

Combined management report

of the EnBW Group and EnBW AG

Fundamentals of the Group

Business model

Business principles	26
Assessment of the robustness of our business model in terms of climate protection	27
Value added	28
Our operating segments	30
Group structure and business radius	32

Strategy, goals and performance management system

Strategy	34
Goals and performance management system	37

Corporate governance

Corporate management	42
Management and supervision	42
Compliance	43

In dialog with our stakeholders

Our stakeholders	45
Materiality analysis	45
Sustainability ratings	47
Social engagement	47
Dialog with citizens	48
In dialog with our stakeholders	49

Research, development and innovation

Research and development: Goals, guidelines and processes	50
Research and development: Selected activities	50
Innovation management: Goals, guidelines and processes	51
Innovation: Selected activities	52
Expenditure and personnel	52

Procurement

Efficient and sustainable procurement processes	53
Responsible raw materials procurement in the coal sector	54
Responsible raw materials procurement in the gas sector	56

Business report

General conditions

Macroeconomic trends	57
Development of the sector and competitive situation	57
Cross-segment framework conditions	58
Sales segment	58
Grids segment	60
Renewable Energies segment	60
Generation and Trading segment	61

The EnBW Group

Finance and strategy goal dimensions	63
Customers and society goal dimension	76
Environment goal dimension	79
Employees goal dimension	86

EnBW AG

Results of operations of EnBW AG	91
Net assets of EnBW AG	92
Financial position of EnBW AG	93
Overall assessment of the economic situation and the development of EnBW AG	94
Opportunities and risks	94
Comments on reporting	94
EnBW share and dividend policy	94

Overall assessment of the economic situation of the Group	95
---	----

Forecast

Expected trends in the finance and strategy goal dimensions	96
---	----

Expected trends in the customers and society goal dimension	98
Expected trends in the environment goal dimension	98
Expected trends in the employees goal dimension	99
Overall assessment of anticipated developments by the management	99

Report on opportunities and risks

Principles of the integrated opportunity and risk management system	100
Structure and processes of the integrated opportunity and risk management system	101
Structure and processes of the accounting-related internal control system	102
Non-financial declaration	103
Opportunity and risk position	105
Overall assessment by the management	110

Remuneration report

Board of Management remuneration	111
Supervisory Board remuneration	117

Disclosures pursuant to sections 289 a (1) and 315 a (1) German Commercial Code (HGB) and explanatory report of the Board of Management	119
---	-----

Indexes

Index for the non-financial declaration of the EnBW Group and EnBW AG	121
Index for the Task Force on Climate-related Financial Disclosures (TCFD)	122

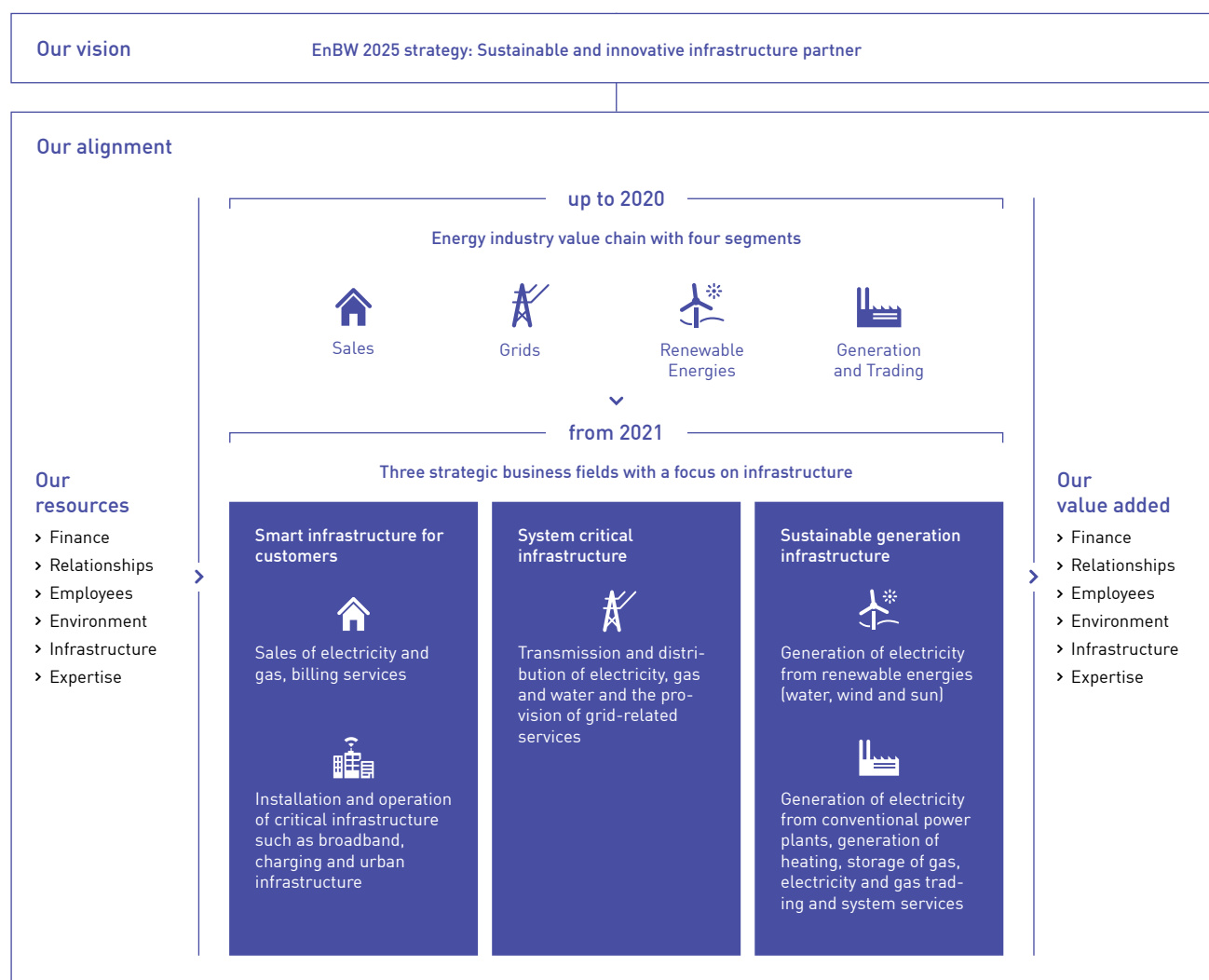
Declaration of the legal representatives	123
--	-----

Fundamentals of the Group

Business model

Business principles

Business model



Our company is transforming itself from an integrated energy supply company into a sustainable and innovative infrastructure partner, also outside of the energy sector. Sustainability is an important element of our business model and acts as a compass for our strategic alignment.

The **EnBW 2025 strategy** will place the focus increasingly on the aspect of infrastructure within our existing business fields and also encompass growth potential outside of the energy sector

and in selected foreign markets. For the 2020 financial year, we are reporting for the last time in the four segments Sales, Grids, Renewable Energies and Generation and Trading. For the 2021 financial year, we are restructuring our segment reporting due to the transformation of our business portfolio: The Sales segment and the new infrastructure businesses – also outside of the energy sector – will become the new strategic business field “Smart infrastructure for customers,” while the Grids segment will become the business field “System critical infrastructure.”

Finally, the strategic business field “Sustainable generation infrastructure” will be formed from the existing Renewable Energies and Generation and Trading segments. The aim is to develop a balanced business portfolio that has diverse potential for growth, a high proportion of stable, regulated business and an attractive risk-return profile. You can find more about the further development of the EnBW strategy in the chapter “Strategy, goals and performance management system” from p. 34.

The political and social debate on **sustainability** and **climate change** continued in 2020. We have set ourselves the goal of continuing to develop our business model in line with sustainability criteria. As an energy company, we can make a particularly effective contribution to climate protection. We as a Group aspire to halve our greenhouse gas emissions by 2030 and by the end of 2035 at the latest become climate neutral with respect to our own emissions (Scope 1 and 2) (p. 36). We will measure decisions and investments against sustainability criteria in future and create a solid foundation for our planned growth as a sustainable and innovative infrastructure partner.

Our company’s business model proved itself to be robust and flexible in the face of a crisis in 2020 – a year that was characterized by the **coronavirus pandemic** and its impact and, in these difficult times, our integrated approach proved its worth and helped maintain stability. The reliable supply of electricity, gas, water and heating to our customers was not at risk at any time (p. 78 f.). We also quickly implemented effective measures to protect our employees (p. 86 and 89) and we took our social responsibility seriously by providing regional support for the health care authorities and social institutions (p. 47 f.). The pandemic did not have any significant negative effect on the Group operating result in 2020 (p. 65). Further information on our coronavirus measures can be found on the rear cover pages.

An important component of the further development of our business portfolio is **digitalization**, which delivered tangible benefits during the coronavirus pandemic in 2020. We are pushing forward numerous digitalization initiatives along the entire value added chain and, in 2020, we focused on anchoring digitalization even more comprehensively within the company. For this purpose, we have established the position of Digital Officer in all of our business areas and relevant functional units at EnBW AG who is responsible for digitalization in their area. The Digital Officers will be supported by the innovation and digitalization experts from the Digital Office, IT and Innovation Management. New digital initiatives have thus been established within EnBW AG and already existing projects have been pushed forward considerably (p. 54, 60, 67 ff., 76, 79 and 86 ff.).

Assessment of the robustness of our business model in terms of climate protection

We have been analyzing the robustness of our business model for many years – with an increasing focus on the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, from p. 138) in the last few years. As we have been integrating the TCFD recommendations, we have pushed forward the integration of environmental and climate protection targets and performance indicators (alongside social sustainability criteria) into the Group-wide investment approval process at a governance level. This has been based on the revision of our investment guidelines that was already completed in 2018. In the 2020 financial year, we evaluated our planned investments in the areas of generation, grids and sales based on sustainability criteria as part of a comprehensive pilot project. Alongside economic factors, this type of sustainability rating will become a fixed component of the approval process used by the EnBW investment committee from the 2021 financial year onwards, providing additional information relevant for the evaluation. In the area of corporate governance, our aim to become climate neutral by 2035 will also guide our future decisions so that the importance of making our contribution to climate protection becomes uncompromisingly anchored within the company. We take account of the special requirements of the Energiewende and its effect on the expansion of renewable energies, supply reliability, electricity consumption, grid stability and the supply of heating in our strategic considerations. In particular, we examine the **climate protection requirements and their impact on the business model**. Accordingly, evaluating the different ways in which the Energiewende could possibly develop, including the opportunities and risks for our business over the coming years, will be a main focus of our market analyses (p. 104).

The future development of the European electricity and gas markets plays a major role here. We draw up consistent **future scenarios** based on all of the different aspects of the Energiewende mentioned above. Major drivers of these scenarios are how much economic growth there will be in the long term and the political and corporate ambitions for protecting the climate in the energy markets. The various opportunities and risks associated with the transition to a low-carbon economy are reflected within the scenarios. Relevant parameters include estimates on the development of demand, changes to the power plant portfolio, the development of the transmission grids, and prices and price structures for fuel – as well as other relevant market trends such as in the areas of renewable energies and electromobility. On this basis, possible future paths for the long-term development of, among other things, the wholesale market prices for electricity and gas as well as CO₂ prices are derived for the scenarios through simulated calculations using computer models. The simulations also take into account physical risks such as uncertainties about meteorological influences on the electricity market in the future due to the availability of wind and sunlight.

Climate protection is an important variable in the development of our scenarios. The main focus is placed here on the consistent transformation of the electricity industry in line with international climate protection goals, a rapid implementation of the phasing out of coal-fired power generation including strengthening green technologies and the continued and ambitious expansion of renewable energies. Another possible factor would be the failure to fully implement climate protection goals, which has been considered to varying degrees using alternative approaches. Here, climate protection efforts have been intensified but issues surrounding technical feasibility and social hurdles have been taken into account differently. We use the various assumptions on economic growth to derive the opportunities and risks for our business model.

Value added

Value added for EnBW and its stakeholders

The aim of our corporate activities is to add value in the short, medium and long term. This reflects corporate success, as well as competitiveness and future viability, and does not only depend on the company itself but also on the business environment, relationships with stakeholders (p. 45 ff.) and the application of a variety of different resources. As a result of the efficient use of these resources within the scope of our activities, we create

value for ourselves and our stakeholders. We associate the concept of sustainable economic development with our aspiration to conduct all of our business activities in a responsible way. Information on the interdependencies between the key performance indicators can be found on p. 40 f.

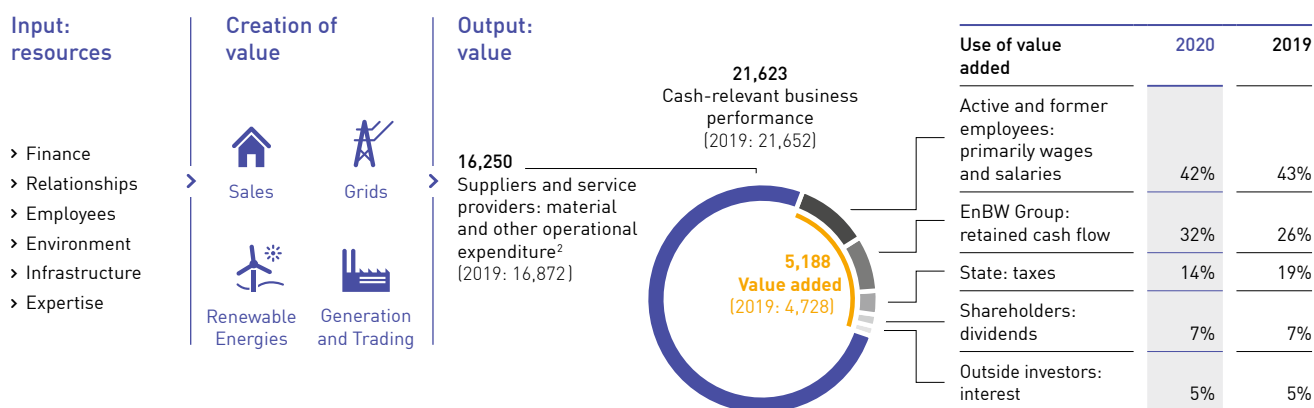
Value added statement

The value added statement indicates the degree to which we contribute to the continuing economic development of the company and our stakeholders using our financial resources. Further information on the dialog with our stakeholders is summarized in the chapter “In dialog with our stakeholders” (p. 45 ff.).

We define value added as our cash-relevant business performance in the past financial year less cash-relevant expenses. The value added is derived from the cash flow statement and corrected based on the use of funds. In the reporting year, we generated value added of 24.1% (previous year restated: 22.0%). As well as being used in the form of wages, salaries and pension payments for active and former employees, a further share is dedicated to payments to the state in the form of income taxes and electricity and energy taxes. After consideration of all stakeholder groups, the retained cash flow is available to the company for future investments without the need to raise additional debt (p. 72).

Value added of the EnBW Group

in € million¹



¹ The figures for the previous year have been restated.

² Includes interest and dividends received, as well as the dedicated financial assets contribution.

Value added for EnBW and its stakeholders

Resources

Finance

A constantly solid financial structure (equity, debt, positive cash flow levels) for financing our business activities

Relationships

Our customers are the central focus of our philosophy and actions. We actively promote dialog with our stakeholders and thus build trust and social acceptance.

Employees

The expertise, experience and diversity of our employees contribute to the success of the company. Our HR work is following the principle of "People as the main focus."

Environment

Using the natural resources wind, water, sun, biomass and geothermal energy to generate energy

Infrastructure

We are one of the most important energy companies in Europe thanks to our power plants, grids and gas storage systems. We are pushing forward the expansion of quick-charging infrastructure, telecommunications and broadband in Germany.

Expertise

We develop models for new future business fields through our research and innovation activities.

Value added

For EnBW

- › **TOP** Securing profitability
- › **TOP** Managing the financial profile
- › **TOP** Increasing Group value

- › **TOP** Increasing share of result from "Customer proximity" /Sales
- › **TOP** Increasing customer satisfaction
- › **TOP** Improving our reputation
- › Customer loyalty: strengthen trust in EnBW as a partner and supplier

- › **TOP** Improving the People Engagement Index (PEI)
- › **TOP** Improving occupational safety (LTIF)
- › Always having the right employees with the right skills in the right place

- › **TOP** Expanding renewable energies (RE)
- › **TOP** Increasing Group value
- › **TOP** Reducing CO₂ intensity
- › Improving the carbon footprint
- › Safe dismantling of nuclear power plants

- › **TOP** Expanding renewable energies (RE)
- › **TOP** Increasing Group value
- › **TOP** Reducing CO₂ intensity
- › Driving and supporting the Energiewende
- › Opening up new business fields
- › Operator of the largest quick-charging network in Germany

- › **TOP** Securing profitability and **TOP** increasing share of result from "Customer proximity" /Sales by identifying new sources of revenue
- › Early identification of medium to long-term market opportunities and trends

For our stakeholders

- › Appropriate dividends for our shareholders
- › Paying interest punctually to our third-party lenders
- › Timely fulfillment of payment obligations to suppliers
- › Wages, salaries and pensions for active and former employees
- › Tax payments to the state

- › **TOP** Increasing customer satisfaction: (Customer Satisfaction Index)
- › **TOP** Maintaining supply reliability (SAIDI)
- › Engaging in social issues through activities for our end customers, business partners, local authorities and their citizens

- › **TOP** Finding out how engaged employees are in their work (PEI)
- › Room for personal development
- › Offering trainee and degree places
- › Engagement in the area of diversity
- › Multi-stage career integration program for refugees and migrants

- › Expanding and integrating RE for customers and society
- › Climate neutrality by 2035
- › Energy-efficient products for our customers
- › Responsible handling of resources
- › Sustainable and responsible procurement

- › **TOP** Supply reliability for our customers (SAIDI)
- › **TOP** Reducing CO₂ intensity
- › Investing in the expansion of RE for customers and society
- › Contracting third-party companies and suppliers

- › Innovative products for the benefit of our customers
- › New, resource-friendly concepts in the areas of energy, mobility and urban infrastructure
- › EnBW as a provider of venture capital for young companies

As a result of the efficient use of our resources within the scope of our activities in the 2020 financial year, we create value for ourselves and our stakeholders.

Our operating segments

Overview of the segments



Sales

Tasks

Sale of electricity, gas, energy industry services and energy solutions; energy supply and energy-saving contracting; cooperations with local authorities; collaboration with municipal utilities; provision and expansion of quick-charging infrastructure and digital solutions for electromobility, as well as broadband activities in the telecommunications sector

Significant events in 2020

- › We operate the largest quick-charging network in Germany; further expansion via our own investment and cooperation with partners; installation of the first sites for the "Urban Quick-Charging Parks in Baden-Württemberg" (USP-BW) and "Fast Lane BW" projects
- › Connecting France, Italy and the Netherlands to the EnBW Hyper-Network with a total of more than 100,000 charging points in Europe
- › We are the market leader for quick charging in Germany and are now expanding onto the Austrian market with SMATRICS EnBW
- › Bundling of electromobility activities in the independent company EnBW mobility+
- › SENEK increases the number of electricity storage systems sold and is one of the top 3 suppliers on the German market
- › Yello fully switches its product range over to sustainable products
- › New customers for the EnBW brand can online now only conclude green electricity contracts for their household electricity
- › Acquisition of Gas-Union



Grids

Tasks

Transmission and distribution of electricity and gas as well as expansion of HVDC connections; provision of grid-related services; water supply; guaranteeing the security of supply and system stability

Significant events in 2020

- › Laying of the foundation stone for the ULTRANET converter station in Philippsburg
- › Further preparations for SuedLink as part of the approval process
- › Successful conclusion of the pilot phase for the DA/RE (Data exchange/REdispatch) project of TransnetBW and Netze BW with energy partners to coordinate measures to stabilize the grid via a digital platform
- › The "EnBW connects" participation model with which local authorities in Baden-Württemberg can invest in Netze BW GmbH is generating a lot of interest
- › Driving forward the integration of e-mobility into the grid and testing it in practice as part of the "E-Mobility-Carré" and "E-Mobility-chaussee" pilot projects
- › Start of the "Hydrogen Island Öhringen" project to test the mixing of hydrogen in the natural gas grid
- › Acquisition of Gas-Union Transport

Sales in 2020

216.8 billion kWh
gas (B2C/B2B)



34.3 billion kWh
electricity (B2C/B2B)

Number of B2C and B2B customers in 2020

Around **5.5** million

Key figures in 2020

4,826 employees
(as of 31/12/2020)

€335.0 million
adjusted EBITDA in 2020

€246.4 million
investment in 2020

12.0%
share of adjusted EBITDA in 2020

Development of adjusted EBITDA (in € billion)

0.2



0.4



0.3

Reference year
2012

Target
2020

Current value
2020

Grid lengths in 2020

144,000 km
Electricity transmission and distribution grid

26,000 km
Gas transmission and distribution grid

Transmission volumes in 2020

59.0 billion kWh electricity

34.3 billion kWh gas

Key figures in 2020

9,935 employees
(as of 31/12/2020)

€1,346.6 million
adjusted EBITDA in 2020

€1,407.3 million
investment in 2020

48.4%
share of adjusted EBITDA in 2020

Development of adjusted EBITDA (in € billion)

0.8



1.0



1.3

Reference year
2012

Target
2020

Current value
2020



Renewable Energies

Tasks

Project development, project planning, construction and economic operation of power plants based on renewable energies; offering participation models for local authorities and citizens to participate in renewable energy projects

Significant events in 2020

- Commissioning of the EnBW Albatros offshore wind farm with an output of 118 MW
- Expansion of the onshore wind power portfolio by 125 MW, of which 82 MW through construction and acquisition of wind farms in Germany, as well as further expansion in France and Sweden
- Achievement of the strategic target of 1,000 MW of onshore wind power
- Major contracts for the maintenance of onshore wind turbines in Denmark and France
- Successful conclusion of the Nezzly² pilot project for floating foundations as a pioneering technological project
- Construction and partial commissioning of the Weesow-Willmersdorf solar park with a capacity of 187 MW_p without EEG funding
- Decision to invest in the two solar parks Gottesgabe and Alttrebbin with an output of around 150 MW_p each
- Expansion of photovoltaic portfolio by a total of around 190 MW_p
- Two EEG bids accepted for PV projects in the first innovation auction of the German Federal Network Agency

Generation portfolio in 2020¹

10,907 GWh
generation

3,536 MW
installed output

Key figures in 2020

1,554 employees
(as of 31/12/2020)

€835.6 million
adjusted EBITDA in 2020

€597.3 million
investment in 2020

30.0%
share of adjusted EBITDA in 2020

Development of adjusted EBITDA (in € billion)



Generation and Trading

Tasks

Advisory services, construction, operation and dismantling of thermal power plants; storage of gas; trading of electricity and gas, provision of system services; gas midstream business, district heating; waste management/environmental services; direct distribution of renewable energy power plants; provision of power plants transferred to the grid reserve to ensure security of supply

Significant events in 2020

- Start of construction of the gas turbine power plant in Marbach am Neckar as special technical equipment for grids for TransnetBW
- Extension of the system relevance of the power plants transferred to the grid reserve until 2023
- Extension of the residual waste disposal contract with the City of Stuttgart until 2034
- Receipt of the second and final approval for the dismantling of Block 1 of the Philippsburg nuclear power plant
- Demolition of the cooling towers at the decommissioned nuclear power plant in Philippsburg to clear space for the construction of the converter for TransnetBW
- Commissioning of the waste storage facility in Neckarwestheim and transferal to the government as the last of five storage sites in connection with the reorganization of responsibility for nuclear waste management

Generation portfolio in 2020¹

25,583 GWh
generation

8,886 MW
installed output

Key figures in 2020

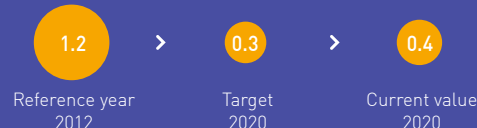
5,518 employees
(as of 31/12/2020)

€442.2 million
adjusted EBITDA in 2020

€122.6 million
investment in 2020

15.9%
share of adjusted EBITDA in 2020

Development of adjusted EBITDA (in € billion)



¹ The sums stated for the generation and installed output in the Renewable Energies and Generation and Trading segments are not identical to the totals for the EnBW Group. Several power plants are allocated to the Sales segment. The total generation of the EnBW Group is 36,629 GWh, of which 11,850 GWh or 32.4% is generated from renewable energy sources. The total installed output of the EnBW Group is 12,486 MW, of which 4,865 MW or 39.0% is from renewable energy power plants. The totals for generation and installed output for the Group are illustrated in detail on p. 81f.

Group structure and business radius

EnBW is organized according to the model of an integrated company. EnBW AG is managed through business units and functional units: Core operating activities along the entire energy industry value chain are concentrated in the business units. The functional units carry out Group-wide support and governance tasks. The EnBW Group consists of EnBW AG as the parent company and 217 fully consolidated companies, 22 companies accounted for using the equity method and 3 joint operations. Further information on the organizational structure can be found in the chapter “Corporate governance” under “Management and supervision” on p. 42 f.

Baden-Württemberg

Our roots lie in Baden-Württemberg, where we are positioned as a market leader. We rely here on EnBW AG, Netze BW and a series of other important subsidiaries.

Germany, Europe and markets in development

We also operate throughout the rest of Germany and in selected markets abroad. We are continuing to focus on our strategy of selective internationalization in the area of **renewable energies** with the French project developer and operator of wind farms and solar parks Valeco. We are also represented by our subsidiaries Connected Wind Services (CWS) in Denmark and EnBW Sverige in Sweden. In Turkey, we are active in the renewable energies sector with our Turkish partner Borusan. Our first activities in Great Britain, Taiwan and the USA round off our strategy for selective internationalization. We are the market leader for **quick charging** in Germany and are expanding our position onto the Austrian market with SMATRICS EnBW – a joint venture that was founded by EnBW and SMATRICS in April 2020. We further expanded our portfolio in the **broadband business** (Glossary, from p. 138) across Germany with the telecommunications company Plusnet. Our subsidiary NetCom BW has its main focus in this business in Baden-Württemberg.

Our **most important participating interests** in relation to the value added chain and their contribution to the result of the EnBW Group include the following groups of companies:

Energiedienst (ED), based in Laufenberg, Switzerland, has around 1,000 employees and is an ecologically oriented German-Swiss listed company with various subsidiaries that is active in South Baden and Switzerland. ED exclusively generates green electricity primarily using hydropower. Alongside the supply of electricity, this group of companies offers its customers smart, networked products and services, including photovoltaic plants, heat pumps, electricity storage systems, electromobility and e-car sharing.

Pražská energetika (PRE), based in Prague, Czech Republic, has around 1,600 employees and its core business activities include the sale of electricity and gas, the distribution of electricity in Prague and Roztoky, the generation of electricity from renewable

energies and the provision of energy services. PRE is the third largest electricity supplier in the Czech Republic. As part of its activities, PRE promotes the use of modern technological solutions and advises on the implementation of innovative technologies and achieving energy savings.

