, bonus and benefits, is recommended by the Secretary General to the Finance Committee and applied based on achievement of the individual's annual objectives and the Charity's financial performance.

All Trustees are un-remunerated and the Remuneration Committee met twice in 2019.

Governance

The Board has reviewed the Council's compliance with best practice principles of the Charity Governance Code in the context of its own standards for board composition and development, remuneration, shareholder relations, accountability and audit. In adopting the Code, the Board assessed its policies and practices and confirmed compliance or made necessary minor updates to elements of the Charity's policies on Risk Appetite, Internal Control, and the Code of Conduct.

The performances of the Chair and Co-Chair are evaluated by the Board and the performance of the Finance Chair is evaluated by the Finance Committee members on an annual basis. In addition, the Board members assess their own performance annually. The criteria for these evaluations are developed and approved by the Board and the Finance Committee and are based on process performance rather than on personal performance. The evaluations of the Chair, Co-Chair, Finance Chair and other officers were deferred due to the transition of chairmanship for 2019.

Directors and Directors' Interests

The Directors of the company (who are also the Trustees of the Charity) during the year are listed at page 25. All Directors are required to annually attest that they are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. It is the responsibility of the Board to ensure that all Directors remain independent. All disclosures for 2019 on Related Parties and Independence are set out at Note 16.

The Chair of the Finance Committee serves as the Senior Independent Trustee and is available to members if they have concerns which have not been resolved through the normal channels of the Chair or Secretary General, or when the problem is such that these contacts are inappropriate.

ATTENDANCE AT BOARD AND SUBCOMMITTEE MEETINGS

The following shows individual Trustee/Director attendance at the meetings of the Board and its subcommittees in 2019:

Board (Officers Council) Meetings

| | 4 APRIL | 16 MAY | 12 JULY | 8 SEPTEMBER |
|---|---------|--------|---------|-------------|
| Al-Neyadi, Matar | | y | y | |
| Al-Muhanna, Ibrahim | | | | |
| Barbknecht, Klaus-Dieter | y | | | y |
| Birnbaum, Leonhard | | y | y | y |
| Budargin, Oleg | y | y | y | y |
| Carvalho Neto, José da Costa | | y | y | y |
| Cronenbold, Claudia | | y | y | y |
| Dauger, Jean-Marie (Chair from 12 September) | y | y | y | y |
| Hanf, Robert | y | y | | |
| Howard, Michael | | | | y |
| Ibrahim, Elham Mahmood | y | y | y | y |
| Kim, Younghoon David (Chair until 12 September) | y | y | y | y |
| Lewandowski, Cedric | | | | |
| Martel, Eric | | | | |
| Muraki, Shigeru | y | y | y | y |
| Perra, Alexandre | | | | y |
| Vargas Lleras, José Antonio | y | y | | y |

| | |
|-----------------------------|--|
| <i>Al Neyadi, Matar</i> | <i>concluded term 2019</i> |
| <i>Hanf, Robert</i> | <i>stepped down in 2019</i> |
| <i>Howard, Michael</i> | <i>appointed to Officers Council on 8 September 2019</i> |
| <i>Kim, Younghoon David</i> | <i>concluded term 2019</i> |
| <i>Lewandowski, Cedric</i> | <i>stepped down in 2019</i> |
| <i>Martel, Eric</i> | <i>stepped down in 2019</i> |
| <i>Perra, Alexandre</i> | <i>appointed to Officers Council on 8 September 2019</i> |

Finance Committee Meetings

| | 20 FEBRUARY | 16 MAY | 11 JUNE | 8 SEPTEMBER | 6 NOVEMBER |
|-----------------------------------|-------------|--------|---------|-------------|------------|
| Barbknecht, Klaus-Dieter (Chair) | y | y | y | y | y |
| Carnegie, John | y | y | | | y |
| Cupit, Michael | | y | y | y | y |
| Dauger, Jean-Marie (ex-officio) | | y | y | y | y |
| Kim, Younghoon David (ex-officio) | y | y | y | y | |
| Muraki, Shigeru | y | y | y | y | y |

Remuneration Committee Meetings

| | 13 FEBRUARY | 4 DECEMBER |
|------------------------------|-------------|------------|
| Barbknecht, Klaus-Dieter | y | y |
| Birnbaum, Leonhard | y | y |
| Dauger, Jean-Marie | y | y |
| Carvalho Neto, José da Costa | y | y |
| Vargas Lleras, José Antonio | | |

STANDING COMMITTEES

The Members have delegated responsibility for the Charity's charitable activities (work programme) to three permanent Standing Committees: Communications and Strategy, Programmes and Studies. All meet two to three times a year and report to the Members. The Officers are all ex-officio members of these Committees.

The Committees are delegated specific responsibilities by the Officers Council as outlined below. They provide counsel, expertise and governance to the executive team. Standing Committee members are selected according to their expertise and geographical location to ensure balanced and effective representation over the three years term – from one World Energy Congress to the next.

1. The Communications and Strategy Committee, whose mandate is to oversee matters related to the strategy, impact and visibility of internal and external communications and outreach to stakeholders and audiences including engagement and messaging. This is accomplished through events, media, communication and training. It also oversees the theme and programme of the World Energy Congress.
2. The Programme Committee, whose mandate is to oversee the Charity's activities which fall under Global and Regional Agendas, in particular comprising the member network of member committees, partners, regional activities and stakeholder relations including government engagement in order that the core constituents of the Council adequately reflect the energy system, to engage and grow our stakeholder community, and increase funding through partnerships and commercialisation of services.
3. The Studies Committees, whose mandate is to oversee the Charity's global flagship activities of impactful and influential content on the global energy debate. These include reports, analyses, collaborative Insight activities, white papers, and other commentary that advance the Council's core messages and provide insights on issues of critical importance to energy leaders.

Senior Leadership Team

The Senior Leadership Team led by the Chief Executive Officer and Secretary General consists of the key management personnel responsible for the day to day running of the Charity under the authority delegated by the Officers' Council.

The Secretary General serves as the Chief Executive Officer of the Charity and as Chief Executive Officer of its trading subsidiary. He/She serves as ex officio, non-voting Secretary of the Officers' Council and is prohibited from becoming the Chair or a Trustee of the Charity. He/She is responsible for carrying out the decisions of the Members and the Board and has delegated responsibility for the day-to-day management of the Charity's affairs under the oversight of the Trustees.

