

# In dialogue with our stakeholders

## Our stakeholders

Continuous and systematic dialogue with our internal and external stakeholders is an important element for determining key issues as part of our business activities. The most important stakeholder groups include shareholders and the capital market, employees, customers, local authorities and municipal utilities, society and environment, suppliers, business partners, the political community and the media. A fundamental aspect of our dialogue with stakeholders is the identification and prioritisation of stakeholder groups relevant to strategically significant and current issues, particularly with regards to the Energiewende.

This dialogue is conducted using a variety of communication channels ranging from conferences to social media platforms. In direct dialogue with our stakeholders, we listen to their interests and their expectations of EnBW and take these into account in the strategic positioning of our company and in our business decisions. At the same time, we inform all important stakeholders about the company's needs and the prerequisites for providing an efficient, reliable and sustainable supply of energy. As part of this dialogue, it is also important for us to listen to critical opinions such as those expressed at events held by our Energy & Climate Protection Foundation. In this context, the phasing out of coal power and brown coal extraction in Germany were, for example, the focus of heated debate in blog posts and at events in 2018. Mutual understanding, social acceptance and trust are increased further through this purposeful exchange of insights and perspectives. In addition, it also helps us to identify central developments and key topics at an early stage.

## Materiality analysis

Based on the systematic materiality analysis that was carried out for the first time in 2013, EnBW has continuously expanded its processes over the last few years for identifying material topics and linking them simultaneously with the development of the company's strategy. Material aspects are determined via the framework provided by the International Integrated Reporting Council (IIRC), as well as in accordance with the GRI standards for sustainability reporting issued by the Global Reporting Initiative (GRI). Other current developments flow into the determination of future key issues, such as the work of the Task Force on Climate-related Financial Disclosures (TCFD) [Glossary, p. 155] on climate-related risk reporting.

On the one hand, topics are considered material if they have a significant influence on long-term value added and thus the performance and future viability of EnBW. Contributions to the

strategic orientation as a sustainable and innovative infrastructure partner are of particular importance in this context. On the other hand, aspects reflecting any important economic, environmental and social impacts the organisation may have and that significantly influence the perception of stakeholders are also taken into account.

Material themes are continuously implemented in the functional and business units, as well as in the individual companies of EnBW. In addition, the findings from the materiality analysis flow into, for example, the strategy process and stakeholder management.

The materiality analysis process was updated in the 2018 financial year. It comprises three steps: the creation of an overview of the themes relevant to strategy and communication, the development of a list of themes relevant from the perspective of sustainability and the derivation of material themes from the reputation analysis. During each step of the process, the themes identified were continuously compared to the key themes that were dealt with by the Supervisory Board in 2018. Every step leads to a distinct prioritisation of themes and ultimately to a final list of the top themes that can be allocated to the categories of transformation of the portfolio, growth and sustainability.

The **transformation of the portfolio** in the various segments is shaped by the following themes:

### > Sales segment

- > **Smart products:** The storage of privately generated solar energy is becoming increasingly important. Our customers can benefit from our smart energy generation and storage solutions (p. 94 f.).
- > **Digitalisation:** The reorganisation of customer processes and the expansion of the digital product range continue to be a main focus for EnBW (p. 39 and p. 94 ff.).
- > **Electromobility:** EnBW is further expanding its product portfolio with individual solutions for private households and local authorities (p. 94 f.).

### > Grids segment

- > **Expansion of the distribution grid:** The development of a smart distribution grid for the integration of renewable energies using innovative equipment is a key aspect for the success of the Energiewende for EnBW and its grid subsidiaries (p. 49 f.).
- > **Expansion of the transmission grid:** TransnetBW is constructing HVDC lines [Glossary, p. 153] for transporting electricity over long distances so that excess electricity that is already generated to some extent today in the north of Germany can be transported to the south (p. 55).

### > Renewable Energies segment

> **Offshore wind:** The rigorous expansion of offshore wind is being pushed forward through the construction of the EnBW Hohe See and EnBW Albatros wind farms. Wind generation at sea is an important component of the EnBW portfolio which comprises an increasing proportion of renewable energies (p. 49 f.).

### > Generation and Trading segment

> **Dismantling of nuclear power plants:** Significant progress has been made with the environmentally friendly dismantling of the nuclear power plants and construction of waste material processing centres in Philippsburg and Neckarwestheim (p. 45).