Stadtwerke Düsseldorf (SWD) is one of the largest municipal energy supply companies in Germany. It has around 3,200 employees and SWD and the companies in which it holds a majority shareholding supply customers in Düsseldorf and the surrounding region with electricity, natural gas, district heating and drinking water, as well as providing waste disposal and street cleaning services in the metropolitan area of Düsseldorf. In addition, the company's focus is placed on the needs-based development of networked urban infrastructures in the areas of energy, mobility and property.

VNG is based in Leipzig and has just under 1,300 employees. It is a corporate group with more than 20 companies in five countries and a broad portfolio of services in the gas and infrastructure sectors. VNG concentrates on its four business areas of Gas Trading and Sales, Gas Transport, Gas Storage and Biogas. Using this core expertise as a basis, VNG is increasingly placing its focus on new business fields, such as green gases and digital infrastructures. ONTRAS Gastransport operates and markets the second largest German gas transmission grid as an independent transmission system operator.

Customers and sales brands

We supply **around 5.5 million customers** with energy and provide them with energy solutions and energy industry services. We are one of the leading providers of energy and environmental services in Germany. Another focus is the development of our cooperation with municipal utilities and local authorities. The supply of district heating and drinking water is also part of the range of services we offer.

We differentiate between two customer groups: The **B2C** customer group includes retail customers, small commercial enterprises, the housing industry and agriculture. The **B2B** customer group encompasses major commercial enterprises and industrial companies, as well as redistributors, municipal utilities, local authorities and public entities.

Through our sales brands, we stay in close proximity to our customers and remain consistently oriented to their needs. In the B2C sector, we sell green electricity, electricity, gas, district heating, energy industry services, energy solutions and drinking water under the **EnBW brand** (www.enbw.com). These products and services focus on Baden-Württemberg. We sell green electricity and gas products, as well as solutions and digital services related to energy, to retail and commercial customers throughout Germany through the **Yello brand** (www.yello.de).

In addition, some of our subsidiaries are active in the B2B sector under the **GVS brand** and in the B2C and B2B sectors under the **Erdgas Südwest, ODR and ZEAG brands**.

Under the **NaturEnergie brand** (www.naturenergie.de), ED sells green electricity across Germany and gas to retail customers in South Baden. In Switzerland, the ED Group provides electricity to business customers. PRE sells electricity, gas, energy services and mobile communication services to retail and commercial customers in Prague and the surrounding region under the **PRE brand** (www.pre.cz). PRE also supplies electricity, gas and energy services to industrial customers across the Czech Republic under the PRE brand. Electricity and gas are sold in the Czech Republic under the **Yello brand** (www.yello.cz), primarily via online channels to households and commercial customers. SWD supplies retail and commercial customers in the B2C

sector, as well as customers in the agricultural sector, with electricity, gas, heating and drinking water under the **Stadtwerke Düsseldorf brand** (www.swd-ag.de). In the B2B sector, the range of services is directed at business and industrial customers and marketed across Germany, with a focus on North Rhine-Westphalia. VNG, based in Leipzig, supplies domestic and foreign trading companies, redistributors, public utilities and large customers with gas under the **VNG brand**. The company goldgas, a subsidiary of VNG, sells gas and electricity – especially to private households, commercial customers and property management companies in Germany – under the **goldgas brand** (www.goldgas.de).

Selected companies

Selected EnBW companies in Baden-Württemberg, Germany, Europe and markets in development



¹ Not fully consolidated, accounted for using the equity method.

The full list of shareholdings can be found in the notes to the consolidated financial statements under (37) "Additional disclosures." The full set of consolidated financial statements is published at www.enbw.com/report2020-downloads. Further information: www.enbw.com/shareholdings.

Strategy, goals and performance management system

Strategy

Implementation of the EnBW 2020 strategy successfully concluded

Strategically, 2020 was a very good year for us. We have been resolutely repositioning our company in accordance with measurable targets since 2013 and aligning it to meet the requirements of the Energiewende in Germany. Our EnBW 2020 strategy that was guided by the **principle of “Energiewende. Safe. Hands on.”** was based on sustainability criteria from the very beginning. Comprehensive investment in renewable energies, electricity grids and electromobility, the creation of new jobs and apprenticeships and intensive dialog with citizens, the public and non-government organizations (NGOs) characterized this phase of the transformation of the portfolio. This was accompanied by significant improvements in efficiency and the first targeted growth initiatives. To implement our strategy, we planned total investment of €14.1 billion and divestitures of €5.1 billion by 2020 (reference year of 2012). We realized total investments of €17.2 billion, exceeding our investment target, and divestitures of €5.8 billion since 2012. After the conclusion of the 2020 reporting year – the strategy horizon – the following is now clear: We have successfully implemented the repositioning of our company, increased our earnings to €2.8 billion, which is above both our earnings target of between €2.3 billion and €2.5 billion and the level before the Energiewende, and achieved or exceeded almost all the other targets in our EnBW 2020 strategy, reaching many of them earlier than planned (p. 37).

The next step: EnBW 2025 strategy

The EnBW 2025 strategy is based – just like the EnBW 2020 strategy – on a holistic approach to stakeholders. It defines specific financial and non-financial targets that take account of the economic, ecological and social dimensions of sustainability. We carried out a project at the Board of Management level during the coronavirus pandemic that closely examined the question of what opportunities and risks the pandemic could hold for our 2025 strategy. Under the motto **“Making and shaping the infrastructure world of tomorrow,”** the EnBW 2025 strategy will increasingly place the company’s focus onto the infrastructure aspects of existing business fields – for example, networking small, decentralized power plants to form virtual power plants (Glossary, from p. 138) or networking the energy sector (Glossary, from p. 138) with neighboring sectors such as transport or communications. Furthermore, we will exploit new growth opportunities above and beyond the energy sector that are aligned with our core expertise. Our core expertise – what we do well and do better than many others – lies in the safe and reliable construction, operation and management of critical infrastructure in the energy sector, such as the supply of energy or the distribution of energy by our grid subsidiaries. This well-developed expertise can be transferred to other infrastructure sectors in which we have already made significant progress, such as the broadband business (Glossary, from p. 138), the

expansion of quick-charging infrastructure (Glossary, from p. 138) and the area of urban infrastructure. Urban infrastructure, as we understand it, involves smart networking of the energy supply, heating, telecommunications, mobility, traffic management and parking space management, as well as security in the public sphere. Performance, creativity, freedom for independent action, quick decision-making processes that are as closely aligned to the business as possible and a resolute focus on the needs of our customers are defining the requirements for the future.

Sustainable and innovative infrastructure partner

Using the EnBW 2025 strategy, we aim to transform our company into a sustainable and innovative infrastructure partner for our customers and other stakeholders. We will combine our business portfolio within **three strategic business fields** from 2021:

- › In the business field **Smart infrastructure for customers**, we will transfer our core skills to new, often digital business models. In the next few years, our investment will mainly focus on the areas of electromobility, telecommunications and broadband, as well as on photovoltaics and energy storage systems. We want to further expand our quick-charging infrastructure to promote electromobility and thus maintain our position as the market leader in this sector. In the telecommunications and broadband business, we will expand our infrastructure, increase our range of services and aim to secure a strong position on the German market. On the German home electricity storage market for solar electricity, we aim to join the leading group of suppliers with SENE. And in the area of B2B sales for electricity and gas, we will continue to rely on digitalization and improvements in cost efficiency.
- › In the business field **System critical infrastructure**, our grid subsidiaries for electricity and gas will further expand the transmission grids into an important cornerstone of our earnings alongside the distribution grids. In addition, our grid subsidiaries will upgrade the electricity distribution grids so that they are ready to meet the requirements of the future and ensure they are optimally prepared for the demands that will be placed on them by electromobility and electric heating. We will continue our participation model for local authorities to participate in the distribution grids. As part of the decarbonization of the gas sector, our grid companies are preparing their grid infrastructure for the use of climate-neutral gas in the future.
- › Renewable energies will dominant in the business field **Sustainable generation infrastructure**. This also includes further selective internationalization and projects without state funding. The generation capacity of our wind power plants is due to increase to 4.0 GW by 2025 and our portfolio of photovoltaic projects to 1.2 GW. In addition, EnBW and BP have entered into an equal partnership to build two offshore wind farms with a total capacity of 3.0 GW off the coast of Great Britain and place them into operation from 2028. At the same time, we will further strengthen our strong position

in the gas business, especially in the area of climate-neutral gases. And we have defined a clear phase-out plan for coal-based conventional generation by 2035. The last nuclear power plants operated by EnBW will be decommissioned by the end of 2022 at the latest. We will adapt our trading activities to the changes in our generation portfolio and the energy markets.

The central goal of the EnBW 2025 strategy is to increase **adjusted EBITDA** to €3.2 billion. All three strategic business fields will make a significant contribution to this increase in earnings – which represents an increase of more than 30% compared to the strategic target value for 2020.

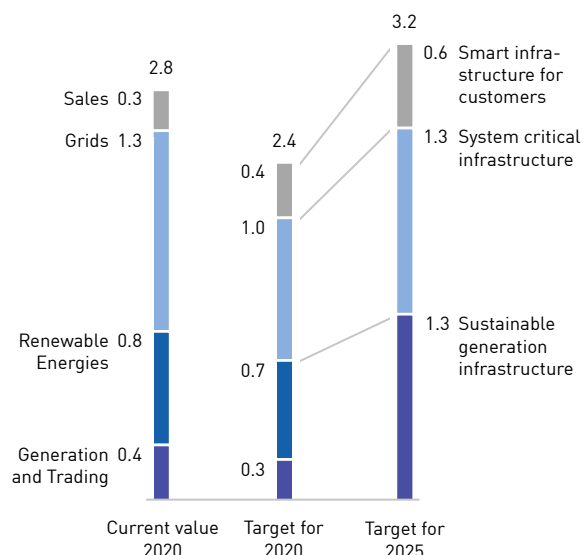
EnBW is planning to **invest** around €12 billion in total between 2021 and 2025. The main focus of this investment will be the expansion of the grids, especially the central SuedLink and ULTRANET projects of our grid subsidiary TransnetBW for the future energy supply in Germany, the expansion of renewable energies, such as the planned realization of the EnBW He Dreiht offshore wind farm, and the further development of smart infrastructure for customers, for example, in the areas of broadband, telecommunications and electromobility. In accordance with the EnBW 2025 growth strategy, 80% of our overall investment will be accounted for by growth projects. We will use sustainability criteria as the benchmark for our future decisions and investments even more resolutely than before and align our growth accordingly.

Realignment and growth

Adjusted EBITDA in € billion

EnBW 2020 strategy:
four segments

EnBW 2025 strategy:
three strategic
business fields



EnBW sustainability program

25-point sustainability program¹

Management processes

- > Climate neutrality by 2035
- > Integration of sustainability assessment in investment decisions
- > Evaluation of the EnBW portfolio based on EU taxonomy
- > Transparency with regard to party donations and lobbying
- > Introduction of a plan of measures and progress report for non-financial targets
- > Integration of sustainability and climate protection into the Board of Management's remuneration
- > Expansion of sustainable finance activities
- > Systematic examination of sustainability risks and opportunities
- > Human resources work focused on sustainability

Core processes

Sustainable generation infrastructure

- > Boost sustainability in the area of trading
- > Increase responsible raw material procurement
- > Paris-compliant phase-out of coal
- > Introduce climate-neutral gases
- > Targets for harmful emissions and greenhouse gases
- > Measures for efficient water consumption/extraction

System critical infrastructure

- > Development of sustainable grid companies
- > Boost sustainable product portfolio at Netze BW

Smart infrastructure for customers

- > Sustainable sales
- > Extend climate-friendly product portfolio

Supporting processes

- > Sustainable procurement
- > Paper reduction and recycling
- > Climate-friendly internal mobility
- > Sustainable real estate management
- > Climate protection measures
- > Sustainable canteen

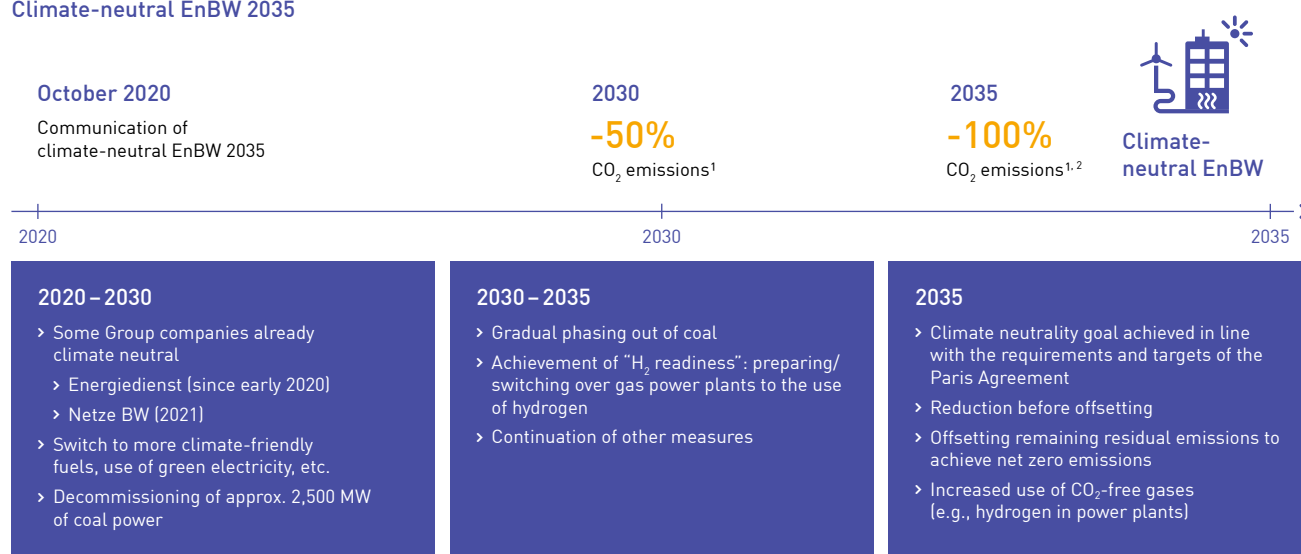
¹ The terms used here deviate in some cases from the sustainability program published at www.enbw.com/sustainability.

Sustainability is an integral part of our corporate strategy. Sustainability will also be a key principle behind our business activities in our EnBW 2025 strategy in continuity with the goal system that we have been following since 2013. Our long-term business success will be oriented – in accordance with our understanding of sustainability – around economic, ecological and social goals.

We launched a comprehensive sustainability program in autumn 2020 that comprises 25 measures across these three dimensions. This 25-point sustainability program covers all areas of the Group from higher level management processes and key operating processes through to supporting processes in the business and functional units.

Long-term goal: Climate neutrality by 2035

Climate-neutral EnBW 2035



1 The EnBW climate neutrality target refers to our own emissions (Scope 1 and 2). Scope 3 is mainly influenced by the gas consumption of our customers and would require the use of climate-neutral gases in the future. The target refers to CO₂eq (CO₂, CH₄, N₂O and SF₆). The reference year is 2018.

2 Includes in part the offsetting of remaining residual emissions due to the acquisition of recognized compensation certificates.

A central goal of our 25-point sustainability program is to achieve climate neutrality. As an integrated energy company with its own comprehensive generation portfolio, we can make an important contribution to safeguarding the livelihoods of future generations. We have thus set ourselves the ambitious aim of achieving **climate neutrality by 2035** across the entire company with respect to our own emissions (Scope 1 and 2). Our Scope 3 emissions are mainly due to the gas consumption by our customers (p. 82). We anticipate that it will only be possible to reduce Scope 3 emissions by switching to climate-neutral gases, which will probably not be available in sufficient quantities until the middle of the 2030s. An important milestone in our climate neutrality strategy will be halving our CO₂ emissions by 2030, based on the reference year of 2018. To this end, we will reduce our coal-based generation capacity of 4.6 GW (reference year of 2018) by around 2.5 GW. In parallel, we will examine the possibility of a fuel switch from coal to more climate-friendly gas and then in a second stage to climate neutral gases such as biogas or hydrogen. Coal-based energy generation will be fully phased out by the end of 2035. We are planning to use green electricity to compensate for grid losses in the energy system. Unavoidable residual emissions will be offset by acquiring recognized compensation certificates. Our

subsidiary Energiedienst is already climate neutral and Netze BW aims to achieve this goal in 2021. In 2020, the non-governmental organization CDP awarded us the best possible "A" grade rating for our climate protection activities (p. 47) for the first time.

The EnBW approach to achieving climate neutrality by 2035, based on electricity generation and supply of heating, is in harmony with the requirements and targets of the Paris Agreement. It should also create a balance between the different expectations of our stakeholders, with whom we remain in constant dialog. Since 2013, even before the Coal Phase-out Act, we had already phased out around 40% of our particularly carbon-intensive generation capacity for ecological and economic reasons. In the social dimension, we will strive to ensure that there will be no additional job losses due to the transition to climate neutrality. EnBW currently has 3,400 employees in the area of conventional generation. We have already implemented suitable human resources measures such as further training and forward-looking human resources planning. Some employees from the area of conventional generation are already bringing their technical expertise to other areas of the company, such as our offshore wind turbines.

Goals and performance management system

Performance management system

The management of the company comprises financial, strategic and non-financial goals and, as well as the finance and strategy goal dimensions, includes the dimensions customers and society, environment and employees. The centerpiece of this integrated corporate management is the performance management system (PMS). The most important financial and non-financial Group goals have been broken down into target agreements, insofar as they are considered a sensible performance indicator for the respective area. In the quarterly performance reviews conducted at a Board of Management level, the value drivers for the most important operating performance indicators that contribute to the achievement of targets for the key performance indicators (finance, strategy and environment goal dimensions) are reported. In terms of external communication, the PMS feeds into the integrated reporting of the financial and non-financial performance of the company based on the reporting framework of the International Integrated Reporting Council (IIRC). This Integrated Annual Report 2020 incorporates the financial and non-financial aspects of our business activities. The key performance indicators enable us to measure the degree to which goals are achieved and to manage our company.

Achievement of the 2020 strategy targets

We have achieved or exceeded the financial and non-financial targets defined in the EnBW 2020 strategy almost in full and in many cases ahead of plan. We view this as an outstanding success because the majority of the strategy targets were already defined in 2013 – eight years ago – and we have worked to achieve them in a resolute and disciplined manner, with huge commitment from all involved.






Key performance indicators

- › The **adjusted EBITDA** for the 2020 financial year stood at €2.8 billion and thus exceeded the target value of between €2.3 billion and €2.5 billion. The Grids and Renewable Energies segments were important earnings generators in the strategy period.
- › **Internal financing capability:** The adjusted retained cash flow reached the forecasted range of €1.9 billion to €2.0 billion in 2020 so that the target value for internal financing capability of $\geq 100\%$ was slightly exceeded. We were also able to achieve our target of an internal financing capability of around 100% for the period 2017 to 2020 with 99.2%.
- › **ROCE (return on capital employed):** ROCE reached 6.3% in 2020 and did not reach the target range of 8.5% to 11%. The main reason for this was the fall in capital market returns as a result of the low-interest phase.
- › **Share of the adjusted EBITDA accounted for by the segments:** The regulated grid business and renewable energies accounted together for 78% of the operating earnings in 2020. The target here was at least 70%. We have realized the planned transformation of the business portfolio and thus significantly improved the risk-return profile of EnBW.

Non-financial key performance indicators

- › **Reputation Index:** We slightly exceeded our target with a value of 56 index points, which was mainly due to the fact that our stakeholders appreciate our reliable business performance and our commitment to sustainability and climate protection.
- › The **Customer Satisfaction Index** for the EnBW brand stood at 132 points in 2020 and thus narrowly missed the strategic target defined in 2013 of >136 . The Customer Satisfaction Index for the Yello brand of 159 points in 2020 virtually achieved the target value of >159 . While customer satisfaction with the Yello brand is significantly influenced by brand image, price and service quality, the Customer Satisfaction Index for the EnBW brand is also impacted by social aspects. This is because it is a Group brand that has its own electricity generation capacities, which makes it more strongly recognizable to the public. This includes, for example, how the energy-industry activities of EnBW are perceived and the position it takes on current energy policy issues, the effects of which are difficult to predict in the long term.
- › **SAIDI:** Due to our ongoing investment and maintenance programs, SAIDI remained at a good, stable level of 15 min./year. We were thus able to achieve our target value of <25 min./year.
- › **Installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE:** The installed output of RE reached 4.9 GW in 2020 and we thus almost achieved our target of 5.0 GW. The share of the generation capacity accounted for by RE stood at 39%, which was only slightly below the target value of $>40\%$. That means we have largely realized our strategic plans for the expansion of electricity generation from renewable energies.
- › **CO₂ intensity:** The CO₂ intensity of own generation of electricity in 2020 was 372 g/kWh. The target was to reduce the value from 2015 of 606 g/kWh by between 15% and 20%. We were able to clearly exceed this target with a reduction of 39%. The reasons for the over-attainment of this target were – despite the increased utilization of our power plants for redispatch by the transmission system operators in 2020 – the decommissioning of fossil fuel power plant capacities, which were mainly transferred to the grid reserve due to their system relevance, market-driven developments and the effect of the coronavirus pandemic.
- › **PEI:** The key performance indicator People Engagement Index (PEI) was only introduced in 2020 and there was thus no strategic target value defined for 2020. The Employee Commitment Index (ECI) was not compiled in 2020 but we had already exceeded the 2020 target value for this indicator in 2019.
- › **LTIF:** In comparison to the previous year, the LTIF for companies controlled by the Group remained at a good, stable level and we were thus able to achieve our target. There was no target value defined for LTIF overall for the 2020 financial year as we only reported on this performance indicator for the first time in 2019.

TOP Financial and non-financial key performance indicators and targets

Goal dimension	Goal	Key performance indicator	2020	Target for 2020	Target for 2025
 Finance	Secure profitability	Adjusted EBITDA in € billion	2.8	2.3–2.5	3.2
	Managing the financial profile	Internal financing capability in %	102.8	≥ 100	– ¹
		Debt repayment potential in %	–	–	≥ 12 ¹
	Increasing Group value	ROCE in %	6.3	8.5–11	6.5–8
The EnBW Group, p. 63ff. Forecast, p. 97f. Report on opportunities and risks, p. 100ff. Multi-year overview, p. 142f.					
 Strategy	Share of result accounted for by "Customer proximity"/Sales	Share of overall adjusted EBITDA in € billion/in %	0.3/12.0	0.4/15.0	0.6/20.0 (Smart infra-structure for customers ²)
	Share of result accounted for by Grids	Share of overall adjusted EBITDA in € billion/in %	1.3/48.8	1.0/40.0	1.3/40.0 (System critical infrastructure ²)
	Share of result accounted for by Renewable Energies	Share of overall adjusted EBITDA in € billion/in %	0.8/30.0	0.7/30.0	1.3/40.0 (Sustainable generation infrastructure ²)
	Share of result accounted for by Generation and Trading	Share of overall adjusted EBITDA in € billion/in %	0.4/15.9	0.3/15.0	
The EnBW Group, p. 65 Forecast, p. 97 Report on opportunities and risks, p. 100ff. Multi-year overview, p. 142f.					
 Customers and society	Reputation	Reputation Index	56	55	58–62
	Customer proximity	EnBW/Yello Customer Satisfaction Index	132/159	> 136/ > 159	125–136 / 148–159
	Supply reliability	SAIDI (electricity) in min./year	15	< 25	< 20
The EnBW Group, p. 76ff. Forecast, p. 98f. Report on opportunities and risks, p. 103 Multi-year overview, p. 142f.					
 Environment	Expand renewable energies (RE)	Installed output of RE in GW and the share of the generation capacity accounted for by RE in %	4.9/39.0	5.0/ > 40	6.5–7.5/ > 50 ³
	Climate protection	CO ₂ intensity in g/kWh ^{4,5}	372	–15% to –20% (reference year 2015: 606 g/kWh)	–15% to –30% ³ (reference year 2018)
The EnBW Group, p. 79ff. Forecast, p. 98f. Report on opportunities and risks, p. 104 Multi-year overview, p. 142f.					
 Employees	Engagement of employees	People Engagement Index (PEI) ⁶	83	–	77–83 ⁷
	Occupational safety	LTIF for companies controlled by the Group ^{8,9}	2.1	≤ previous year's figure	2.1
		LTIF overall ⁸	3.6	–	3.5
The EnBW Group, p. 86ff. Forecast, p. 99 Report on opportunities and risks, p. 104 Multi-year overview, p. 142f.					

1 Following the transition to the growth strategy, the internal financing capability will be replaced by the new key performance indicator debt repayment potential from 2021 onwards. To achieve the unchanged goal of maintaining a solid investment-grade rating, EnBW regularly checks the 2025 target value for the debt repayment potential for managing its financial profile. This was stated in the Integrated Annual Report 2019 as > 14%. The adjusted target of ≥ 12% will allow the company to take advantage of opportunities for growth while simultaneously maintaining its solid investment-grade rating. The rating target will still be guaranteed by the new target value.

2 The four segments of Sales, Grids, Renewable Energies and Generation and Trading will become the three strategic business fields of "Smart infrastructure for customers," "System critical infrastructure" and "Sustainable generation infrastructure" from 2021.

3 The 2025 target values for installed output of RE and share of generation capacity accounted for by RE and CO₂ intensity were examined and adjusted based on the target of climate neutrality. The target figures for the expansion of RE were adjusted due to slowed approval processes and grid connection and feed-in forecasts. The reference year for CO₂ intensity was adjusted to 2018 because the 2020 reporting year cannot be considered representative for the coming years (due to, among other things, market effects and the coronavirus pandemic).

4 Includes redispatch deployment.

5 Nuclear generation is not included in the calculation for the key performance indicator CO₂ intensity. The CO₂ intensity including nuclear generation for the reporting year was 268 g/kWh (previous year: 235 g/kWh).

6 The performance indicator was reported for the first time in 2020 and replaces the Employee Commitment Index (ECI) as a key performance indicator. There is no target value available for 2020. Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered [except ITOs]).

7 Due to the extraordinary effects relating to the coronavirus pandemic in the year this key performance indicator was introduced, we may need to adjust this target value during the strategy period.

8 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding external agency workers and contractors, are generally considered).

9 Excluding companies in the area of waste management.

TOP Definition of the key performance indicators

We safeguard the implementation of our strategy by means of a holistic goal and performance management system. This system strengthens integrated thinking in our company. At the same time, it underpins our comprehensive and transparent focus on performance and stakeholders. Our goal system comprises the five dimensions of finance, strategy, customers and society, environment and employees. A number of specific targets have been defined in each goal dimension, whose achievement is continuously measured using key performance indicators. Linked with this goal system and the centerpiece of our corporate management is the performance management system (PMS). Quantitative target values are currently set for the key performance indicators for the 2025 strategy horizon. The key performance indicators for the 2020 financial year were unchanged in comparison with the previous year with one exception: The People Engagement Index (PEI) has replaced the Employee Commitment Index (ECI).

