

World Energy Council Annual Report | 2017

**ANNUAL REPORT
AND ACCOUNTS
FOR THE YEAR
ENDED 31
DECEMBER 2017**

**WORLD ENERGY COUNCIL
(A Company Limited by Guarantee)
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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CONTENTS

	Page
Strategic Review and the Red Thread	
Message from the Chair Younghoon David Kim	7
Message from the Secretary General Dr. Christoph Frei	8
Highlights from the Year	9
2017 Shallow Dives	11
Trustees' Report	15
How we work	18
Future Plans	20
Structure, Governance and Management	21
Trustee Evaluations	22
Attendance at board and subcommittee meetings	25
Principal Risks and Uncertainties	28
Financial Review and Results for the Year	32
Statement of Trustees' Responsibilities and Corporate Governance	34
Reference and Administrative Details	35
Independent Auditor's Report to the Members and Trustees of World Energy Council	37
2017 Consolidated Statement of Financial Activities	40
2017 Consolidated and Charity Balance Sheet	41
Group Cash Flow Statement	42
Notes to the Financial Statements	43

2017: the global energy environment

Stabilising oil prices



US Shale, as the still juvenile new swing producer



Solar photovoltaic and electric storage prices continued to fall



E-mobility's growing ambition



Increasing extreme weather events:
the need for resilience rises



2017: energy leaders community

Focus on the Grand Energy Transition

Post-Paris decarbonisation
Demand electrification
Network digitalisation
System decentralisation

New business models:
Aggregators
Platforms
Blockchains



2018 World Energy Council

Facilitating, informing and shaping
the future of global energy systems

Trilemma

A man wearing a wide-brimmed hat and a light-colored, long-sleeved button-down shirt is leaning over a large, bright red cylindrical tank. He appears to be working with it, possibly filling or inspecting it. Another person in a white cap is partially visible behind him. The setting is outdoors, with wooden beams and a corrugated metal roof visible above.

Resilience

Insights

A landscape view of several wind turbines silhouetted against a bright, hazy sunset sky. The sun is low on the horizon, creating a warm, golden glow. The turbines are dark against the lighter sky.

Issues Monitor

Energy Prosperity

A road construction site in a tropical environment. A large tractor is paving a road, with dust rising from the machine. Several workers are sitting on the ground near a pile of gravel. The background is filled with tall palm trees and lush vegetation under a clear sky.

Energy Scenarios

Message from the Chair Younghoon David Kim

Welcome to the Trustees' Annual Report and Accounts for 2017. Like the energy sector itself, the World Energy Council has undergone significant change. We have reviewed our mission and developed a robust strategy for the Council, that looks to support the long-term future of the global energy system. All the while, we have continued to deliver a work programme of content and events that shape the energy futures debate and ensure that today's energy leaders are well-informed when making important decisions that will lead to a sustainable global energy future.

I would like to thank all of our members and supporters for your involvement and enthusiasm for the Council's activities in 2017, without which, none of our work would be possible. **I would also like to thank all our staff for their hard work and dedication throughout this challenging time.**

Our **members and communities are at the heart of the Council** and I was delighted that so many of you were able to meet and share opinions on the direction of the Council in Lisbon in October. I would like in particular to thank the Portuguese Member Committee for its wonderful hospitality during our World Energy Week. This vibrant and important gathering included the World Energy Leaders' Summit which staged high-level dialogue on subjects such as decentralised generation and the changing role of natural gas, as well as a Future Energy Leaders' summit.

After five years at the helm, Dame Joan MacNaughton stepped down from her chairship of our Trilemma work. Under her leadership, the Trilemma was established and evolved into a widely recognised and powerful benchmarking process for national energy policies in 150 countries. It now provides impartial and objective data, and focuses the dialogue among business leaders and policymakers on what it takes to deliver robust policies in a world of dynamic change.

I would like to thank Joan for all her hard work and support over the years. In her place, I was delighted to welcome our new Chair for the Trilemma, Sir Phillip Lowe. Previously, Director General of Energy and of Competition at the European Commission and Vice Chair for the Trilemma for three years, he brings extensive experience as well as fresh inspiration and new perspectives to this important project.

We play an important role in shaping the future of the global energy system. It is our members, patrons, partners, staff and all stakeholders who inform and facilitate the debate and will continue to do so over the coming years. 2018 is a key time for the Council, consolidating the changes of the past year and constructing the platforms that will shape how we engage and facilitate dialogue in the future. Looking forward, we will continue our growth and embrace more countries around the world. We will build on our new strategy and operating model and look forward to being at the heart of energy sustainability through 2018 and beyond.



Message from the CEO Dr. Christoph Frei

It gives me great pleasure to introduce the Trustees' Annual Report and Accounts for 2017. During this time we have seen significant change in the organisation. It has been a busy and fulfilling twelve months and it is with great appreciation that we thank all of our members and supporters for your involvement and enthusiasm for the Council's activities in 2017, without which, none of this would be possible.

With nearly 2 billion people in the world still without access to reliable energy, challenges and opportunities defined by a grand energy transition and almost daily inspiration from new innovation stories around the world, the role of the World Energy Council remains critical. It is our place to facilitate, inform and shape the debate and decisions of nations and businesses that affect the global energy system.

With this backdrop in mind, we undertook a major strategic review, to ensure the ongoing relevance of work of the Council to energy decision-makers globally. The review spanned 3,000 people and 95 countries worldwide and ultimately highlighted the need for:

- a new organisational model
- a restatement of the organisation's mission, embracing an agenda of innovation appropriate for a 21st Century Energy System – The Red Thread
- a new approach to communications

In this report, we describe the ways that the World Energy Council has improved knowledge of and access to sustainable energy around the world.

For the global energy leadership community, 2017 has been a fast-paced year with ongoing focus on the grand energy transition. **For the World Energy Council,** 2017 has been an intense and productive year. We created much powerful content including a Scenarios deep-dive for the Latin America & Caribbean region;

a Scenarios perspective exploring new business models in Mexico; a Scenarios perspective on the role of natural gas; our 2017 World Energy Trilemma Index and Report on decentralised energy systems and, an innovation white paper on the developing role of blockchains. Alongside, we also continued the expansion of our global network and successfully progressed through a major strategy review and restructure, with the aim of bringing greater coherence and impact to our activities.



Highlights from the Year

For the global energy leadership community, 2017 has been a fast-paced year with ongoing **focus on the grand energy transition.** While OPEC has managed to **stabilise oil prices** against a backdrop of potentially stranded resources and **US shale as the still juvenile new swing producer,** much of **the power sector focus has been on a combination of post-Paris decarbonisation, demand electrification, network digitalisation and system decentralisation.** **New business models building on aggregators, platforms or blockchains have emerged** capturing energy leaders' imagination, while **solar PV and electric storage prices have continued their fall.** Not least, these developments have led to announcements showing **growing ambition on the e-mobility side.** Last but not least, extreme weather events in the Americas and beyond have illustrated the new reality of resilience requirements.

For the World Energy Council, 2017 has been an intense and productive year. We created much powerful content including a Scenarios deep-dive for the Latin America & Caribbean region; a Scenarios perspective exploring new business models in Mexico; a Scenarios perspective on the role of natural gas; our 2017 World Energy Trilemma Index and Report on decentralised energy systems and, an innovation white paper on the developing role of blockchains. Alongside, we also continued the expansion of our global network and successfully progressed through a major strategy review and restructure, with the aim of bringing greater coherence and impact to our activities.

Against the backdrop of the grand energy transition, **our strategy activity** has had to consider how the Council must evolve to ensure that we imagineer the future energy system and bring value to our members and stakeholders with the mission unchanged, to achieve sustainable energy for all. Our strategy review has enabled us to place even greater focus on our Scenarios, Trilemma, risks and, the innovation agenda. We will be evolving the way in which we engage members in our content,

so that it is more timely and impactful, and complemented by a new suite of digital tools and platforms. And, we will expand our network to include the new players and innovators that have become increasingly important to the energy system.

I want to thank the many people who have continued to contribute their ideas and given their support on this important work, and I look forward to the involvement of many others as well as we move forward with implementation in 2018, where much remains to be done.

I was particularly delighted that earlier this year we joined forces with the German Energy Agency's (dena) energy innovators award network to create a **premier global platform to promote innovation,** and to reach out to entrepreneurs beyond the traditional energy sector. This partnership will help identify the world's most promising innovation ventures, and make sure we work with leading innovators to systematically understand the scope, time frame and success factors of key innovation areas. To do all of this, we will be working with you to leverage the rich and diverse expertise that you bring to our network. I look forward to your contributions to these exciting programmes.

Our **regional highlights** this year include receiving support from the Asian Development Bank to support a provincial Trilemma deep dive in China. We welcomed Mongolia as a new member committee and the Vietnam Green Energy Network joined as a direct member. In Latin America and the Caribbean, we expanded our member network into Panama and the Dominican Republic. In Europe, the Council was actively engaged in EU energy debates presenting our Scenarios work at the European Commission in Brussels and at the EU Energy Ministerial Conference in Tallinn, Estonia. The Former Yugoslav Republic of Macedonia also joined as a new member committee in October. The Council also signed an agreement with the Eurasian Economic Commission (EEC), highlighting the importance of cooperation in promoting and planning activities for effective energy capacity use in Eurasia. Africa was very active in nurturing young energy professionals

in the region, with Ghana successfully launching their Future Energy Leaders' programme in August.

