

Corporate governance

Corporate management

Good corporate governance is an essential part of the corporate culture at EnBW. We are convinced that responsible and transparent corporate governance strengthens the trust and confidence that customers, capital providers, employees and the general public place in the company, thereby contributing to its long-term success. The Board of Management and Supervisory Board are committed to managing and supervising the company above and beyond merely fulfilling statutory requirements, but to do it in accordance with recognised benchmarks for good corporate governance and in harmony with the principles of a social market economy, guaranteeing the continued existence of the company and ensuring a sustainable increase in its added value. Therefore, we also meet all the recommendations of the German Corporate Governance Code (DCGK) in the version from 7 February 2017 (www.enbw.com/corporate-governance).

Conformity with the German Corporate Governance Code at EnBW was monitored by Dr. Bernhard Beck up to 30 June 2019 and by Colette Rückert-Hennen from 1 July 2019 as the members of the Board of Management responsible for corporate governance. Colette Rückert-Hennen reported extensively to the Board of Management and Supervisory Board on all current themes pertaining to corporate governance. Both boards acknowledged her report and addressed the recommendations and suggestions in the Code. They subsequently approved the company's annual declaration of compliance pursuant to section 161 German Stock Corporations Act (AktG) on 4 December 2019. The current declaration of compliance and the declarations from previous years are published at www.enbw.com/

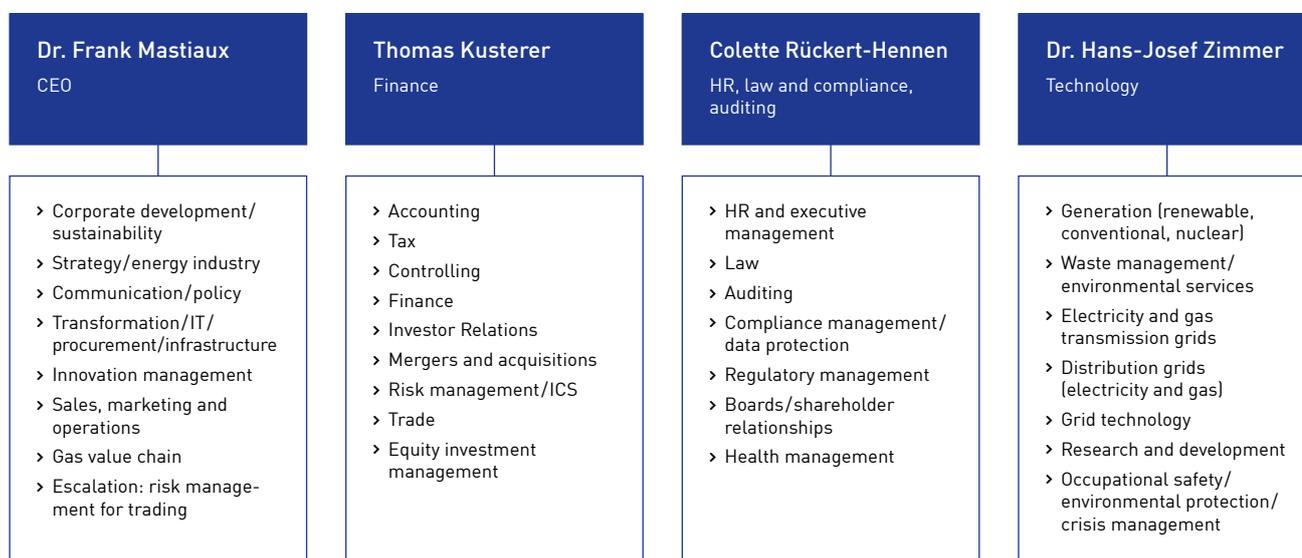
declaration-of-compliance. The declaration of compliance is based on the German Corporate Governance Code in the version from 7 February 2017 and not the current version submitted for review and publication by the DCGK Commission of the Federal Ministry of Justice and Consumer Protection from 23 January 2020, because this will only come into force after the annual declaration was made. The remuneration report is contained in the management report on p. 110 ff. of this report.