The Senior Leadership Team proposes to the Council where the Charity should invest its time, money and expertise based on the priorities of the members. It reviews with the Officers Council the key performance objectives and changes to the strategy. It proposes the annual operating budget to the Finance Committee and Officers' Council for approval and monitors financial performance and risks recommending any changes and mitigations.

Our People

Our mission and values underpin an organisation that encourages employees to focus on service and delivery, and by challenging ourselves and others to bring value to all our members and stakeholders.

Employment Policy

It is the Charity's policy to provide equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. The Charity does not condone or tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions. All the Charity's policies follow these principles.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Charity is exposed. Trustees undertake regular reviews of risks facing the World Energy Council. They are also an integral part of the management undertaken by the Senior Leadership Team. The Trustees believe that through this process a wide range of risks have been identified, quantified and, where appropriate, action taken on a continuing basis to manage business risks. The Trustees have reviewed the risks and consider the strategies for mitigating these risks to be appropriate. The Trustees review the results of the quarterly risk reviews and approve annual audit plan which covers the major risks identified. A more extensive annual risk assessment is carried out at the last Trustees' meeting each year and involves identifying the types of risks the Charity faces, prioritising them in terms of potential effect and likelihood of occurrence and identifying means of mitigating them. One method of combating risks and uncertainties is through financial forecasting and scenario planning, and holding appropriate levels of reserves and cash giving time to respond to situations as they arise.

Looking forward, the main risks to the Charity in 2020 and the steps taken to address these risks are noted below.

Income generation: Challenging economic conditions arising from Covid-19 present risks to payments from members and revenue generation of partners. Membership income and new Partner development is an area of risk given the increasing competition for Partner contributions, the financial health of member committees. Pressure on member committee budgets can threaten the income streams for the Council and presents a risk to the delivery of the Council's deliverables.

The Secretariat's income is exposed to economic and political factors such as the debt service levels and tax receipts of countries where Ministries of Energy are the Member Committee's key source of funding, especially those whose economies may be directly impacted by oil prices. The ability of Member Committees whose funds are raised from the private sector, including energy companies who may be reducing outgoing costs due to

economic conditions and lower demand for energy or other companies impacted by downward economic pressures on Partners and potential Partners' budgets to contribute to the Council. Reduced income is likely to result in drawing on reserves.

These risks are being actively mitigated by a continuous review of priorities, focused agile delivery and development of value proposition and leveraging of existing and new assets, and active evolution of partnership models to respond flexibly to project demand such as Agile Partnerships. This activity supports the prioritisation of value generation and capacity building of member committees. More recently, major focus has been given to swiftly developing Covid-19 related insights and scenarios which will be of interest to members and to Partners.

Noting the lack of physical events for the community in 2020 and which would impact Partner and member value proposition, management have accelerated the delivery of the Council's We Talks initiative to bring digital and virtual facilitated dialogue to the community and public at large, with a view to such activity being potentially income generative in the future.

In line with the Council's Vision 2025 narrative, and to swiftly address these risks, management have already begun to execute against a 'High Impact Pivot' (HIP) plan to create revenue opportunities as well as promoting member value, swiftly building capabilities, and leveraging core assets. The 'High Impact Pivot' includes the development of an advisory group of key supporting individuals of the Council's mission to humanise energy transition, to identify and amplify the opportunities for the Council and activate strategic alliances by providing access to networks and funding opportunities.

Brexit: The uncertain impact of Brexit and the UK's impending withdrawal from Europe will result in increased challenges to the Charity's ability to hire from a wide pool of talented and diverse applicants. With approximately 80% of staff and interns at the Council on the basis of EU freedom of movement, the Charity relies heavily on access to EU staff. This risks the quality and delivery of the Council's activities and could impact our wish to maintain an internationally diverse team that reflects the diversity of our stakeholders.

The Charity continues to monitor the market closely, ensure that it is visible as an employer of choice that can offer high quality development opportunities for new and existing team members, succession planning, and providing advice to existing EU staff on their continued right to remain in the UK. Creative strategies to bring in additional resource through secondments from partners and members have also been used to good effect.

Service delivery and social isolation measures: In normal times, the operational capacity of the Secretariat has little additional redundancy. However, the lockdown requirements for organisations has naturally resulted in below usual levels of effectiveness as employees seek to adapt to new ways of managing priorities whilst working from home and with other major challenges such as school closures. Whilst the organisation is in good shape in terms of strategy and improved ways of working with excellent digital resilience and means of communication, social isolation requirements for the foreseeable future will continue to have an impact on the effectiveness of programme delivery and capacity and the mental health of staff. There is a risk that existing staff resources are stretched beyond capacity, due to intensive and sustained staff workloads, limited resource and an ambitious work programme, particularly where staff departures are unplanned. These risks are managed by management regularly reviewing and prioritising delivery commitments and interdependencies, reducing expected capacity of operations, improving access to mental health support through the Employee Assistance programme, and furloughing those team members with the greatest need.

GROUP STRUCTURE

The World Energy Council consists of two separate but related legal entities:

- The World Energy Council, which is a UK registered charity (“the Charity”) and a UK company incorporated under the laws of England and Wales; and
- WEC Services Limited (“WSL”), the World Energy Council’s wholly owned trading subsidiary and a separately registered UK company incorporated under the laws of England and Wales.

The Charity carries out charitable activities in accordance with the stated Mission and Objects of the organisation. The liability of the members is limited to an amount no greater than £1. If the Charity is wound up or dissolved and there remains any property, it is not to be paid to or distributed among the members but is to be given or transferred to some other charity or charities having objects similar to the Objects of the Council.

WEC Services Limited (WSL), the trading subsidiary, was incorporated on 18 June 2001 and carries out non-charitable trading activities to raise funds on behalf of the Charity. WSL’s share capital is £100 divided into 100 shares of £1 each. If, upon the winding up or dissolution of the company and after the satisfaction of all its debts and liabilities, there remains any property, this is to be given or transferred to the Charity in accordance with the Articles of Association.

WSL makes a gift aid payment to the Charity of its annual taxable profits by no later than 30 September of the following year, after due provision for the financial requirements of any business carried on by company which would absorb or extinguish taxable profits that would otherwise be available for distribution. During 2019, WSL made a pre-tax profit of £1,014,000 (2018: £322,000).