In September the **World Energy Leaders' Summit** in Mexico hosted by the Mexican Ministry of Energy brought lively debate on issues including innovation, resilience, digitisation, and energy sector reform, as a major event of the Dialogues for the Future of Energy Mexico 2017. The Mexico summit also included the signing of an agreement with UNIDO to develop leadership skills and the capacity of energy leaders and policy makers from developing countries. Finally, our three member committees in North America organised an excellent North America Annual Regional Forum.

We were also delighted to continue our **content partnerships with key platforms** including the Clean Energy Ministerial in Beijing, the St Petersburg International Economic Forum, the International Economic Forum of the Americas, the Conference of Parties (COP) in Bonn and the Sustainable Energy for All Process who all presented excellent opportunities to share Council insights and align to promote the Council's mission.

Looking forward

2018 has started well for the Council. We are modernising the organisation, implementing and embedding the key elements of our new strategy and working on ensuring future revenue streams.

At the heart of the new strategy lies the way in which we engage members in our content, so that it is more timely and impactful, and complemented by a new suite of digital tools and platforms.

For instance, we are introducing a **new interactive web-based tool for the Issues Monitor** that will enable member committees to develop and publish their own maps. We also look forward to growing our **innovation white paper series**, which will draw from critical issues as identified by global energy leaders in our annual Issues Monitor to deliver the insights

needed by business leaders, policy makers and investors on the important issues facing the energy system.

The road to the 2019 World Energy Congress is taking shape. The plan and foundations are in place to bring a strong and exciting programme together to host our world energy community in Abu Dhabi. "Energy for Prosperity" is the theme of our global leadership forum that defines the strategy for a collaborative, sustainable and innovative energy future that enables societal, commercial and community prosperity.

As we look beyond 2019 we will be seeking to ensure that the World Energy Council represents the changing energy system as a whole. The Council is a system itself, from the secretariat, to the Member Committees, to Partners and Patrons and all our stakeholders. We are committed to ensuring representation of all aspects of the energy system and to working towards our mission of promoting the sustainable supply and use of energy for the greatest benefit of all people.

In closing, I would like to take this opportunity to express my appreciation for your support and great work this past year. Without the support and commitment of our many members, partners, officers and of course staff, we would have found it challenging, if not impossible, to accomplish these achievements and I want to specifically highlight our project partners for their great contributions across the spectrum of our work. I look forward to your involvement in the many exciting activities planned and already underway.

2017 Shallow Dives

Strategy Review

The board agreed the need to evolve our strategy to ensure the Council is able to remain at the heart of the energy system and bring value to our members and stakeholders in achieving our mission of sustainable energy for the benefit of all. This has enabled a refocus on our content and insights agenda and to modernise the way in which we engage members in our content. The strategy review also called for greater organisational clarity and leadership and the Officers' Council endorsed a new organisational model focused on four core elements to serve all our stakeholders better.

Clarifying the narrative and content agenda

In order to facilitate, inform and shape the future global energy system, and to make sense of the complexities of the energy system for our audiences, we developed a narrative to link together the Council's various content, issues, insight agendas. This tool was labelled "Red Thread" thinking and is intended to help provide a coherent narrative of the Council's content that is easy to apply for our member committees.

Deepening sectoral understanding

We continued our strategic involvement in the Global Gas Centre deepening our "multi-energy" approach. With the support of the Global Gas Centre, the Charity applied its Scenarios analysis to the gas sector, identifying the central uncertainties affecting the role of gas and specifying the challenges facing the gas industry. This work highlighted the need for further investment and innovation to ensure that natural gas holds an essential place in the global energy mix to 2060, and a warning of the potential for stranded resources noting the trend toward carbon pricing. With medium global electricity demand expected to double by 2060, the power sector offers the highest growth potential for natural gas, however gas faces tough competition from other energy sources such as renewables, and the scope for

growth will depend on key policy decisions by governments and regulators.

Growing the Membership

The Global Partners Programme was created in 2009 with two key aims: (1) to help strengthen member committees by requiring any new Global Partner to become a paying member of at least three member committees; and (2) to bring additional revenue directly to the London office to support the Council's work. The programme is aimed at attracting innovative energy or energy-related companies and/or national or regional companies seeking to expand their business to the global level. At the end of 2017, the Council had seven Global Partners who contributed £305,000 (2016: £418,000) to support the Council's activities.

The Patrons programme is aimed at identifying energy companies who are already members, to partner with the Council and contribute cash or in-kind goods or services to support its work. The Patron income goes into the Foundation, a designated fund within the Charity. Patrons are provided with certain benefits, including invitations to the Council's exclusive World Energy Leaders' Summits and a dedicated account manager in the London office. In 2016, the Council had sixteen Patrons, of which nine provided in-kind contributions of staff and expertise, with the remainder making cash contributions. In 2017, Patrons contributed £1,013,000 (2016:£1,111,000) to support the Council's work. Over the year we were delighted to welcome Rosatom and Rossetti as new Patrons and PwC as an Innovation Partner.

Extending regional influence

The Charity was delighted to convene a meeting of energy policy makers, holding a meeting with the European Commission's DG Energy. Led by Regional Vice-Chair for Europe, Leonhard Birnbaum, and attended by more than 50 experts from DG Energy, attendees discussed the need for a smart approach towards energy security and climate mitigation policy, backed by natural gas in the electricity and the transport sectors. They further noted the essential need for functioning energy markets

are keys to ensure on-going investments and considerations for the integration of zero-marginal-cost technologies within an interconnected electricity market.

“We would like to thank the World Energy Council for presenting their World Energy Scenarios. The global and cross-sectorial approach of the Council makes it an essential contributor to the debate on the energy transition. The large turnout at the meeting demonstrated the interest of many of my colleagues for a better understanding of energy developments.”

Stefaan Vergote, the Head of Unit for Financial Analysis and Financial Instruments in European Commission DG Energy.

Expanding our member network

The Charity welcomed Panama as its first Central American member committee, providing a vital link between North and Latin America. The new Member Committee is hoping to benefit from best practices and knowledge on trends in the global energy sector and technologies and to participate actively in energy integration projects that allow greater development in the countries of the region.

“It is a great satisfaction that my country, Panama, has joined the World Energy Council. Since the successful opening of the electricity market, there has not been a single body for all the actors within the energy sector: distributors, generators, private sector and authorities to discuss the challenges of the electric sector, in a friendly neutral environment”

Samuel Urrutia, Chair of the Member Committee of Panama

Improving resilience of energy systems

In 2017 the World Energy Council Colombia and key energy leaders from government and the private sector convened for high-level meeting to explore the best way forward for the region to be better prepared for future cyber risks. José Antonio Vargas Lleras, Chair of the Council’s Colombian member committee, gave a presentation on the World Energy Council’s recent Road to resilience: Managing

Cyber risks report. It investigates how cyber risks can best be managed, taking into account the changing nature of the energy industry and energy infrastructure.

“A triple transition in energy is under way as we move away from carbon-based fuels, towards decentralised, zero-marginal cost energy markets, and a more complex market structure. For the power executive, these ongoing events mean business as usual is no longer an option. Increasing the resilience of energy infrastructure to extreme weather events is a must. Power companies, and not just in Latin America, need to be smarter not stronger, to ensure the reliability of the global energy system as a whole, therefore, adaption and mitigation are critical in building resilience.”

José Antonio Vargas Lleras, Chair Communications and Strategy Committee.

Identify and track critical uncertainties facing energy leaders and the energy system (IM 2017)

In its eighth year, our World Energy Issues Monitor 2017: **‘Exposing the new energy realities’** survey highlighted shifting priorities in the energy sector with an increasing impetus towards a lower carbon future. Disruptive technologies including renewable energies and energy efficiency were identified as the action priorities for energy leaders globally in 2017. The survey highlighted that commodity price volatility remains number one critical uncertainty, slow global growth was increasing uncertainty around primary energy demand, and cyber-security and resilience remained a priority concern for energy leaders. Renewables ranked high in impact within every region identified in a survey of more than 1,200 energy leaders in 95 countries.

“Our survey shows that energy leaders face and acknowledge disruptive change. The Issues Monitor illustrates that innovation issues such as digitalisation, decentralisation, innovative market design or electric storage rapidly gain traction, while a more difficult growth context and new physical and digital risks are posing ever greater threats to the energy sector. Today defining the energy agenda globally, five years ago these issues were far from being a priority.”

Convene and share best practice amongst energy leaders

Leading figures within the African energy scene convened at the 9th Annual Africa Energy Indaba, the World Energy Council's annual African regional meeting, to discuss how best to unlock investment to develop an energy infrastructure road map for Africa. Other discussions centred on highlighting the scaling up of renewables through innovative business models as well as the role of mobile payment solutions, state of the art renewable technology and the delivery of household solutions that increase rural electrification rates and scale up renewables in Africa.

"I believe the time for more serious action has come for scaling up the implementation of renewable energy in Africa. The continent has abundant Renewable Energy resources in the form of hydropower, solar, wind, geothermal and bio-energy that are appropriate for responding to the challenge of energy access, especially for our large rural population. Thus, the African Union Commission, alongside the World Energy Council, is set to speed up renewable energy projects and strategies already in the pipeline and developed to support the African continent in achieving a sustainable energy future."

Dr Elham Ibrahim, Vice Chair for Africa at the World Energy Council

International Cooperation

The Charity signed a Joint Declaration with the United Nations Industrial Development Organization (UNIDO) to support the global dissemination of sustainable energy solutions. Under the new partnership, UNIDO and the World Energy Council committed to develop the leadership skills and the overall capacity of energy leaders and policy makers from developing countries; as well as to explore options to promote energy access through global platforms – such as the electrification accelerator within the Sustainable Energy for All (SEforALL) initiative.