The financial and strategic key performance indicators within the PMS are the adjusted EBITDA, the shares of the adjusted EBITDA accounted for by the segments, the internal financing capability and ROCE:

- The **adjusted EBITDA** is the earnings before the investment and financial results, income taxes and amortization and adjusted for non-operating effects. Adjusted EBITDA is a key performance indicator for the finance goal dimension, while the key performance indicators for the strategy goal dimension, which describe the **shares of adjusted EBITDA accounted for by the segments**, are derived directly from it (p. 65 and 97).
- The **internal financing capability** is the key performance indicator for the Group's ability to finance its activities internally: It describes the adjusted retained cash flow in relation to the adjusted net (cash) investment (p. 73 and 96). After covering ongoing costs and dividend payments, the adjusted retained cash flow is available to the company for net investment without the need to raise additional debt. Since the 2017 financial year, we have adjusted the retained cash flow to take account of the extraordinary effect of the reimbursement of the nuclear fuel rod tax (Glossary, from p. 138) (adjusted retained cash flow) and since the 2019 financial year we have also adjusted the net (cash) investment to take into account the accelerated growth investment used for the acquisitions of Valeco and Plusnet that already contribute to the EnBW 2025 growth strategy. As it will not be possible to exclusively finance this growth phase using funds from our internal financing capability, we will manage the financial profile from 2021 using the **debt repayment potential** (retained cash flow in relation to the net debt).
- **ROCE (return on capital employed)** is the ratio of adjusted EBIT including the adjusted investment result to the average capital employed. It should exceed capital costs and is used for determining the value added, reflecting the development of the company's value from a financial point of view (p. 74 f. and 97 f.).

Other explanations of our financial key performance indicators can be found in the Glossary, from p. 138.

In addition to the financial key performance indicators, the PMS also includes non-financial key performance indicators:

The customers and society goal dimension comprises the Reputation Index, the Customer Satisfaction Index and the SAIDI (System Average Interruption Duration Index):

- In order to calculate the **Reputation Index**, a total of around 5,000 people – from the stakeholder groups relevant for the EnBW brand of customers, the wider public, industrial companies, opinion leaders and investors – are asked about their impressions of the EnBW brand by an external market research institute. Results are collected for each stakeholder group about the distinctiveness of the brand and their assessment of the competence of and emotional attitude towards the EnBW brand. These are merged together to form a Reputation Index. The individual reputation indices for each stakeholder group are weighted equally to form a consolidated and reported Reputation Index (p. 76 and 98).
- The key performance indicator **Customer Satisfaction Index** assesses the average satisfaction of private end consumers of electricity over the year, which is directly linked to customer loyalty. The information is compiled using customer surveys about the two brands EnBW and Yello conducted by an external service provider. The Customer Satisfaction Index allows us to draw conclusions about how well we are meeting the needs and wishes of the surveyed customers (p. 76 f. and 98).
- **SAIDI** serves as the key performance indicator of supply reliability. It specifies the average length of supply interruption in the electricity distribution grid experienced annually by each connected customer. SAIDI includes all unscheduled interruptions to supply that last more than three minutes for the end consumer. The definition and calculation of this performance indicator is based on the guidelines issued by the Network Technology/Network Operation Forum (FNN) of the VDE (German Association for Electrical, Electronic & Information Technologies) (p. 78 f. and 98). The reliability of the supply in the grid areas operated by our grid subsidiaries builds on our comprehensive investment in grids and facilities as well as our system expertise.

The key performance indicators in the environment goal dimension are the installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE and CO₂ intensity:

- The **installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE** are measures of the expansion of renewable energies and refer to the installed output of the power plants and not to their weather-dependent contribution to electricity generation (p. 81 and 98).
- The emissions of CO₂ from own generation of electricity for the Group, as well as the volume of electricity generated by the Group without the contribution made by the nuclear power plants, form the basis for the calculation of the key performance indicator **CO₂ intensity**. This performance indicator is calculated as the ratio between the emissions and the generated volume of electricity and thus specifically describes the amount of CO₂ released per kilowatt hour. By discounting the electricity generated by nuclear power

plants, the performance indicator will not be influenced by the phasing out of nuclear energy in the coming years (p. 83 and 99 f.).

The People Engagement Index (PEI) and LTIF (Lost Time Injury Frequency) are utilized as performance indicators in the employees goal dimension:

- › The **PEI** expresses how engaged employees are in their work at EnBW and was measured and reported as a key performance indicator for the first time in 2020. It is compiled at all companies with more than 100 employees (except for the Independent Transmission Operators [ITOs]) (Glossary, from p. 138) as part of an employee survey carried out by an external, independent service provider. It is determined based on the first question of the standardized list of questions “How happy are you working for the EnBW Group and the companies in the Group?” It is a question that uses a rating scale from 1 (I do not agree at all) to 5 (I agree completely). The value determined is then converted to a scale of 0 to 100 (p. 86 and 99). The Employee Commitment Index (ECI) was compiled up until 2019 and expressed the degree to which employees identified with EnBW.
- › **LTIF** is calculated on the basis of LTI (Lost Time Injuries), which denotes the number of accidents during working hours which have occurred exclusively because of a work assignment from the company and result in at least one day of absence. LTIF indicates how many LTI occurred per one million working hours performed. The calculation of the LTIF overall generally includes all companies with more than 100 employees. For the calculation of the LTIF for companies controlled by the Group, those companies engaged in the area of waste management are excluded because the number of accidents deviates significantly from that in the core business in the energy industry. External agency workers and contractors are not taken into account in either performance indicator (p. 89 and 99).

TOP Interdependencies between the goal dimensions, targets and key performance indicators

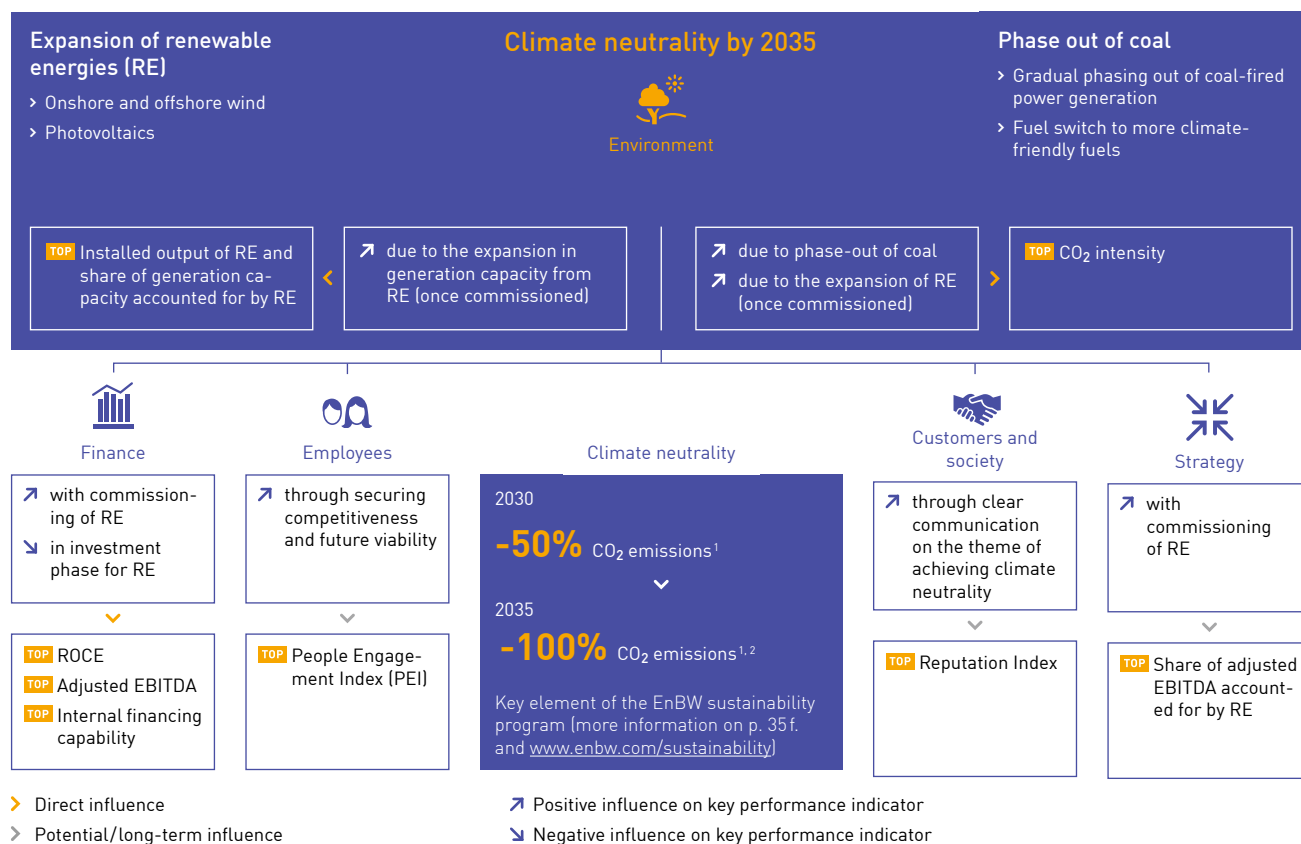
In order to give a comprehensive portrayal of the company, we are convinced that it is not only necessary to present the economic, ecological and social aspects, but also to illustrate and

provide an analysis of interdependencies between them. By linking together the various goal dimensions, we want to demonstrate an important element of our integrated reporting. Interlinking financial and non-financial aspects encourages a holistic corporate management approach within EnBW. In order to illustrate these interdependencies, the key performance indicators for the goal and performance management system are used. We take as a basis the fact that a change in one key performance indicator can also often lead to a change in one or more other key performance indicators. Reciprocal relationships thus exist between the key performance indicators – in the most extreme case, all of the key performance indicators can even influence all the others.

In order to illustrate the interdependencies in 2020, we have selected two themes: **climate neutrality by 2035** and **Sustainable Netze BW**. Both themes represent measures in the EnBW sustainability program (p. 35 f.). Using the long-term goal of climate neutrality as a component of the 25-point sustainability program, we demonstrate the direct positive effect on the key performance indicators in the environment goal dimension. The activities of our subsidiary Netze BW that focus on a sustainable Energiewende and mobility transition have a direct effect on the key performance indicator “share of adjusted EBITDA accounted for by Grids” in the strategy goal dimension. In addition, we anticipate that there will be a direct or potential impact on other key performance indicators in both cases.

The key performance indicators that are directly influenced are positioned in the center of the diagram and should essentially be directly measurable. The interdependencies between the financial and strategy key performance indicators are also essentially directly measurable and are represented in the example diagrams by orange arrows. The interdependencies with the other non-financial key performance indicators are difficult to measure and generally tend to be potential or long term in nature. They are represented by gray arrows. In the 2020 financial year, these interdependencies were not measured individually. They are presented based on the results of an exchange of information with experts from the relevant departments. The upward pointing arrows show a positive influence on the key performance indicator, while the downward pointing arrows show a negative influence.

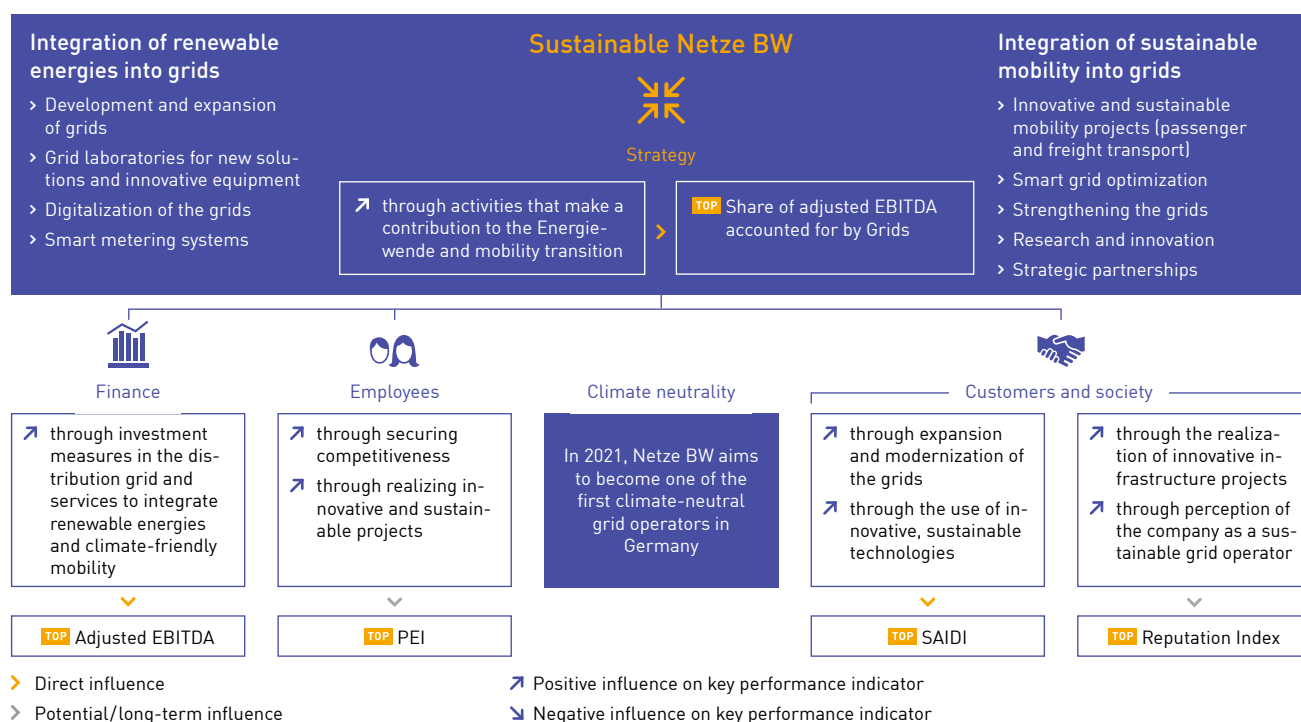
Interdependencies between key performance indicators using climate neutrality by 2035 as an example



1 The EnBW climate neutrality target refers to our own emissions (Scope 1 and 2). Scope 3 is mainly influenced by the gas consumption of our customers and would require the use of climate-neutral gases in the future. The target refers to CO₂eq (CO₂, CH₄, N₂O and SF₆). The reference year is 2018.

2 Includes in part the offsetting of remaining residual emissions due to the acquisition of recognized compensation certificates.

Interdependencies between key performance indicators using Sustainable Netze BW as an example



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 have the responsibility of managing and supervising the company above and beyond merely fulfilling statutory requirements, but to do so in accordance with recognized 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 predominantly meet the recommendations of the German Corporate Governance Code (DCGK) in the version from 16 December 2019 (www.enbw.com/corporate-governance).

As the member of the Board of Management responsible for corporate governance, Colette Rückert-Hennen monitored conformity with the German Corporate Governance Code at EnBW and 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 10 December 2020. The current declaration of compliance and the declarations from previous years are published at www.enbw.com/declaration-of-compliance. The remuneration report is contained in the management report on p. 110 ff. of this report.

Management and supervision

Board of Management

As of 31 December 2020, the Board of Management of EnBW AG consisted of four members. 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." The current remit of "technology" will be split into two new remits from 1 June 2021 that will be headed by Dirk Güsewell and Dr. Georg Stamatelopoulos, who are replacing the outgoing member of the Board of Management Dr. Hans-Josef Zimmer.

Allocation of responsibilities at Board of Management level (as of 31/12/2020)

Dr. Frank Mastiaux CEO	Thomas Kusterer Finance	Colette Rückert-Hennen HR, law and compliance, auditing	Dr. Hans-Josef Zimmer Technology
<ul style="list-style-type: none"> > Corporate development/sustainability > Strategy/energy industry > Communication/policy > Transformation/IT/procurement/infrastructure > Innovation management > Sales, marketing and operations > Gas value chain > Escalation: risk management for trading 	<ul style="list-style-type: none"> > Accounting > Tax > Controlling > Finance > Investor Relations > Mergers and acquisitions > Risk management/ICS > Trade > Equity investment management 	<ul style="list-style-type: none"> > HR and executive management > Law > Auditing > Compliance management/data protection > Regulatory management > Boards/shareholder relationships > Health management 	<ul style="list-style-type: none"> > Generation (renewable, conventional, nuclear) > Waste management/environmental services > Electricity and gas transmission grids > Distribution grids (electricity and gas) > Grid technology > Research and development > Occupational safety/environmental protection/crisis management

www.enbw.com/board-of-management

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 the 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, a mediation committee in accordance with section 27 (3) MitbestG, a digitalization 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 2020 of the EnBW Group and EnBW AG and the Report of the Supervisory Board (www.enbw.com/corporate-governance).

Annual General Meeting

The Annual General Meeting offers a platform for dialog with stakeholders and it is where shareholders exercise their rights with regard to company matters. 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-Beteiligungs GmbH.

Overall, the shareholder structure is unchanged as of 31 December 2020 when compared to the previous year.

Due to the coronavirus pandemic, the Annual General Meeting was postponed from 8 May until 17 July 2020 and was held exclusively as a virtual event. As a result of the postponement, the Board of Management and Supervisory Board of EnBW AG agreed to pay out an advance dividend from retained earnings of €0.35 per share to shareholders. The advance dividend was paid to shareholders on 14 May 2020. The total amount paid to the 270,855,027 shares entitled to dividends was almost €95 million. The other half of the dividend was paid on 22 July 2020.

Due to the fact that the coronavirus pandemic was still ongoing at the end of 2020, the Board of Management and Supervisory Board decided, using section 1 (1), (2) and (6) of the German law on COVID-19 measures as a basis, to also hold the ordinary Annual General Meeting 2021 in virtual form to ensure that

resolutions and deadlines can be handled smoothly. The Annual General Meeting will be held on 5 May 2021.

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. Our compliance management systems (CMS) and functions 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 organization 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 AG. In the reporting year, there were 30 companies directly integrated into the CMS from a compliance perspective.

Companies indirectly integrated into the CMS of EnBW also 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 at Energiedienst (ED). Seven companies with employees were integrated into the CMS at Pražská energetika (PRE), three at Stadtwerke Düsseldorf (SWD), one at ZEAG and twenty at the VNG Group.

We aim 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. 138].

Activities this year

We held training courses in relevant areas in 2020. These training courses were mainly held Group-wide in the Operations and Sales business units and focused on the topics of data protection and compliance. It was still possible to hold in-person training courses up to March 2020. We continued to offer training courses in sensitive areas in an online format for the rest of the year. New employees at EnBW are obligated to complete an e-learning course on corruption prevention and data protection. All of the indirectly integrated companies held training courses to increase awareness among employees. The companies used either **in-person or online training courses**.

Number of participants in compliance training events¹



¹ At EnBW AG and directly integrated companies.

² In-person training courses and live online training courses from March 2020 as a result of the coronavirus pandemic.

EnBW holds a **compliance day** every year. Due to the coronavirus pandemic, the event was held for the first time in virtual form on 7 October 2020. We were still able to offer the 167 participants a varied program online including motivational talks and workshops. In line with the motto of “#eskommtaufDichan” (it’s up to YOU), we emphasized the role played by every individual employee in compliance at the company and held lively discussions. The event was also covered via the company’s internal communication platforms, giving all employees the opportunity to participate in the discussions.

The annual **compliance risk assessments** at EnBW investigate the corruption, antitrust, fraud and data protection risks and form the basis for all work relating to compliance and data protection. In 2020, they were carried out at those companies directly and closely integrated into the CMS. Such risks are also systematically analyzed and 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 utilized in 2020. These services include a compliance hotline, which can be reached in person, either by e-mail or telephone. In 2020, the hotline received around 1,240 inquiries relating to the key issues of sponsoring, donations and gifts. Advice was also provided on topics such as conflicts of interest and the auditing of business partners. Regular and recurring audits of business partners are being carried out and are becoming increasingly important. The advisory services dealing with compliance themes at the indirectly integrated companies have also been used to good effect.

Meetings continue to be held and information exchanged across all specialist areas even while employees are currently working from home. This network plays an important role in compliance work and it has been possible to keep the network intact even during times with limited in-person meetings.

Compliance breaches

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

In the reporting year, there were three breaches at directly integrated companies, of which one was a material breach where allegations of corruption were confirmed. There was one compliance breach each at SWD and PRE in the reporting year. No cases of corruption were reported.

We faced neither antitrust law penalty procedures nor third-party antitrust lawsuits in the 2020 financial year. Law enforcement agency investigations of individual employees and former members of corporate bodies relating to the so-called Russian business deals and the sales tax carousel in CO₂ allowance trading (Glossary, from p. 138) were also ongoing in 2020. It is not possible to say at the present time when these proceedings will end.

Data protection

The need for consulting and advice on data protection has remained high due to the ongoing sensitive nature of issues relating to data protection. This was noticeable, for example, in the considerable increase in the number of requests for information from our customers. Activities to bring more and more digitalization to all levels of the company are also being closely accompanied by the data protection department. Furthermore, official rulings and legal judgments at a national and European level have an influence on the advice we provide. In the reporting year, the data protection management system at Netze BW GmbH was audited by the Group auditing department. Since 2020, employees are now obligated to complete the e-training course on data protection every two years. In addition, we further expanded the range of e-training courses for sensitive areas.

In dialog with our stakeholders

Our stakeholders

Continuous and systematic dialog with our internal and external stakeholders is an important element for determining future key issues as part of our business activities. The most important **stakeholder groups** include (in alphabetical order) customers, employees and job applicants, environmental initiatives and associations, local authorities and municipal utilities, the political community and the media, shareholders and the capital market, society, and suppliers and business partners. A fundamental aspect of our dialog with stakeholders is the identification and prioritization of stakeholder groups relevant to strategically significant and current issues, such as with regards to the Energiewende/mobility transition and developments in the areas of sustainability and innovation.

We use a variety of communication channels for this **dialog** – from (online) conferences to social media platforms. In dialog with our stakeholders, we listen to their interests and their expectations of EnBW. This information is taken into account in the strategic positioning of the company and when making business decisions. At the same time, we inform all stakeholders about the company's needs and the necessary prerequisites for providing efficient, reliable and sustainable infrastructure. As part of this dialog, it is also important for us to listen to critical opinions such as those expressed at events held by our Energy & Climate Protection Foundation (www.energie-klimaschutz.de). It is our belief that mutual understanding, social acceptance and trust are increased further through this purposeful exchange of insights and perspectives. In addition, it can also help us to identify central developments and key topics at an early stage.

Materiality analysis

We have continuously expanded our processes over the last few years for identifying material topics and linking them 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 standards for sustainability reporting issued by the Global Reporting Initiative (GRI). In addition, current developments flow into the determination of future key issues, such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, from p. 138) on climate-related risk reporting.

We consider topics to be material if they have a significant influence on long-term value added and thus the performance and future viability of our company. Contributions to the strategic orientation as a sustainable and innovative infrastructure partner are of particular importance in this context. Furthermore, aspects reflecting any important economic, environmental and

social impacts our company 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** 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 are regularly compared to the key themes that were dealt with by the Supervisory Board in the reporting year. Every step leads to a prioritization of the 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** is shaped by the following themes:

- › **Expansion of renewable energies:** In January 2020, we completed the EnBW Albatros offshore wind farm with a total output of 118 MW and placed it into operation (p. 81 f.). In addition, we constructed the Weesow-Willmersdorf solar park in Brandenburg with an installed capacity of 187 Mwp_p and partially placed it into operation – we have thus realized the first major solar project without EEG funding (p. 81). Furthermore, we constructed and acquired onshore wind farms with a total output of 82 MW in Germany (e.g., in Brandenburg and Saxony-Anhalt) and also pushed forward the expansion of onshore wind power in France and Sweden (p. 81 f.).
- › **Reliability and security of supply:** The grid subsidiaries of EnBW will continue to guarantee a high level of supply reliability in their grid areas and for their customers through the gradual modernization of the distribution grids for electricity (p. 78 f.). In addition, we started construction of the gas turbine power plant in Marbach as special technical equipment for grids (p. 71).
- › **Infrastructure provider:** We are continuously expanding electromobility through the further development of the charging infrastructure (Glossary, from p. 138), also together with national and international cooperation partners (p. 77).
- › **Dismantling of nuclear power plants:** The environmentally friendly dismantling of the nuclear power plants is gradually being implemented. The cooling towers at the Philippsburg nuclear power plant that was decommissioned in December 2019 were demolished in May 2020 (p. 62).

- **Coal phase-out:** We have set ourselves the ambitious goal of achieving climate neutrality with respect to our own CO₂ emissions (Scope 1 and 2) by 2035. As part of the phasing out of coal power, we will already have removed 2.5 GW of coal-based generation capacity from operation by 2030 [p. 36 and 58].

The following themes are material in the three strategic business fields in the **growth** category:

- **Smart infrastructure for customers:**

- In the area of broadband (Glossary, from p. 138), we are continuing to develop our growth initiatives from 2019 with our subsidiaries NetCom BW and Plusnet. This strategic future business field also includes the activities of Netze BW, which was able to secure a number of contracts in invitations to tender for the expansion of broadband this year [p. 78].
- With our digital district platform, we are expanding our engagement in modern and digital infrastructure. We are planning to construct the “new Stöckach” [p. 48] – a sustainable, modern and lively city district on one of our former sites in the east of Stuttgart.
- The State of Baden-Württemberg and EnBW are working together on cybersecurity, above all on combating cybercrime and protecting critical infrastructure [p. 78].
- We have expanded our gas business with the acquisition of Gas-Union [p. 71].

- **System critical infrastructure:**

- The expansion and upgrading of the distribution grid for the integration of renewable energies and to support electromobility are for us and our grid subsidiaries key aspects for the success of the Energiewende [p. 78].
- Our grid subsidiary TransnetBW is making a fundamental contribution to the restructuring of the energy system by expanding the transmission grid to transfer electricity generated in the windy north to the south of Germany [p. 60].
- We were able to take advantage of a strategic growth opportunity by acquiring Gas-Union Transport [p. 71].

- **Sustainable generation infrastructure:**

- We have taken the investment decision for the two solar parks Gottesgabe and Alttrebbin in Brandenburg, each with a capacity of around 150 MW [p. 96].
- Internationalization: Our Danish subsidiary CWS received two major contracts for the maintenance of onshore wind turbines in Denmark and France [p. 32].

Sustainability is an integral part of our corporate strategy. Since 2013, we have consistently focused on sustainability criteria and completed a fundamental transformation of the portfolio with the EnBW 2020 strategy. The EnBW 2025 strategy that aims to transform the company into a sustainable and innovative infrastructure partner will continue to follow this sustainable path [p. 34 f.]. Furthermore, we have also developed an additional, comprehensive **sustainability program** comprising 25 measures. These measures focus on management, core and supporting processes [p. 35 f.]. The following measures were and will continue to be important themes with respect to sustainability in the 2020 financial year and beyond:

- **Management processes:**

- We are aiming to achieve “**climate neutrality throughout the entire Group by 2035.**” While taking into account economic, ecological and social aspects, we want to become climate neutral with respect to our own CO₂ emissions (Scope 1 and 2) by this year or even significantly earlier in some areas [p. 36 and 40 f.].
- “**Integration of sustainability evaluation into portfolio and investment decisions**” – this will help us to more consistently benchmark our future decisions and investments against sustainability criteria and align our growth accordingly [p. 72].
- “**Evaluation of the EnBW portfolio based on EU taxonomy**” – we will be publishing key figures that conform to the EU taxonomy for our business activities in the Integrated Annual Report [p. 79 ff.].
- “**Sustainability as a focus within human resource work (focusing on people)**” – we want to integrate sustainability aspects into all human resource work and strengthen the attractiveness of the company as an employer for current and future employees [p. 86].
- **Strengthening the theme of sustainable finance** – the main focus of this measure will be taking account of sustainable finance aspects in financial instruments and transactions at EnBW [p. 68 f.].