WSL’s primary activities and outcomes for the reporting period were focused on preparations for the 2019 World Energy Congress and delivery of a content session at the St Petersburg International Energy Forum.

Results of WSL’s activities are disclosed in Note 15 of these financial statements and in the separate financial statements of WSL.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

These accounts have been prepared on a going concern basis under the authority of the Charity's Trustees. The Statement of Financial Activities (SoFA) set out on page [29] shows the following results for the Charity for the year.

There were no significant events during 2019 which impacted the Charity's financial status. Overall the Charity had a net surplus for the year of £34,000 (2018: £11,000).

As the Covid-19 pandemic spread in first quarter of 2020, the organisation had begun to assess the financial and operational implications of the crisis. This included testing the financial capacity of the Charity to withstand the income streams from the Council's network of member committees and partners being impacted to a significant degree in both 2020 and 2021. Reductions in the Council's income could impact the delivery of objectives and commitments.

The Council's income is exposed to economic and political factors, and our network of member committees are also impacted by economic conditions including private sector performance, energy and oil prices, and tax receipts. Further, we anticipate that economic conditions and lower demand for energy is likely to impact Partners and their ability to contribute to the Council.

Reduced income is likely to result in reduced operating budgets for the balance of 2020 and 2021 in order to ensure financial stability and drawing on the Charity's reserves. The Finance Committee, overseen by the Trustees, continues to actively monitor the financial position of the Council and the management continues to refocus priorities to enable agile delivery of value to the membership which will support their capacity to retain membership, the leveraging of existing and new assets, and developing new income streams to support the core activity. The management team is also implementing against a revised budget that reduces operational expenditure and prioritises value generation.

The Charity has forecast that whilst 2020 and 2021 are anticipated to be economically challenging, there are plans in place to mitigate negative scenarios for both income and expenditure, which will enable continued delivery and operation of the Council. Therefore, the Trustees have concluded that the charity is a going concern and that there are no material uncertainties.

Income Generation

Income generation during the year was £5,258,000 (2018: £4,742,000). The primary sources of income were membership subscriptions, Congress revenues and the Partner contributions, which are used to fund core work programmes and the management of the Charity.

Member Committee subscription income was £1,619,000 (2018: £1,668,000) for the year. Member subscriptions were slightly reduced as compared with the previous year as a result of a small number of Member Committees leaving the network.

In Partnerships, Patrons contributed £894,000 (2018: £989,000), which was added to the designated fund, the WEC Foundation, and Supporters (Global Partners) contributed £445,000 (2018: £302,000) to support the Council's work. As noted in our Review, our ability to grow and service our Partnership base was impacted by our re-organisation and a reduced headcount over the year, reducing Partner income.

WSL, the subsidiary generated income of £1,054,000 (2018: £366,000), predominantly from the Congress flat fee and event services.

Resources Expended and Services

Total resources expended by the Charity in 2019 amounted to £5,290,000 (2018: £4,694,000). These included expenditure of £2,556,000 (2018: £2,437,000) on Insights. Note 3 provides a breakdown of resources expended. WSL expended £40,000 (2018: £44,000) in resources.

Expenditure by the Charity was also reduced in order to manage resource and match with income, and to effectively sequence priority deliverables, most notably the Congress. The key areas where expenditure was prioritised was in Digital & Platforms and Insights.

FINANCIAL MANAGEMENT POLICIES

Investment Policy and Returns

The Charity and the WEC Foundation, a designated fund within the Charity, have separate investment policies which are reviewed annually. Only the Foundation has funds investments. The policies for both entities have the following objectives:

- Controlling the Charity's investments
- Ensuring the investments are adequately diversified
- Ensuring the investments are appropriate for the capital and income objectives of the Charity

The Charity's overall investment policy is based on a conservative, low-risk approach aimed at preserving capital while still providing modest to good returns. This is achieved primarily through the use of Common Investment and Deposit Funds, which minimise risk by using a spread of professionally selected funds.

The investments of the Charity (excluding the Foundation), which consist principally of cash surpluses, are placed in short-term deposit accounts. By policy, these cash surplus funds may not be invested in equity funds.

WEC Services Ltd. did not hold any investments in 2019.

An additional investment guideline for the Foundation Fund regarding the division between funds aims to maintain the following range for its sterling-based assets:

- Equity based funds – major part of capital monies
- Fixed interest funds – minor part of capital monies
- Cash deposit funds – variable part of short-term cash funds

Although the Foundation investment policy allows for investments of non-sterling-based income, the Foundation currently holds no foreign currency investments.

Fund managers for the Charity and the Foundation are listed on page [26] of these financial statements. All funds are invested with top-tier UK banks or other secure institutions.

In 2019, the Trustees authorised a total utilisation from the Foundation of £1,132,000 to support the Charity's work programme.

At the end of 2019, the Foundation's assets totalled £918,000 (2018: £1,086,000) and the group's investments, excluding cash deposits, were valued at £534,000 (2018: £468,000).

Whilst performance of investments was higher in 2020 than in 2019, the Trustees note that the investment values were impacted in the first quarter of 2020 by Covid-19 and the expectations of global recession. The value of investments fell approximately 21% after the first quarter of 2020. Noting that investments are held as long term liquid assets that can be sold if the severity of conditions require and given the low risk approach on investments, the Trustees are of the view that any change to approach could result in higher risks which would not be appropriate for the Council.

The Foundation was established as a mechanism to ensure that the Charity's work programme is financially supported with funds contributed by major donors who are already members of the organisation. These funds come directly to the Charity and are designated, but not restricted. They may be used any time there is a requirement for additional financial support for specific elements of the work programme.

Funds Review

The total reserves at year-end were £1,866,000 (2018: £1,832,000). Of this, £103,000 (2018: £98,000) were restricted funds, which were funds to support secondee resource; and funds for the UK Member Committee which are used for the running of the UK Member Committee's operations. Designated Funds, which were those held by the Foundation for the purposes of supporting the Charity's work programme and objects were £918,000 (2018: £1,086,000) at year end. The Gerald Doucet Fund totalled £3,000 (2018: £3,000).

Unrestricted funds, predominantly made up of member subscriptions and gift-aid from the subsidiary which are used to fund work programme and objects were £763,000 (2018: £645,000) at year-end.

Free Reserves

Free reserves available for use by the Charity are deemed to be those that are readily realisable, less fixed assets and funds whose uses are restricted or designated. At the end of 2019, the Charity held free reserves of £717,000 (2018: £540,000).