"We look forward to working with the World Energy Council to promote sustainable energy

solutions by focusing on capacity building and promoting energy access", said UNIDO Director General LI Yong. "We are confident that, through targeted trainings and specialized fellowships, we will help countries design policy instruments that encourage innovation, new business models and a sustainable development of the energy sector".

Understanding new technologies

The Council produced a white paper on the developing role of blockchain, drawing from interviews with companies and organisations actively involved in blockchain projects in the energy industry from the US, Europe, China, Japan and New Zealand. The paper developed in collaboration with PricewaterhouseCoopers (PwC) looks at the potential of blockchain technology for the energy sector

Helping countries make choices about their energy trilemma

Helping inform decision-makers on how to address their energy trilemma was the focus of a National Workshop in Nigeria on, where it was recommended that Nigeria expand its existing two sources of electricity supply of gas and large hydro to seven to include: solar energy, wind energy, biomass/biofuels, coal and nuclear. Doing so would enhance the security of supply for Nigeria and help address the challenge posed by low level access to modern energy services and largescale dependence on traditional biomass. Thereby more positively impacting economic growth, sustainable development and social benefit in Africa.

Building capacity and knowledge of our future energy leaders

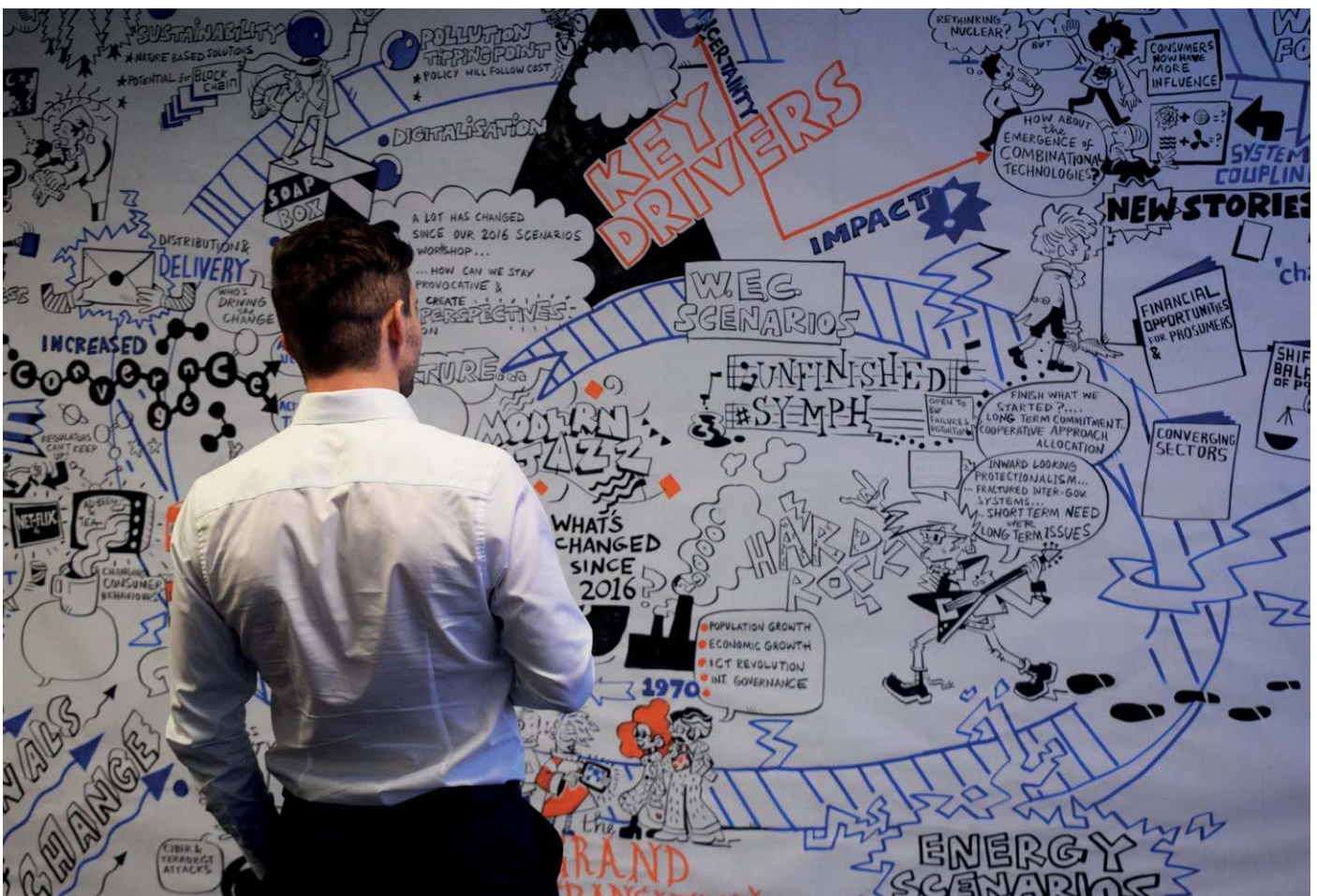
Ghana officially launched its national chapter of the World Energy Council's Future Energy Leaders' programme and welcomed ambitious young professionals interested in energy from corporate institutions, government and Universities in an effort to join the scheme. The launch of the programme under the theme, 'Building the capacity of young energy experts to think out of the box for a sustainable energy

future', held at Ghana's Energy Commission on 30 August, is the first of its kind in Africa.

"The aim of the programme is to enable Ghana to become a more active member committee through its young energy leaders of tomorrow. The future of our country will be in the hands of our youth. The FEL national programme will act as a springboard to enable this to happen."

International policy dialogue

The Charity, its partners and network took an active role at the UNFCCC 23rd Conference of the Parties in Bonn in December, hosting a panel discussion on 'New Policy Dilemmas in the Energy Transition' with a high-level dialogue on the interplay of decarbonisation, decentralisation and digitisation trends, in accelerating the supply and demand of low/zero carbon energy electricity, and addressing the climate challenge. The session highlighted new approaches and policies for ensuring reliability and enabling dynamic resilience in the context of diverse grid archetypes; the rise of the empowered consumer; the emergence of new economic development models e.g. the sharing economy; city-scale circular economy, and smart rural development.



Mural created at the WEC Scenarios Workshop (London, April 11-12)

TRUSTEES' REPORT

The Board of Trustees, who are also the Directors of the Charity, present their annual report for the year ended 31 December 2017 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 objects include:

- a. collating data about and undertaking and promoting research into the means of supplying and using energy having, short and long term, the greatest social benefit and the least harmful impact on the natural environment and publishing or otherwise disseminating the useful results of such research;
- b. undertaking actions, including, but not limited to, the holding of congresses, workshops and seminars, to facilitate such supply and use of energy; and
- c. 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 **studies and research** benefit the public good by:

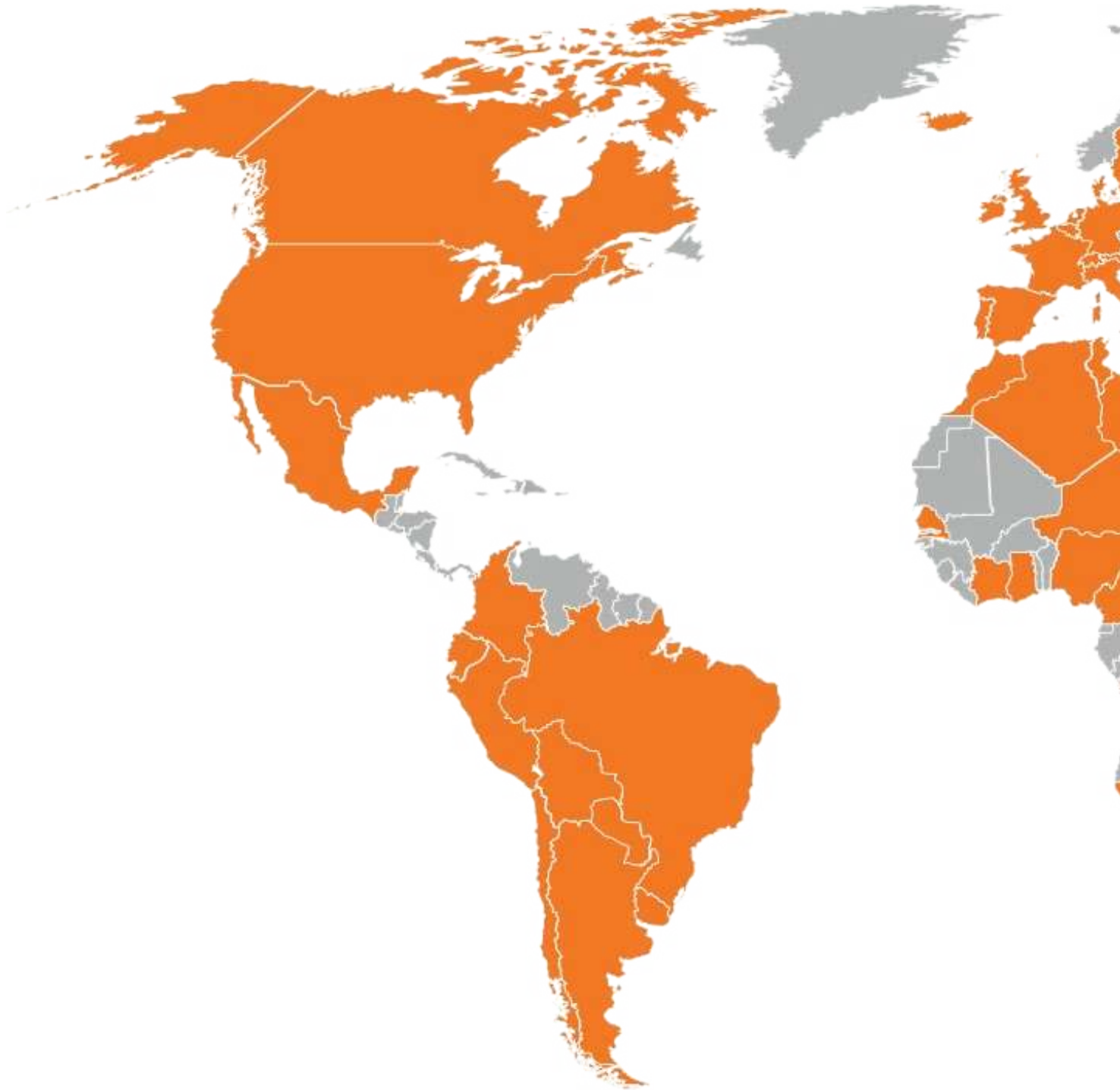
- informing policy-makers and government officials about the importance of sound energy policy, a strong regulatory framework and the long-term thinking required for investment in energy infrastructure, which ultimately benefit the general public;
- helping to inform opinion-influencers, including the media, on critical energy issues;
- assisting governments, companies and communities to work together to help prepare for a sustainable energy future;
- 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 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 (the elderly, the poor);
- raising awareness of the risks of climate change and providing advice on ways to mitigate such risks;
- educating consumers about ways to help in the effort to mitigate climate change and to use energy more efficiently.