- **Core processes:**

- As part of the measure “**sustainable sales,**” we will analyze important economic, ecological and social impacts within the sales organization. The resulting information will be used to derive and implement sustainability-related initiatives [p. 77 f.].
- “**Sustainable Netze BW and roll-out to further grid companies**”: Relevant areas of action for improving the sustainability performance of the individual grid companies along the value added chain will be identified and implemented [p. 34 and 40 f.].
- We aim to **phase out coal-fired generation** in conformity with **the Paris Agreement**. The required measures will make a contribution to achieving the goal of climate neutrality by 2035 [p. 36 and 58].
- In the measure “**responsible procurement of raw materials (including gas/LNG),**” we will further strengthen ecological and social aspects in the procurement process [p. 54 ff.].

- **Supporting processes:**

- “**Paper reduction and recycling**”: We have set ourselves the goal of significantly reducing paper consumption. Central purchasing at EnBW AG has switched over to recycling paper certified with the Blue Angel environmental label for any paper consumption that is currently still required [p. 54].
- “**Sustainable procurement**” stands for the consistent consideration of sustainability aspects in procurement. We will carry out a comprehensive range of analyses for this purpose – with the aim of, among other things, identifying potential and defining specific approaches for integrating sustainability criteria into the procurement processes [p. 53 f.].
- As part of the measure “**sustainable property management (new and existing buildings)**,” we want to significantly reduce the CO₂ emissions from buildings. Numerous initiatives will make a contribution to achieving this aim [p. 85].

Sustainability ratings

We maintain close contacts with leading sustainability rating agencies and take their analyses and evaluations of the corporate strategy, the company situation and its business prospects into account in our decision-making process. In the selection of agencies, the main focus is placed on, among other things, transparent and plausible evaluations and efficient working processes between the rating agencies, companies, investors and sustainability analysts. We strive to continuously improve our ratings from recognized agencies in the area of sustainability. We thus aim to strengthen our position as a responsible and sustainable company and also want to address those financial investors whose investment decisions are based wholly or

partially on sustainability criteria. In 2020, we were able to largely maintain or improve our above-average results within the energy sector in important sustainability ratings, which are shown in the following table. For example, we received the best rating of A (leadership status) from the renowned non-government organization CDP (formerly the Carbon Disclosure Project), which was only achieved by 16 companies from all industries across Germany. The main reasons for receiving this “A” grade rating were the greater integration of climate protection into the corporate strategy, sustainable business activities and internal initiatives, as well as advances in the area of risk management.

Latest sustainability ratings

	CDP	ISS ESG	MSCI
Result	A/Leadership (2020)	B-/Prime (2020)	A/Average (2021)
Scale	A to D-	A+ to D-	AAA to CCC
Relative position	“Electric Utilities” sector worldwide: EnBW rated in the top 7%.	“Utilities/Multi Utilities” sector worldwide: EnBW rated in the top 10%.	“Utilities” sector worldwide: EnBW rated in the top 47%.
Rating focus	Climate protection	Social, governance and environmental aspects	Social, governance and environmental aspects

The methodology used for the Sustainalytics sustainability ratings was changed in 2020. The previous ESG Report has been replaced by the ESG Risk Rating Report. Our rating changed as a result from a score of 77 (scale of 0–100) with an “Outperformer” rating and a place in the top 14% of the “Utilities” sector worldwide in 2019 to a score of 32.3 (scale 0–100) and the rating “High Risk” in 2021 (January 2021). According to the new rating methodology, we are ranked among the best 24% in the “Electric Utilities” sector worldwide (January 2021).

Further information on the sustainability ratings is available at www.enbw.com/sustainability. Further details on non-financial performance indicators are presented on p. 76 ff., while information on the financial ratings from the rating agencies Moody's, Standard & Poor's and Fitch can be found on p. 67 f.

Social engagement

Our commitment to addressing the concerns and interests of society focuses on the target groups of end customers, business partners and local authorities within our 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 and 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 holds a majority of either the shares or voting rights. **Donations** are documented on a yearly basis in the donation report that is presented to the Board of Management. In 2020, donations made by the EnBW Group came to €3.1 million, following €3.6 million in the previous year.

Donations worth €1.0 million (2019: €1.8 million) were attributable to EnBW AG. This decrease both at EnBW AG and the Group was mainly due to one-off donations to foundations in the previous year. In contrast, significant donations were made in 2020 by both EnBW AG and the other Group companies to aid measures related to the coronavirus pandemic.

In 2020, **Pražská energetika (PRE)** supported the Charta 77 Foundation – Barriers Account, the Dagmar and Václav Havel Foundation VIZE 97 and other charitable organizations. **Stadtwerke Düsseldorf (SWD)** has helped schools with the task of guiding young people towards a career for many years. In addition, SWD makes a Christmas donation to four charitable associations in Düsseldorf that are selected each year. Through the VNG Foundation, **VNG** supports the “Network of Warmth” charitable network that promotes charitable work in Germany. More than 20 associations were provided with support during the pandemic via a Corona Aid Fund in 2020. The VNG subsidiary ONTRAS Gastransport has supported charitable projects from associations and initiatives via its “ONTRAS.Stadtbekannt” program since 2015 and has participated in the “Foundation for volunteering and civic involvement in Mecklenburg-West Pomerania” since 2018. Around 55 projects in Mecklenburg-West Pomerania were supported in 2020.

The EnBW Board of Management decided a number of years ago not to send Christmas gifts to business partners but instead to make donations to social projects in Baden-Württemberg. As part of the **Christmas donations** in 2020, a total of €32,000 was given to eight charitable campaigns or campaigns initiated by readers of regional newspapers in Baden-Württemberg. Due to the fact that all internal Christmas parties at EnBW were canceled due to the coronavirus pandemic, we donated a total of €150,000 to the “Tafel” charities in Baden-Württemberg, the Kinderland Foundation Baden-Württemberg and the German

foundation for the protection of children Hänsel+Gretel. Under the motto of “We’re making it happen together,” we had already donated a total of €150,000 to the “Tafel” charities in Baden-Württemberg in the first half of 2020. In addition, the EnBW Food Truck has been providing food to those in need, as well as to medical and care personnel at hospitals, sanatoriums and children’s villages. Furthermore, many **private campaigns** such as “Christmas wishes in care homes” or private donations for the Doctors Without Borders organization were initiated by the workforce via an online platform. We support social or charitable projects with the **“Making it happen bus.”** Further information on this subject can be found at www.enbw.com/macherbus. Netze BW has been requesting that customers submit their electricity meter readings electronically rather than by post since 2018. The postage saved was also donated to numerous charitable organizations in the respective communities in 2020.

We have been offering a multi-stage **career integration program** to refugees and migrants since 2016, in which 59 people are currently serving a technical apprenticeship. After successfully completing the program, the refugees and migrants have good prospects of receiving a permanent contract. We will continue this program in the next few years – both as a social initiative and also increasingly as an additional tool for recruiting young talent.

We support the **“Let’s Volunteer” initiative** launched by our employees by giving two employees who volunteer in their local communities €1,000 to donate to a charitable association each month.

We also refer you to the details provided in the “Report on opportunities and risks” (p. 103).

Dialog with citizens

Due to the coronavirus pandemic, it was impossible to hold many visits, tours and events as planned in 2020. In order to nevertheless remain in dialog with citizens, digital formats were introduced. For example, it was possible to take virtual tours of the EnBW generation plants. Instead of the planned tour of the construction site in Herbertingen, Netze BW presented the most important stages of the grid expansion project in a video. In the summer and autumn, it was possible to hold some public information events on a small scale and in compliance with existing hygiene rules in Welzheim, Aitrach and Plüderhausen.


















There were also limitations in 2020 to our dialog with the public with respect to the **dismantling of the nuclear power plants** that we operate. It was not possible to hold many of the planned measures, such as the ongoing information days and an information event for the public in Philippsburg about the demolition of the cooling towers at the site. For the demolition of the cooling towers in Philippsburg in particular, we used several different measures as a replacement in order to maintain dialog with the public. These measures included numerous telephone conferences with stakeholders and media representatives, the distribution of information material to the people in the local region, the creation of a comprehensive project website with explanatory videos and the setting up of a digital contact channel, which proved very popular. Furthermore, those responsible discussed and answered questions on all topics using the various formats available in 2020.

We plan, construct and operate wind farms and photovoltaic power plants in direct partnership with or with the participation of local authorities and citizens. Local citizens are able to use a **citizen participation platform** to participate financially in regional renewable energy projects. This platform was overhauled in 2020 as part of the digital transformation across the Group. The signing process has now been fully digitalized.

In the area of **urban infrastructure**, we plan, realize, operate and finance holistic, sustainable and digital districts (Glossary, from p. 138) in partnership with cities and local authorities, public utilities and project developers, as well as with the participation of citizens. We concluded project contracts in 2020 for supplying districts with around 4,000 residential units and their associated local supply structures. Three projects entered the realization phase or are already in operation. Another example is the Stöckach site in the east of Stuttgart that is being developed as a joint project with the corporate infrastructure department. “New Stöckach” (www.der-neue-stoeckach.de) will comprise about 800 apartments with a total of around 60,000 m² of living space, up to 40% of which will be subsidized housing. We plan to integrate opportunities for social interaction, leisure, local supply structures, health, energy supplies and mobility into the project. The participation of citizens will play a central role and we have also promoted this intensively during the coronavirus pandemic in the form of various digital events.

In dialog with our stakeholders

Selected activities in dialog with our stakeholders

Stakeholder	Opportunity for dialog	Main themes	Further information
 Shareholders/ capital market	Financial reports	Financial and non-financial performance of the company	www.enbw.com/financial-publications
	Virtual Annual General Meeting	Dialog with shareholders	http://hv.enbw.com
	Discussions with analysts and investors	Corporate economic development, positioning on capital market	www.enbw.com/conferencecall www.enbw.com/investor-update
	Digital roadshow	Climate neutrality at EnBW and current business situation	www.enbw.com/investors
 Society	"We're making it happen together" support campaigns during the coronavirus crisis	Restoring connections to cut-off electricity and gas supplies, donation of protective masks, support for local economy and charitable organizations, EnBW Food Truck	pages 27 and 47f.
	Stöckach Ideas Room	Continued intensive dialog with citizens in citizens' workshops and "Talk of the town Stöckach"	www.der-neue-stoeckach.de
	Events by Junge Stiftung	10th anniversary of the Energy Campus and networking meetings for climate protection protagonists from across Germany	www.energie-klimaschutz.de/junge-stiftung
	Founder motor masterclass	EnBW provides specialist knowledge to support the development of start-ups	www.gruendermotor.io
 Local authorities/ public utilities	German Innovation Prize	Awards for future-oriented innovations; EnBW as a patron of medium-sized companies	www.der-deutsche-innovationspreis.de www.enbw.com/deutscher-innovationspreis
	Virtual annual local authority program	Events in regional centers with mayors and administrative employees	
	"Corona" videoconferences	Informal discussions with public utility managers on impacts and measures	
 Customers	Participation in trade fairs and congresses	E-world energy & water Essen, Flotte digital!, UNITI Forum Hamburg, Solutions Day Frankfurt, etc.	
	Platforms for dialog and discussion with customers	Extension of the "Energy Efficiency Network" initiative, participation in strategy dialog for the automotive industry in BW, etc.	
	Customer blog, social media channels, newsletters, campaigns, podcasts and explanatory videos	Information on latest news, offers, services and events, Yello campaign "More Yello," EnBW campaign "HyperNetwork"	www.enbw.com/blog   www.enbw.com/hypercentz www.yello.de    
 Suppliers / business partners	Dialog on handling coal and gas procurement responsibly	Intensifying contact with the main coal producers in Russia in virtual dialog, membership of the Bettercoal initiative as a platform for dialog and exchanging information	page 54ff. www.enbw.com/coal-procurement www.bettercoal.org
	Discussions and cooperation with suppliers	Central access to selected information and self-service access via the supplier portal	www.enbw.com/supplier-portal
 Employees and applicants	Employee communication	#2020 on the road; two virtual events "EnBW now," social Intranet, Yammer	
	Compliance Day	Virtual event with around 160 participants under the motto "#eskommtaufDichan" (it's up to YOU)	page 44
	Diversity campaigns	Diversity week, participation in Christopher Street Day, "Women power" at women&energy networking meeting	page 88 www.csd-stuttgart.de
	Social engagement of employees	Support for "Let's Volunteer" initiative and the "Making it happen" bus campaign	page 48 www.enbw.com/macherbus
	Opportunity for dialog with potential employees	Company trips for school students, company contact fairs such as bonding and KIT Karrieremesse@home, Femtec network, recruitment campaigns for specific target groups, etc.	page 87f. www.enbw.com/career Instagram channel "EnBW Karriere" 
 Politics/media	Discussion events by the Energy & Climate Protection Foundation	Five debate evenings on themes of, e.g., climate protection, the coronavirus pandemic, hydrogen and renewable energies, as well as online dialog with various people involved with energy and climate policy	www.energie-klimaschutz.de
	Events and opportunities for dialog on energy policy themes	EnBW Energy and Business Club (EWC), webinars, presentation of studies, discussion format and exchange of ideas with politicians from the German Bundestag and state parliament	
	Active and transparent communication via the media	Major articles in daily newspapers and magazines such as Spiegel and via social channels	www.enbw.com  
	Digital offshore workshop for journalists	Insights into the latest developments, trends and innovation in offshore wind energy	
 Environmental initiatives/ associations	Biodiversity: funding program "Stimuli for Diversity"	Event to mark 10th anniversary: Review of the 125 funded projects for protecting amphibians and reptiles	page 85 www.enbw.com/biodiversity
	Green start-ups	Presenting awards to young start-ups for innovative ideas in the area of green technologies	www.energie-klimaschutz.de
	Virtual sustainability event	Information event on the themes such as "Grids and sustainability" and "Sustainable finance"	

Research, development and innovation

Research and development: Goals, guidelines and processes

The goal of our research and development is to identify technological trends at an early stage, assess their economic potential and build up expertise in the business units. For this purpose, we carry out pilot and demonstration projects together with partners or customers directly at the site of their subsequent application. This ensures that successful research projects deliver innovations for our company.

Research, development and innovation also lead in many cases to inventions and patents. The portfolio of patents shrank slightly by 20 patents (previous year: +36) in 2020; the EnBW Group thus held 224 patents (previous year: 244) at the end of the year. The patents held by EnBW focus mainly on the areas of generation and electromobility.

Research and development: Selected activities

Wind energy: Offshore wind power plants with fixed foundations are limited to shallow waters with water depths of up to around 50 meters. Floating platforms could be used to install wind turbines in deeper waters. In cooperation with partners, we are investigating several different concepts for floating offshore wind farm projects that would be suitable for opening up new international offshore wind energy regions. In cooperation with the engineering company aerodyn from northern Germany, we tested a 1:10 scale model of a new design for floating wind turbines called Nezy² in 2020. Tests carried out on a gravel pit lake in northern Germany and in the Baltic Sea demonstrated that the platform concept worked even in stormy winds. Scaled up to the later true size of the system, the wave and wind conditions were equivalent to a category 4 to 5 hurricane with waves reaching heights of up to 30 meters. Nezy² will now be tested under real conditions at sea. The test using a 1:1 scale model is due to be carried out in China at the end of 2021 or beginning of 2022. We also concluded a cooperation agreement with other European companies at the end of 2020 to construct a pilot plant in the Irish Sea. We want to use the two demonstration projects to identify which type of floating platform is the best solution.

Photovoltaics: The University of Stuttgart has developed a laser process that enables the inexpensive production of non-toxic silicon solar cells with a high level of efficiency. We have been participating in this research project funded by the federal government since August 2017 and founded our subsidiary EnPV in December 2017 to prepare for the commercialization of the results. The EnPV team was strengthened in 2020 to help clarify

important issues relating to individual steps of the patented process and create the conditions for a pilot production process on an industrial scale.

Geothermal energy: In addition to the production of electricity, geothermal energy has the potential to reduce the use of fossil fuels in heating networks. We support our business partners, such as local authorities, in decarbonizing their heating networks using geothermal energy. A project in Bruchsal has now come to fruition: By the end of the 2019/2020 heating season, the Bruchsal geothermal power plant had supplied more heating to the nearby police station than planned. In August 2020, EnBW and MVV had their bid to carry out further explorations to the south of Mannheim accepted. We gained our experience in the provision of heating from geothermal energy through partnerships, in which we and our partners planned and constructed the geothermal power plants in Bruchsal (since 2012) and Soultz, France, (since 2016) and still operate them today.

Hydrogen from renewable energies: We also want to provide our customers with carbon neutral gaseous energy sources in the long term. The experience gained from various pilot and demonstration projects will help us achieve this. This also includes the alkaline hydrogen electrolysis plant with an electrical output of 1 MW in Wyhlen, which was built in 2018 by our subsidiary Energiedienst (ED) with funding from the State of Baden-Württemberg and is operated using electricity generated from hydropower. In 2019, ED had its bid to expand the plant by 5 MW accepted as part of the "Reallabore" tender process from the German Federal Ministry for Economic Affairs and Energy (BMWi), with the aim of supplying a district, as well as industry and customers in the mobility sector, with hydrogen produced from green electricity. The concept for the project was fundamentally revised in 2020 so that it will be possible to continue operating the plant economically after the project has finished. After receiving funding approval in December 2020, the project started in January 2021 with the largest power-to-gas plant in southern Germany at the time. We are thus acquiring the skills required to construct and operate other hydrogen generation plants in the future.

Hydrogen in the gas grid: The EnBW subsidiary Netze BW started a pilot project called the "Hydrogen Island Öhringen" in 2020 in the City of Öhringen in the Hohenlohe district that is unique across Germany. A section of the existing natural gas grid will be disconnected and supplied independently. A natural gas mix with a hydrogen content of up to 30% will be used in the island grid. The hydrogen will be produced with the aid of an electrolyzer on the premises of Netze BW that uses electricity generated from renewable energy sources. This multi-year project aims to demonstrate that the existing natural gas infrastructure can already deliver a climate-friendly energy supply today and is an important component of the Energiewende.

Internal carbon pricing: Internal CO₂ pricing is an emerging method for reducing a company's own emissions. A corresponding model for EnBW has been under development since 2018 as part of a dissertation at the Sustainability Center Freiburg. Case studies from suitable areas of the company are being used to develop internal options for improving the carbon footprint that go above and beyond a consideration of just direct emissions. The leverage effect of various measures for buildings, travel and other areas specifically tailored for EnBW will then be assessed.

Augmented reality in renewable energy planning: Augmented reality can support the planning processes for wind and PV power plants on-site and improve acceptance for new projects. A team at EnBW has developed an app with the support of an international IT company that can create a photographically realistic representation on a mobile end device. The app can create both predefined views of the power plants for the approval process also images from any freely selected perspective. It can thus be used to show how a power plant will be perceived within a private or public environment. A beta version was developed and tested in summer 2020 that can detect the horizon even in hilly regions. The process for handing over the software to the planning teams in the branch offices began in February 2021.

E-mobility charging infrastructure for apartment buildings: As a result of the reform of the German Apartment Building Modernization Act (WEMoG) at the end of 2020, it is now much easier for residents in apartment buildings to install charging infrastructure in shared underground garages. This and other statutory measures should contribute to the ramping up of electromobility, especially in apartment buildings. Netze BW is investigating what sort of grid connection will be required in a residential complex when in future 58 e-cars are being charged in a shared underground garage and what impact this will have on the electricity grid in the "E-Mobility-Carré" project in Tamm near Ludwigsburg. The project is being carried out in a modern residential complex under real grid operating conditions.

E-mobility charging infrastructure in a rural setting: More and more people in rural regions will also start using electric cars in the future. This represents a major challenge for the electricity grid because the individual electricity circuits in these regions are significantly longer than in urban areas. The longer the power line, the more the voltage can vary. If a lot of electric cars are being charged on these electricity circuits in the future, it will exacerbate the problem. In order to find out what impact electromobility will have on rural electricity grids in the next few years, Netze BW is carrying out a test under real conditions in Kusterdingen (Tübingen District) in the "E-Mobility-Chaussee" project.

Smart charging at home: The power required by electric vehicles, especially if they are being charged simultaneously, which happens above all in the evening, will place a high demand on the electricity grid. Using a load management system for the grid, it is possible to smooth out peak loads and thus reduce the burden on the electricity grid. Using the smart metering system in combination with a control box offers great potential for developing a uniform solution for managing charging facilities.

This prospective management system is being developed in consecutive stages by Netze BW and tested in various locations under real conditions.

Inductive charging: An electric bus operated by EnBW will connect the EnBW site at the Port of Karlsruhe to the public transport system during the course of 2021. The special feature of this electric bus is that the batteries will be charged inductively during the journey. This charging technology involves inductive coils being embedded in the road surface. As soon as the vehicle drives over them, the receiver coils fitted on the underbody are activated. Electrical energy is generated in the coils via a magnetic field and is stored in the vehicle's battery. This enables the vehicle to cover long distances without the need to stop to recharge. The EnBW research project is thus testing inductive charging of the electric bus during everyday use. The Israeli start-up Electreon is supplying the technology for the test route.

Sustainable extraction of lithium: In cooperation with the Karlsruhe Institute of Technology (KIT) and other firms and institutes from the world of science, we are investigating a process to sustainably extract lithium from thermal water as part of a research project. In December 2020, we received funding approval for the four-year project. At existing geothermal plants – such as in Bruchsal – special adsorbents will be used to specifically extract lithium from the rest of the thermal water. After successfully testing the process in the laboratory, the next challenge is to transfer the process to an operating geothermal plant.

Innovation management: Goals, guidelines and processes

EnBW Innovation has been a fixed component of EnBW since the middle of 2014 and is one of the leading corporate innovation labs in Germany. Together with employees, entrepreneurs, external partners and start-ups, we develop new business models in the strategic areas of connected home, digital utility, urban infrastructure and connected mobility. The **innovation strategy** focuses on two main approaches: the generation and scaling up of new business models and investments in external start-ups by EnBW New Ventures.

Alongside the development of new business models and supporting early-stage teams during the incubation phase, EnBW Innovation also accompanies more mature projects with the **Company Builder**. In the reporting year, the focus was placed on professionalizing processes and scaling up existing projects. In order to efficiently support the teams and their growth, the Company Builder provides start-ups with additional skills in the form of controlling, sales and marketing experts. For our expertise in the scaling up of start-ups, we were presented with the Digital Lab Award for the third year in a row by the specialist jury from the business magazine Capital and the management consultancy firm Infront in 2020. In addition, we have been supporting external teams on the journey from an innovation project through to a stable, value-generating company with start-up grants since 2020.

EnBW New Ventures invests in start-ups that develop digital solutions for infrastructures. The aim is to use the total available investment volume of €100 million to secure minority shareholdings of between 10% and 30% in up to 20 start-ups, with an investment period of four to eight years in each case. EnBW New Ventures plays the role of an active investor, supports the start-ups as a business coach or kind of “sparring partner” and is represented on their boards. The start-ups receive access to professional investor expertise via EnBW New Ventures. In addition, commercial cooperation with the operating units at EnBW is also possible.

Innovation: Selected activities

In 2020, the spin-off **WTT CampusONE** that was founded in 2017 was the first EnBW start-up to generate positive earnings. The company based in Ludwigsburg provides learning platforms and tools for digital workplace training. The training covers themes such as energy, administration and legal requirements such as occupational safety and data protection. Standard e-learning courses can be acquired individually via a license or as a flat-rate service. Customized e-training courses are also offered. As its second pillar, WTT CampusONE also offers solutions for digital human resources development. The tools and modules can be assembled according to the customer's needs and are primarily used in the human resources sector. The combination of learning content and complementary tools offered by WTT CampusONE is unique on the market. The team of around 40 employees is considered one of the leading specialist providers of digital training in Germany.

LIV-T was founded in October 2017 by EnBW Innovation and the company builder mantro that is based in Munich. The company aims to optimize the ordering processes and supply chains for energy sources such as heating oil and pellets. Industrial and end customers have had to keep a close eye on their tank fill levels themselves up to now. The LIV-T software enables repeat orders to be initiated based on data. The software updates stock levels in real time and can interact with tank users and provide recommendations for action. As a result, the 30-person team has become the European market leader in the area of tank fill level management within three years. LIV-T is currently distributing its smart eco-system via 100 partner companies in seven

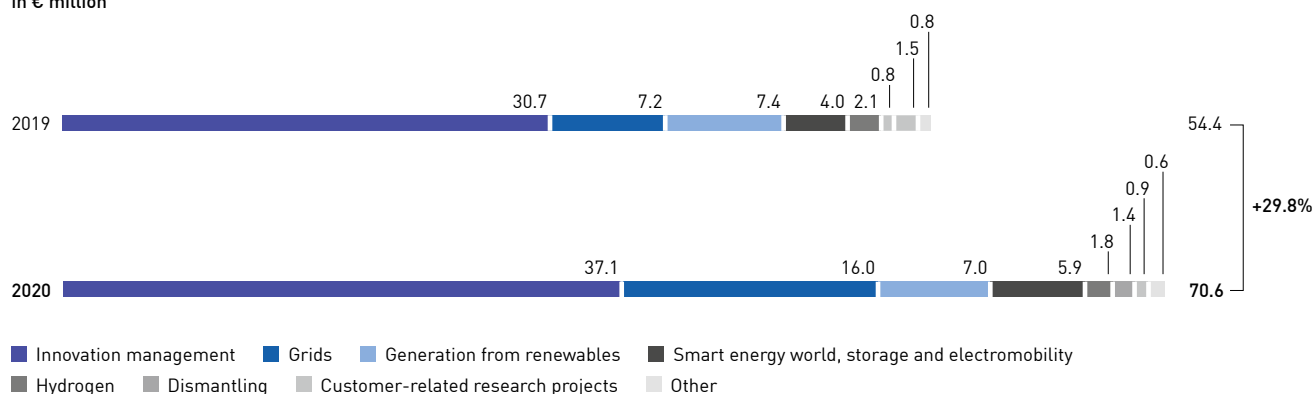
countries and is upgrading its software with other AI-based applications. We anticipate that the company will triple its sales in the next three years with this business model. LIV-T is the first EnBW start-up that has also been successful internationally.

Ben Fleet Services was founded in January 2019 by EnBW Innovation and the company builder Bridgemaker based in Berlin. It acquired another investor in the latest round of financing in the form of the globally active insurance group Baloise. It is thus the first EnBW start-up with an external investor. EnBW still holds a majority stake in Ben Fleet Services. The company offers fleet managers and fleet operators a comprehensive range of flexibly bookable services for their fleets. The special feature is that the range of services can be directly integrated into the customer's existing system via a digital interface to improve the operational readiness and availability of their vehicles. The range of services includes on-site cleaning, refueling and charging, maintenance, repair and the relocation of vehicles – for individual vehicles or entire vehicle groups, for e-cars, transport vehicles, buses and trains, bicycles and scooters. This start-up based in Berlin now has around 100 employees at eight sites across Germany and its customers include traditional corporate fleets as well as leading providers of new mobility services. Ben Fleet Services plans to expand further in 2021 – also outside of Germany. The company will use the new capital to establish new sites in Germany and further develop the technology behind its service platform. It aims to secure its first customers in other European countries in 2021.