The following themes are material for the **growth** category:

- > **Expansion of renewable energies:** Alongside offshore and onshore wind power, photovoltaics will be expanded to become another main pillar of the EnBW renewable energy business in Germany (p. 50).
- > **Further internationalisation:** EnBW entered the Swedish market in 2018 and also carried out its initial activities in France, Taiwan and the USA. We want to expand renewable energies in these markets in the future (p. 43).
- > **Supply reliability:** The supply quality will be guaranteed by the expansion of the transmission and distribution grids for electricity and gas by our grid subsidiaries as part of the Energiewende (p. 96).
- > **Infrastructure provider:** EnBW is one of the largest infrastructure providers in the area of electromobility in Baden-Württemberg (p. 95). We aim to become a sustainable and innovative infrastructure partner and also exploit new opportunities for growth outside of the energy sector (p. 50).

At the same time, EnBW has revised its sustainability concept and integrated it into the corporate strategy. This will ensure that it is interlinked with the core business to an even greater extent. This process is oriented towards the **strategic principles with respect to sustainability**:

- > **Sustainable economic development:** We endeavour to conduct all of our activities in a sustainable way, from the responsible procurement of raw materials (p. 70 f.) through to the provision of smart energy solutions for our customers (p. 94 f.). In addition, we are actively involved in the area of sustainable finance, which is exemplified by, amongst other things, the membership of the EnBW Chief Financial Officer, Thomas Kusterer, on the Technical Expert Group on Sustainable Finance (TEG) (Glossary, p. 155) that was newly founded in June 2018 and on the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, p. 155) (p. 73 and p. 86). As part of his work in the climate protection initiatives named above, he regularly reported to internal bodies on the climate-related opportunities and risks.
- > **Climate and environmental protection:** EnBW advocates the introduction of a minimum price for CO<sub>2</sub>. We make a contribution to climate protection by investing in climate-friendly projects and business models (p. 73 and 85 f.).

### > Commitment to our stakeholders and willingness to engage

**in dialogue:** We are actively integrating our stakeholders into the energy world of the future – by providing comprehensive information and opportunities for dialogue, such as the Energy & Climate Protection Foundation (p. 63).

> **Customer proximity:** In order to fulfil the needs of our customers to an even better extent, we develop innovative products such as in the area of electricity storage (p. 94 f.) or for the supply of biogas (p. 65).

> **Commitment to our employees:** We provide our employees with attractive offers, for example, in the areas of healthcare, pension provision and climate-friendly mobility (p. 96 ff.).

> **Regional roots:** Our roots lie in Baden-Württemberg and we recognise our special responsibility to this region – by investing in existing infrastructure (p. 87 f.) and also through our voluntary and charitable work (p. 61 f.).

## Development of sustainability ratings

EnBW maintains close contacts with leading sustainability rating agencies and takes their analyses and evaluations of the corporate strategy, the company situation and its business prospects into account in its decision-making process. In the selection of agencies, the main focus is placed on, amongst other things, transparent and plausible evaluations and efficient working processes between the rating agencies, companies, investors and sustainability analysts. EnBW strives to continuously improve its ratings from recognised agencies in the area of sustainability. It thus aims to strengthen its position as a responsible and sustainable company and also wants to be seen as an attractive investment opportunity for financial investors whose investment decisions are based wholly or partially on sustainability criteria. In 2018, EnBW was able to solidify its leading position in terms of important sustainability ratings for the energy sector:

- > In the **ISS-oekom** rating, EnBW has maintained its good rating of B- (on a twelve point rating scale from D- to A+). It thus achieved “Prime Status” and belongs to the leading group of supply companies evaluated by ISS-oekom (ranked 3rd out of 39 companies, as of October 2018). The agency evaluates the performance of the company based on social, governance and environmental aspects using more than 100 sector-specific criteria.
- > In the **Sustainalytics** rating – which evaluates environmental, social and governance aspects – EnBW received a rating of 73 on a scale from 0 to 100. EnBW was thus classified as an “Outperformer” and holds a leading position in comparison to other companies in the supply sector.
- > In the **Carbon Disclosure Project (CDP)** climate-protection rating, EnBW received the rating B/Management for its climate reporting in 2018, after the CDP had once again made the requirements more stringent. This rating means that EnBW continues to hold a leading position in the energy sector within the German-speaking DACH region. In 2018, more than 7,000 companies worldwide participated in the questionnaire issued by the CDP.