In addition, the Council's **leadership dialogue events** bring together energy leaders to develop solutions to energy challenges, with the intended end result being a better, cleaner, more efficient world where energy supplies are secure and affordable and there is universal access to electricity.

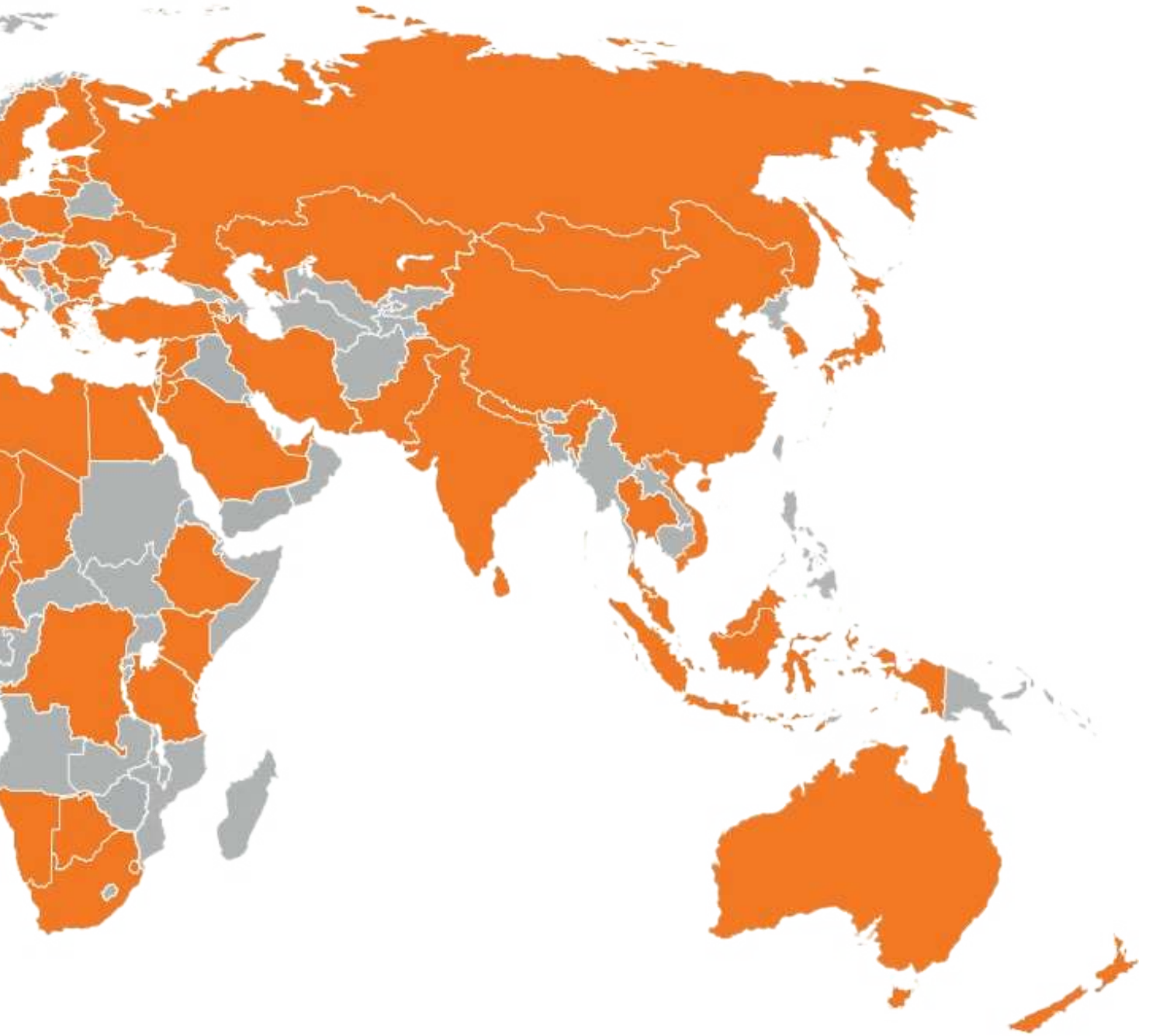
The Council has also developed two specific programmes aimed at providing public benefit. The **Future Energy Leaders** programme seeks to develop the next generation of energy

leaders, particularly in regions such as Africa, where the lack of young talent is of particular concern.

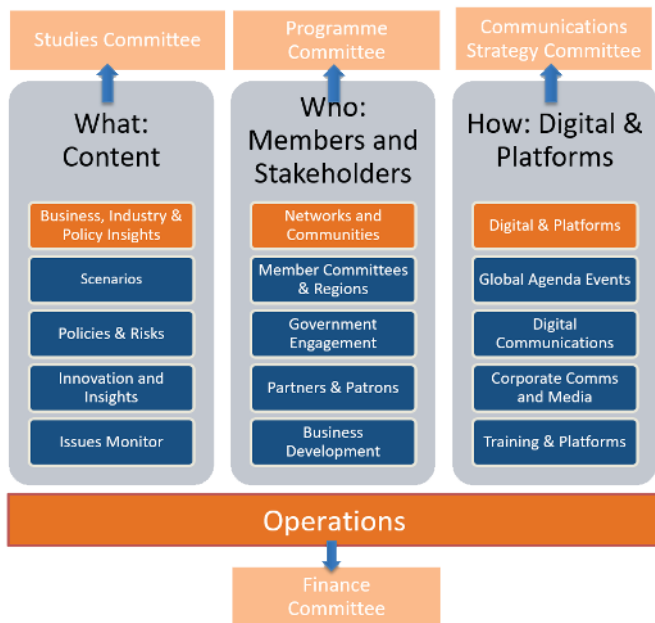
The **World Energy Academy** was developed to provide public benefit by educating students, energy professionals, consumers and others with an interest in a sustainable energy future, using face-to-face and remote courses based on the Charity's studies and led by experts from its network.



WHERE WE WORK



HOW WE WORK



Insights on the energy transition

The Charity 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 its content, delivered through reports, analyses, white papers, collaborative foresight activities, and other commentary the Charity brings a perspectives and timely insights on the forward implications of less visible, deeper structural changes and as well as the fast moving, broad landscape of innovation, which are transforming energy systems, from within the utilities sector 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.

- **Policies and Risks:** developing policy tools to guide robust transition, such as the Trilemma Index which can help address the challenges of delivering social benefit by ensuring that affordable energy is accessible to all levels of society; meeting energy demand by ensuring a reliable supply of energy to facilitate economic growth; and minimising environmental impact of energy production and use

on the environment, and providing new insights into the resilience of regionally diverse energy systems

- **Scenarios,** examining how policy and business decisions made today will impact government, business and society in the future. Our Scenarios programme helps explore and understand the implications of deeper structural shifts, and reveal assumptions that would otherwise remain tacit and untested. The World Energy Scenarios are used by the WEC community to discover, design and consider more and better solutions to today's connected energy challenges.
- **Issues Monitor** an annual flagship survey of global business and government leaders to determine the critical importance of energy systems issues and uncertainties, which helps to provide signals to the Council's programme, and comparative insights on perspectives across regions, countries and sectors; these issues then provide topics and insights for the Charity's Congresses, summits, workshops and seminars;
- **Innovation and Issues:** Drawing on the annual Issues Monitor survey being grounded in a relevant agenda by tracking the key concerns and shift in attention of world energy leaders; the work programme provides horizon scanning focussed on new insights about the pace and pattern of bottom up innovations that are emerging on a frequent basis from within, and beyond the energy system, and from technological and non-technological developments.

Working across energy communities

We are a member-driven, stakeholder-focused organisation, we work across and in support of the energy communities regardless of country, sector, region, resource, or technology. This department work programme has a focus on developing the Council's network to engage and grow our community, to ensure that it reflect the current and future state of the energy system, and to deliver and develop services and value to including through new products and services. Activities are led by the

Networks and Communities department and overseen by the Programme Committee.