Expenditure and personnel

We spent €70.6 million (previous year: €54.4 million) on research, development and innovation in the 2020 financial year. The increase was primarily due to higher expenditure for the grids and the growth in innovation management. Sales in the area of innovation management increased to €13.4 million (previous year: €11.1 million). We received government research grants of €1.0 million (previous year: €0.9 million). There were 93 employees (previous year: 81) in the areas of research, development and innovation in 2020. 185 employees (previous year: 236 employees) were involved in research and development projects as part of their operational work. A further 248 employees (previous year: 130) were involved in innovation projects.

Expenditure on research, development and innovation in € million



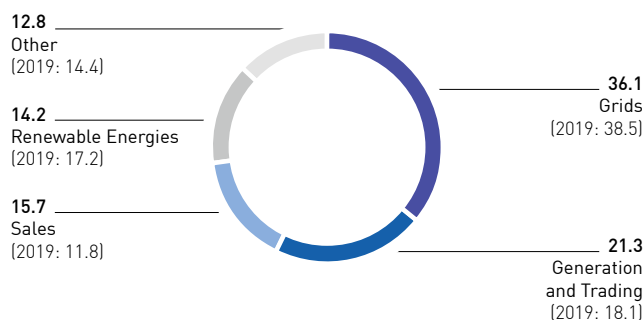
Procurement

Efficient and sustainable procurement processes

Our purchasing department views itself as a **partner for generating added value within the Group**. Its goal is to ensure the supply of materials and services at the best possible quality/cost ratio and thus strengthen the competitiveness of the company. We place great emphasis on the efficient design of our procurement processes for achieving cost-effective purchasing results, as well as on sustainable procurement taking into account the requirements of national laws, EU law and the Group's internal guidelines. In order to manage the procurement processes, a system using various different performance indicators is used. It continually delivers a realistic picture of the current situation in purchasing and enables a comparison of the target and actual situation, as well as the prompt implementation of control measures.

The **procurement volume** of the EnBW Group in 2020 (without ITOs) (Glossary, from p. 138) amounted to around €3.2 billion (previous year: around €2.8 billion).

Procurement volumes of the EnBW Group by segment in %¹

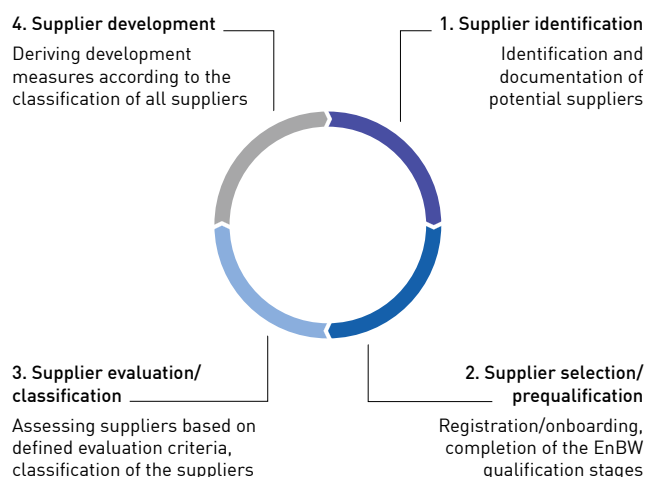


¹ The figures do not add up to 100% due to rounding differences.

A large number of suppliers and service providers play an important role in our efforts to achieve a leading position on the energy market. **Supplier management** promotes successful cooperation with our suppliers because it makes the performance of the suppliers transparent and also makes continuous optimization in partnership possible. The careful selection of our business partners is a part of our risk management system and supports the observance of legal regulations and internally defined quality standards. Especially with regard to the selective internationalization of the business, central purchasing at EnBW AG is also developing an integrated **supply chain management system** in close cooperation with the business and functional units.

Sustainable procurement begins with the careful selection of business partners. Central purchasing at EnBW AG uses a standardized **prequalification process** for this purpose. Suppliers are required to provide a self-assessment via our supplier portal on whether they have sustainable measures in place in the areas of environmental management, occupational health and safety, the respect for human rights, the fight against corruption, data protection and quality management. This self-assessment was completed by almost 90% of our suppliers by the end of 2020 (measured by procurement volume).

Supplier management process



The **coronavirus pandemic** had a significant impact worldwide on supply and demand along the supply chain in 2020. This resulted in some cases in legal and economic consequences that made having an effective supplier management system crucial. As an energy company and operator of critical infrastructure we are acutely aware of the responsibility we have – not only during this crisis. In order to assess the impact the coronavirus pandemic will have in the future, we work with various, in some cases extreme, scenarios. Purchasing has used these to identify critical operating resources and any supply risks have been largely excluded due to our multiple supplier strategy and strategic stockpiling of the majority of these critical operating resources. We anticipate that any potential delays to supply will continue to have only a minor impact even in the future.

Respecting human rights and protecting the environment are key pillars of our culture. In cooperation with our business partners, we aim to improve the situation with respect to sustainability across the entire supply chain. We are thus planning to make our procurement process more sustainable in the future – especially with respect to social and ecological aspects. As part of a **sustainable procurement project**, a Supplier Code

of Conduct (SCoC) has been developed. It will be introduced in 2021 as a shared set of values and an important criterion for the selection and development of our suppliers. The aim is to integrate it into the procurement process for all goods and services in order to supplement the minimum requirements in the pre-qualification process with sustainability aspects. We will be able to identify and reduce social and ecological risks in this way.

Switching over to use **recycled paper** certified with the Blue Angel environmental label for any paper that is required internally or for customers is part of the measure “Paper reduction and recycling” in the EnBW sustainability program (p. 35f.). Central purchasing at EnBW AG made this switch in 2020.

Various **automation and digitalization initiatives** have been introduced in central purchasing at EnBW AG with the aim of simplifying our processes even further and, in particular, ensuring that any recurring procurement activities are carried out with the minimal amount of effort. This will allow us to concentrate on valuable and future-oriented strategic growth themes in the Group, such as the expansion of renewable energies and broadband [Glossary, from p. 138].

Our **subsidiaries** that are not overseen by central purchasing at EnBW AG address non-financial aspects in purchasing using their own mechanisms.

Energiedienst Holding (ED) works together closely with central purchasing at EnBW AG to procure important product groups using joint invitations to tender and framework contracts, as well as in the associated prequalification processes. In addition, orders are placed largely with regional suppliers from Germany, Switzerland or neighboring EU countries.

Purchasing at the companies of **Pražská energetika (PRE)** ensures that suppliers observe practices such as the payment of social security contributions, the settlement of tax liabilities and the prevention of money laundering. Potential suppliers must verify their compliance with these aspects by either submitting a sworn declaration or by presenting corresponding certificates when bidding for invitations to tender. The fulfillment of these obligations is also stipulated in supplier contracts.

At **Stadtwerke Düsseldorf (SWD)**, sustainability aspects are anchored in the compliance guidelines, environmental management system manuals and process descriptions. In the area of procurement, SWD pays particular attention to the use of environmentally friendly and sustainable products. It also uses clauses in its supplier contracts as a way to reinforce the fight against corruption and bribery and to ensure observance of labor and social laws.

The fundamental principles for procurement at **VNG** are regulated by a code of conduct, the management handbook and Group guidelines. Aspects such as the prevention of corruption – which is embedded in the compliance management system – and environmental protection are fixed components of procurement processes.

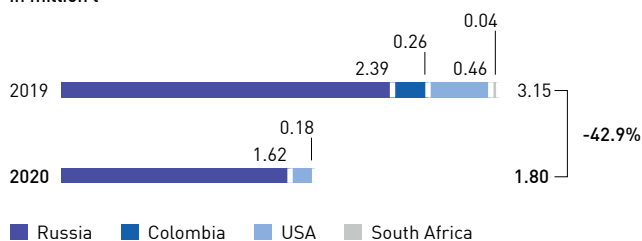
We also refer you to the details provided in the “Report on opportunities and risks” [p. 103].

Responsible raw materials procurement in the coal sector

Origin of coal supplies

With a view to the phasing out of coal-fired generation in Germany and the aim of making EnBW climate neutral by 2035, hard coal will be gradually replaced by more climate-friendly energy sources. Nevertheless, hard coal will still play a fundamental role for EnBW as a source of energy over the next few years to ensure a reliable and economic supply of electricity. Coal deliveries to our power plants have fallen continuously over the last five years from 4.24 million t of coal in 2016 to 1.80 million t in 2020 (previous year: 3.16 million t of coal). This sharp fall in comparison to 2019 is mainly due to the lower demand for electricity as a result of the coronavirus pandemic, the mild winter weather in the first quarter and the cheap price of gas. The deliveries represent a procurement volume of €79 million (previous year: €170 million).

Origin of coal supplies to EnBW power plants in million t



Russia was able to further strengthen its leading position on the generally declining market in Western Europe due to its geographical proximity to the shipping ports. Colombian coal does not play a role in Western Europe at the moment because Colombian mining companies have significantly reduced their production levels and have been able to secure higher prices for their coal in America, Asia and the Mediterranean region. Due to these general market developments, we sourced the majority of our coal from Russia and a small proportion from the USA.

It is important for us to know the origins of our coal. Some 83% of our coal requirements are thus covered by contracts for which the producers are already known when the contract is concluded. The remainder is sourced from contracts concluded with trade intermediaries which usually define a quality standard but not the source of the coal. In addition, we maintain close contacts with other potential producers and traders to avoid any dependency on one single producer.

The Russian coal was sourced from the mining region of the Kuznetsk Basin (Kuzbass) and was primarily mined by the producers SUEK and Kuzbassrazrezugol (KRU). The American coal was sourced from underground mines in the Illinois Basin and the northern Appalachians by the producers Murray Energy and Consol Energy. We did not source any coal from Colombia or South Africa in 2020.

Further information on our coal procurement is available at www.enbw.com/coal-procurement. The opportunities and risks in relation to coal procurement can be found in the “Report on opportunities and risks” [p. 103].

Positioning, overarching concepts and due diligence for the protection of human rights

In accordance with the Guiding Principles on Business and Human Rights of the United Nations, we strive to procure coal responsibly. The EnBW coal supplier portfolio acts as the basis for our activities and it is updated on an annual basis. The sustainability performance of current and potential coal suppliers to EnBW is examined and evaluated on the basis of the **EnBW rules of conduct** governing the responsible procurement of hard coal and other raw materials (www.enbw.com/verhaltenskodex). We determine any future action based on the supplier evaluations, such as requesting further specific information from selected suppliers. In addition, we pay close attention to the latest studies from competitors and international initiatives, as well as specific information and contributions from civil society organizations.

We have been a member of the corporate initiative **Bettercoal** since July 2020 (www.bettercoal.org). The independent audits carried out by Bettercoal also flow into our process for auditing business partners. We are active in the Russian and Colombian working groups because the large coal producers come from these countries. In addition, we use Bettercoal as a platform for exchanging information with our producers and above all with other stakeholders from civil society, as well as with experts on individual countries and human rights.

Our rules of conduct in combination with internal implementation guidelines act as the foundation for our business activities. In the sustainability clause that is part of all of our contracts with coal producers, we obligate our business partners to observe these rules of conduct. In addition to regular auditing of the sustainability performance of coal suppliers, a multi-stage auditing process will come into force in the event of suspected breaches of the rules, which can lead to the termination of the business relationship or exclusion from our procurement process. When new contracts are due to be concluded, the results of the analyses in the sustainability index are regularly presented to an internal **committee for the responsible procurement of hard coal and other raw materials** (AVB) with participation from all relevant specialist areas. If any deviations from the minimum standards are identified for existing supply contracts, corrective measures are initially developed in cooperation with the producers and their implementation is monitored. In 2020, this committee held several meetings to discuss, in particular, the sustainability performance of the Russian coal producers, as well as current issues related to the import of raw materials.

Current developments

We have used extended measures to focus particularly on the coal producers from Russia in the reporting year.

Russia

Due to the continuous increase in coal imports from Russia, we have also intensified our efforts to fulfill our human rights responsibilities with respect to the Russian coal suppliers. In the process, we are able to call on our experience from and the approaches we took in our engagement in Colombia.

It was necessary to cancel the planned trip to our main coal producer KRU in March 2020 due to the coronavirus pandemic. Instead, we held video and telephone conferences to discuss our requirements for occupational safety and compliance and, in particular, environmental protection, resettlement and compensation issues.

To check the local working and living conditions, we asked our coal producers to provide concrete proof of important occupational health and safety guidelines and adherence to them. This information was provided to us and personally discussed in detail. Furthermore, we have now received detailed sustainability reports from our producers SUEK and KRU for the first time that include transparent information on their sustainability activities.

We received further information on the situation in Kuzbass via Bettercoal and have been able to determine potential for improving the local situation and for improvements that could be made by the operators of the mines. This information will be used as the basis for discussions with our producers to improve their sustainability performance. In addition, we held discussions with other stakeholders in Russia on the situation in the coal mining regions.

Colombia

We did not source any coal from Colombia in 2020. Nevertheless, we remained in contact with the main producers and kept ourselves informed about the local situation in the mines, especially in light of the more difficult conditions as a result of the coronavirus pandemic. Although we have not sourced any coal from the producer Cerrejón in Colombia for a few years, we have obtained further information on the current conditions for workers in the mines and on the miners' strike directly from Cerrejón in relation to the stakeholder inquiries in order to gain a better picture of the local situation and the controversial positions. In addition, we have presented both the producers and the unions with our minimum requirements for responsible coal procurement. On the one hand, our minimum requirements are a fixed component of our contracts with producers in the form of a sustainability clause, while on the other hand, we have also personally discussed them with representatives of the unions on earlier trips to Colombia.

Responsible raw materials procurement in the gas sector

Natural gas as a transition technology

In order to achieve our climate neutrality target 2035, we are working intensively on switching over our power plants initially from coal to more climate-friendly gas (fuel switch) and then to climate-neutral gas such as biogas or hydrogen in the long term. Natural gas plays an important role as a transition technology – either in the form of liquefied natural gas (LNG) or grid-based natural gas. Therefore, we are now gradually expanding our measures for the responsible procurement of raw materials to also include the procurement of natural gas.

Origin and own consumption

EnBW sources most of its natural gas via supply contracts with Equinor from Norway, Novatek and Gazprom from Russia, and the European wholesale market.

In 2020, we acquired 9,660 MWh of natural gas for our own consumption at EnBW. We use this gas for generating electricity and heat in our power plants, for heating our buildings and for operating our gas plants.

The opportunities and risks in relation to gas procurement can be found in the “Report on opportunities and risks” (p. 103).

Due diligence

We are increasingly fulfilling our responsibility as a company also in the procurement of gas and exercising human rights due diligence in our supply chain. In future, we will examine all new

business partners using a clearly defined process. We already carried out the first business partner audits of our gas producers in 2020. This includes an audit with respect to both compliance and sustainability. The main focus is placed on the observance of international sustainability standards, compliance with guidelines on environmental protection and human rights, dialog with stakeholders and disclosure of the extraction methods. In the future, we will also reevaluate existing suppliers from a sustainability perspective every one to three years, depending on a risk assessment, as part of our recurring audits, insofar as there are no reasons to carry out an audit sooner.

Methane emissions

The monitoring of methane emissions from natural gas is becoming increasingly important due to the growing procurement volumes. It is very difficult to collect exact data on methane emissions particularly in the upstream gas supply chain due to the different calculation models used. We are currently working with a general emissions factor of 29 g CO₂eq/kWh natural gas for the upstream supply chain for our gas procurement. This figure includes the methane emissions. For the combustion of the gas, we use an emissions factor (including methane) of 201 g CO₂eq/kWh natural gas based on data from the German Environment Agency (UBA) and the German Emissions Trading Authority (DEHSt). Despite these low amounts, we are continuously working to further reduce methane emissions with the aim of achieving a climate-neutral gas supply in the future. This includes measures for smart grid management to avoid blow-outs, systematic integrity evaluations of the grid, eliminating any weaknesses and the continuous modernization of grid technology, as well as the application of special technical equipment and systems to avoid methane emissions from our lines during maintenance and repair work.

Business report

General conditions

Macroeconomic trends

Economies

The global economy was impacted to a large extent in 2020 by the effects of the coronavirus pandemic. All of the economies relevant to us experienced a sharp drop in economic performance. This was accompanied by political uncertainties, for example, due to the United Kingdom exiting the European Union.

Development of gross domestic product (GDP)

in %	2021	2020	2019 ¹
World	5.5	-3.5	2.8
Eurozone	4.2	-7.2	1.3
Germany	3.5	-5.4	0.6
France	5.5	-9.0	1.5
Sweden	3.5	-4.7	1.3
Switzerland	3.6	-5.3	1.2
Czech Republic	5.1	-6.5	2.3
Turkey	5.0	-5.0	0.9

¹ The figures for the previous year have been restated.

As the further development of the coronavirus pandemic remains unpredictable, any statements relating to the economic trends in 2021 are subject to considerable uncertainty. In general, economic activity is expected to recover strongly in reaction to the economic downturn in 2020. However, economic performance will at best reach levels seen in 2019. The macroeconomic trends are not expected on balance to have either a particularly positive or negative influence on our business performance in 2021.

Development of interest rates

The central banks have helped to counteract the effects of the coronavirus pandemic with their very expansive monetary policies. In the first quarter of 2020, the yields in the EU periphery countries initially rose, although the recovery package made available by the EU led to falling interest rates during the remainder of the year. German government bonds traded at negative yields and the high demand for good credit ratings led to a further fall in yields from ten-year bonds during the year.

The discount rates applied to company pension provisions and nuclear provisions fell slightly again in 2020 so that the present value of the pension obligations of EnBW, in particular, rose due to interest rate-driven reasons. The consensus forecast for the ECB interest rate on the main refinancing operations remained unchanged at 0.00%.

Development of the sector and competitive situation

Selection of international, national, regional and new competitors

Established competitors		New competitors			
National and international ALPIQ, EDF, EDPR, Enel, Engie, E.ON, Equinor, EVN, Fortum, Iberdrola, Ørsted, RWE, Vattenfall, Verbund	Regional Badenova, Entega, EWE, Mainova, MVV, N-Ergie, SWM, Thüga	Commodity suppliers/solution suppliers/start-ups bliss.energy, Lichtblick, NEXT Kraftwerke, Sonnen, stromio, Thermondo	Renewable energies BayWa r.e., Encavis, ENERTRAG, PNE Wind, theolia, wpd	E-mobility, telecommunications and broadband 1&1, Allego, Deutsche Glasfaser, Deutsche Telekom, Ecotel, Fastned, Google, Ionity, Shell, Tesla, VW	Financial investors Capital Stage, KGAL, Talanx

EnBW position:

- › Further development from an integrated energy supplier to a sustainable and innovative infrastructure partner
- › Focus on growth in renewable energies, grids and customer solutions (especially e-mobility, telecommunications and broadband)
- › Active in Germany and selected foreign markets

Challenges:

- › Increasing competition due to entry of new market participants in the core business
- › New competition due to market entry of EnBW in new business fields
- › Optimal positioning with respect to the regulatory environment and highly competitive market

The energy sector is currently experiencing a period of great upheaval. There is particular pressure for change due to the Energiewende. However, digitalization, sector coupling (Glossary, from p. 138) and the desire of local authorities to become self-sufficient are also having a strong influence on the sector.

A significant factor is that the energy sector is highly regulated, which means that political policies strongly influence developments in the sector. Traditional energy supply companies need to re-examine their competitiveness in individual business areas, exploit the potential offered by a changed market environment and align their strategies for the future.

Cross-segment framework conditions

Climate protection

Although the coronavirus pandemic has clearly dominated the political agenda in the last few months, the issue of climate protection has continued to receive a lot of attention. In part, the emergency aid programs and stimulus measures to combat the threat of an economic crisis were linked at a European and national level with the goal of supporting investment in the green transformation of the economy and of accelerating structural change. Due to the significantly more ambitious targets at a European level in the EU Green Deal (Glossary, from p. 138), there has been increasing pressure at a national level to accelerate the expansion of renewable energies, the transport transition and the heating transition in the building sector and introduce new measures and instruments. Although the national climate protection targets for 2020 were narrowly achieved due to the impact of the coronavirus pandemic, there is already a significant gap that must be bridged to achieve the current emissions reduction target of -55% by 2030. EnBW is campaigning for a significant acceleration in the expansion of renewable energies and for the elimination of existing hurdles within the approval processes and those that restrict the availability of sites. Without sweeping changes to the legal framework, the aim of increasing the share of gross energy consumption accounted for by renewable energies to 65% by 2030 will not be achievable. To improve the market perspectives for renewable energies in all sectors, we are continuing to advocate the introduction of a minimum CO₂ price across all sectors and a climate-based reform of the tax, duty and levy systems so that climate-friendly electricity applications become more competitive against fossil fuels.

EU Green Deal

The EU Green Deal (Glossary from p. 138) presented by the EU Commission together with the stricter emissions reduction target of at least -55% by 2030 and the target of climate neutrality across the continent by 2050 both stipulated in the accompanying climate law has received broad support from the majority of the European Council. It is thus probable that the climate law will be passed by the end of 2021 and the associated directives and regulations will be amended and tightened accordingly next year.

In particular, the revision of the Emissions Trading Directive and Effort Sharing Regulation are of central importance for our company. Many different options for their reform, including the expansion of the emissions trading system to encompass the transport and heating sector, are currently being discussed. In addition, there are plans to reform the Renewable Energy Directive and the Energy Efficiency Directive. Preparations have also been made for revision of the financing instruments and capital market guidelines as well as measures for the decarbonization of the gas and transport sector.

We welcome the Green Deal agenda and the tightening of the European 2030 climate target to at least -55%. It is anticipated that the associated amendments to the regulations will support our own transformation agenda. We are advocating, in particular, an ambitious redesign of the emissions trading system: Clear price signals and the establishment of a minimum price for CO₂ emissions will make it easier to integrate renewable energies into the market and safeguard investment.

Coal phase-out

After the Coal Commission presented its final report in January 2019, the Coal Phase-out Act was passed in July 2020. It envisages – in accordance with the recommendations made by the Coal Commission – an end to coal-fired power generation in Germany by 2038 at the latest. German brown and hard coal capacities in the energy industry should also be reduced to 15 GW each by 2022 (the total capacity of both is currently around 42 GW). A further reduction in the total capacity to 17 GW will then be required by 2030. The law includes the negotiated decommissioning of brown coal power plants and compensation for their operators, as well as compensation in the form of auctions for operators of hard coal power plants. Participation in the auctions will be made more difficult for operators of power plants in southern Germany due to an additional factor concerning the grids because these plants are considered to be important for supporting the grids. In general, there will be no compensation for the decommissioning of power plants after 2030 (except in cases of possible hardship). Power plants that are not decommissioned via an auction can be forced to shut down as a part of “statutory reductions.” In addition, incentives will be created for power plant operators to switch over their power plant sites to climate-friendly fuels (fuel switch).

Sales segment

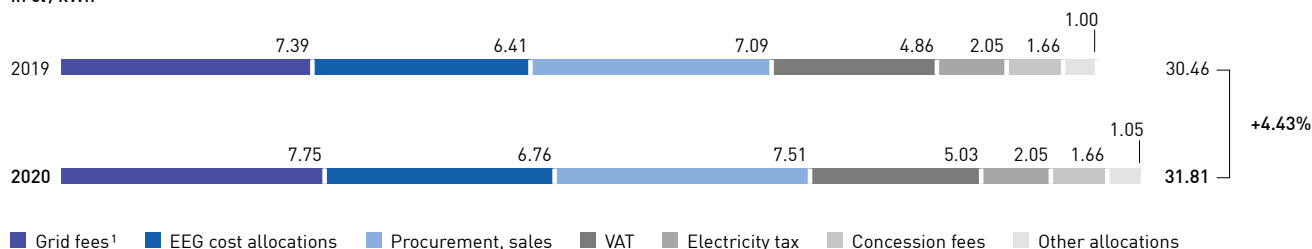
Electricity and gas prices for retail and industrial customers

According to an analysis of electricity prices by the German Association of Energy and Water Industries (BDEW) published in January 2021, the average monthly electricity bill for a household with an annual consumption of 3,500 kWh in 2020 came to €92.78 compared to €88.84 in the previous year. Taxes and levies account for more than half of this amount. EnBW increased the price for the basic supply of electricity by around €97 per year on 1 April 2020. This was due to an increase in costs both for the procurement of electricity and also for cost allocations and network user charges. For industrial customers

receiving a medium-voltage supply, the average electricity price including electricity taxes fell according to calculations made by BDEW by 3.6%, from 18.43 ct/kWh in the previous year to 17.76 ct/kWh in 2020.

According to calculations by the German Federal Statistical Office, natural gas prices for private households in 2020 were 2.0% below the prices in the previous year; the price of gas for industrial customers fell by 6.7%.

Average electricity price for a 3-person household (annual consumption of 3,500 kWh) in ct/kWh



¹ Including metering and metering station operation.
Source: BDEW | As of January 2021

Structural changes

The coronavirus pandemic has also had an impact on **electricity sales**. Electricity consumption in Germany fell by around 3.6% in 2020. Due to the sharp increase in the number of people working from home and the fact that people have spent more time at home, it is likely that electricity consumption in private households has increased. In contrast, we believe that there will have been a decrease in the electricity consumption of commercial customers because the retail trade has been shut down for many weeks. Due to our focus on retail customers in our electricity sales, we are only impacted to a limited extent by the falling sales volumes to business and industrial customers. We automatically passed on the reduction in VAT of three percentage points – which was designed to stimulate the economy – in full to our customers. The draft law for fair consumer contracts that was already presented in 2019 is in the process of being approved. The aim of this law is to protect consumers against excessively long contractual terms.

Due to limitations on mobility in the early part of the year because of the coronavirus pandemic, there was a temporary fall in the number of charging processes at public charging points. However, the **demand for electric vehicles** increased significantly over the course of the year. This was primarily due to government incentives and the CO₂ limits imposed on the fleets of cars that are produced by car manufacturers. Demand was also supported by measures in the recovery package for purchasing electric vehicles and expanding the charging infrastructure. We anticipate that this will gradually result in greater utilization of the charging infrastructure [Glossary, from p. 138].

The coronavirus pandemic has increased awareness for the fact that the Internet provides an “insurance function” for the economy and social life. Acceptance for digitalization and its application has been boosted considerably as a result. In everyday working life, the huge number of people working from home has led to a sharp increase in video conferencing. Data transmission volumes have increased rapidly as a result. In order to be able to handle this increasing demand in Germany, the

further **expansion of the “last mile” of the broadband network** [Glossary, from p. 138] is essential. In September 2020, the German government reached an agreement with the EU Commission to allow state aid for so-called “gray spots” that already have bandwidths of at least 30 Mbit/s but do not yet have gigabit connectivity. Together with our subsidiaries NetCom BW and Plusnet, we cover the entire value added chain in the broadband sector and will benefit from this accelerated expansion [p. 78].