Further information on the sustainability ratings is available at [www.enbw.com/sustainability](http://www.enbw.com/sustainability). Further details on non-financial performance indicators are presented on p. 94 ff., while information on the financial ratings from the rating agencies Moody's, Standard & Poor's and Fitch can be found on p. 86 f.

## Social engagement

EnBW is acutely aware of its responsibility towards society. Its commitment to addressing the concerns and interests of society focuses on the target groups of end customers, business partners and local authorities within its primary business sphere of influence in Baden-Württemberg. Support for superordinate social issues is concentrated on the **core areas** of popular sport, education, social issues, the environment, art and culture.

The Group guidelines on corporate sponsoring, memberships, donations and involvement with universities govern the goals, responsibilities, standards, principles and processes for all companies in which EnBW AG either holds a majority of the shares or voting rights. The **donations** made by EnBW are documented on a yearly basis in the donation report that is presented to the Board of Management. In 2018, the donations made by the EnBW Group came to €2.2 million, following €1.0 million in the previous year. Donations worth €604,000 (2017: €383,000) were attributable to EnBW AG. This increase at both a Group and AG level came primarily from the increase in support provided to the Group's own foundations. The EnBW Board of Management decided a number of years ago not to send Christmas gifts to business partners but instead to make charitable donations in Baden-Württemberg. As part of the **Christmas donations** in 2018, a total of €32,000 was given to eight charitable campaigns or campaigns initiated by readers of regional newspapers in Baden-Württemberg. The subsidiary Netze BW also made donations in 2018 to social causes run by charitable organisations in Baden-Württemberg.

In 2018, **Pražská energetika (PRE)** supported the Charta 77 Foundation – Barriers Account – and the Jedlička Institute, which provides apprenticeships and social services for physically handicapped young people. **Stadtwerke Düsseldorf (SWD)** has helped schools with the task of guiding young people towards a career for many years. In addition, it participates in interschool competitions such as the "Düsseldorf School Prize" for outstanding school projects focussing on social, health or cultural topics. SWD makes a Christmas donation to four charitable associations in Düsseldorf that are selected each year. **VNG** has supported the "Network of Warmth" since 2001, which promotes and funds charitable work in Germany. In addition, its subsidiary ONTRAS supports individual charitable projects from associations and initiatives via its "ONTRAS.Stadtbekannt" funding programme and participated in the "Foundation for volunteering and civic involvement in Mecklenburg-Vorpommern".

As part of the "We're making it happen" project ([www.enbw.com/wir-machen-das-schon](http://www.enbw.com/wir-machen-das-schon)), EnBW also supported social or charitable projects with the **Making it happen bus** in 2018.

Associations and charitable organisations could apply for assistance with their projects. The winners were each provided with support from the EnBW team of up to ten employees in the form of manpower, motivation and materials worth up to €5,000. A total of 17 projects have been successfully realised up to now. Further information on this subject can be found at [www.enbw.com/macherbus](http://www.enbw.com/macherbus).

EnBW regularly offers young artists space in its buildings for their **exhibitions**: "MaterialGestalten" (MaterialForms) was the third exhibition in the series called "Design now!" that could be seen in June and July 2018 in EnBW City. The "Insights into artist's workshops" (Ateliereinblicke) exhibition featuring work from Marie Lienhard was promoted by EnBW from November 2018 to the end of February 2019.

EnBW provides manpower and financial support to the **Energy & Climate Protection Foundation**. The foundation holds numerous events dealing with questions about the energy industry, as well as on the themes of climate change and innovation. At the Urban Climate Talks on 14 June 2018, the focus was placed, for example, on the contribution that can be made by each individual person to climate protection. Other topics covered were storage technologies, the phasing out of coal power and financing the Energiewende ([www.energie-klimaschutz.de](http://www.energie-klimaschutz.de)).

At the beginning of 2018, occupational medicine and health management at EnBW held a second **donor recruitment campaign for the German Bone Marrow Donor Registry (DKMS)**. Some 600 employees registered for the campaign, after 1,000 employees had already registered for the first DKMS donor recruitment campaign in 2011. The DKMS works to identify possible stem cell donors so that people suffering from leukaemia can be given the chance of recovery.