- **Member Committees**, leading the energy dialogue at a local level, facilitating debate between government, business and other stakeholders. Bringing insight to the regional and global teams;
- **Partners**, partnering with the Council to develop insight, share knowledge and facilitate dialogue;
- **Future Energy Leaders**, developing the next generation of energy leaders through an ongoing programme of leadership development, networking opportunities with current energy leaders and participation in the activities of the Council;
- **Sectoral Programmes**, focussing on specific energy communities, including power generation, via the Global Electricity Initiative and oil and gas, via the Global Gas Centre;
- **Institutions**, working with institutions such as regional development organisations and financial institutions, think-tanks, and energy initiatives, from all corners of the globe to deliver programmes of work that facilitate debate, deliver insight and shape the global energy system.

Platforms and Convening

Engaging and collaborating with members, stakeholders and audiences is vital to the development of our insights and working across energy communities. The Charity carries these out through both digital and physical platforms, including events, media, communication, and training. It focuses on evolving the Council's internal and external communications and engagement approach, ensuring that the organisation has the capacity to deliver responsive and impactful messages in a highly competitive and digital environment. its governing body is the Communications Strategy Committee.

- **World Energy Congress**, the flagship event of the Council is held every three years. The Congress aims to bring together heads of state, energy ministers,

business leaders, researchers, academics, practitioners, representatives from international and inter-governmental organisations and representatives from civil society to discuss energy-related topics, develop solutions to key issues and learn about the latest developments in the industry;

- **World Energy Leaders' Summits**, high-level, global, by-invitation-only events for CEOs and energy ministers, usually held twice a year and conducted under the Chatham House rule, with the aims of facilitating discussion and dialogue on critical energy issues and providing access to a peer network for top global energy leaders;
- **Workshops and seminars**, focussing on the Charity's studies and research and cover such topics as energy policy, regional integration, energy market design, investment in energy infrastructure, cyber risks, scenarios, energy resources, the energy-food-water nexus and energy finance. The workshops and seminars are open to all of the Council's members and are intended to gather data and input for the Charity's studies, facilitate knowledge-sharing, share expertise and best practices and provide a forum for the discussion of important energy topics;
- **Regional programmes**, where each of the Charity's seven regions (Africa, Asia Pacific/South Asia, East Asia/Rest of Asia, Europe, Latin America/Caribbean, Middle East/Gulf States, North America) carries out a focused programme of activities which specifically address energy issues in the region;
- **World Energy Academy**, which is aimed at providing a broad contextual overview of the energy sector and energy issues for young energy professionals, with the course syllabus based on the Charity's studies and research and lectures delivered by energy experts from the Charity's local, regional and global network

FUTURE PLANS

To support implementation of the strategy and to operationalise new ways of working, a framework for 2018 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.
- Based on their review of the organisation's overall financial 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

- Plan and implement the approved WEC strategy in a quality way ensuring regular and transparent reporting of progress, risks and issues to the Council
- Continue to evolve the WEC strategy in line with the mission and the vision of the members.
- Inform and consult members on the strategy evolution
- Operating model effectiveness
- Transition to the new organisation structure with effective governance, spirit of "no surprises" and board involvement in staffing of key positions
- Implement new ways of working in support of organisation cohesiveness, agility and responsiveness to the Charity's priorities and management of risks

External positioning and relevance

- Improve member satisfaction through value generation, engagement, impactful events with Secretary General and Officer participation where it matters most. Implement new ways of working to support collaboration, agility and

- responsiveness to the Charity's priorities
- 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.
- Deliver annual plan of agreed content and enhancements in a timely and quality way, ensuring follow-through and positive impact
- To produce credible, timely and insightful analysis on the state of the energy system, collaborating with the membership to articulate and evolve our messages
- Launch and manage new digital platform to underpin modern ways of working, collaborating and value generation and provide digital expertise that maximises member and stakeholder engagement
- Continue to progress our Congress 2019 and 2022 preparations, ensuring that Congress (2019) supports delivery of our strategy to showcase Council content, convene the broadest and highest level of energy community and leaders, and lead change in the energy system

Financial delivery

- Disciplined financial delivery in line with approved budget plan
- Enhance revenue growth to underpin the future of the Council

People

- Build a positive team spirit in the Secretariat including leadership by example of the values
- Enhance the Charity's team environment so that it continues to attract, retain and build staff commitment and development

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.

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.

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 has agreed a schedule of matters including approval of the Charity's strategic aims and objectives, oversight of its operations and review of performance. It delegates operational responsibility for the Charity's activities to the Chief Executive Officer and Senior Leadership team (the Key Management Personnel). It provides advice, guidance, and support on an ongoing basis. The Officers' Council comprises 14 Trustees as at 31 December 2017. All Trustees are appointed from the membership of the Charity and are Directors of the charitable company, and the charity's subsidiary WSL Limited.

The Officers' Council carry out regular evaluations.

There were no changes of Trustees to the Officers' Council and it convened eight 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 members, and to . 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.

TRUSTEES

The Trustees, Chair and Co-Chair 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. According to the

Articles, 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.

The Trustees held eight meetings in 2017, including two physical meetings.

FINANCE COMMITTEE

The Finance Committee is responsible for 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 twice 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.

To deliver on the mission of the Charity, it is critical to attract and retain high-calibre senior leaders as well as skilled and experienced people across a range of business, research, operations, and stakeholder engagement functions. The Charity is frequently competing for talent from corporate and consultancy sectors, think tanks, as well as the not for profit sectors. Accordingly, the approach at all levels is to employ people whose contribution drives the Charity's performance. As such, 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. This includes salary survey data from the charitable, private, and public 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. A talent programme to ensure high performers are recognised and rewarded and to ensure adequate succession planning is in place.

All Trustees are un-remunerated.

TRUSTEE EVALUATION

The Directors of the company are all Trustees of the Charity. They are listed on page 35.

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 are also designed to ensure the Charity's compliance with the corporate governance guidelines of the UK Financial Reporting Council. The evaluations of the Chair, Co-Chair, Finance Chair and other officers were carried out for 2016 in accordance with the agreed criteria and process.

All Trustees/Directors are required to confirm annually, via a form which they complete and sign, 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 Trustees/Directors remain independent. Specific criteria for determining a Director's/Trustee's independence include whether s/he:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company, either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or currently receives remuneration from the company;
- participates in a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the Board for more than nine years from the date of their first election.

In addition, directors are asked to review a list of suppliers and clients with whom the Charity deals and to disclose whether they have a material business or other relationship with any of these companies which could be deemed to be that of a related party and/or which could affect their independence. Based

on these criteria and on the results of the completed 2017 Related Parties and Trustee Independence questionnaire. All disclosures 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.

Trustees are elected for three-year terms. Successive terms of office for a given office may not, unless otherwise agreed on an exceptional basis by the members, be held by the same person or by representatives of the same member committee.

Candidates for positions on the Board must be nominated by the national member committee of which they are a member, and the member committee must provide a statement which outlines the qualifications of the candidate to serve as a member of the Board, along with a copy of the candidate's CV. Once the Nominations Committee has reviewed all nominees and selected the final candidates, the slate of nominees is sent to the members, along with the CV for each nominee, prior to the election of Trustees/Directors, which normally takes place at the Annual General Meeting. The briefing note that accompanies the nominations states why the Board believes each Trustee/Director should be elected.

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.

Governance code:

In 2018, the Trustees will be also reviewing the new version of the Charity Governance Code and consider whether World Energy Council complies with the stated best practice principles.

Fundraising compliance:

World Energy Council had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.



ATTENDANCE AT BOARD AND SUBCOMMITTEE MEETINGS

The following shows individual Trustee/Director attendance at the meetings of the Board and its subcommittees in 2017:

BOARD (OFFICERS' COUNCIL) MEETINGS

	3 Feb	16 May	26 July	24 Aug	26 Sept	12 Oct	17 Oct	27 Nov
AL-NEYADI Matar		✓					✓	
AI-MUHANNA, Ibrahim								
BARBKNECHT Klaus-Dieter	✓	✓	✓			✓	✓	
BEKRI Nur								
BIRNBAUM Leonhard	✓	✓	✓	✓	✓	✓	✓	✓
BUDARGIN Oleg								
CARVALHO NETO Jose da Costa	✓	✓	✓	✓	✓	✓	✓	✓
CRONENBOLD, Claudia	✓	✓	✓	✓			✓	✓
DAUGER Jean-Marie	✓		✓	✓	✓	✓	✓	✓
HANF, Robert	✓	✓		✓	✓		✓	✓
IBRAHIM, Elham Mahmood	✓			✓	✓	✓	✓	✓
KIM Younghoon David (Chair)	✓		✓	✓		✓	✓	✓
MURAKI Shigeru	✓		✓	✓	✓	✓	✓	
VARGAS LLERAS José Antonio		✓	✓	✓	✓	✓	✓	

FINANCE COMMITTEE MEETINGS

	16 May	18 October
BARBKNECHT Klaus-Dieter (Chair)	✓	✓
CARNEGIE John	✓	✓
CUPIT Michael	✓	✓
DAUGER Jean-Marie (ex-officio)		✓
KIM Younghoon David (ex-officio)		✓
MURAKI Shigeru		✓

REMUNERATION COMMITTEE MEETINGS

	2 February
BARBKNECHT, Klaus-Dieter	
DAUGER, Jean-Marie	✓
KIM, Younghoon David (Chair)	✓
CARVALHO NETO, José da Costa	✓
VARGAS LLERAS, José Antonio	

CHIEF EXECUTIVE/SECRETARY GENERAL

The Secretary General serves as the Chief Executive Officer of the Charity and as Chief Executive Officer of its trading subsidiary. He is responsible for carrying out the decisions of the Executive Assembly and the Board and engaging members of staff to undertake the Charity's work. The Secretary General has also been delegated responsibility for the day-to-day management of the Charity's affairs under the oversight of the Trustees. He serves as ex officio, non-voting Secretary of the Officers' Council. He is assisted by a group of senior managers in the London office. The Articles specifically prohibit the chief executive from becoming the Chair or a Trustee of the Charity.