The Trustees review annually the value of the reserves retained in the form of investments, cash and cash equivalents not held for restricted purposes. They consider the Charity's exposure to major risks in terms of the likely effect on its income sources and planned expenditure in the short to medium term. They also assess the best way to mitigate such risks.

The Council's reserves policy requires sufficient reserves to:

- Cover the Charity's operating and work programme expenses for up to six months
- Include a contingency to cover any shortfall in the existing programme or project funding
- Provide initial funds for future projects to be undertaken

The reserves policy requires reserves to be set at 40% of the previous year's total cash expenditures, including expenditures of the WEC Foundation. WEC Foundation is accounted for as a designated fund to be utilised in support of the Charity's work programme. The Foundation reserves are included when calculating the total reserves on hand. Eighty per cent of reserves are to be used to meet operating expenses and the remaining 20% to safeguard the Charity's work programme commitments. The Council also has an additional designated fund of £3k in respect of the Gerald Doucet Memorial Fund, details of which can be found in Note 14; this fund is used to support young energy leaders.

For 2019, the level of reserves required according to the stated policy was £1,246,000 (2018: £1,432,000). The total reserves are £1,787,000, incorporating the designated funds in the Foundation and Memorial Fund (£921,000), restricted funds of £103,000 and the free reserves of £763,000. As such, the Trustees are comfortable that the Charity has sufficient reserves to fund its work programme and operate the office for at least six months. The free reserves are cash mainly generated from subscriptions, the World Energy Congress and Global Partners. Such reserves are anticipated to be reduced as a result of the Covid-19 crisis, and total reserves could fall below the required levels even when including designated funds. Designated funds will continue to be drawn down with the approval of the Council's Finance Committee to fund the operations of the Council. The reserves policy is reviewed annually. The Trustees will continue to monitor closely whether the policy needs to be amended to ensure adequate reserves to continue to operate.

The total material amounts committed and falling due within the next twelve months are shown in Note 11. This consists of rent on the current premises.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in Note 7 and Note 8 of these financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES AND CORPORATE GOVERNANCE

The Trustees are responsible for preparing the annual report and financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice and for ensuring that the annual report and accounts provide:

- A true and fair view of the incoming resources
- The application of such resources for the Charity and group during the year
- Reviewing the state of affairs at the end of the financial year

In preparing these financial statements, the Trustees are required to:

- Ensure that the most suitable accounting policies are established and applied consistently
- Make judgements and estimates which are reasonable and prudent
- Observe the methods and principles in the Charities SORP
- State whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in operation for the foreseeable future

The Trustees are responsible for ensuring that the Charity has appropriate systems and controls, financial and otherwise, in place. They are also responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and for safeguarding the assets of the Charity and their proper application as required by UK charity law, which means the Trustees must take reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

- The Charity is operating efficiently and effectively
- All assets are safeguarded against unauthorised use or disposition and are properly applied
- Proper records are maintained and financial information used within the Charity, or for publication, is reliable
- The Charity complies with relevant laws and regulations

Insofar as each of the Trustees/Directors of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the audit report) of which the company's auditors are unaware. Each Trustee/Director has taken all of the steps that s/he should have taken as a Trustee/Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 4 June 2020 and signed on behalf of the Board by



Jean-Marie Dauger
Chair of Officers Council



Klaus-Dieter Barbknecht
Chair, Finance Committee

REFERENCE AND ADMINISTRATIVE DETAILS

The World Energy Council is a registered charity (No. 1086559) and a registered company (No. 4184478) limited by guarantee and registered under the laws of England and Wales. Its registered office is as shown on page [26].

The present Trustees, any past Trustees who served during the year and new Trustees who have been appointed since last October and who will sign these reports are listed on this page. The Trustees of the Charity serve as its Officers Council and are also Trustees of the WEC Foundation and Directors of WEC Services Limited (WSL), the Charity's trading subsidiary.

Further legal and administrative details are set out on page [26].

| TRUSTEES | YEAR APPOINTED | COMMITTEES |
|------------------------------|----------------|------------------------------|
| Barbknecht, Klaus-Dieter | 2014 | * \emptyset \neq |
| Birnbaum, Leonhard | 2012 | + \emptyset |
| Budargin, Oleg | 2014 | |
| da Costa Carvalho Neto, José | 2013 | + \emptyset |
| Cronenbold, Claudia | 2016 | |
| Dauger, Jean-Marie | 2013 | * (ex officio) + \emptyset |
| Hanf, Robert | 2016 | |
| Howard, Michael | 2019 | |
| Ibrahim, Elham Mahmood | 2016 | |
| Kim, Younghoon David | 2005 | *(ex officio) + \emptyset |
| Lewandowski, Cedric | 2018 | |
| Martel, Eric | 2018 | |
| al Muhanna, Ibrahim | 2016 | |
| Muraki, Shigeru | 2016 | * |
| Al Neyadi, Matar | 2015 | |
| Perra, Alexandre | 2019 | |
| Vargas Lleras, José Antonio | 2010 | + \emptyset |

* Member of Finance Committee \emptyset Member of Remuneration Committee
+ Member of Nominations Committee \neq Indicates Senior Independent Director

SUBCOMMITTEES OF THE BOARD OF DIRECTORS

Finance Committee

Chair: Klaus-Dieter Barbknecht

Members: John Carnegie; Michael Cupit; Shigeru Muraki; Younghoon David Kim (ex officio); Jean- Marie Dauger (ex officio)

Nominations Committee

Chair: Younghoon David Kim until 12 September; Jean Marie Dauger from 12 September

Members: José da Costa Carvalho Neto; Jean-Marie Dauger; Jose Antonio Vargas Lleras; Leo Birnbaum

Remuneration Committee

Chair: Younghoon David Kim until 12 September; Jean-Marie Dauger from 12 September

Members: Klaus-Dieter Barbknecht; José da Costa Carvalho Neto; Jean-Marie Dauger; José Antonio Vargas Lleras; Leo Birnbaum

Secretary General and Chief Executive Officer

Christoph Frei (1 January - 31 October)

Angela Wilkinson (1 November- present)

Other Senior Management

Tania Baumann, Chief Operating Officer

Barry Kermisch, Senior Director, Digital & Platforms

Emily Melton, Senior Advisor to Secretary General

Angela Wilkinson, Senior Director, Scenarios and Business Insights (until 31 October 2019 then appointed CEO)