The influx of refugees into Germany remains a major social, political and economic challenge. EnBW is engaged here on multiple levels: EnBW already developed a training concept for refugees in 2015 with the goal of providing sustainable support with an eye to the future for the people affected and their countries of origin. A multi-stage **career integration programme** has been run by EnBW in Karlsruhe and its subsidiary Netze BW in Stuttgart since 2016. Since the beginning of 2018, 150 participants have been introduced to technical careers in introductory days and work placements during the first stage. A total of 37 participants then took part in the second stage to obtain an introductory qualification from September 2018. In the third stage, 17 participants from last year's programme have been learning an IHK-certified technical profession in dual vocational training at EnBW or Netze BW since September 2018. EnBW is also supporting employees who are providing **assistance to refugees** on a voluntary basis. Numerous small aid projects are promoted that mainly focus on language training, sport and meaningful leisure activities. Around 45% of the donation pot established by EnBW for this purpose in December 2015 had been utilised by the end of 2018.

EnBW has participated in the employers' initiative **"Right to stay through work"** since January 2018. The aim of the initiative is to make a contribution to the success of integration through work. In addition, EnBW has been a member of the **"We stand together – German industry integration initiatives"** network since September 2018. The joint platform [www.wir-zusammen.de](http://www.wir-zusammen.de) gives examples of already successfully established projects, promotes transparency and offers guidance.

We also refer you to the details provided in the "Report on opportunities and risks" (p. 118).

## Dialogue with citizens

The **expansion of renewable energies** is an important goal that EnBW is pursuing with great commitment. We plan, construct and operate wind farms and photovoltaic power plants in direct partnership with or with the participation of local authorities and citizens. At various sites, we offer free tours for visitors and visitor groups throughout the year.

The **expansion of the grids** for the purpose of connecting up renewable energies is gaining more and more attention in the media and amongst the general public. At the very forefront of this work are the central infrastructure projects forming part of the Energiewende to expand the transmission grids with the two north-south connections SuedLink and ULTRANET by our subsidiary TransnetBW. In the SuedLink project, each stage is accompanied by public events in all six federal states and 36 districts affected by the plans. In addition, the WebGIS online

planning tool provides an opportunity to submit ideas at any time for optimising the area covered by the grid connection. There are also extensive opportunities for citizens to participate in the planning and implementation of ULTRANET, both in advance of and during the public law proceedings.

The EnBW subsidiary Netze BW informed citizens about the grid expansion plans for the 110 kV high-voltage grid in numerous dialogue events in 2018. Citizens were also informed by EnBW in April about the expansion plans for the pump storage power plant in Forbach. A public information event was held in Marbach am Neckar in November about the special technical equipment for grids that EnBW plans to construct at its existing power plant site and which will form part of its bid for the invitation to tender issued by TransnetBW.

Alongside economic and technical aspects, the Energiewende and the associated phasing out of nuclear energy also encompass elements of social responsibility. EnBW unequivocally assumes responsibility for the safe **dismantling** of the nuclear power plants it operates. Dialogue with the local population includes, for example, the annual information days on the dismantling work – an established platform that EnBW used for the sixth time in 2018. Any interested citizens were invited to attend the events held at the sites in Philippsburg, Neckarwestheim and Obrigheim. In addition, those responsible for the dismantling work were available to answer questions at public meetings of the municipal councils, public hearings and information events. There was also dialogue with many citizens and functionaries who took part in the visitor tours at the nuclear power plants in 2018.

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### Selected activities in dialogue with our stakeholders