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 2017, WSL made an operating profit of £385,000 (2016: £649,000).

WSL's primary activities and outcomes for the reporting period were focused on preparations for the 2019 World Energy Congress and revising the contract for the 2022 World Energy Congress.

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

STANDING COMMITTEES

The Executive Assembly has 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 Executive Assembly. 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 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 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, patrons and 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, collaborate foresight 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 consists of the key management personnel responsible for the day to day running of the Charity under the authority delegated by the Officers' Council. It proposes to the Council where the Charity should invest its time, money and expertise based on the priorities of the members. It reviews with Officers Council the key performance objectives, 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. In the first quarter of the year, we finalised the implementation of the human resource strategy developed in 2016 to support delivery of the Council's mission, including embedding the performance and reward philosophy, and improving and streamlining procedures and standards.

In the second half of 2017, the Charity underwent a major restructure of the Secretariat's departments and roles to enable delivery the new strategy approved by the Trustees and which resulted in a change in focus of our content and way in which our content and engagement is delivered.

The reorganisation required an upgrade of the senior leadership of the organisation and bringing in new skills and roles to the Charity, and regretfully resulted in some roles being displaced following a process of consultation with all employees on a new proposed structure. The reorganisation process was carried out under a set of common principles to ensure fair, transparent and legally compliant treatment of employees and in a way that would ease the transition of these employees with dignity and respect throughout the process. The process was supported by a senior experienced human resources consultant. We would like to thank these staff who have moved on for their contribution to the Charity over the years.

As we move forward with our new organisational structure, ensuring we have the talent and resources in place to deliver on our strategy is a priority, such as the recruitment of key members of the new team, bringing in new skills and competencies across the organisation, and using transitional support to maintain available resources to deliver critical operations. We expect all new roles to be filled by the third quarter of 2017.

We will also continue to strive to be an organisation where employees enjoy a sense of fulfilment, support and development, involving and consulting them on the Charity's strategy, objectives and work programme. We will focus on building our team culture, improving and modernising our ways of working, and ensuring

the Charity can attract and retain high quality talent.

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.

During the year, regular communications to employees have been provided on matters affecting them, including factors affecting the Charity's progress, and they have been consulted on decisions affecting them.

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. The Officers' Council carry out regular risks reviews to assess business risks, implement appropriate risk management strategies and ensure that the organisation follows current best practice with respect to risk management and has implemented adequate internal controls.

Procedures have been established for reporting failings in internal controls immediately to appropriate levels of management and to the Trustees.

A variance letter is prepared by management each quarter and accompanies the quarterly financial reports sent to the Finance Committee. The variance letter provides an

update on any risks which would affect the Charity and notes what steps have been taken to reduce or eliminate such risks.

The Trustees review the results of the risk reviews and approves an annual risk-based internal 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.

The main risks to the Charity in 2017 and the steps taken to address these risks are noted below.

Member Committees and Revenue

RISKS

- Global economic situation and fewer members with institutional support for involvement
- Membership base does not reflect the widening energy system gradually reducing relevance
- Non-paying MCs, high level of arrears from MCs

WHAT WE ARE DOING

- Continued development and focus on deepening a value proposition and roll out of strategy across communities to strengthen breadth of membership
- Regular communication with and review and monitoring of Member Committees including active oversight by Regional Vice Chairs
- Continuous enhancement of member events to provide more content and additional opportunities to interact and discuss energy issues
- Active monitoring of subscription payment status and collection of arrears

Partners and Revenue

- Financial pressures on companies to reduce costs or engage
- Reduced organisational capacity affects ability to generate or maintain partner revenue
- Delivery of tailored propositions is intensive

- Account plans and streamlined renewal process continue to be steadily being rolled out to all patrons to support engagement
- Prioritise recruitment of Senior Director Networks & Development accelerate introduction of skills base
- Recruitment programme and pipeline of potential partners in place
- Strategy incorporates integrated approach to networks and communities

Stakeholder relationships – communities & institutions

- Shifting priorities of content agenda reduces engagement
- Low support for strategy to transform communications and content agenda

- Respond to member priorities by working with them on practical delivery of strategy and improving feedback loops
- Reinforce opportunities for input through governance and informal feedback opportunities
- Develop and implement regional action plans through regional managers with support of Regional Vice Chairs
- Upgrade the senior leadership of the membership team
- Work with members and community leaders to onboard them on strategy and promote alignment

Stakeholder relationships - Member Committees

RISKS

- Some MCs may not support the new strategy to transform communications or content agenda
- MCs may use governance of Standing Committees to promote own agendas

WHAT WE ARE DOING

- Respond to MC priorities by working with them on practical delivery of strategy and improving feedback loops
- Deepen and articulate value proposition with member input
- Ensure clarity and articulation of the strategy, highlighting where certain elements have been integrated into Trilemma and Innovation to reflect the change in context, and continuously reflect feedback
- Reinforce opportunities for input through governance and informal feedback opportunities
- Develop and implement regional action plans through regional managers with support of Regional Vice Chairs
- Maintain consistent regional and membership team structure; upgrade the senior leadership of the membership team

Finances

- Cost of reorganisation and transitional arrangements requires use of reserves not covered by existing income
- Revenue generation is impacted by dip in productivity and focus
- Exposure to foreign exchange risk and increased costs due the relative weakness of sterling
- Inability to accurately predict how much VAT liability WEC will have in any given quarter

- Use of reserves consistent with the reserves policy and informed by Finance Committee
- Redouble efforts with Partner recruitment
- Seek to match forex cash expenditure with revenue to diversify risk wherever possible
- Quarterly and annual financial reporting by management to Finance Committee and Trustees in addition to monthly management monitoring
- Introduction of budgeting savings as organisational target and careful cost management
- Regular review of VAT situation by VAT specialist to ensure VAT categories are correct
- Detailed record-keeping in place to identify recoverable, partly recoverable and non-recoverable VAT

2019 Congress – OC management

- Insufficient sponsors and exhibitors may pose cash risk to Organising Committee and impact ability to deliver
- Ability to manage and coordinate deliverables with London
- Reduced number of speakers and delegates impacting programme and financial ability of OC to execute
- Possible incident
- Timing of event in September reduces number of attendees

- Regular assessment of progress, communication with OC and project management
- Site visit to Abu Dhabi by senior staff to develop relationship with OC and PCOs
- Improvements to programme and event management team ensuring strong end to end oversight
- Coordination on sponsors and partners to promote opportunities
- Take all possible steps with regards insurance and monitoring of security advice to ensure safety of staff and delegates
- Polling of attendance of MCs to monitor likely turnout

2022 Congress site

RISKS

- Potential lack of bids from viable host cities
- Possibility of no Congress in 2022 puts financial pressure on 2020 financials and contractual commitments and visibility

WHAT WE ARE DOING

- Congress Bid process and requirements modernised and updated to recalibrate the risks and commitments of parties to ensure Congress remains an attractive proposition for member committees
- Actively pursue potential cities and member committee hosts, working with potential bidders to support bidding
- Bid process re-launched with new format

Project delivery

- Lack of resource or responsiveness of members leads to delay of delivery on content or flagships
- Temporary reduction in communications capacity may impact report launches, newsletters for MCs
- Events delivery may be impacted due to staff displacement and time taken to recruit replacements

- Utilise project partners to support delivery
- Review priority content delivery and revise timelines for any new content delivery, including
- Recruitment and backfilling of roles prioritised
- Manage peak periods and adopt transitional approach to maintain available resource in events team

Operations

- Reorganisation and strategy implementation may stretch the operations of the organisation beyond capacity or create legal risks
- External environmental circumstances
- Changing legal requirements such as GDPR or new cyber threats
- Aging infrastructure

- Utilise external expertise such as legal and HR consultancy as required
- Reprioritise other non-critical deliverables pending appointment of senior leadership team, retaining focus on critical operations and revenue
- Management Liability Insurance cover in place
- Appropriate insurances in place, including office, liability and contents
- Annual fire risk assessment carried out
- Security system in place
- Business continuity plan in place
- Equipment security tagged
- UK health and safety requirements monitored to ensure compliance
- Regular back-up of network, database and website with back-ups stored off-site
- Email now in cloud based servers with programme to move network into cloud
- Appropriate firewalls and security regularly assessed for vulnerability and action

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 40 shows the following results for the Charity for the year.

There have been no significant events during the year which impacted the Charity's financial status.

Income Generation

Income generation during the year was £5,038,000 (2016: £5,633,000). The primary sources of income were membership subscriptions, Congress revenues and the Patrons and Global Partners programmes.

Subscription income was £1,733,000 (2016: £1,613,000) for the year.

The Patrons contributed £1,013,000 (2016: £1,111,000), which was added to the designated fund, the WEC Foundation, and Global Partners contributed £305,000 (2016: £418,000) to support the Council's work.

Resources Expended and Services

Total resources expended by the Charity in 2016 amounted to £5,378,000 (2016: £5,603,000). These included expenditures of £2,414,000 (2016: £3,640,000) on Insights. Note 4 provides a breakdown of resources expended.

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. 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 2017.