Management and supervision

Board of Management

The Board of Management is jointly responsible for managing Group business. In addition to the role of CEO, the tasks performed by the Board of Management are split into the remits of "finance", "HR, law and compliance, auditing" and "technology". As of 31 December 2019, the Board of Management of EnBW AG consisted of four members. Colette Rückert-Hennen joined the Board of Management as the replacement for Dr. Bernhard Beck on 1 March 2019 and took over responsibility from this point onwards for the areas of personnel, executive management and health management. Since the end of Dr. Bernhard Beck's period in office on 30 June 2019, Colette Rückert-Hennen has also been responsible for the areas of law, auditing, compliance management/data protection, regulatory management and boards/shareholder relations. Thomas Kusterer has been responsible for the area of equity investment management since this point in time.

Allocation of responsibilities at Board of Management level (as of 31/12/2019)



Supervisory Board

The Supervisory Board of EnBW AG consists of 20 members in accordance with article 8 (1) of the Articles of Association. In accordance with the German Co-determination Act (MitbestG), an equal number of members represent shareholders and employees. Three employee representatives are nominated by the ver.di trade union. The Supervisory Board appoints the members of the Board of Management and advises them on their management of the company. It discusses business performance, planning and strategy of the company together with the Board of Management at regular intervals and ratifies the annual financial statements. The Supervisory Board is always involved in decisions of fundamental importance to the company. Legal transactions and measures subject to the approval of the Supervisory Board are defined in its rules of procedure. In order for the Supervisory Board to optimally perform its functions, it has formed the following standing committees: a personnel committee, a finance and investment committee, an audit committee, a nomination committee and a mediation committee in accordance with section 27 (3) MitbestG, a digitalisation committee and an ad-hoc committee.

Further information on the Board of Management and Supervisory Board can be found in this report under the section on "Corporate bodies" (p. 131 ff.) as well as in the Declaration of Corporate Management 2019 of the EnBW Group and EnBW AG including the Corporate Governance Report 2019 and in the Report of the Supervisory Board (www.enbw.com/corporate-governance).

Annual General Meeting

Shareholders exercise their rights with regard to company matters at the Annual General Meeting. The Annual General Meeting passes resolutions on the discharge of Board of Management and Supervisory Board members, the appropriation of earnings and selection of the auditor. Resolutions of the Annual General Meeting only require a simple majority of votes in most cases. Each bearer share is equivalent to one vote. Further information on the Annual General Meeting is available at <http://hv.enbw.com>.

Shares of EnBW AG are listed on the General Standard segment of the Frankfurt Stock Exchange. A stake of 46.75% of the share capital in EnBW AG is owned by each of both the Federal State of Baden-Württemberg – via its wholly owned subsidiary NECKARPRI GmbH and, in turn, via its wholly owned subsidiary NECKARPRI-Beteiligungsgesellschaft mbH – and by Zweckverband Oberschwäbische Elektrizitätswerke (Zweckverband OEW) via its wholly owned subsidiary OEW Energie-Beteiligung GmbH.

Overall, the shareholder structure is unchanged as of 31 December 2019 when compared to the previous year.

Shareholders of EnBW

Shares in % ¹	
OEW Energie-Beteiligungs GmbH	46.75
NECKARPRI-Beteiligungsgesellschaft mbH	46.75
Badische Energieaktionärs-Vereinigung	2.45
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97
Neckar-Elektrizitätsverband	0.63
EnBW Energie Baden-Württemberg AG	2.08
Other shareholders	0.39

¹ The figures do not add up to 100% due to rounding differences.

Compliance

Compliance management systems

Natural compliance with the relevant legal regulations and internal company rules forms the basis for our business activities, is part of our corporate culture and is laid out in the code of conduct. The compliance management systems (CMS) and functions of EnBW are individually designed: They are based on company and sector-specific priorities and risks, the size of the company and other factors. They are designed to support each company – and thus the whole Group – in avoiding risks, liability claims and damage to reputation.

Depending on the type of corporate control over a company, the compliance-relevant companies with employees are either directly or indirectly integrated into the compliance management system of EnBW.