On 17 December 2020, the draft version of the German Renewable Energies Act (EEG) 2021 was passed by the German Bundestag. In this context, improvements to the framework conditions for the **operation of storage systems and own consumption models** are important for the success of the Energiewende. The proposals in the Winter Package from the EU will significantly improve the economic framework conditions for so-called “prosumers.” This is important to support the engagement and investments of customers who have already invested in technologies for the Energiewende or those who plan to do so. We are actively involved in the discussion about the design of these framework conditions.

Alongside the reform of the EEG, we are also following the consultation process for the design of an **ordinance for load management of the low-voltage grid** in accordance with section 14a Energy Industry Act (EnWG). However, the initial draft version of the Controllable Consumption Devices Act (SteuVerG) that was published on 22 December 2020 was subsequently withdrawn again on 17 January 2021 by the Federal Ministry for Economic Affairs and Energy. We fundamentally welcome more specific rules on the implementation of section 14a EnWG. The utilization of flexible consumption devices, such as electric vehicles or heat pumps, and their smooth integration into the distribution grid will make it easier for market participants to deal with the challenges posed by the transport and heating transitions. However, there are still considerable shortcomings in the proposal that is currently being discussed, such as making the proposed model suitable for the mass market. EnBW is closely following this process.

Grids segment

In January 2020, the four German transmission system operators presented the draft framework scenario for the **Network Development Plan Electricity** (Glossary, from p. 138) for the period up to 2035. All variants anticipate an increase in electricity consumption. The draft takes into account the phasing out of nuclear power by the end of 2022 and the planned phase-out of coal-fired power generation by 2038 at the latest.

The consultation process for the **Network Development Plan Gas** (Glossary, from p. 138) 2020 to 2030 was held in May 2020 on the basis of the already published draft proposals. The transmission system operators published their draft later than in previous years on 1 July. Hydrogen and the required transmission infrastructure have been taken into account as a central component of the German decarbonization strategy. The schedule for the evaluation of the request for changes by the Federal Network Agency has not yet been defined. However, it is expected that the evaluation will be carried out during the first quarter.

Approval for the construction of a direct current substation (HVDC converter) at the site of the nuclear power plant in Philippsburg, which is currently being dismantled, for the 340 km direct current transmission line between Osterath in North Rhine-Westphalia and Philippsburg that will be realized by our transmission system operator (TSO) TransnetBW together with Amprion in the **ULTRANET** project was received on 26 March 2020. The ceremony for the laying of the foundation stone was held on 16 September 2020. Construction work on ULTRANET is due to be completed by 2024. In parallel, the two transmission system operators TenneT and TransnetBW are also realizing the **SuedLink** project. It comprises two DC transmission lines more than 600 km long from Schleswig-Holstein to Bavaria and Baden-Württemberg. The Federal Network Agency opened the planning approval process for the first northern sections in February 2020. In the second half of the year, TransnetBW also submitted an application to the Federal Network Agency to open the planning approval process for some southern sections, such as in Lower Franconia. Progress is thus being made in a project that is key to the success of the Energiewende.

However, the expansion of the grids is not progressing as quickly as planned. It is therefore foreseeable that additional reserve capacity to **support the stability of the grid** will be required after the last nuclear power plants have been shut

down in 2022. The TSOs TransnetBW, Amprion and TenneT have defined the capacity they each require and issued invitations to tender to construct suitable power plants within their controlled zones to cover this capacity. TransnetBW has issued an invitation to tender for a capacity of 300 MW for Baden-Württemberg. For this invitation to tender, EnBW AG had its bid proposing the power plant site in Marbach am Neckar accepted. The groundbreaking ceremony on 12 October 2020 marked the official start of the construction process.

A major field of activity for our grid subsidiaries is **digitalization**. They are engaged in a number of different projects, from the digitalization of internal work processes and new exchange platforms connecting operators of the transmission and distribution grids through to the digitalization of customer and supplier interfaces. In the DA/RE (Data exchange/REdispatch) project, for example, TransnetBW and Netze BW are developing a digital platform solution for the deployment of decentralized power plants at a distribution grid level to stabilize the grids. To ensure we are prepared for the challenges associated with the Energiewende, we are continuing to improve the transparency and automation of the medium and low-voltage grids. This includes the introduction of smart metering systems that was started in 2020.

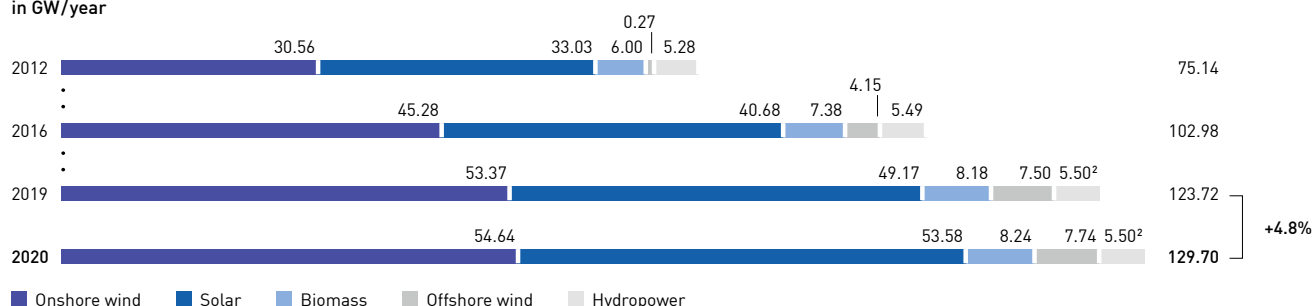
Renewable Energies segment

Germany

The **proportion of total German electricity generation accounted for by renewable energies** increased significantly to 52% in 2020, which was mainly due to favorable weather conditions and, to a lesser extent, a fall in demand due to economic conditions. This corresponds to an increase of six percentage points compared to 2019.

In 2020, the increase in **installed output of renewable energies** in Germany was lower than expected, which was primarily attributable to complex approval processes. Around 4 GW of output from new photovoltaic plants and 1 GW from new onshore wind farms was placed into operation. In the first half of 2020, a great deal of interest was shown by project developers in the auctions held for photovoltaics, while the auctions held for onshore wind power were once again clearly undersubscribed, despite a slight upwards trend in the number of bids in the second half of 2020.

Installed net output for electricity generation from renewable energies in Germany¹
in GW/year



¹ The figures for the previous year have been restated.

² Correction to the value for hydropower from 4.80 GW to 5.50 GW by EnBW.

Source: Fraunhofer ISE (www.energy-charts.de) | As of 31/12/2020

As part of the “mini EEG reform” passed in the summer of 2020, the 52 GW ceiling for the **funding of photovoltaic power plants** with an output of less than 750 kW was removed so that power plants that are placed into operation after this ceiling has been reached can still receive funding in accordance with the EEG. For onshore wind power, a flexibility clause for the minimum distance rule of 1,000 m was introduced so that individual states could deviate from this rule. The privileges for community energy cooperatives have been removed so that they no longer have a right to participate in auctions without approval in accordance with the Federal Immission Control Act.

In November 2020, the German Bundestag passed the **Offshore Wind Energy Act**, which increases the target for offshore wind capacity from 15 GW to 20 GW for 2030 and sets a target of 40 GW for 2040.

The **EEG reform 2021** was passed at the end of 2020. It includes the target of achieving climate neutrality in Germany by 2050. In addition, the annual tender volumes for renewable energies have been increased so that the 65% target for 2030 can be achieved.

France

We entered the French market for renewable energies with the acquisition of Valeco in 2019. We expect dynamic growth in renewable energies in France, both in the wind power and photovoltaic sectors. The auction-based invitations to tender that are mainly used in France will guarantee continued and reliable support for renewable energies.

Sweden

Sweden offers very favorable conditions and a competitive environment for renewable energies. In particular, onshore wind energy will play an increasingly important role on the Swedish generation market in the next few years. Since our entry onto the market in 2018, we have consistently expanded our wind power portfolio.

Turkey

The current funding mechanism for renewable energies in Turkey is valid until the middle of 2021. The design of the new funding mechanism is still being defined. We still believe that the Turkish market is an attractive proposition for the future, although we are monitoring the current political and economic developments in Turkey very closely.

Generation and Trading segment

Electricity wholesale market

The average spot market price [Glossary, from p. 138] in 2020 was around €15/MWh below the level in the previous year. The average price on the forward market [Glossary, from p. 138] was also significantly below the average price in the previous year. The fall in prices was primarily attributable to the low demand for electricity because of the restrictions placed on public life

due to the coronavirus pandemic, high feed-ins from renewable energy sources and the significant drop in gas and coal prices.

Current prices on the forward market for the German market in 2022/2023 indicate that prices will increase. This reflects, above all, similar trends on the markets for coal, gas and CO₂ allowances [Glossary, from p. 138] where prices are also increasing. An important lever will also be the future development of energy and climate policies both at home and abroad.

Development of prices for electricity (EPEX), base load product

in €/MWh	Average 2020	Average 2019
Spot	30.47	37.67
Rolling front year price	40.20	47.79

Gas market

The spot market price [Glossary, from p. 138] fell significantly until the middle of 2020 but recovered from August and is currently higher than at the beginning of 2020. The prices for deliveries in 2021 fell until the middle of March 2020, experienced sideways movement after that and began to rise slightly from September onwards. On the one hand, the global supply of liquefied natural gas (LNG) increased due to new production facilities in the USA and Australia, which led to a noticeable increase in LNG deliveries to northwest Europe, while on the other hand, above-average temperatures in large parts of Europe and Asia led to a much lower demand for heating. This effect was amplified by the extensive lockdowns in Europe.

Most market participants are once again expecting high levels of LNG deliveries to Europe in winter 2020/2021. In combination with the very well-stocked gas storage facilities in Europe, this means that many market participants do not expect any excessive increases in prices.

Development of prices for natural gas on the TTF (Dutch wholesale market)

in €/MWh	Average 2020	Average 2019
Spot	9.41	13.51
Rolling front year price	13.49	18.19

Oil market

The price of Brent oil stood at US\$66/bbl at the beginning of the year. Following the start of the coronavirus pandemic, the front month price initially dropped to US\$48/bbl by the beginning of March 2020. An attempt to cut production by the OPEC+ group failed. Instead, an increase in oil production and the spread of the coronavirus led to a historically unprecedented collapse in global demand for oil. The Brent prices fell to US\$16/bbl on 22 April 2020. It was only possible to reverse the fall in prices after an agreement by the OPEC+ group to cut back its oil production, other price-driven cuts in production outside of the OPEC+ countries and the first signs of recovery in the global

demand for oil. Front month prices experienced sideways movement as a result. There were serious concerns about the demand for oil at the end of October 2020 due to the sharp increase in the number of people infected with the coronavirus in the USA and Europe. This caused oil prices to collapse once again. It was only after Saudi Arabia and Russia signaled that they were willing to adapt oil production by the OPEC+ group to the new framework conditions that oil prices began to stabilize.

Forward market prices are reflecting the expectation that prices will increase slightly. Cuts in production by the OPEC+ group and other countries as well as a recovery in the global demand for oil are anticipated.

Development of prices on the oil markets

in US\$/bbl	Average 2020	Average 2019
Crude oil (Brent) front month (daily quotes)	43.21	64.16
Crude oil (Brent), rolling front year price (daily quotes)	45.88	61.31

Coal market

The front year price for coal fell sharply until the end of April 2020. This was mainly attributable to the extremely limited demand for coal in Europe due to low gas prices (displacement of coal-fired generation with gas-fired generation) and the negative effects of the coronavirus crisis on global demand. There was a period of stabilization from the end of April until the beginning of June when the collapse of the only railway bridge to the Russian coal export port of Murmansk and rising gas prices resulted in an increase in prices. The front year price for coal experienced sideways movement in the second half of 2020. The increasing restrictions on imports to China, the negative effect on demand due to the coronavirus pandemic and European gas prices remained deciding factors. Production losses in Colombia also played a role on the supply side.

The coronavirus pandemic, European natural gas prices and demand from China – which is by far largest consumer of coal in the world – will have a decisive influence on European coal prices. European natural gas prices are significant because of the competition between both fuels in the area of electricity generation.

Development of prices on the coal markets

in US\$/t	Average 2020	Average 2019
Coal – API #2 rolling front year price	57.98	69.54
Coal – API #2 spot market price	50.40	60.75

CO₂ allowances

The coronavirus crisis had its biggest impact on the development of prices for CO₂ allowances (Glossary, from p. 138) in March 2020. It led to a considerable fall in emissions due to the reduction in industrial production, lower electricity consumption and the almost complete cessation of air travel. Another reason for the fall in emissions was the significantly lower fuel switch costs due to the low price for gas. These prices were actually negative in summer 2020 – even when the price of CO₂ allowances is zero, the generation costs at gas power plants are still lower than those at coal power plants. As the coronavirus pandemic is overcome and the economy starts to recover, it is anticipated that there will again be a huge undersupply of EUA certificates (Glossary, from p. 138) from 2021. It is likely that the reduction in supply imposed by the market stability reserve (MSR) and the ambitious targets for the reduction in emissions introduced by the EU Commission will also support an increase in prices. It is thus expected that prices will increase as a result.

Development of prices for emission allowances/daily quotes

in €/t CO ₂	Average 2020	Average 2019
EUA – rolling front year price	24.46	24.88
CER – rolling front year price	0.26	0.21

Nuclear power

The coalition agreement of the German government sets out the framework for current nuclear power policy: The main targets are the retention of specialist personnel and expertise, quick progress in the search for a final storage site for highly radioactive waste (by 2031) and the rapid commissioning of the final storage site for low- and medium-level radioactive waste (2027 according to the current plans).

The authorization to operate the Philippsburg nuclear power plant for the purpose of generating power expired on 31 December 2019. On 14 May 2020, we successfully and safely completed the demolition of the two cooling towers at the site. The waste storage facilities that were newly constructed on the power plant site were placed into operation on 14 April 2020 and handed over to the state-owned company responsible for the intermediate storage. On 11 December 2020, we also received approval from the Baden-Württemberg Ministry for the Environment for the commissioning of the newly constructed residual material processing center at the site in Philippsburg. The processing of material from the dismantling of the two nuclear power plants at the site can now begin.

On 28 September 2020, the federal company for radioactive waste disposal (BGE) published its report on 90 areas in Germany that have favorable geological conditions for the construction of a final storage site for nuclear waste. The aim is to select a site by 2031 and to start storing the containers holding the radioactive waste underground by 2050.

The EnBW Group

Finance and strategy goal dimensions

Results of operations

Electricity sales fall significantly especially in the trading sector, clear increase in gas sales

Electricity sales volume (without Grids)

in billion kWh	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2020	2019	2020	2019	2020	2019	2020	2019	
Retail and commercial customers (B2C)	14.3	14.8	0.0	0.0	0.0	0.0	14.3	14.8	-3.4
Business and industrial customers (B2B)	20.0	20.5	0.0	0.0	0.0	0.0	20.0	20.5	-2.4
Trade	1.0	2.0	3.7	2.9	68.3	112.4	73.0	117.3	-37.8
Total	35.3	37.3	3.7	2.9	68.3	112.4	107.3	152.6	-29.7

In the 2020 financial year, electricity sales were significantly lower than in the previous year. In a persistently challenging competitive environment and despite the effects of the coronavirus pandemic, electricity sales in business with retail and commercial customers (B2C) only fell moderately in comparison to the previous year. Sales to business and industrial customers (B2B) only fell slightly in comparison to the previous

year as a result of the withdrawal from the B2B commodity business under the EnBW and Watt brands. Sales in the trading sector were significantly lower due to the decrease in trading activities. However, the effect of trading activities on the earnings potential of our company is limited. Adjusted for the effects of changes in the consolidated companies, the decrease in electricity sales was 29.7%.

Gas sales volume (without Grids)

in billion kWh ¹	Sales		Renewable Energies		Generation and Trading		Total (without Grids)		Change in %
	2020	2019	2020	2019	2020	2019	2020	2019	
Retail and commercial customers (B2C)	17.1	17.4	0.0	0.0	0.0	0.0	17.1	17.4	-1.7
Business and industrial customers (B2B)	199.7	166.0	0.0	0.0	0.0	0.0	199.7	166.0	20.3
Trade	0.3	0.5	0.1	0.1	224.3	177.8	224.7	178.4	26.0
Total	217.1	183.9	0.1	0.1	224.3	177.8	441.5	361.8	22.0

¹ The figures for the previous year have been restated.

In the 2020 financial year, there was a clear increase in gas sales in comparison to the previous year. Due to a change in the classification of business activities, there was a shift between the Generation and Trading and Sales segments. The figures for the previous year have been restated accordingly. Despite the persistently challenging competitive environment, gas sales in business with retail and commercial customers (B2C) were almost at the same level as in the previous year.

The increase in sales to business and industrial customers (B2B) in comparison to the previous year was due to the purchase of Gas-Union by VNG. There was also an increase in trading activities. However, the effect of trading activities on the earnings potential of the company is limited. Adjusted for the effects of changes in the consolidated companies, the increase in gas sales was 12.4%.

External revenue at same level as in previous year

External revenue by segment

in € million ^{1,2}	2020	2019	Change in %
Sales	9,964.9	9,350.2	6.6
Grids	3,657.5	3,459.7	5.7
Renewable Energies	1,044.0	653.1	59.9
Generation and Trading	5,019.8	5,969.5	-15.9
Other/Consolidation	8.1	3.2	-
Total	19,694.3	19,435.7	1.3

1 The figures for the previous year have been restated.

2 After deduction of electricity and energy taxes.

Adjusted for the effects of the changes in the consolidated companies, external revenue fell by 3.5% or €719.2 million in comparison to the previous year. Due to a change in the classification of business activities, there was a shift between the Generation and Trading and Sales segments. The figures for the previous year have been restated accordingly.

Sales: In the 2020 financial year, revenue in the Sales segment increased in comparison to the previous year. Adjusted for the effects of the changes in the consolidated companies, external revenue fell slightly by 0.4% or €43.5 million and almost reached the same level as in the previous year. This was primarily due to a slight fall in electricity sales.

Grids: Revenue in the Grids segment in the reporting year was slightly higher than the figure in the previous year, which was mainly due to higher revenue from the use of the grids. Adjusted for some small effects of the changes in the consolidated companies, external revenue increased by 5.2% or €180.6 million in comparison to the previous year.

Renewable Energies: In the Renewable Energies segment, revenue increased significantly in the 2020 financial year in comparison to the previous year. Adjusted for the effects of the changes in the consolidated companies, which involved the first full-year contributions of Valeco and our EnBW Hohe See offshore wind farm and the commissioning of EnBW Albatros in 2020, there would have been an increase of 9.4% or €89.9 million. This increase was mainly attributable to the fact that the electricity delivered from our hydropower plants was sold on the forward market at higher wholesale market prices than in the previous year. In addition, there was an increase in revenue due to higher generation from our onshore wind farms as a result of the weather.

Generation and Trading: Revenue in the Generation and Trading segment fell in the reporting period in comparison to the previous year, which was primarily attributable to a decrease in electricity trading activities. Adjusted for the effects of the changes in the consolidated companies, there would have been a fall of 15.9% or €951.3 million.

Material developments in the income statement

The fall in the cost of materials was mainly due to lower electricity and gas procurement expenses. Electricity procurement expenses were largely influenced by a decrease in trading activities with a corresponding fall in revenue. Alongside wage

increases as part of the collective bargaining agreement, the rise in personnel expenses was mostly due to an increase in the number of employees in the growth areas of Grids, Renewable Energies and Sales. The balance from other operating income and other operating expenses in the reporting period fell from €251.1 million in the previous year to €-680.7 million in the reporting year. This decrease was largely the result of valuation effects from derivatives (Glossary, from p. 138) and a lower balance of income and expenses from CO₂ allowances. The fall in the investment result was primarily attributable to the loss of the positive effect of the revaluation of the shares in EnBW Hohe See in the previous year, which was due to the change in the consolidation method. A write-up of the joint venture in Turkey and the revaluation of the shares in EnBW Albatros had a positive effect in the 2020 financial year. The financial result fell to €-307.0 million in the reporting year (previous year: €-95.8 million), which was mainly due to the loss of the positive market valuation of securities in the previous year. This was offset to some extent by lower interest expenses as a result of the drop in the discount rates applied to pension and nuclear provisions. Overall, earnings before tax (EBT) stood at €1,002.6 million in the 2020 financial year, compared to €902.2 million in the previous year. The complete consolidated financial statements can be found at www.enbw.com/report2020-downloads.

Earnings

The Group net profit/loss attributable to the shareholders of EnBW AG decreased from €734.2 million in 2019 by €138.1 million to €596.1 million in the reporting period. Earnings per share amounted to €2.20 in the 2020 financial year, compared to €2.71 in the previous year.

Adjusted earnings and non-operating result

The sum of the adjusted earnings figures and non-operating figures gives the figures on the income statement. The non-operating result includes effects that cannot be predicted or cannot be directly influenced by us and as such are not relevant to the ongoing management of the company. The effects are presented and explained in the section "Non-operating EBITDA." The business activities relevant to the ongoing management of the company are of particular importance for internal management and for the external communication of the current and future earnings potential. We use the adjusted EBITDA – earnings before the investment and financial results, income taxes and amortization, adjusted for non-operating effects – as the key reporting indicator for disclosing this information.

TOP Adjusted EBITDA and TOP the share of the adjusted EBITDA accounted for by the segments**Adjusted EBITDA by segment**

in € million ¹	2020	2019	Change in %	Forecast 2020
Sales	335.0	325.9	2.8	€325 to €400 million
Grids	1,346.6	1,355.3	-0.6	€1,300 to €1,400 million
Renewable Energies	835.6	499.3	67.4	€825 to €925 million
Generation and Trading	442.2	426.4	3.7	€425 to €500 million
Other/Consolidation	-178.2	-174.4	-2.2	-
Total	2,781.2	2,432.5	14.3	€2,750 to €2,900 million

¹ The figures for the previous year have been restated.

Share of adjusted EBITDA accounted for by the segments

in % ¹	2020	2019	Forecast 2020
Sales	12.0	13.4	10% to 15%
Grids	48.4	55.7	40% to 55%
Renewable Energies	30.0	20.5	25% to 35%
Generation and Trading	15.9	17.5	10% to 20%
Other/Consolidation	-6.3	-7.1	-
Total	100.0	100.0	

¹ The figures for the previous year have been restated.

The adjusted EBITDA (Glossary, from p. 138) increased in the 2020 financial year in comparison to the previous year. This positive earnings performance was within the forecasted range for the 2020 financial year. All segments achieved a result within their forecasted range for 2020. The shares of the adjusted EBITDA accounted for by the segments were all within the forecasted ranges.

Sales: The adjusted EBITDA in the Sales segment increased in the 2020 financial year in comparison to the previous year by 2.8% and was thus within the originally forecasted range. The adjusted forecast from the third quarter (€275 million to €325 million) was exceeded. Plusnet, which was acquired in 2019, has been contributing to earnings since the beginning of the third quarter 2019. Adjusted for the effects of changes in the consolidated companies, earnings for the segment fell by 7.4%. The main reasons for this change in earnings were lower sales volumes in the B2B sector at companies EnBW holds a share in due to the coronavirus pandemic and the selling off of already purchased volumes. In contrast, adjustments to energy industry provisions resulted in higher out-of-period earnings.

Grids: In the Grids segment, the adjusted EBITDA in the 2020 financial year almost reached the same level as in the previous year (-0.6%). Adjusted for the effects of the changes in the consolidated companies, earnings in the segment were also at about the same level as in the previous year (-0.6%). This was attributable to the fact that a volume-related drop in earnings from the distribution grids was almost fully compensated for by higher revenue from the use of the electricity and gas

transmission grids, above all because of the increased investment necessary to ensure the security and reliability of supply of the grids. Earnings for the segment were moderately negatively impacted by the effects of the coronavirus pandemic in 2020.

Renewable Energies: The adjusted EBITDA in the Renewable Energies segment for the 2020 financial year clearly exceeded the level in the previous year by 67.4%. Adjusted for the effects of the changes in the consolidated companies, which mainly involved the EnBW Hohe See and EnBW Albatros offshore wind farms and the acquisition of Valeco, the increase was 6.0%. The EnBW Hohe See and EnBW Albatros wind farms have been contributing to earnings since they were commissioned at the beginning of the fourth quarter of 2019 and in the first quarter of 2020, respectively. Valeco has been contributing to earnings since the third quarter of 2019. In addition, better wind conditions at our onshore wind farms in comparison to the previous year contributed to a positive earnings performance. Furthermore, the electricity delivered from our hydropower plants was sold on the forward market at higher wholesale market prices than in the previous year. The coronavirus pandemic did not have any negative impact on earnings in 2020.

Generation and Trading segment: In the Generation and Trading segment, the adjusted EBITDA increased in the 2020 financial year by 3.7% in comparison to the previous year. Adjusted for the effects of changes in the consolidated companies, the increase was 3.5%. We sold our electricity deliveries at higher wholesale market prices in comparison to the previous year. In addition, earnings contributions from trading activities had a positive effect due to growing volatility on the wholesale markets. It was thus possible to compensate for the loss of the earnings contribution from Block 2 of the Philippsburg nuclear power plant as a result of the power plant being decommissioned. The coronavirus pandemic did not have any negative impact on earnings in 2020.

As already mentioned in the Integrated Annual Report 2019, there was an adjustment to the management concept in connection with the reorganization of the SAP system at the beginning of 2020. This has resulted in a shift between Other/Consolidation and the segments.

Improvement in the non-operating EBITDA in comparison to the previous year

Non-operating EBITDA

in € million	2020	2019	Change in %
Income/expenses relating to nuclear power	43.7	-61.9	-
Income from the reversal of other provisions	38.3	48.2	-20.5
Result from disposals	2.4	18.4	-87.0
Reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	-56.8	-54.8	-3.7
Income from reversals of impairment losses	16.9	4.5	-
Restructuring	-53.9	-41.0	-31.5
Other non-operating result	-108.5	-100.7	-7.7
Non-operating EBITDA	-117.9	-187.3	37.0

The smaller loss reported for the non-operating EBITDA was mainly due to adjustments to the nuclear provisions as a result of changed assumptions with respect to the decommissioning of the nuclear power plants. In 2020, the other non-operating result was around the same level as in the previous year. In the reporting year, this item contained extraordinary negative effects related to VAT, while the value for the previous year was

mainly influenced by risk provisions for a possible obligation to pay EEG cost allocations [Glossary, from p. 138] for the company's own energy deliveries within the EnBW Group. The result for the previous year also included valuation effects related to the valuation of our gas storage facilities. Due to a reclassification in the 2020 financial year, this valuation effect will no longer have an impact after the 2020 financial statements.