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 36 of these financial statements. All funds are invested with top-tier UK banks or other secure institutions.

In 2017, the Trustees authorised a total utilisation from the Foundation of £1,250,000 to support the Charity's work programme.

At the end of 2017, the Foundation's assets totalled £1,393,000 (2016 restated: £1,578,000) and the group's investments, excluding cash deposits, were valued at £504,000 (2016: £467,000).

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 £1,821,000 (2016 restated: £2,124,000). Of this, £221,000 (2016: £247,000) were restricted funds, which supported the Latin American Scenarios deep dive; and funds for the UK Member Committee until such time as it is fully established.

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 2017, the Charity held free reserves of £59,000 (2016: £139,000).

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 level has thus been 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 13; this fund is used to support young energy leaders.

For 2017, the level of reserves required according to the stated policy was £1,512,800 (2016: £1,496,400). The Trustees have noted the difference between the required and actual levels but are comfortable that when the designated funds of the Foundation (£1,393,000) are taken into account, the Charity has sufficient reserves to fund its work programme and operate the office for at least six months.

The total material amounts committed and falling due within the next twelve months are shown in Note 12. 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 8 of these financial statements.

KEY MANAGEMENT REMUNERATION

Key management is defined as "those persons with authority and responsibility for planning, directing and controlling the activities of the entity". Under this definition, key management personnel for the Charity consist of the Secretary General, the Chief Operating Officer and three other senior 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 for the other key management personnel, which includes salary, bonus and benefits, is recommended by the Secretary

General to the Finance Committee based on achievement of the individual's annual objectives and the Charity's financial performance. The Remuneration Committee then recommends the final salary and bonus actions to the Board for ratification.

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; and
- 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; and
- 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 16 May 2018 and signed on behalf of the Board by



Younghoon David Kim
Chair - World Energy 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.

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.

TRUSTEES	YEAR APPOINTED	COMMITTEES
Bekri, Nur (Baikeli, Nuer)	2015	
Barbknecht, Klaus-Dieter	2014	* ∅ ≠
Birnbaum, Leonhard	2012	
Budargin, Oleg	2014	
da Costa Carvalho Neto, José	2013	+ ∅
Cronenbold, Claudia	2016	
Dauger, Jean-Marie	2013	* (ex officio) + ∅
Hanf, Robert	2016	
Ibrahim, Elham Mahmood	2016	
Kim, Younghoon David	2005	*(ex officio) + ∅
al Muhanna, Ibrahim	2016	
Muraki, Shigeru	2016	
Al Neyadi, Matar	2015	
Vargas Lleras, José Antonio	2010	+ ∅

* Member of Finance Committee

∅ Member of Remuneration Committee

+ Member of Nominations Committee

≠ 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

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

REMUNERATION COMMITTEE

Chair: Younghoon David Kim

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

CHIEF EXECUTIVE OFFICER / SECRETARY GENERAL

Dr Christoph Frei

OTHER SENIOR MANAGEMENT

Tania Baumann, Chief Operating Officer
Emily Melton, Senior Advisor to Secretary General
Dr Angela Wilkinson, Senior Director, Scenarios and Business Insights
Didier Sire, Senior Director, Head of Sectoral Programmes

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

Opinion

We have audited the financial statements of World Energy Council for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activity, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

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 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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 in preparing the Trustees Annual Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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: 10th August 2018

WORLD ENERGY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2017

		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Notes	Funds 2017	Funds 2017	2017	Funds 2016	Funds 2016	2016
		£'000	£'000	£'000	Restated £'000	2016 £'000	Restated £'000
INCOME FROM:							
Charitable activities							
Subscription fees		1,733	-	1,733	1,613	-	1,613
Patron income		1,013	-	1,013	1,111	-	1,111
Global Partner Income		305	-	305	418	-	418
Gifts in kind		1,319	-	1,319	1,406	-	1,406
Projects		223	48	271	190	51	241
Other trading activities							
Congress income	15,16	300	-	300	700	-	700
Investments							
		17	-	17	14	-	14
Other income							
		-	80	80	-	130	130
Total income and endowments	13	4,910	128	5,038	5,452	181	5,633
EXPENDITURE ON							
Expenditure on charitable activities							
Networks & Communities	4	1,442	-	1,442	950	-	950
Insights	4	2,366	48	2,414	3,640	-	3,640
Digital & Platforms	4	982	-	982	330	-	330
Congress Expenditure	4	110	-	110	567	-	567
Other Expenditure							
Restructuring costs	3	324	-	324	-	-	-
Other		-	106	106	-	116	116
Total expenditure		5,224	154	5,378	5,487	116	5,603
Net gains/(losses) on investments	9	37	-	37	56	-	56
Net income/(expenditure)		277	(26)	(303)	21	65	86
Net movement in funds		(277)	(26)	(303)	21	65	86
Total funds 1 January 2017 as previously stated	13	1,804	247	2,051	1,856	182	2,038
Prior year adjustment	13, 17	73	-	73	-	-	-
Total funds 1 January 2017 as restated	13	1,877	247	2,124	1,856	182	2,038
Total funds carried forward		1,600	221	1,821	1,877	247	2,124

All of the activities are continuing. There were no recognised gains or losses other than those stated above. Notes 1 - 17 form part of these financial statements.

**WORLD ENERGY COUNCIL
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Notes	Group 2017 £'000	Charity 2017 £'000	Group 2016 Restated £'000	Charity 2016 Restated £'000
FIXED ASSETS					
Tangible assets	8	125	125	149	149
Investments	9	<u>504</u>	<u>504</u>	<u>467</u>	<u>467</u>
		<u>629</u>	<u>629</u>	<u>616</u>	<u>616</u>
CURRENT ASSETS					
Debtors	10	1,237	1,166	1,250	1,295
Short term deposits		1	1	4	4
Cash at bank and in hand		<u>1,211</u>	<u>1,192</u>	<u>1,762</u>	<u>1,712</u>
		<u>2,449</u>	<u>2,359</u>	<u>3,016</u>	<u>3,011</u>
CREDITORS: amounts falling due within one year	11	<u>(1,257)</u>	<u>(1,252)</u>	<u>(1,508)</u>	<u>(1,503)</u>
		<u>1,192</u>	<u>1,107</u>	<u>1,508</u>	<u>1,508</u>
NET CURRENT ASSETS					
		<u>1,821</u>	<u>1,736</u>	<u>2,124</u>	<u>2,124</u>
TOTAL ASSETS					
FUNDS					
	13 & 14				
Restricted		221	221	247	247
Unrestricted					
DESIGNATED FUNDS					
WEC Foundation		1,393	1,393	1,578	1,578
Gerald Doucet Memorial Fund		3	3	3	3
General Fund		<u>204</u>	<u>119</u>	<u>296</u>	<u>296</u>
TOTAL FUNDS		<u>1,821</u>	<u>1,736</u>	<u>2,124</u>	<u>2,124</u>

The Charity's total income for 2017 was £4,960,000 (2016: £5,555,000). The Charity made a deficit of £392,000 in the year (2016: £88,000 surplus).

These Financial Statements were approved by the Board of the World Energy Council (Company N° 4184478), authorised for issue on 16th May 2018 and signed on their behalf by:



Kim Younghoon David
CHAIR, WORLD ENERGY COUNCIL



Klaus-Dieter Barbknecht
CHAIR, FINANCE COMMITTEE

Notes 1 - 17 form part of these financial statements.

**WORLD ENERGY COUNCIL
GROUP CASH FLOW STATEMENT
AS AT 31 DECEMBER 2017**

	2017	2016
	£'000	£'000
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(565)	(79)
Cash flows from investing activities		
Dividends, interest and rents from investments	17	11
Purchase of property, plant and equipment	(6)	(16)
Net cash provided by (used in) investing activities	11	(5)
Change in cash and cash equivalents in reporting period	(554)	(84)
Cash and cash equivalents at beginning of reporting period	1,766	1,850
Cash and cash equivalents at end of the reporting period	1,212	1,766

Reconciliation of cash flows from operating activities from SoFA

Net income/(expenditure) for the reporting period (as per the SoFA)	(303)	86
Adjustments for:		
Depreciation charges	30	35
(Gains)/losses on investments	(37)	(56)
Dividends, interest and rents from investments	(17)	(11)
Loss/(profit) on sale of fixed assets	-	-
(Increase)/decrease in debtors	13	143
Increase/(decrease) in creditors	(251)	(276)
Net cash provided by (used in) operating activities	(565)	(79)

Analysis of cash and cash equivalents

Cash in hand	1,211	1,762
Notice deposits (less than 3 months)	1	4
Total cash and cash equivalents	1,212	1,766

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

WORLD ENERGY COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 Trustees consider it appropriate for these financial statements to be prepared on a going concern basis, 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) Incoming resources

The major sources of income for the Charity include:

- the gross invoiced value of subscription fees charged to the Council’s members;
- Patron income, which represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund;
- Global Partner 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. 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 expenditures are apportioned by project and match Gift in Kind revenues. Gift in Kind revenues are 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) Resources expended

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

Website development costs: Over four years

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 unrealised gains or losses 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: £2,245k (2016: £2,977k)

Financial liabilities that are measured at amortised cost: £713k (2016: £701)

Financial assets measured at fair value through the SoFA: £505k (2016: £471k)

3. RESTRUCTURING COSTS

During the year £324,000 of cost was incurred (2016: nil) due to restructuring, of which £278,000 related to termination and redundancy costs as disclosed in Note 6. The remainder of the balance related to legal and consultancy costs.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. ANALYSIS OF EXPENDITURE