Principal and Registered Office

62-64 Cornhill, London EC3V 3NH

Auditor

Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH, UK

Bankers

Barclays Bank, Piccadilly Corporate Business Centre, Pall Mall Corporate Group, PO Box 15165, London SW1A 1QF, UK

Solicitors

Archon Solicitors, Gresham Street, London, EC4R 0DP, UK (personnel)

Gordon Dadds Solicitors, 6-11 Agar Street, London WC2N 4HN (commercial contracts and property matters)

Laura Devine Solicitors, 100 Cannon Street, London, EC4N 6EU (immigration and visas)

Investment Managers

Black Rock (Merrill Lynch) Investment Funds

CCLA Investment Management Ltd (COIF)

HSBC Charity Common Investment Funds Schroders Unit Trusts Limited

Group VAT Registration Number: GB 123 3802 48

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF WORLD ENERGY COUNCIL

We have audited the financial statements of World Energy Council for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets and the related notes numbered 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2015. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Trustees Annual Report.



Andrew Thomas
Senior Statutory Auditor

For and on behalf of

Crowe U.K.LLP Statutory
Auditor
St Bride's House
10 Salisbury House
London EC4Y 8EH

Date: 23 July 2020

WORLD ENERGY COUNCIL CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

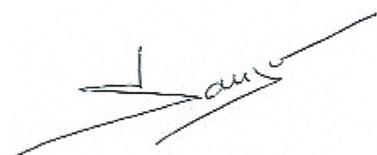
| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2019 £'000 | Total 2018 £'000 |
|---|------|--------------------------------|------------------------------|---------------------|---------------------|
| Income from: | | | | | |
| Charitable activities: | | | | | |
| Subscription fees | | 1,619 | - | 1,619 | 1,668 |
| Patron income | | 894 | - | 894 | 989 |
| Global partner income | | 445 | - | 445 | 302 |
| Gifts in kind | | 1,229 | - | 1,229 | 1,375 |
| Projects | | - | 82 | 82 | 82 |
| Other trading activities | | | | | |
| Congress income | | 917 | - | 917 | 260 |
| Investments | | 21 | - | 21 | 19 |
| Other Income | | 51 | - | 51 | 47 |
| Total income and endowments | | 5,176 | 82 | 5,258 | 4,742 |
| Expenditure on: | | | | | |
| Expenditure on charitable activities | | | | | |
| Networks & communities | 3 | 1,628 | - | 1,628 | 1,138 |
| Insights | 3 | 2,479 | 77 | 2,556 | 2,437 |
| Digital & platforms | 3 | 747 | - | 747 | 764 |
| Congress Expenditure | 3 | 359 | - | 359 | 207 |
| Other expenditure | | | | | |
| Restructuring costs | 5 | - | - | - | 41 |
| Other | | - | - | - | 107 |
| Total expenditure | | 5,213 | 77 | 5,290 | 4,694 |
| Net gains/(losses) on investments | | 66 | - | 66 | (37) |
| Net income/(expenditure) | | 29 | 5 | 34 | 11 |
| Net movement in funds | | 29 | 5 | 34 | |
| Total funds 1 January 2019 | 14 | 1,734 | 98 | 1,832 | 1,821 |
| Total funds 31 December 2019 | | 1,763 | 103 | 1,866 | 1,832 |

World Energy Council Consolidated and Charity Balance Sheet As at 31 December 2019

| | Notes | Group 2019 £000 | Charity 2019 £000 | Group 2018 £000 | Charity 2018 £000 |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| Fixed assets | | | | | |
| Intangible assets | 7 | 34 | 34 | | |
| Tangible assets | 8 | 91 | 91 | 105 | 105 |
| Investments | 9 | 534 | 534 | 468 | 468 |
| | | <u>659</u> | <u>659</u> | <u>573</u> | <u>573</u> |
| Current assets | | | | | |
| Debtors | 10 | 738 | 1,126 | 1,378 | 1,449 |
| Short term deposits | | 1 | 1 | 1 | 1 |
| Cash at bank and in hand | | 1,550 | 1,076 | 995 | 838 |
| | | <u>2,289</u> | <u>2,203</u> | <u>2,374</u> | <u>2,288</u> |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 11 | (1,082) | (1,075) | (1,115) | (1,108) |
| Net current assets | | <u>1,207</u> | <u>1,228</u> | <u>1,259</u> | <u>1,180</u> |
| Total assets | | <u>1,866</u> | <u>1,787</u> | <u>1,832</u> | <u>1,753</u> |
| Funds | | | | | |
| Restricted funds | 13 | 103 | 103 | 98 | 98 |
| Unrestricted | | | | | |
| <i>Designated funds</i> | | | | | |
| WEC Foundation | 13 | 918 | 918 | 1,086 | 1,086 |
| Gerald Doucet Memorial fund | 13 | 3 | 3 | 3 | 3 |
| <i>General fund</i> | 13 | 842 | 763 | 645 | 566 |
| Total funds | | <u>1,866</u> | <u>1,787</u> | <u>1,832</u> | <u>1,753</u> |

The Charity's total income for 2019 was £4,668,000 (2018: £4,376,000). The Charity made a deficit of £65,000 in the year (2018: £315,000 deficit).

These financial statements were approved by the Board of World Energy Council (Company No. 4184478) and authorised for issue on 4 June 2020 and signed on their behalf by:



Jean Marie Dauger
Chair, World Energy Council



Klaus-Dieter Barbknecht
Chair, Finance Committee

The notes on pages 31 to 43 form part of these financial statements

The notes on pages 31 to 43 form part of these financial statements

World Energy Council Statement of Cash Flows for the year ended 31 December 2019

| | Notes | 2019 | 2018 |
|--|-------|--------------|--------------|
| | | £'000 | £'000 |
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | | 586 | (227) |
| Cash flows from investing activities | | | |
| Dividends, interest and rents from investments | | 21 | 18 |
| Purchase of property, plant and equipment | | (52) | (7) |
| Net cash provided by (used in) investing activities | | <u>(31)</u> | <u>11</u> |
| Change in cash and cash equivalents in the reporting period | | 555 | (216) |
| Cash and cash equivalents at beginning of reporting period | | 996 | 1,212 |
| Cash and cash equivalents at end of reporting period | | <u>1,551</u> | <u>996</u> |
| Reconciliation of cash flows from operating activities from SoFA | | | |
| Net income/(expenditure) for the reporting period (as per the SoFA) | | 35 | 11 |
| Adjustments for: | | | |
| Depreciation charges | | 30 | 27 |
| (Gains)/losses on investments | | (65) | 37 |
| Dividends, interest and rents from investments | | (21) | (18) |
| Loss/(profit) on sale of fixed assets | | - | - |
| (Increase)/decrease in debtors | | 640 | (141) |
| Increase/(decrease) in creditors | | (33) | (142) |
| Net cash provided by (used in) operating activities | | <u>586</u> | <u>(227)</u> |
| Analysis of cash and cash equivalents | | | |
| Cash in hand | | 1,550 | 995 |
| Notice deposits (less than 3 months) | | 1 | 1 |
| Total cash and cash equivalents | | <u>1,551</u> | <u>996</u> |

The charity has taken advantage of the exemptions available in FRS 102 from the requirements to present a charity only Cash Flow Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Company Information

World Energy Council is a company limited by guarantee (registered number 4184478), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is 62-64 Cornhill, London EC3V 3NH.

2. Accounting Policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

World Energy Council meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated. The Charity has sufficient reserves to operate for at least six months as of the Balance Sheet date in the absence of other income. The Charity receives its income from member subscriptions, Partners and the Congress. Partners are generally on auto-renewing contracts or contracts that require three to six months' notice of non-renewal which allows adequate time for the company to make any adjustments required to its operational budget. The Congress payments are contractually required and do not allow permit non-payment. The Trustees approve annual budgets and forecasts in order to assess whether the company has sufficient liquidity to meet its liabilities as they fall due. The Finance Committee regularly reviews variances to budget, and reports and recommends to the Trustees where adjustments to the budgets are needed, such as if there are unexpected downturn in income. The Directors are confident that expenditure could be suitably controlled in line with cash flow to ensure continued operation of the Charity. The Trustees are conscious of the need to continue to closely monitor the position and make adjustments where necessary. Having regard to the above, the Trustees consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. which assumes that the company will continue to operate for the foreseeable future.

The functional currency of World Energy Council and its subsidiary is considered to be in pounds sterling as that is the currency of the primary economic environment in which the Charity/Group operates. The consolidated financial statements are also presented in pounds sterling.

b) Consolidation

The financial statements of World Energy Council and its subsidiary company (WEC Services Limited – Company No. 4236035) are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'. No separate Statement of Financial Activities has been presented for World Energy Council as permitted by Section 408 of the Companies Act 2006. The Charity has taken advantage of the exemptions in FRS 102 from the requirements to present a Charity-only Cash Flow Statement and certain disclosures about the Charity's financial instruments.

c) Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are subject to specific restrictions imposed by the donors. These funds are accounted for separately and are only available to be used for the specific purposes for which they were given.

Investment income and gains and all expenditures are allocated to the appropriate fund.

d) Income

The major sources of income for the Charity include:

- the gross invoiced value of subscription fees charged to the Council’s members;
- Partner income, which represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund;
- Supporter income, which represents corporate contributions that are non-restricted and non-designated.

Subscriptions from members are recognised over the period to which they relate and are spread evenly over the period in line with the benefits received; Patron and Global Partner income is recognised when there is entitlement and receipt is probable, usually when the contract is signed. The income is recognised over the period to which it relates and is spread evenly over the period in line with the benefits received.

The subsidiary of the Charity (WEC Services Limited) derives income mainly from the World Energy Congress held once every three years and other commissioned activities such as event programmes and insights reports.

Investment income is recognised on a received basis. All other income is recognised on an accruals basis. Gifts in kind are received from a number of Patrons and other supporters of the charity either through seconded staff members or by the provision of services, e.g., modelling or advisory support on a specific project. Gifts received in kind are recognised as income at a reasonable estimate of their “fair value” to the Charity.

Where the Gifts represent staff time, the Gift in Kind is valued at the estimated cost to hire this level of staff in the UK job market. For goods or services, the value is calculated based on the estimated cost to procure these goods or services in the open market. Gift in Kind expenditure is apportioned by project and matches Gift in Kind revenue. Gift in Kind revenue is apportioned equally each quarter into the accounts. Gift in Kind expenses are shown as they are incurred or if for staff, on an apportioned quarterly basis.

e) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Support costs comprise the costs of all resources utilised to support the Charity’s primary activities and have been apportioned to charitable activities on the basis of the staff resources invested in each activity or project.

f) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful lives as follows:

Leasehold improvements Over 10 years or over the period of the lease if less

Office equipment Over three years

g) Investments

Investments are re-valued to market value as at the balance sheet date and the surplus or deficit on this re-valuation is shown as net gains or losses on investments on the face of the Statement of Financial Activities.

Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year.

h) Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction.

Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities.

i) Cash and bank balances

Amounts included in cash at bank and in hand were maintained in interlinked bank accounts; therefore, negative amounts in individual accounts do not represent overdrafts.

j) Taxation

Under Sections 466 to 493 Corporation Tax Act 2010, a charity is exempt from tax on its income insofar as it is applied for charitable purposes only. All disbursements appear to fall within the charitable objects and, consequently, no tax liability will arise.

k) Irrecoverable VAT

The Charity is registered for VAT, but some VAT is irrecoverable, and this is either charged to the SOFA directly or allocated within support costs.

l) Operating Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred. In the case of the ten-year office lease signed in June of 2014, a 22-month rent-free period was provided by the landlord and has been factored into the accrued rent over the total period of the lease.

m) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, which are described in the Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

n) Financial instruments

World Energy Council has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

Carrying amount of financial assets/liabilities

Financial assets that are measured at amortised cost: £2,235 (2018: £2,217k)

Financial liabilities that are measured at amortised cost: £576 (2018: £560k)

Financial assets measured at fair value through the SoFA: £534k (2018: £468k)

3 ANALYSIS OF EXPENDITURE

| Charitable Expenditure | Direct Costs | Support | 2019 Total | Total 2018 |
|------------------------|--------------|----------------|---------------------|--------------|
| | £'000 | costs £'000 | | |
| Networks & communities | 1,305 | 323 | 1,628 | 1,138 |
| Insights | 2,231 | 325 | 2,556 | 2,437 |
| Digital & platforms | 576 | 170 | 747 | 764 |
| Congress expenditure | 260 | 99 | 359 | 207 |
| | <u>4,372</u> | <u>917</u> | <u>5,290</u> | <u>4,546</u> |