Slight decrease in Group net profit in comparison to the previous year

Group net profit

in € million	2020			2019		
	Total	Non-operating	Adjusted	Total	Non-operating	Adjusted
EBITDA	2,663.3	-117.9	2,781.2	2,245.2	-187.3	2,432.5
Amortization and depreciation	-1,560.6	-170.9	-1,389.7	-1,648.5	-160.7	-1,487.8
EBIT	1,102.7	-288.8	1,391.5	596.7	-348.0	944.7
Investment result	206.9	95.6	111.2	401.3	270.9	130.4
Financial result	-307.0	-13.4	-293.6	-95.8	-176.0	80.2
EBT	1,002.6	-206.6	1,209.1	902.2	-253.1	1,155.3
Income tax	-195.0	72.7	-267.7	2.1	191.0	-188.9
Group net profit/loss	807.6	-133.9	941.4	904.3	-62.1	966.4
of which profit/loss shares attributable to non-controlling interests	(211.5)	(-47.2)	(258.6)	(170.1)	(-9.5)	(179.6)
of which profit/loss shares attributable to the shareholders of EnBW AG	(596.1)	(-86.7)	(682.8)	(734.2)	(-52.6)	(786.8)

Total impairment losses in the reporting year, which mainly concern a gas grid and an offshore wind farm, were slightly higher than the level in the previous year. The main reason for the impairment of the gas grid was an amendment to the network user charge notice, while the evaluation of the fair value of the offshore wind farm was impacted by the fact that it will have fewer and fewer operating years with EEG funding in the future due to its advancing age. In 2019, impairment losses on power plants were mainly due to the quicker phase-out pathway for hard coal. Depreciation decreased despite high investment activities in relation to the decommissioning of the Philippsburg nuclear power plant at the end of 2019. A write-up of the joint venture in Turkey due to the commissioning of two wind farms had a positive effect on the non-operating investment result. In addition, the shares in EnBW Albatros were revaluated due to a change in the consolidation method. The high figure in

the previous year was mainly attributable to the revaluation of the shares in EnBW Hohe See. The decrease in the financial result in comparison to the previous year was mainly due to the significantly more negative market valuation of securities. This was offset to some extent by the development of the discount rate for pension and nuclear provisions.

Financial position

Financial management

Basis and objectives

The purpose of our financial management system is to ensure that EnBW is able to meet its payment obligations at all times without restriction. In order to minimize risk, optimize costs and increase transparency, financial transactions are managed within the Group finance department as far as possible.

In the operating business, derivatives (Glossary, from p. 138) are deployed for hedging purposes only: for example, for forward contracts for electricity and primary energy source trading. This also applies for foreign exchange and interest rate derivatives. All trading activities take place within a consistent framework using risk capital on the one hand and derived limits on the other. The risk capital for trading is approved by the entire Board of Management of EnBW on an annual basis. The risk capital used for own trading stood at €60 million.

Interest rate risk management involves the management and monitoring of interest-sensitive assets and liabilities. The included companies regularly report on the existing risk position as part of the rolling liquidity planning process. An interest rate risk strategy is developed in an analysis conducted every quarter on an aggregated basis. The purpose is to limit the impact of fluctuations in interest rates and interest rate risks on the results of operations and net assets. The interest rates on financial liabilities are predominantly fixed. We use interest rate derivatives to keep the relationship between fixed and variable interest rates within predefined limits in order to optimize the interest income. The potential risk is determined on the basis of current interest rates and possible changes in these interest rates.

Currency positions resulting from operations are closed by appropriate forward exchange contracts. Currency fluctuations from operating activities do not have any major effect on our operating result. Foreign exchange risks are monitored on a case-by-case basis within the framework of the currency management system. Details on the risk management system are presented in note 25 of the notes to the consolidated financial statements at www.enbw.com/report2020-downloads.

As part of the EnBW-wide digital transformation, the treasury IT landscape including the payment transaction system is being renewed. The aim is to achieve greater automation and more stable processes. In addition, new and amended governance rules will be implemented.

We continue to strive to maintain a balanced financing structure, a solid financial profile and thus solid investment-grade ratings (Glossary, from p. 138).

We aim to secure our long-term access to the capital markets under competitive conditions by broadening our investor base using sustainable financial instruments. For this purpose, we are digitalizing the underlying information and decision-making processes by creating a centralized data structure that can be managed and viewed using new media.

The ongoing strategic development of our company is designed to continuously improve the operating result (adjusted EBITDA). Our target for adjusted EBITDA of €2.4 billion in 2020 has been raised to €3.2 billion in 2025.

Until the transformation of our portfolio was completed at the end of 2020, the internal financing capability served as an important performance indicator for the Group. It describes the adjusted retained cash flow in relation to the adjusted net (cash) investment and measures our company's ability to finance its activities internally. In the growth phase post 2020, the internal financing capability will be replaced by the debt repayment potential – the ratio of the retained cash flow to net debt. This performance indicator should enable us to achieve a controlled growth in earnings within the scope of our financial targets, while maintaining a solid investment-grade rating at the same time.

Further explanations of our financial terms can be found in the chapter "Strategy, goals and performance management system" on p. 39 and in the Glossary, from p. 138.

Rating and rating trends

We aim to hold solid investment-grade ratings in order to:

- › ensure unrestricted access to capital markets
- › offer reliable opportunities for financing partners
- › be regarded as a dependable business partner in our trading activities
- › achieve the lowest possible capital costs
- › implement an appropriate number of investment projects and thereby maintain the future viability of the company

Development of credit ratings – rating/outlook

	2020	2019	2018	2017	2016
Moody's	A3/negative	A3/negative	A3/stable	Baa1/stable	A3/negative
Standard & Poor's	A-/stable	A-/stable	A-/stable	A-/stable	A-/negative
Fitch	BBB+/stable	A-/stable	A-/stable	A-/stable	A-/stable

In March 2020, Fitch downgraded the EnBW issuer rating by one notch from A- to BBB+ and confirmed this rating again in December. The reasons given by Fitch for this downgrade were the acquisitions of Valeco and Plusnet in 2019 and the imminent start of the growth phase with higher investment and increasing financial debt. In contrast, the ratings for senior and

subordinated bonds were confirmed at A- and BBB, respectively, due to the valuation methods used by Fitch. S&P confirmed the EnBW rating of A- with a stable outlook in May 2020. Moody's published an update on EnBW in June 2020. The rating was unchanged at A3 with a negative outlook.

Assessment by the rating agencies

Moody's (11/06/2020)	Standard & Poor's (21/05/2020)	Fitch (07/10/2020)
Leadership position as vertically integrated utility within Baden-Württemberg	EnBW is strategically lowering its earnings portfolio risk, with improved cash flow visibility	Downgrade by one notch reflecting weaker credit metrics due to increased capital spending, including acquisitions of Valeco and Plusnet
Significant proportion of EBITDA, around 50%, from low-risk regulated distribution and transmission activities and growing share of renewables under contracts	Limited exposure to COVID-19 effects	But one-notch uplift to debt ratings due to rising share of regulated EBITDA, reflecting above-average expected recovery
Historically balanced financial policy and demonstrated commitment to robust credit quality	Headroom reduced significantly due to an increase in nuclear and pension provisions and the acquisitions of Valeco and Plusnet	Continued shift in the EBITDA mix away from conventional generation towards regulated and contracted businesses supports a stronger business model and higher headroom
Difficult operating environment in Germany for conventional generation and challenging retail markets	New sources of EBITDA (contracted renewables and regulated network business) will compensate for higher financial leverage caused by acquisitions in 2019	High earnings visibility, but execution risk in grids and renewables projects
Execution risks relating to a large investment program, including offshore wind development	Increased visibility in credit metrics, strengthened by increasing share of sustainable power infrastructure and resilient grid business	Low geographical diversification due to concentration on Germany
Somewhat weak credit metrics following Valeco and Plusnet acquisitions, increasing pension and nuclear liabilities because of lower discount rates	Moderate likelihood of government support	
Strong shareholder support		

Financing strategy

We manage the financing needs of our operating activities separately from the Group's pension and nuclear obligations. As part of the financing strategy, we constantly assess capital market trends with regard to the current interest rate environment and to identify potentially favorable conditions. On this basis, we decide on further financing steps.

Alongside the internal financing capability and our own funds, we have the following financing instruments at our disposal to cover the financing needs for the operating business:

- › Debt Issuance Program (DIP) (Glossary, from p. 138), via which bonds are issued: €3.7 billion of €7.0 billion has been drawn
- › Subordinated bonds: €3.5 billion
- › Commercial paper (CP) program (Glossary, from p. 138): €2.0 billion undrawn
- › Sustainability-linked syndicated credit facility: €1.5 billion undrawn, with a term until the end of June 2025 and an annual extension option after the first and second full year until the end of June 2027 at the latest
- › Committed bilateral credit lines: €0.3 billion of €1.2 billion drawn
- › Project financing and loans from the European Investment Bank (EIB)
- › In addition, subsidiaries have other financing activities in the form of bank loans and promissory notes.

Documentation of short-term and long-term borrowings on the capital markets under the established DIP and CP programs, as well as other credit documentation with banks (e.g., syndicated lines of credit) include internationally standardized clauses. The issuing of a negative pledge and a pari passu clause (Glossary,

from p. 138) to all creditors form essential key elements of our financing policy. The use of undrawn credit lines is not subject to restrictions. Details on financial liabilities are presented in note 22 and explanations on other financial commitments are presented in note 26 of the notes to the consolidated financial statements at www.enbw.com/report2020-downloads.

We signed a sustainability-linked syndicated credit facility with a volume of €1.5 billion on 24 June 2020. The consortium consists of 18 banks. The facility will be used for general business purposes and replaces, ahead of schedule, the existing syndicated credit line that expires in July 2021. The initial term of five years can subsequently be extended twice by a period of one year in each case. There is also an option to increase the volume by €500 million. The financing costs are tied to the sustainability performance of EnBW for the first time. The borrowing costs reduce or increase according to the degree to which the targets for selected non-financial key performance indicators, which reflect both environmental and social criteria, are achieved:

- › CO₂ intensity
- › Share of the generation capacity accounted for by renewable energies
- › SAIDI (electricity)

Bond issues in 2020

The 2020 reporting year demonstrated that we have sufficient and flexible access to the capital market at all times due to the robustness of our business model. Despite a very volatile market environment due to the coronavirus pandemic, we issued a corporate bond with a volume of €500 million at the beginning of April 2020. The bond has a term of five years and a coupon of 0.625%.

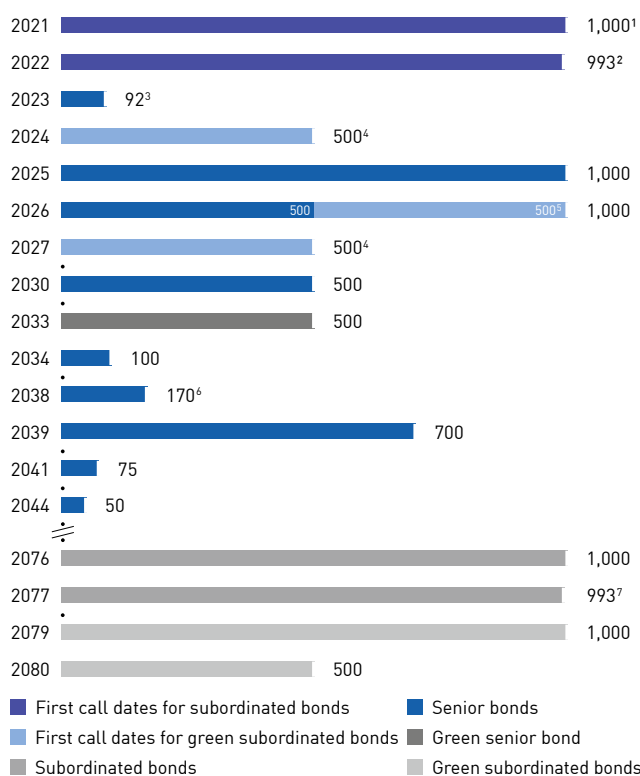
A green subordinated bond also with a volume of €500 million was then issued at the end of June 2020. The proceeds were used in their entirety to refinance the French wind and solar company Valeco, which we acquired in 2019. EnBW has the right to redeem the bond with a starting coupon of 1.875% at the first call date on 29 March 2026 and then early at every coupon date.

The bond is subordinate to all other financial liabilities but has an equal ranking to our existing subordinated bonds. The environmental contribution, use of funds and other information on our green bonds can be found in the impact report at www.enbw.com/green-bond.

We issued another corporate bond with a volume of €500 million in the middle of October 2020. The bond has a term of ten years and a coupon of 0.250%. Due to the high demand, we were able to secure attractive conditions.

EnBW thus has a well-balanced maturity profile.

Maturity profile of EnBW bonds in € million



1 First call date: subordinated bond maturing in 2076.

2 First call date: subordinated bond maturing in 2077; includes US\$300 million (swap in €), coupon before swap 5.125%.

3 CHF 100 million, converted into € as of 31/12/2020.

4 First call date: green subordinated bond maturing in 2079.

5 First call date: green subordinated bond maturing in 2080.

6 JPY 20 billion (swap in €), coupon before swap 5.460%.

7 Includes US\$300 million, converted into € at rate on 05/10/2016.

Asset liability management model

We ensure the timely coverage of the pension and nuclear obligations using our asset liability management model (Glossary, from p. 138).

The aim is to cover the Group's pension and nuclear provisions within an economically feasible period of time by means of appropriate financial assets. We ensure this using our cash flow-based asset liability management model. For this purpose, we determine the effects on the cash flow statement, income statement and balance sheet over the next 30 years. Alongside the anticipated return on financial assets, actuarial reports on pension provisions and sector-specific appraisals by external experts on costs for nuclear decommissioning and disposal are taken into account. The aim of this model is to limit the impact of the pension and nuclear obligations may have on the operating business to €300 million (plus an inflation supplement) a year by taking funds from the financial assets. As soon as the provisions are fully covered by the financial assets, no further funds will be taken from the cash flow from operating activities as part of the model. This model also allows simulations of various alternative scenarios.

As of 31 December 2020, the dedicated financial assets (Glossary, from p. 138) for pension and nuclear provisions totaled €6,220.3 million (previous year: €6,328.7 million). Alongside the dedicated financial assets, there are plan assets to cover certain pension obligations with a market value of €949.9 million as of 31 December 2020 (previous year: €974.3 million).

We strive to reach the defined investment targets with minimum risk. We also further optimized the risk/return profile of the financial assets in 2020. The main part of the dedicated financial assets is distributed as investments across nine asset classes. The financial assets are bundled in two master funds with the following investment targets:

- › Risk-optimized investments, with a performance in line with market trends
- › Consideration of the effects on the balance sheet and income statement
- › Broad diversification of the asset classes
- › Reduction of costs and simplification of administrative processes

Financial asset management (Glossary, from p. 138) at EnBW exploits the strategic opportunities offered by digitalization. The main focus is being placed on improving the reliability of processes and improving efficiency. More specifically, a newly created data structure now forms the basis for several new digital solutions that can be scaled up across the Group. At the forefront is, among other things, a novel AI-based cash flow forecasting tool. New digital technologies for intelligent data mining are also being implemented. All of the digital solutions are combined within a user-centered dashboard that is geared towards optimizing performance.

Net debt

As of 31 December 2020, net debt increased by €1,554.1 million compared to the figure posted at the end of 2019. This increase was primarily due to the fall in the interest rate for pension provisions and a significant increase in EEG payments. As of

31 December 2020, the balance on the EEG bank account stood at €-629.3 million (31 December 2019: €288.5 million). On 11 January 2021, the negative EEG bank account balance was settled through a payment of €765.0 million by the Federal Republic of Germany.

Net debt

in € million	31/12/2020	31/12/2019	Change in %
Cash and cash equivalents available to the operating business	-959.0	-1,127.7	-15.0
Current financial assets available to the operating business	-463.8	-139.7	-
Long-term securities available to the operating business	-2.1	0.0	-
Bonds	7,161.9	5,702.7	25.6
Liabilities to banks	1,771.9	2,021.7	-12.4
Other financial liabilities	679.5	466.4	45.7
Lease liabilities	886.4	699.6	26.7
Valuation effects from interest-induced hedging transactions	-51.6	-85.4	-39.6
Restatement of 50% of the nominal amount of the subordinated bonds ¹	-1,746.3	-1,496.3	16.7
Other	-45.0	-19.7	128.4
Net financial debt	7,231.9	6,021.6	20.1
Provisions for pensions and similar obligations ²	8,338.5	7,655.3	8.9
Provisions relating to nuclear power	5,415.3	5,864.6	-7.7
Receivables relating to nuclear obligations	-358.9	-360.4	-0.4
Net pension and nuclear obligations	13,394.9	13,159.5	1.8
Long-term securities and loans to cover the pension and nuclear obligations ³	-5,318.2	-5,517.7	-3.6
Cash and cash equivalents to cover the pension and nuclear obligations	-293.7	-236.1	24.4
Current financial assets to cover the pension and nuclear obligations	-276.9	-299.4	-7.5
Surplus cover from benefit entitlements	-307.6	-251.5	22.3
Other	-23.9	-24.0	-0.4
Dedicated financial assets	-6,220.3	-6,328.7	-1.7
Net debt relating to pension and nuclear obligations	7,174.6	6,830.8	5.0
Net debt	14,406.5	12,852.4	12.1

¹ The structural characteristics of our subordinated bonds meet the criteria for half of each bond to be classified as equity, and half as debt, by the rating agencies Moody's and Standard & Poor's.

² Less the market value of the plan assets (excluding the surplus cover from benefit entitlements) of €949.9 million (31/12/2019: €974.3 million).

³ Includes equity investments held as financial assets.

Investment analysis

Net cash investment

in € million ^{1,2}	2020	2019	Change in %
Investments in growth projects ³	1,704.8	2,661.2	-35.9
Investments in existing projects	820.9	506.9	61.9
Total investments	2,525.7	3,168.1	-20.3
Divestitures ⁴	-33.1	-471.3	-93.0
Participation models	-283.7	-74.2	-
Disposals of long-term loans	-20.0	-0.7	-
Other disposals and subsidies	-362.0	-140.5	-
Total divestitures	-698.8	-686.7	1.8
Net (cash) investment	1,826.9	2,481.4	-26.4

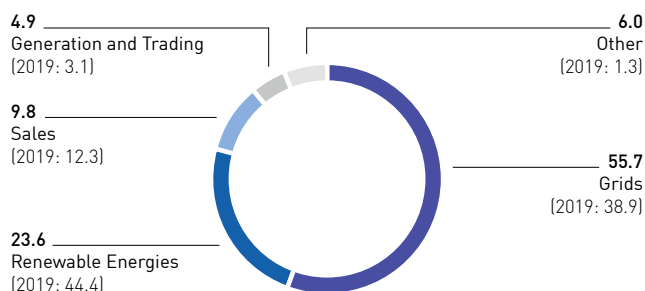
1 The figures for the previous year have been restated.

2 Excluding investments held as financial assets.

3 Does not include cash and cash equivalents acquired with the acquisition of fully consolidated companies. These amounted to €16.8 million in the reporting period (previous year: €77.8 million).

4 Does not include cash and cash equivalents relinquished with the sale of fully consolidated companies. These amounted to €39.9 million in the reporting period (previous year: €40.2 million).

Investment by segment¹ in %



1 The figures for the previous year have been restated.

Investment by the EnBW Group in 2020 was lower than in the previous year. This was mainly attributable to the acquisition of Plusnet and the French wind and solar company Valeco in 2019. Around 67.5% of overall gross investment was attributable to growth projects; the proportion of investment in existing facilities stood at 32.5%. This was mainly because of higher replacement investment in the distribution and transmission grids.

The investment in the **Sales** segment of €246.4 million was lower than the level in the previous year (€389.4 million), which was mainly due to the acquisition of Plusnet in the previous year. The majority of the investment was for the expansion of electromobility and the development of energy solutions.

Investment in the **Grids** segment of €1,407.3 million was higher than the level of investment in the previous year (€1,230.9 million). In both years, it was primarily attributable to the expansion of the transmission grids by our Group subsidiaries TransnetBW, terranets bw and ONTRAS Gastransport (despite the fact that the EUGAL project was largely completed in 2019). There was also investment in the distribution grid, to an increasing extent in its renewal, and the expansion of the charging infrastructure for the benefit of electromobility.

Investment in the **Renewable Energies** segment of €597.3 million was lower than the level in the previous year (€1,405.5 million). This decrease was primarily due to the acquisition of Valeco and the investment in our EnBW Hohe See and EnBW Albatros offshore wind farms in the previous year. These wind farms were commissioned in autumn 2019 and at the beginning of 2020, respectively. There was additional expenditure in the area of photovoltaics.

Investment in the **Generation and Trading** segment in 2020 of €122.6 million was higher than the level in the previous year (€98.3 million). This increase was largely attributable to the construction of a gas turbine power plant in Marbach am Neckar as special technical equipment for grids (Glossary, from p. 138). The groundbreaking ceremony was held in October 2020.

Other investments in 2020 of €152.1 million were significantly higher than in the previous year (€44.0 million). This was due primarily to the acquisition of Gas-Union in 2020. Most of the assets held by Gas-Union in the form of a transmission grid have now been transferred to terranets bw.

Divestitures of €698.8 million were approximately at the same level as in the previous year (€686.7 million). A significant proportion of the divestitures was related to the “EnBW connects” participation model for local authorities in the reporting period and, in the previous year, to the sale of the remaining shares in EWE. Other disposals in 2020 involved the transfer of the high-voltage grid to the City of Stuttgart.

Investment obligations for the acquisition of intangible assets and property, plant and equipment amounted to €2,176.6 million as of 31 December 2020 (previous year: €1,213.8 million). Commitments from corporate acquisitions totaled €657.2 million (previous year: €535.5 million).

Climate targets are also taken into consideration when making investment decisions. In this context, the investment guidelines were adapted in the 2018 financial year: The influence significant investment projects will have on environmental and climate

protection targets and figures – in the sense of the TCFD recommendations (Glossary, from p. 138) – must be presented. This additional information flows into the approval processes carried out by the investment committee and Board of Management.

Liquidity analysis

Condensed cash flow statement

in € million ¹	2020	2019	Change in %
Cash flow from operating activities	1,158.1	559.9	106.8
Cash flow from investing activities	-1,978.5	-2,170.0	-8.8
Cash flow from financing activities	681.9	551.9	23.6
Net change in cash and cash equivalents	-138.5	-1,058.2	-86.9
Change in cash and cash equivalents due to changes in the consolidated companies	38.7	169.3	-77.1
Net foreign exchange difference	-11.4	3.1	-
Change in cash and cash equivalents due to risk provisions	0.1	0.2	-50.0
Change in cash and cash equivalents	-111.1	-885.6	-87.5

¹ The figures for the previous year have been restated.

The significant increase in cash flow from operating activities in comparison to the previous year was mainly a result of the increase in cash-relevant EBITDA and lower income tax payments.

Cash flow from investing activities returned a lower outflow of cash in the reporting year compared to the previous year. This was due to lower cash payments for company acquisitions in the 2020 financial year. In the previous year, there were cash payments for the acquisition of the shares in Valeco and Plusnet. This was offset to a certain extent by higher capital expenditure on property, plant and equipment in comparison to the previous year. In addition, there was an outflow of cash from securities and financial investments in the 2020 financial year, compared to a cash inflow in the previous year.

Cash flow from financing activities returned a higher cash inflow than in the previous year. In particular, this was attributable to cash received from the “EnBW connects” participation model. There were also cash payments relating to the commercial paper program (Glossary, from p. 138) in the previous year. Furthermore, the reporting period was characterized by more new financial liabilities being incurred. This was offset to some extent by higher dividend payments and an increase in repayments for lease liabilities.

The solvency of the EnBW Group was ensured at all times throughout the 2020 financial year thanks to the company's available liquidity and its internal financing capability, as well as external sources available for financing. The company's future solvency is secured by its solid financial position.

Retained cash flow

in € million	2020	2019	Change in %
EBITDA	2,663.3	2,245.2	18.6
Changes in provisions	-553.3	-416.0	33.0
Non-cash-relevant expenses/income	-26.1	46.3	-
Income tax paid	-207.8	-409.1	-49.2
Interest and dividends received	264.5	286.5	-7.7
Interest paid for financing activities	-236.1	-214.9	9.9
Dedicated financial assets contribution	123.1	19.2	-
Funds from operations (FFO)	2,027.6	1,557.2	30.2
Dividends paid	-389.1	-316.5	22.9
Retained cash flow	1,638.5	1,240.7	32.1

Funds from operations (FFO) increased significantly compared to the previous year, which was due primarily to the increase in cash-relevant EBITDA. A larger dedicated financial assets contribution and lower income tax paid in the reporting period also contributed to the increase. This was offset to some extent by higher interest paid and lower interest and dividends received

in the reporting year. The increased FFO and higher dividends paid led to an increase in the retained cash flow. The retained cash flow reflects our internal financing capability. It is available to the company for investment after all stakeholder needs have been settled without the need to raise additional debt.

Internal financing capability¹

	2020	2019	Change in %
Adjusted retained cash flow in € million ²	1,878.5	1,485.7	26.4
Adjusted net (cash) investment in € million ³	1,826.9	1,650.8	10.7
Internal financing capability in %	102.8	90.0	-

1 The figures for the previous year have been restated.

2 Adjusted for the effects from the reimbursement of the nuclear fuel rod tax of €240.0 million (previous year: €245.0 million).

3 Adjusted for accelerated growth investment of €0.0 million (previous year: €830.6 million).

We have translated the retained cash flow into the adjusted retained cash flow, in order to take the adjustment due to the reimbursement of the nuclear fuel rod tax (Glossary, from p. 138) into account. This resulted in an increase of €685.0 million in the period from 2018 to 2020 (nuclear fuel rod tax adjusted for debt repayment). The remaining amount was distributed on a straight-line basis in 2019 and 2020. The reimbursement of the nuclear fuel rod tax of €1,520.8 million in the 2017 financial year was used by EnBW for the debt repayment in 2018 of €835.8 million and for investments of €200.0 million, as well as for investments of €245.0 million in 2019 and €240.0 million in 2020. In 2019, we adjusted the net (cash) investment to take account of the accelerated growth investment

in Valeco and Plusnet, which will contribute to the EnBW 2025 growth strategy.

As there was a rise in adjusted net investment compared to the previous year in combination with a sharp increase in the adjusted retained cash flow, the internal financing capability increased. The adjusted retained cash flow reached the forecasted range of €1.9 billion to €2.0 billion in the reporting year so that the target value for internal financing capability of ≥100% for 2020 was slightly exceeded. In the period between 2017 and 2020, the target for internal financing capability of around 100% was reached with a figure of 99.2%.