Stakeholder	Opportunity for dialogue	Main themes	Further information
 Shareholders/ capital market	Financial reports	Financial and non-financial performance of the company	<a href="http://www.enbw.com/financial-publications">www.enbw.com/financial-publications</a>
	Annual General Meeting	Dialogue with shareholders	<a href="http://hv.enbw.com">http://hv.enbw.com</a>
	Telephone conferences/discussions with analysts and investors	Corporate economic development, positioning on capital market	<a href="http://www.enbw.com/conferencecall">www.enbw.com/conferencecall</a> <a href="http://www.enbw.com/investor-update">www.enbw.com/investor-update</a>
	Bankers' Day and Capital Market Day	Latest developments at EnBW and in the energy sector	<a href="http://www.enbw.com/bankersday">www.enbw.com/bankersday</a> <a href="http://www.enbw.com/capital-markets-day">www.enbw.com/capital-markets-day</a>
	Green bond roadshow	Presentation of the EnBW Green Financing Framework and the projects selected for it	<a href="http://www.enbw.com/green-bond">www.enbw.com/green-bond</a> page 85 f.
 Employees	EnBW aktuell	Two events providing current insights into the themes of digitalisation and the grids business	
	Strategy dialogue 2018	A total of 1,300 participants discuss the implementation of the 2025 strategy in workshops	page 96
	Leadership Forum 2018	Group-wide meeting for the management team and other employees in leadership positions with 700 colleagues	page 97
	Diversity campaigns	Participation of EnBW in Christopher Street Day in Stuttgart; careers information day "Girl power for the electricity grid" by Netze BW	<a href="http://www.csd-stuttgart.de">www.csd-stuttgart.de</a> page 97 f.
 Customers	Trade fairs and congresses	For example: "Aktionstag Elektromobilität", "Strategiedialog Automobilwirtschaft", Hannover Messe and "Handelsblatt Jahrestagung Gas"	
	Platforms for dialogue and discussion with customers	For example: customer parliament, Energy Strategy Days or EnBW Property Developer Energy Day	
	Customer magazine, customer blog, social media channels, newsletter and local presence	Information on latest news, products, services and events	<a href="http://www.twitter.com/enbw">www.twitter.com/enbw</a> <a href="http://www.facebook.com/enbw">www.facebook.com/enbw</a> <a href="http://www.enbw.com/blog">www.enbw.com/blog</a>
 Local authorities/ public utilities	Energy Day for local authorities	Presentation of products and innovations to around 1,000 representatives from cities and local authorities	<a href="http://www.enbw.com/kommunaler-energietag">www.enbw.com/kommunaler-energietag</a>
	Energy Team Baden-Württemberg	Joint dialogue platform for municipal utilities, regional suppliers and EnBW	
 Society/ environment	"Making it happen" bus campaign	EnBW employees support social and charitable projects	<a href="http://www.enbw.com/macherbus">www.enbw.com/macherbus</a> page 61
	"Energy on Tour"	New educational project on the energy supply of the future for high schools	<a href="http://www.enbw.com/energie-auf-tour">www.enbw.com/energie-auf-tour</a>
	Tours and open days	More than 30,000 visitors to EnBW info centres and events at power plants	<a href="http://www.enbw.com/besichtigungen">www.enbw.com/besichtigungen</a>
	Biodiversity: funding programme: "Stimuli for Diversity"	Eight protective measures for amphibians and reptiles will be supported in the 2018 funding year	<a href="http://www.enbw.com/biodiversitaet">www.enbw.com/biodiversitaet</a> page 104
	Sustainability Week 2018	6 <sup>th</sup> Sustainability Week by NaturEnergie+ on the theme of upcycling	<a href="http://www.naturenergieplus.de">www.naturenergieplus.de</a>
 Suppliers/ business partners	Dialogue on handling coal procurement responsibly	EnBW delegation visits governmental and non-governmental organisations in Colombia, discussions with NGOs in Russia	<a href="http://www.enbw.com/kohlebeschaffung">www.enbw.com/kohlebeschaffung</a> page 71
	Urban Innovation – solutions for the city of tomorrow	Presentation of innovations from EnBW and its participating interests to external partners from business, politics and the start-up scene	<a href="http://www.urbaninnovation-event.de">www.urbaninnovation-event.de</a> page 68
 Politics/ media	Project to promote young talent	For example: "Energy Campus", "Green Innovation and Investment Forum" or "Energy Reporter"	<a href="http://www.energie-klimaschutz.de">www.energie-klimaschutz.de</a>
	Discussion events on energy industry and climate protection topics	Urban Climate Talks 2018, five debate evenings, cooperation events: "Mobility in my city", "WELT" energy summit, etc.	<a href="http://www.energie-klimaschutz.de">www.energie-klimaschutz.de</a>
	EnBW Energy and Business Club (EWC)	Events on the themes of sector coupling – the transport transition meets the distribution grid, electromobility and climate protection	
	Foundation 2°	EnBW becomes one of the sponsors of Foundation 2° – German Businesses for Climate Protection	<a href="http://www.stiftung2grad.de">www.stiftung2grad.de</a> page 73
	Active and transparent communication via the media	Major articles in daily newspapers and magazines such as "Süddeutsche Zeitung", "Manager Magazin", WAZ; Events with "Tagesspiegel" or "Die Welt"	<a href="http://www.enbw.com">www.enbw.com</a> <a href="http://www.twitter.com/enbw">www.twitter.com/enbw</a> <a href="http://www.facebook.com/enbw">www.facebook.com/enbw</a>