4 SUPPORT COSTS

| Support costs categories | 2019 Total | 2018 Total |
|--|-------------------|------------|
| | £'000 | £'000 |
| Operations and HR | 244 | 330 |
| Accommodation costs | 321 | 301 |
| Office equipment and services | 162 | 108 |
| Exchange rate | - | - |
| IT services | 56 | 65 |
| Legal, professional and accountancy | 103 | 78 |
| Depreciation | 31 | 27 |
| Trustee Expenses | - | - |
| | <u>917</u> | <u>909</u> |
| Governance Costs | | |
| Audit costs | 20 | 20 |
| Taxation advice (Charity) | 1 | 1 |
| VAT advice | 9 | 9 |
| Accounts preparation (Charity) | 7 | 7 |
| Accounts preparation (WSL) | 1 | 1 |
| Other advice | - | 2 |
| | <u>38</u> | <u>40</u> |

5 STAFF COSTS

| | 2019 | 2018 |
|-----------------------|---------------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 1,927 | 1,661 |
| Social security costs | 174 | 162 |
| Staff benefits | 21 | 12 |
| Pension costs | 35 | 29 |
| Other staff costs | 129 | 103 |
| | <u>2,286</u> | <u>1,967</u> |

Employer pension contributions of £34,500 (2018: £29,000) were made on the employees' behalf. The average number of employees during the year was 35 (2018: 30). Included within Other staff costs are termination and notice period payments of £nil (2018: £22,899), which were incurred due to the restructuring process.

The number of employees whose emoluments, excluding employer pension costs but including any termination and redundancy payments, fell within the following bands were:

| Band | 2019 | 2018 |
|-------------------|-------------|------|
| £410,001-£420,000 | 1 | - |
| £370,001-£380,000 | - | 1 |
| £140,001-£150,000 | - | - |
| £130,001-£140,000 | 1 | - |
| £120,001-£130,000 | 1 | - |
| £110,001-£120,000 | - | 2 |
| £100,001-£110,000 | - | - |
| £90,001-£100,000 | 2 | - |
| £80,001-£90,000 | 2 | 1 |
| £70,001-£80,000 | - | 1 |
| £60,001-£70,000 | 2 | 2 |

Compensation for key management personnel, other than the Secretary General, is recommended by the Secretary General to the Finance Committee for approval. The Board's Remuneration Committee is responsible for setting the compensation of the Secretary General. The total compensation for key management personnel for 2019, including any termination and redundancy payments, was as listed below.

| | 2019 | 2018 |
|--------------------------------|-------------|-----------|
| Senior Management remuneration | £1,044,373 | £ 845,000 |

No employer expenses were waived during the year.

6. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2018: £nil). Trustees are not eligible for any employee benefits and received none during the year. During the year £nil (2018: £80) was reimbursed to or paid on behalf of one Trustee for travel expenses.

7. INTANGIBLE FIXED ASSETS

All intangible fixed assets are held by the Charity.

| | | Website £'000 | Total £'000 |
|----------------------------|---|------------------|----------------|
| Cost | | | |
| At 1 January 2019 | - | - | - |
| Additions | | 42 | 42 |
| At 31 December 2019 | | <u>42</u> | <u>42</u> |
| <i>Amortisation</i> | | | |
| At 1 January 2019 | | - | - |
| Charge for the year | | 6 | 6 |
| At 31 December 2019 | | <u>6</u> | <u>6</u> |
| <i>Net book values</i> | | | |
| At 31 December 2019 | | <u>34</u> | <u>34</u> |
| At 31 December 2018 | | - | - |

8. TANGIBLE FIXED ASSETS

All tangible fixed assets are held by the Charity

| | Leasehold improvements £'000 | Office Equipment £'000 | Total £'000 |
|---------------------------------|------------------------------------|------------------------------|------------------------|
| <i>Cost</i> | | | |
| At 1 January 2019 | 173 | 34 | 207 |
| Additions | - | 10 | 10 |
| Disposals | - | (11) | (11) |
| At December 2019 | <u>173</u> | <u>33</u> | <u>206</u> |
| <i>Accumulated depreciation</i> | | | |
| At January 2019 | 77 | 24 | 101 |
| Charge for the period | 18 | 7 | 25 |
| Disposals | - | (11) | (11) |
| At 31 December 2019 | <u>95</u> | <u>20</u> | <u>115</u> |
| <i>Net book values</i> | | | |
| At 31 December 2019 | <u>78</u> | <u>13</u> | <u>91</u> |
| At 31 December 2018 | 96 | 10 | 105 |

9. FIXED ASSET INVESTMENTS

All investments are held by the Charity and are held in UK investments.

| | 2019 £'000 | 2018 £'000 |
|--|-----------------------|---------------|
| Market value | | |
| Market value at 1 January 2019 | 468 | 504 |
| Additions at cost | - | - |
| Disposals at opening market value | - | - |
| Realised gain on disposal of investments | - | - |
| Unrealised gain / (loss) on investments | 66 | (36) |
| Market value at 31 December 2019 | <u>534</u> | <u>468</u> |
| Total investment value at 31 December 2019 | 534 | 468 |
| Historical cost at 31 December 2019 | <u>248</u> | <u>248</u> |

All fixed asset investments are UK listed investments, which are held in unit funds.