The CMS is continuously examined and updated internally as part of the audit or by the compliance organisation itself. It covers the directly controlled companies. The department's activities focus on the prevention, detection and sanctioning of corruption, the prevention of violations against competition and antitrust laws, the prevention of money laundering and data protection – which falls under the area of compliance and data protection at EnBW. In the reporting year, there were 29 companies directly integrated into the CMS from a compliance perspective. New companies are integrated into the CMS using a risk-based approach.

Companies indirectly integrated into the CMS of EnBW have their own CMS. Relevant participating interests held by these companies are also integrated into their CMS. Two companies in the ED Group were integrated into the CMS for Energiedienst (ED), while four subsidiaries have independent control over compliance. Seven companies with employees were integrated into the CMS at Pražská energetika (PRE), three at Stadtwerke Düsseldorf (SWD), two at ZEAG and 19 at the VNG Group.

We want to safeguard our commercial success by combating compliance risks – especially corruption and bribery. Preventative risk assessment methods, advisory services and training concepts have been set up at EnBW, the compliance-relevant companies and the ITOs (Independent Transmission Operator) (Glossary, from p. 139).

Activities this year

Face-to-face training courses were held in relevant areas in 2019. The focus across the Group was placed on **training** the large group of employees with assistant or secretarial functions, as well as EnKK. In addition, face-to-face training courses on anti-trust law were held in other sensitive areas of the company. The completion of an e-learning course or participation in face-to-face introductory training courses is obligatory for new EnBW employees. All of the indirectly integrated companies held training courses to increase awareness amongst employees. The companies were able to choose whether to use either **face-to-face or online training courses**.

Number of participants in face-to-face compliance training events¹



¹ At EnBW AG and directly integrated companies.

EnBW holds a **compliance day** every year. The event was held on 27 November 2019 in Karlsruhe and provided the around 110 participants with a varied programme including motivational talks and workshops. In line with the motto of “responsibility”, the importance of taking independent action with respect to compliance at a company was emphasised.

The integration of the companies that were newly acquired in the reporting period is currently in progress.

The annual **compliance risk assessments** at EnBW investigate the corruption, antitrust, fraud and data protection risks and form the basis for the work relating to compliance and data protection. In 2019, they were carried out at those companies directly and closely integrated into the CMS. The summary of the material compliance risks is contained in the “Report on opportunities and risks” (p. 103 and 106). Such risks are also systematically identified in the indirectly integrated companies and the ITOs.

The **advisory services** offered by the EnBW compliance department are available to companies directly integrated into the CMS and represent another key element of prevention. They were also highly utilised in 2019. These services include a compliance hotline, which can be contacted in person, by e-mail or telephone. In 2019, the compliance hotline received around 1,250 enquiries relating to the key issues of gifts, donations and sponsoring, as well as to further topics such as conflicts of interest and the auditing of business partners. The advisory services dealing with compliance themes at the indirectly integrated companies have also been used to good effect.

Compliance breaches

EnBW and the directly integrated companies have established reporting channels via which internal, and also external, whistle-blowers can report suspected cases while remaining anonymous. Alongside EnBW, the companies ED, PRE, SWD and TransnetBW have also established a whistle-blower system.

In the reporting year, there were nine breaches at directly integrated companies although none of them were material breaches. There was one compliance breach each at terranets bw and TransnetBW in the reporting year, while one suspected case at VNG proved to be well-founded. There were two compliance breaches at PRE. There was no evidence of any cases of corruption.

The EnBW Group faced neither antitrust law penalty procedures nor third-party antitrust lawsuits in the 2019 financial year. Law enforcement agency investigations of individual employees and former members of corporate bodies relating to the so-called Russian deals and sales tax carousel in CO₂ allowance trading (Glossary, from p. 139) were continued in 2019. It is not possible to say at the present time when these proceedings will end.

Data Protection

The EU General Data Protection Regulation (GDPR) has resulted in greater awareness of data protection issues. The resulting demand for advice was covered by the compliance department. The new e-training course developed in 2018 was made obligatory also in 2019 for all employees with access to the e-training course. Employees in sensitive areas were trained accordingly in face-to-face training courses. In addition, the range of information made available online is being improved continuously. As the data subjects have now been afforded more rights by the GDPR, a large number of requests for information were received in 2019.