Charitable Expenditure			2017	2016
	<i>Direct costs</i>	<i>Support costs</i>	Total	<i>Total</i>
	£'000	£'000	£'000	£'000
Networks & Communities	1,230	212	1,442	1,406
Insights	2,098	316	2,414	2,807
Digital & Platforms	709	273	982	944
Congress Expenditure	82	28	110	330
	<u>4,119</u>	<u>829</u>	<u>4,948</u>	<u>5,487</u>

The method for allocating support costs to each project or department is based the percentage of time staff members spend working on the project

5. SUPPORT COSTS

Support cost categories	2017	2016
	Total	<i>Total</i>
	£'000	£'000
Operations and HR	199	240
Accommodation costs	267	261
Office equipment and services	115	119
Exchange rate	45	(97)
IT services	80	104
Legal, professional and accountancy	92	106
Depreciation	30	36
Trustees Expenses	1	4
	<u>829</u>	<u>773</u>
Governance costs		
· Audit costs	16	23
· Taxation advice (Charity)	3	11
· VAT advice	1	4
· Accounts preparation (Charity)	7	7
· Accounts preparation (WSL)	1	1
· Other advice	-	3
	<u>28</u>	<u>49</u>

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. STAFF COSTS

	2017	2016
	£'000	£'000
Wages and salaries	1,641	1,568
Social security costs	168	171
Staff benefits	15	10
Pension costs	25	45
Other staff costs	286	34
	<u>2,135</u>	<u>1,828</u>

Employer pension contributions of £25,000 (2016: £45,000) were made on the employees' behalf. The average number of employees during the year was 27 (2016: 29). Included within *Other staff* costs include termination and notice period payments of £278,000 (2016: nil), which were incurred due to the restructuring process. Out of this amount £70,000 remained unpaid as at 31 December 2017.

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

Band	2017	2016
£400,001-£410,000	1	0
£330,001-£340,000	-	1
£130,001-£140,000	2	0
£110,001-£120,000	1	2
£100,001-£110,000	1	0
£90,001-£100,000	1	1
£80,001-£90,000	1	0
£70,001-£80,000	-	4
£60,001-£70,000	1	1

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 2016, including any termination and redundancy payments, was as listed below.

	2017	2016
Senior management remuneration	£824,000	£775,000

No employee expenses were waived during the year.

7. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2016: £nil). Trustees are not eligible for any employee benefits and received none during the year. During the year £1,482 (2016: £4,287) was reimbursed to or paid on behalf of one Trustee for travel expenses.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017	173	61	234
Additions	-	6	6
Disposals	-	-	-
At 31 December 2016	<u>173</u>	<u>67</u>	<u>240</u>
<i>Accumulated depreciation</i>			
At 1 January 2017	43	42	85
Charge for period	17	13	30
Disposals	-	-	-
At 31 December 2017	60	55	115
<i>Net Book Values</i>			
At 31 December 2017	113	12	125
At 31 December 2016	<u>130</u>	<u>18</u>	<u>149</u>

9. FIXED ASSET INVESTMENTS

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

	2017 £'000	2016 £'000
Market values		
Market value at 1 January 2016	467	411
Additions at cost	-	-
Disposals at opening market value	-	-
Realised gain on disposal of investments	-	-
Unrealised gain / (loss) on investments	<u>37</u>	<u>56</u>
Market value at 31 December 2017	<u>504</u>	<u>467</u>
Total investment value at 31 December 2017	<u>504</u>	<u>467</u>
Historical cost at 31 December 2017	<u>248</u>	<u>248</u>

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

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. DEBTORS

	Group	Charity	Group	Charity
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Trade debtors	1,002	902	1,181	1,165
Amount due from subsidiary company	-	29	-	61
Other debtors	32	32	6	6
Prepayments and accrued income	<u>203</u>	<u>203</u>	<u>63</u>	<u>63</u>
	<u>1,237</u>	<u>1,166</u>	<u>1,250</u>	<u>1,295</u>

11. CREDITORS: amounts falling due within one year

	2017	2017	2016 (Restated)	2016 (Restated)
	£'000	£'000	£'000	£'000
Trade creditors	178	178	190	190
Taxation and social security costs	44	44	40	40
Accruals	535	531	511	506
Deferred income	489	489	600	600
Other	<u>10</u>	<u>10</u>	<u>167</u>	<u>167</u>
	<u>1,256</u>	<u>1,252</u>	<u>1,508</u>	<u>1,503</u>

Deferred income reconciliation:

Balance brought forward at 1 January 2017 (restated)	600
Additions in current year	1,213
Release of deferred income	<u>(1,324)</u>
Balance carried forward at 31 December 2017	<u>489</u>

Deferred income balance relates to patron and partner balances relating to future financial years.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. FINANCIAL COMMITMENTS

As at 31 December 2017, the group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

Obligations under operating leases comprise

	2017	2016
	£'000	£'000
Land and buildings		
Within 1 year	163	163
Between 2 and 5 years	652	652
More than 5 years	492	655
	1,307	1,470
Fixtures and fittings		
Within 1 year	22	22
Between 2 and 5 years	66	90
More than 5 years	-	-
	88	172

During the year £187,000 of operating lease expenditure has been recognised as expense.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. STATEMENT OF FUNDS

	Balance b/f (as stated)	PY restatement	Balance b/f (restated)	Income	Expenditure	Investment gains	Balance c/f
	1 January 2017		1 January 2017				31 December 2017
	£'000			£'000	£'000	£'000	£'000
Restricted funds							
WEC UK Committee	175	-	175	80	(80)	-	175
Deep Dive Project	72	-	72	-	(26)	-	46
Rosatom	-	-	-	48	(48)	-	-
Total Restricted Funds	247	-	247	128	(154)	-	221
Unrestricted funds							
General reserve	296	-	296	3,882	(3,974)	-	204
Designated funds							
Foundation	1,505	73	1,578	1,028	(1,250)	37	1,393
Doucet Memorial Fund	3	-	3	-	-	-	3
Total Funds	2,051	73	2,124	5,038	(5,378)	37	1,821

	Balance b/f (restated)				Balance c/f (restated)
	1 January 2016	Income	Expenditure	Investment gains	31 December 2016
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
WEC UK Committee	134	130	(89)	-	175
Deep Dive Project	48	51	(27)	-	72
Total Restricted Funds	182	181	(116)	-	247
Unrestricted funds					
General reserve	407	4,326	(4,437)	-	296
Designated funds					
Foundation	1,446	1,126	(1,050)	56	1,578
Doucet Memorial Fund	3	-	-	-	3
Total Funds	2,038	5,633	(5,603)	56	2,124

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2018.

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 from Eletrobras, CAF and UPME to support the Latin American Scenarios deep dive; and (2) amounts paid by the members of the UK WEC Member Committee and held custodially by the Council until such time as UK WEC establishes its legal status in the UK and opens a bank account. The funds are to be expended solely by UK WEC in order to pay its annual subscription to the Council, to compensate its part-time Executive Director and to carry out a programme of activities for its members.

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

As at 31 December 2017	Unrestricted			Restricted	Total
	General	Foundation	Gerald Doucet Memorial Fund	Funds	
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	145	-	-	-	145
Investments	-	505	-	-	505
Net current assets	<u>59</u>	<u>888</u>	<u>3</u>	<u>221</u>	<u>1,171</u>
	<u>204</u>	<u>1,393</u>	<u>3</u>	<u>221</u>	<u>1,821</u>

As at December 2016 (restated)	Unrestricted			Restricted	Total
	General	Foundation	Gerald Doucet Memorial Fund	Funds	
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	149	-	-	-	149
Investments	-	467	-	-	467
Net current assets	<u>147</u>	<u>1,111</u>	<u>3</u>	<u>247</u>	<u>1,508</u>
	<u>296</u>	<u>1,578</u>	<u>3</u>	<u>247</u>	<u>2,124</u>

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.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Statement of Income and Retained Earnings	Total 2017 £'000	<i>Total 2016 £'000</i>
Turnover	416	785
Administrative expenditure	<u>(31)</u>	<u>(136)</u>
Profit before taxation	385	649
Taxation	-	-
Profit after taxation	<u>385</u>	<u>649</u>
Retained earnings at start of period	-	-
Profit for the year	385	649
Gift Aid donation	<u>(300)</u>	<u>(649)</u>
Retained earnings at end of period	<u>85</u>	<u>-</u>

The aggregate of the assets, liabilities and funds was:

Assets	119	649
Liabilities	<u>(34)</u>	<u>(649)</u>
Net Assets	85	-
Retained Profits	<u>85</u>	<u>-</u>
Reserves	<u>85</u>	<u>-</u>

16. RELATED PARTY TRANSACTIONS

The total aggregated financial contributions from related parties to which one or more Trustees have a relationship were £488,500.

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, with £300,000 of this was payable to the subsidiary in 2017.

One Trustee, and Director of the Trading subsidiary was the signatory of a Patron contract with Rossetti valued at £115,500. One Trustee, who is also a Director of the Trading subsidiary, exercises joint control over E.ON a Global Partner of the Council whose contribution is valued at £38,000. One member of the Finance Committee is an employee of EY, which is a Global Partner of the Council whose contribution is valued at £35,000.

The gift aid transfer from the subsidiary to the charity was £300,000 (2016 £649,000). This was the only transaction between WEC and WSL during 2017. WSL had a retained profit of £85,000 for 2017 which will be paid to the parent company.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. PRIOR YEAR ADJUSTMENT

Following of the review of Contracts in relation to one of the patron's income records a prior year adjustment of £73k has been identified to reflect the substance of the agreement, which related to FY2011.