10. DEBTORS

| | Group | Charity | Group | Charity |
|------------------------------------|------------|--------------|--------------|--------------|
| | 2019 | 2019 | 2018 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 639 | 562 | 1,185 | 1,185 |
| Amount due from subsidiary company | - | 465 | - | 71 |
| Other debtors | 45 | 45 | 111 | 111 |
| Prepayments and accrued income | 54 | 54 | 82 | 82 |
| | 738 | 1,126 | 1,378 | 1,449 |

11. CREDITORS: amounts falling due within one year

| | Group | Charity | Group | Charity |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2019 | 2018 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 165 | 164 | 159 | 159 |
| Taxation and social security costs | 52 | 52 | 50 | 50 |
| Accruals | 344 | 341 | 400 | 393 |
| Deferred income | 506 | 503 | 504 | 504 |
| Other | 15 | 15 | 2 | 2 |
| | 1,082 | 1,075 | 1,115 | 1,108 |

Deferred income reconciliation:

| | |
|---|---------|
| Balance brought forward at 1 January 2019 | 504 |
| Additions in current year | 1,464 |
| Release of deferred income | (1,462) |
| | <hr/> |
| Balance carried forward at 31 December 2019 | 506 |
| | <hr/> |

12. FINANCIAL COMMITMENTS

As at 31 December 2019, the group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

| Obligations under operating leases comprise | 2019 | 2018 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Land and buildings | | |
| Within 1 year | 172 | 172 |
| Between 2 and 5 years | 579 | 687 |
| More than 5 years | - | 64 |
| | 751 | 923 |
| Fixtures and fittings | | |
| Within 1 year | 25 | 23 |
| Between 2 and 5 years | 71 | 40 |
| More than 5 years | - | - |
| | 96 | 63 |

During the year **£200,525** (2018: £194,237) of operating lease expenditure has been recognised as expense.

13. STATEMENT OF FUNDS

| | Balance b/f 1 January 2019 | Income | Expenditure | Investment gains | Transfers | Balance c/f 31 December 2019 |
|-------------------------------|----------------------------------|--------------|----------------|---------------------|--------------|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted funds | | | | | | |
| WEC UK Committee | 68 | - | - | - | - | 68 |
| Deep Dive project | 18 | - | - | - | - | 18 |
| Rosatom | 12 | 82 | (77) | - | - | 17 |
| Total Restricted Funds | 98 | 82 | (77) | - | - | 103 |
| Unrestricted funds | | | | | | |
| General reserve | 645 | 4,262 | (5,198) | - | 1,132 | 763 |
| Designated funds | | | | | | |
| Foundation | 1,086 | 914 | (15) | 66 | (1,132) | 918 |
| Doucet Memorial Fund | 3 | - | - | - | - | 3 |
| Total funds | 1,832 | 5,258 | (5,290) | 66 | - | 1,787 |

The transfer during the year relates to drawings from the Foundation to the general reserve to pay for operations of the Charity.

| | Balance b/f 1 January 2018 | Income | Expenditure | Investment gains | Transfers | Balance c/f 31 December 2018 |
|-------------------------------|----------------------------------|--------------|----------------|---------------------|-----------|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted funds | | | | | | |
| WEC UK Committee | 175 | - | (107) | - | - | 68 |
| Deep Dive project | 46 | - | (28) | - | - | 18 |
| Rosatom | | 82 | (70) | - | - | 12 |
| Total Restricted Funds | 221 | 82 | (205) | - | - | 98 |
| Unrestricted funds | | | | | | |
| General reserve | 204 | 3,631 | (3,190) | - | - | 645 |
| Designated funds | | | | | | |
| Foundation | 1,393 | 1,028 | (1,299) | (37) | - | 1,086 |
| Doucet Memorial Fund | 3 | | | | | 3 |
| Total funds | 1,821 | 4,741 | (4,694) | (37) | - | 1,832 |

The Foundation fund represents funds set aside at the Trustees' discretion to assist in the further development of the Council's work programme; these will be utilised in 2019.

The funds in the Gerald Doucet Memorial Fund are used to support the Council's work with young people, e.g., Future Energy Leaders programme.

The funds shown as "Restricted" are (1) the contributions towards the Rosatom secondee; and (2) amounts paid by the members of the UK WEC Member Committee and held for the management of the UK Member Committee.

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| As at 31 December 2019 | Unrestricted | | Gerald Doucet Memorial Fund | Restricted | Total |
|-------------------------|--------------|------------|-----------------------------------|------------|--------------|
| | General | Foundation | | Funds | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Intangible fixed assets | 34 | | | | 34 |
| Tangible fixed assets | 91 | - | - | - | 91 |
| Investments | - | 534 | - | - | 534 |
| Net current assets | 717 | 384 | 3 | 103 | 1,207 |
| | 842 | 918 | 3 | 103 | 1,866 |

| As at 31 December 2018 | Unrestricted | | Gerald Doucet Memorial Fund | Restricted | Total |
|------------------------|--------------|--------------|-----------------------------------|------------|--------------|
| | General | Foundation | | Funds | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Tangible fixed assets | 105 | - | - | - | 105 |
| Investments | - | 468 | - | - | 468 |
| Net current assets | 540 | 618 | 3 | 98 | 1,259 |
| | 645 | 1,086 | 3 | 98 | 1,832 |

15. Subsidiary Company

The Charity owns the whole of the issued ordinary share capital of WEC Services Ltd, a company registered in England (Company Number 4236035; VAT Registration Number GB 123 3802 48). WSL's share capital is £100 divided into 100 shares of £1 each. The subsidiary is used for non-primary purpose trading activities, namely Congresses, non-tax-exempt events and royalties from joint projects. WSL's total annual net profit is gifted to the Charity.

A summary of the results of the subsidiary is shown below

| Statement of income and Retained Earnings | Total 2019 £'000 | Total 2018 £'000 |
|---|---------------------------------|---------------------------------|
| Turnover | 1,054 | 366 |
| Administrative expenditure | (40) | (44) |
| Profit before taxation | 1,014 | 322 |
| Taxation | - | - |
| Profit after taxation | 1,014 | 322 |
| Retained earnings at start of period | 81 | 85 |
| Profit for the year | 1,014 | 322 |
| Gift Aid donation | (1,014) | (326) |
| Retained earnings at end of period | 81 | 81 |
| The aggregate of the assets, liabilities and funds was: | | |
| Assets | 551 | 157 |
| Liabilities | (470) | (76) |
| Net Assets | 81 | 81 |
| Retained Profits | 81 | 81 |
| Reserves | 81 | 81 |

16. RELATED PARTY TRANSACTIONS

The total aggregated financial contributions from related parties to which one or more Trustees have a relationship were £1,040,516.

One Trustee of the Charity, and Director of the trading subsidiary, was the signatory of a contract between the subsidiary and the UAE Member Committee of the World Energy Council, of which he is Co-Chair and Chair of the Organising Committee. The total value of the contract was £1,300,000, which constitutes the flat fee payment guaranteed to the subsidiary irrespective of whether the 2019 World Energy Congress makes a net profit. £800,000 of this flat fee was paid to the subsidiary in 2019 in addition to sponsorship commission of £82,515.58 and a £40,000 contribution to the resourcing of the Global Agenda team.