Net assets

Condensed balance sheet

in € million	31/12/2020	31/12/2019	Change in %
Non-current assets	33,284.7	31,622.5	5.3
of which intangible assets	(3,498.5)	(3,347.4)	4.5
of which property, plant and equipment	(19,990.9)	(18,552.7)	7.8
of which entities accounted for using the equity method	(968.9)	(1,064.0)	-8.9
of which other financial assets	(6,185.2)	(6,356.9)	-2.7
of which deferred taxes	(1,344.7)	(1,214.0)	10.8
Current assets	12,645.3	11,664.7	8.4
Assets held for sale	35.0	0.9	-
Assets	45,965.0	43,288.1	6.2
Equity	7,768.8	7,445.1	4.3
Non-current liabilities	26,447.2	24,739.7	6.9
of which provisions	(14,803.4)	(14,333.1)	3.3
of which deferred taxes	(916.0)	(890.0)	2.9
of which financial liabilities	(8,120.1)	(7,360.7)	10.3
Current liabilities	11,744.7	11,103.3	5.8
of which provisions	(1,479.6)	(1,535.9)	-3.7
of which financial liabilities	(1,493.1)	(830.2)	79.8
Liabilities directly associated with assets classified as held for sale	4.3	0.0	-
Equity and liabilities	45,965.0	43,288.1	6.2

As of 31 December 2020, total assets exceeded the level at the end of the previous year by €2,676.9 million. Non-current assets increased by €1,662.2 million between the two reporting dates,

which was mainly due to the increase in property, plant and equipment. This development was the result of, among other things, changes in the consolidated companies, which mainly

concerned the full consolidation of EnBW Albatros. Current assets increased by €980.6 million as a result of the increase in trade receivables, which was primarily due to higher EEG payments and the increase in current financial assets.

Equity increased by €323.7 million as of 31 December 2020, which was attributable to the increase in revenue reserves and the increase in non-controlling interests resulting from the first-time consolidation of EnBW Albatros. This was offset to some extent by the increase in losses in other comprehensive income, which was mainly caused by the fall in the discount rate for the pension provisions from 1.1% at the end of 2019 to 0.75% as of the reporting date in 2020. The equity ratio fell from 17.2% to 16.9% between the two reporting dates. Non-current liabilities increased by €1,707.5 million. The main reasons were the increase in pension provisions because of the fall in the discount rate, the increase in derivatives and the increase in financial liabilities due to the issuing of a green subordinated bond with a volume of €500 million and two senior bonds with a total volume of €1 billion. This was offset to some extent by the reclassification of a subordinated bond with a volume of

€1 billion under current liabilities. Current liabilities increased in total by €641.4 million, as liabilities to banks fell.

TOP ROCE and value added

The cost of capital before tax represents the minimum return on average capital employed [Glossary, from p. 138] (calculated on the basis of the respective quarterly figures for the reporting year and the year-end figure for the previous year). Positive value is added when the return on capital employed (ROCE) [Glossary, from p. 138] exceeds the cost of capital. The cost of capital is determined based on the weighted average cost of equity and debt together. The value of equity is based here on a market valuation and thus deviates from the value recognized in the balance sheet. The cost of equity is based on the return of a risk-free investment and a company-specific risk premium. The latter is calculated as the difference between a risk-free investment and the return for the overall market, weighted with a company-specific business field risk. The terms according to which the EnBW Group can raise long-term debt are used to determine the cost of debt.

Value added by segment 2020

	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Adjusted EBIT including the adjusted investment result ¹ in € million	186.5	824.9	522.5	143.2	-226.7	1,450.4
Average capital employed in € million	1,411.4	9,879.6	6,961.9	1,662.0	3,110.7	23,025.6
ROCE in %	13.2	8.3	7.5	8.6	-	6.3
Weighted average cost of capital before tax in %	7.4	4.1	5.4	7.8	-	5.2
Value added in € million	81.9	414.9	146.2	13.3	-	253.3

1 Investment result of €41.6 million, adjusted for taxes (investment result/0.706 - investment result; with 0.706 = 1 - tax rate 29.4%). Does not include impairment losses and reversals to impairment losses on investments, the result from the sale of equity investments, the share of the result from entities accounted for using the equity method not relevant to the ongoing management of the company and the result from equity investments held as financial assets.

Value added by segment 2019¹

	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Adjusted EBIT including the adjusted investment result ² in € million	205.6	883.8	283.6	-135.4	-226.0	1,011.6
Average capital employed in € million	1,308.8	8,033.3	4,840.6	2,044.0	3,088.4	19,315.1
ROCE in %	15.7	11.0	5.9	-6.6	-	5.2
Weighted average cost of capital before tax in %	7.6	4.2	5.3	7.8	-	5.2
Value added in € million	106.0	546.3	29.0	-294.3	-	0.0

1 The figures for the previous year have been restated.

2 Investment result of €47.2 million, adjusted for taxes (investment result/0.706 - investment result; with 0.706 = 1 - tax rate 29.4%). Does not include impairment losses and reversals to impairment losses on investments, the result from the sale of equity investments, the share of the result from entities accounted for using the equity method not relevant to the ongoing management of the company and the result from equity investments held as financial assets.

There are various factors that influence value added. The level of ROCE and value added depend not only on the development of the operating result but above all on the capital employed. Large-scale investments tend to significantly increase the capital employed in the early years, while the effect on income that boosts value, however, only filters through over a lengthier period of time, often long after the investments were initially made. This is especially true of capital expenditure on property, plant and equipment relating to the construction of new power

plants, which do not have any positive effect on the operating result of the Group until after they are commissioned. Capital expenditure on power plants, on the other hand, is already taken into account in the capital employed during the construction phase. In a comparison of individual years, the development of ROCE and value added is, to a certain extent, cyclical in nature, depending on the investment volume. This effect is therefore inherent in the system and results in lower ROCE in phases of strong growth or phases of investment.

In the 2020 financial year, value added increased in comparison to the previous year to €253.3 million. Both the adjusted EBIT including the adjusted investment result and the average capital employed increased. The risk-adjusted weighted average cost of capital was at the same level as in the previous year at 5.2%. The ROCE reached 6.3% and thus exceeded the expectation for the 2020 financial year (forecast for 2020: 5.5% to 6.0%).

Sales: Value added in the Sales segment decreased in 2020 by €24.1 million. This was attributable to the increase in the average capital employed, which was primarily due to the increased activities in the areas of electromobility and broadband. In addition, the lower adjusted EBIT including the adjusted investment result had a negative effect on value added.

Grids: Value added in the Grids segment decreased by €131.4 million in comparison to 2019. The adjusted EBIT including the adjusted investment result was €58.9 million lower than the figure in the previous year. The increase in capital employed was primarily attributable to the investment in the transmission and distribution grids and also the increase in EEG payments.

Renewable Energies: Value added in the Renewable Energies segment of €146.2 million was several times higher than the value in the previous year. The adjusted EBIT including the adjusted investment result increased to €522.5 million. The construction and commissioning of the EnBW Hohe See and Albatros offshore wind farms and photovoltaic projects led to an increase in capital employed.

Generation and Trading: Value added in the Generation and Trading segment of €13.3 million was significantly higher than the level in 2019. This positive development was caused by the increase in adjusted EBIT including the adjusted investment result. The average capital employed in the reporting year was slightly below the level in the previous year.

Performance indicators relevant to remuneration

The performance indicators relevant to remuneration are derived as follows. The remuneration of the members of the Board of Management is described in full in the remuneration report (p. 111 ff.).

EBT relevant to remuneration

in € million	2020	2019
EBT	1,002.6	902.2
Less outstanding items for derivatives allocated under trading within EBITDA	4.1	2.7
Less the measurement of financial assets and outstanding items for derivatives allocated under trading within the financial result	54.8	-323.7
Less changes to the inflation rate and discount rate for nuclear provisions	5.2	475.3
EBT relevant to remuneration	1,066.6	1,056.5

Funds from operations (FFO) relevant to remuneration

in € million	2020	2019
Funds from operations (FFO)	2,027.6	1,557.2
Less income tax paid	207.8	409.1
Funds from operations (FFO) relevant to remuneration	2,235.4	1,966.3

Intangible assets and property, plant and equipment (net) relevant to remuneration

in € million	2020	2019
Intangible assets	3,498.5	3,347.4
Property, plant and equipment	19,990.9	18,552.7
Investment properties	27.9	30.3
Investment cost subsidies	-6.2	-6.7
Construction cost subsidies	-941.9	-901.6
Intangible assets and property, plant and equipment (net)	22,569.2	21,022.1
Average intangible assets and property, plant and equipment (net)¹	21,696.2	18,327.1

1 Average calculation based on the relevant quarterly values for the reporting year and the year-end value for the previous year.

ROA (return on assets) relevant to remuneration

in € million	2020	2019
EBIT	1,102.7	596.7
Less outstanding items for derivatives allocated under trading within EBITDA	4.1	2.7
Less changes to the inflation rate and discount rate for nuclear provisions	0.1	297.8
EBIT relevant to remuneration	1,106.9	897.2
Average intangible assets and property, plant and equipment (net)	21,696.2	18,327.1
ROA (return on assets) relevant to remuneration in %	5.1	4.9

Customers and society goal dimension

Reputation

A strong reputation is an important factor for the sustainable success of a company. The good social reputation of a company reflects the trust placed by the general public and relevant stakeholders in the competent and responsible actions of a company.

We assume our responsibilities for the economy and society and aspire to be a driver of the Energiewende. In the process, we want to gain social acceptance and improve our reputation. A good reputation signals the willingness of society and its different stakeholder groups to cooperate with and invest in the company.

We aim to continuously improve our reputation. The focal point of this concept is the stakeholder team, which was set up on the initiative of the Board of Management in 2017. It consists of representatives from all important areas of the company. The stakeholder team communicates and maintains dialog with relevant stakeholder groups both directly and indirectly.

TOP Reputation Index

Reputation is measured using the key performance indicator Reputation Index using a standardized survey that is carried out by an external market research institute. It is measured in accordance with the requirements of the EnBW Group standard for market research and surveys (p. 39).

Key performance indicator

	2020	2019	Change in %	Forecast 2020
Reputation Index	55.5	52.8	5.1	55.4

In the reporting year, our Reputation Index rose to its highest level since we started compiling this value and also slightly exceeded our target for 2020. The improvement in the assessment of our company by the target group investors was especially strong. We assume that these stakeholders place particular importance on the continuity and reliability of our business performance and our engagement in sustainability and climate protection. In addition, the reputation of our company also grew significantly among opinion leaders and the wider public, not only in Baden-Württemberg but across Germany. We believe that we are also benefiting from the positive impression people now have of the industry with respect to the reliable supply of energy during the coronavirus pandemic.

More details on reputational risks can be found in the "Report on opportunities and risks" on p. 103.

Customer proximity

On the path to becoming a sustainable and innovative infrastructure partner, our company has great opportunities for generating additional revenue and for acquiring new customers using digital services and solutions. The **company website** www.enbw.com is the first point of call for existing and potential customers as a marketing channel. We were able to significantly increase the number of page views and contracts concluded via the website with the help of a revised content strategy in 2020. In particular, we attribute this to the continuous optimization of our portfolio of products and services and the improved user experience. Our end-customer portal "**My EnBW**" allows customers to manage their contracts and also provides them with services such as a cost overview, discount check and relocation service. We were able to significantly increase the number of "My EnBW" registrations and the ratio of monthly active users in 2020.

Through the application of our new IT and process landscape EnPower, we have been able to push forward the **digital transformation** of the EnBW and Yello brands. For example, we were able to automate significantly more manual processes than in the previous year, also with the aid of artificial intelligence and RPA (robotic process automation). We trained more than 70 employees in our Digital Marketing Academy in the second half of 2020 in order to develop their knowledge and skills in this area further.

TOP Customer Satisfaction Index

The energy sector is helping to push forward major social changes. The new energy world offers us considerable opportunities that we want to exploit together with and in dialog with our customers. We aim to build long-term relationships with our customers by offering an intelligent combination of products and services, developing new product worlds, communicating in a transparent way and delivering the highest-quality service possible. Maintaining a high level of customer satisfaction is key. The Customer Satisfaction Index is compiled for EnBW and Yello from customer surveys carried out by an external provider (p. 39).

Key performance indicator

	2020	2019	Change in %	Forecast 2020
Customer Satisfaction Index for EnBW/Yello	132/159	116/157	13.8/1.3	114 – 136/ 148 – 159

The satisfaction of EnBW customers improved in 2020 and reached an index value of 132. This means that the satisfaction of the retail customers of EnBW was once again at a high level and at the upper end of our forecasted range. A good level is reached when half of those surveyed indicate that overall they are particularly satisfied with EnBW. This is the case from 114 points upwards. A very good level of satisfaction is achieved from 136 points upwards. We attribute some of the improvement in the Customer Satisfaction Index to the expansion of our digital services following the introduction of the new EnPower platform. The increase in the index value also appears to have benefited to some extent from the positive image of the company: During the coronavirus pandemic, EnBW has been

perceived to be an energy supply company that can be trusted to provide a reliable supply even during a crisis.

The satisfaction of Yello customers once again reached an outstanding level in 2020 with an index value of 159, which was at the top end of our forecasted range (148–159). We believe that this high value was due to, among other things, the further development of Yello's digital services and its expanded range of products. Since the beginning of 2020, Yello has been exclusively offering green electricity to new customers and is using a TV campaign to advertise these tariffs, products related to solar power and e-mobility, as well as the range of Yello services.

Further details are available in the "Report on opportunities and risks" on p. 103.

Selected activities

Green electricity is becoming increasingly significant for the product portfolio of EnBW and Yello. At the beginning of 2020, Yello switched all new customer tariffs over to 100% green electricity and introduced a climate-neutral biogas product. All electricity and gas tariffs also make a contribution to climate protection by investing in climate protection projects. Yello customers have been able to compensate for more than 74,000 t CO₂ in this way. The theme of sustainability is also part of the new advertising campaign "More Yello." The business operations of NaturEnergie+ Deutschland were also merged with its sister company Yello Strom in 2020 to consolidate our sales potential. The proportion of the product range for household customers that is accounted for by green electricity is also increasing continuously at the EnBW brand. Since November 2020, the range of products available to household customers on www.enbw.com has been switched over completely to green electricity. Some 81% of the contracts concluded with new household customers in the electricity segment are based on green electricity tariffs, while 33% of the existing household customers are already being supplied with green electricity products. We are thus able to save around 330,000 t CO₂ per year via both brands.

A main focus of the activities in the area of "Customer proximity" in 2020 was **electromobility**. As a full-service provider together with our subsidiaries, we cover the complete service spectrum from the generation of electricity from renewable energy sources and the installation, expansion and supply of electricity, as well as the operation of a comprehensive charging infrastructure (Glossary, from p. 138) through to digital services for the consumer.

To **expand the charging infrastructure** (Glossary, from p. 138), we are cooperating with business partners, such as chain stores, to install ultra-fast charging stations with an output of up to 300 kW at their locations. In 2021, we aim to operate 1,000 quick-charging stations across Germany. We were not able to achieve this figure sooner due to, on the one hand, the changed framework conditions caused by the coronavirus pandemic and, on the other hand, the pending legislative and funding proceedings with respect to electromobility. In cooperation with the State of Baden-Württemberg, EnBW has also been implementing the projects "Urban Quick-Charging Parks in Baden-Württemberg" (USP-BW) and "Fast Lane BW" since 2020. In the USP-BW

project, public quick-charging parks are being installed at 16 sites in 15 cities, while FastLane BW involves the expansion of five existing quick-charging sites to form quick-charging parks along long-distance routes in Baden-Württemberg. We are also pushing forward the expansion of the charging infrastructure internationally: We are widening our position as a national market leader in quick charging to cover the Austrian market through our joint venture SMATRICS EnBW. We are demonstrating how e-cars will be charged in the future at the new flagship charging park in Rutesheim on the A8 motorway. The charging park is equipped with all standard connections and enables ultra-fast charging with an output of up to 300 kW. In addition, it offers the drivers of e-cars access to public Wi-Fi and a secure environment with lighting and video surveillance. At the new Tank & Rast service station "Werratal Süd," EnBW quick-charging stations have been installed right next to the conventional fuel pumps. "Werratal Süd" is thus the first service station in Germany to combine all types of drive under one filling station roof.

At the same time, we are working together with vehicle manufacturers to offer their customers **complete charging solutions** and access to the EnBW HyperNetwork. This is the largest charging network in Germany, Austria and Switzerland; France, Italy and the Netherlands were also added to the network in 2020. Using the EnBW mobility+ app and a charging card, drivers of e-cars have access to more than 100,000 charging points where they can always charge at the same price. We are using the advertising campaign for the EnBW HyperNetwork to make our commitment to the expansion of a comprehensive charging infrastructure and our solutions for customers known beyond Baden-Württemberg throughout Germany. The campaign is being run in selected regions, including Hamburg, Munich and the Rhine-Ruhr region.

On 1 January 2021, EnBW combined its operational and strategic activities in the area of electromobility within one independent company – **EnBW mobility+**. The new company is a wholly owned subsidiary and is responsible for all activities related to the operation of the charging infrastructure and the range of products and services for electromobility.

Our subsidiary **SENEC** is one of the top 3 providers of home storage systems for solar power plants in Germany and a specialist in equipping customers so that they are able to meet their own energy needs with solar electricity. In 2020, SENEK doubled its revenue and the number of electricity storage systems sold in comparison to the previous year, while significantly increasing the capacity of the PV modules sold. According to a survey conducted by the market research company EuPD Research, SENEK was able to increase its market share on the German home electricity storage market by 15% in the first half of 2020 in comparison to the previous year. The main drivers of the expansive business development are the network of SENEK specialist partners, which has been expanded to more than 850 companies, and innovative products, for example for emergency power supply or for the smart integration of electromobility into a customer's system for generating their own electricity.

In the area of **contracting**, we provide industry, the real estate sector and public clients with a sustainable and efficient energy infrastructure directly at the customer's site. We create

customized energy concepts to provide energy while saving on CO₂ emissions at the same time. For example, we developed an energy concept in 2020 based on near-to-surface geothermal energy, PV power plants and decentralized heat pumps for an industrial park that is currently being realized. An important component of our long-term contracting agreements is the ongoing monitoring and optimization of plant operation. For this purpose, we develop applications and business processes as part of our digitalization approach that automatically collect, link and evaluate data from the plant.

Our company views itself as an experienced and capable **partner for local authorities and public utilities**. We have invested in many local authority companies across Baden-Württemberg and play an active role in networks for the exchange of information between our participating interests and other public utilities. By developing customer-specific products and services, we currently support numerous local authorities and public utilities. We are guided here by the trends and developments that will shape and influence the local authority environment in the future. We developed five new product clusters in 2020 on this basis: smart mobility, networked infrastructure, innovative communities, sustainable energy and reliable security systems. They will create the foundations for our local authority business in the next few years.

In the smart mobility cluster, we support local authorities to implement the mobility transition in rural areas with the business development **“twist.”** “twist” is an electromobility car sharing service that is offered to local authorities as a full-service care-free package. We launched several initiatives in the networked infrastructure cluster in 2020: At the beginning of the year, Netze BW started the construction of the **LoRaWAN** (Long Range Wide Area Network) network for the whole of Baden-Württemberg, which is due to be completed by the end of 2022. This network will enable local authorities to utilize smart networking technologies (Internet of Things). We have also been offering a climate protection consulting service to local authorities since the middle of 2020.

The **“EnBW connects”** participation model started in July 2019. 116 local authorities have since acquired shares in the newly founded local authority holding company. They now own approximately 9% of the shares in Netze BW. The second participation phase was announced at the constituting meeting of shareholders on 4 November 2020. It begins on 1 July 2021 and aims to further intensify the close relationship between Netze BW and the cities and communities of Baden-Württemberg.

Since 2019, EnBW AG has bundled together its main **telecommunications activities** in the company EnBW Telekommunikation with its subsidiaries NetCom BW and Plusnet. NetCom BW has a strong market position as a telecommunications network operator for the retail and business customer segment with its own fiber-optic infrastructure in Baden-Württemberg. Plusnet is a nationwide specialist provider of communication and

network services in the business and industrial customer segment. The cooperation between the two companies is being constantly expanded and intensified, for example in the areas of infrastructure, purchasing and customer contact. An important element of this cooperation is the harmonized target IT architecture across both companies. The new platform will act as the basis for scaling, improvements in efficiency and a quick and flexible response to all situations on the market. As part of the process to expand its fiber-optic infrastructure, NetCom BW is also receiving support from the EnBW subsidiary Netze BW.

We are positioning ourselves as a **provider of cybersecurity services** for cities and municipalities, public utilities, the telecommunications sector, health sector and industry in various customer projects across Germany. In May 2020, a cooperation agreement to combat cybercrime and protect critical infrastructure was concluded between the Federal State of Baden-Württemberg and EnBW. As part of this cooperation, we started to compile a status report on “cybersecurity for critical infrastructure” for Baden-Württemberg together with the Baden-Württemberg State Bureau of Investigation in 2020.

Supply reliability

As an energy company and in cooperation with our distribution grid companies, we are tasked with guaranteeing a secure and reliable supply of electricity to our customers. We face additional challenges both now and in the future due to the increasing amount of decentralized generation, with volatile feed-ins as a result of changing weather conditions, and the electrification of road traffic. We are preparing our distribution grids so that they can handle this decentralized energy world. Therefore, we are expanding the existing conventional infrastructure with smart grid technologies (Glossary, from p. 138) so that we can better monitor and manage the generation, distribution and storage of energy.

Our grid companies are responsible for the secure and reliable operation of the distribution grids. The processes are managed by the respective grid control center, which is also responsible for coordinating any work to rectify faults in the grid in the respective region. As part of the investment and maintenance programs, our grid companies maintain the grids and expand them according to demand. The overall annual budget for the realization of all investment and maintenance measures is approved by the Board of Management of the EnBW Group. The measures are carried out over one or multiple years and are realized independently by our grid companies. Some of the investment budget is used for the gradual expansion of smart grids. The increasing use of smart grid technology (Glossary, from p. 138) enables us to avoid or delay expensive investment in conventional grids. Besides the reliability and security of supply, the efficiency of the measures is also taken into account when making investment decisions. This is because grid investment also has an influence on the grid charges that make up part of the electricity price paid by customers.

TOP SAIDI

We record all unscheduled interruptions to supply at our distribution grid operators. This data flows into the “System Average Interruption Duration Index” (SAIDI) for electricity. It states the average duration of supply interruptions per end consumer in minutes per year (p. 39).

Key performance indicator

	2020	2019	Change in %	Forecast 2020
SAIDI (electricity) in min./year ¹	15	15	–	15–20

1 SAIDI includes all unscheduled interruptions to supply that last more than three minutes for the end consumer.

As in the previous year, supply reliability was once again at a very good level in 2020. Thanks to the early introduction of rigorous safety measures for our operating and contingency personnel, we were able to avoid any staff shortages due to the coronavirus pandemic when it came to identifying and rectifying faults on the grids we supply. Extraordinary climatic events that have a noticeable negative influence on SAIDI only occurred to a minor extent in the reporting year.

To continuously improve our grid operations, we initiated various projects at our grid subsidiaries in 2020 that are already being implemented. One example is increasing the level of digitalization by installing sensors and actuators in the medium and low-voltage grids.

Environment goal dimension

Our Group environmental targets – which are integrated into the EnBW 2025 Group strategy – relate to the expansion of renewable energies and to making our contribution to climate protection. These targets are measured using the key performance indicators “installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE” and CO₂ intensity. These are supplemented by activities and targets for the implementation of environmental themes in the EnBW sustainability program (p. 35). Alongside EnBW AG, the main subsidiaries dealing with environmental issues include ED and SWD. These and other subsidiaries have an environmental management system certified according to DIN EN ISO 14001:2015, as does EnBW AG. This creates the prerequisites for ensuring that environmental requirements are systematically and continuously taken into account. It is used to manage the required guidelines and regulations, define and monitor environmental targets and establish the necessary testing processes. The consistent implementation and further development of the environmental management system ensures that any material negative impacts on the environment can be avoided as well as possible. Risks generally exist in the area of environmental protection due to the operation of power generation plants and transmission facilities and the possible consequences for air, water, soil and nature. We counter these risks using organizational and procedural measures to reduce their impact, as well as through emergency planning and hazard prevention measures.

EU taxonomy

The European Commission presented the European Green Deal in December 2019. It includes the target of reducing net emissions from greenhouse gases to zero by 2050 in the European Union. A key component of the EU Green Deal (Glossary, from p. 138) is the EU taxonomy (Glossary, from p. 138) – **a classification system used to define environmentally sustainable business activities**. The aim is to classify economic activities EU-wide with respect to their contribution to **six defined environmental objectives** on the basis of certain requirements in order to encourage the development of sustainable financing products: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems.

Against the background of current developments and in line with our sustainable corporate strategy, we have decided to already expand our integrated reporting this year to include some of the information that will be obligatory in future according to the EU Taxonomy Regulation, and are thus publishing the required **information on revenue, operating expenses (opex) and capital expenditure (capex) from environmentally sustainable activities** based on the Taxonomy Regulation in the version of 18 June 2020 and the technical screening criteria in the draft delegated act for the Taxonomy Regulation for the environmental objective of climate protection of 20 November 2020, **as well as additional information on adjusted EBITDA**. Business activities are “environmentally sustainable” in the sense of the Taxonomy Regulation when they:

- › make a substantial contribution to mitigating climate change or adapting to climate change, verified through compliance with certain technical screening criteria,
- › do no significant harm (DNSH) to the achievement of any of the other EU environmental objectives and
- › comply with minimum safeguards for occupational safety and human rights.

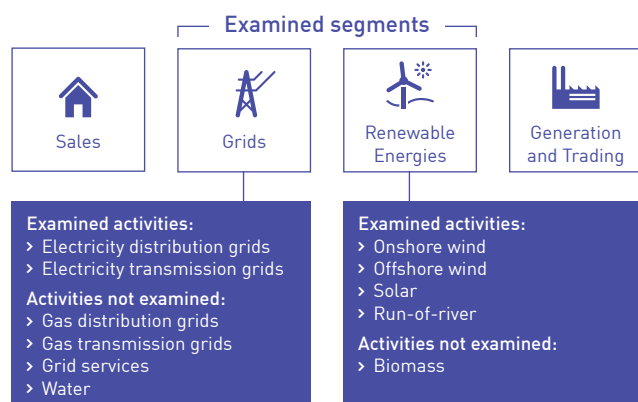
For energy companies, specific taxonomy criteria have been defined for a total of 25 business activities. The criteria were developed in accordance with the principle of technology neutrality, which means for the energy sector that they are independent of the type of energy generation involved.

In the 2020 financial year, we started a **project to implement the taxonomy requirements** with respect to the EU environmental objective of climate protection. It covers the business activities of onshore and offshore wind, solar, run-of-river and electricity grids (transmission and distribution grids). We publish the results and other information on the EU taxonomy in detail in a publication at www.enbw.com/eu-taxonomy.

To introduce the taxonomy requirements across the Group, we have established a steering committee. Based on the current requirements of the EU taxonomy, it determines with the aid of the specialist departments concerned the environmentally sustainable revenue, opex, capex and adjusted EBITDA with respect to activities across the Group. Opex at EnBW includes operating expenses and income from the operation and maintenance of the power plants, including administrative costs, without taking account of energy industry effects and levies.

In the first stage carried out in the reporting year, we focused on the two segments Renewable Energies and Grids. In the coming years, we plan to expand the reporting for the EU taxonomy to all Group activities and segments.

Activities examined for the EU Taxonomy Regulation



The following shares were derived for the Grids segment:

Environmentally sustainable revenue, opex, capex and adjusted EBITDA from business activities in the Grids segment

in € million	2020	2019
Revenue		
Sales segment	3,658	3,460
of which environmentally sustainable in € million/in %	2,506/69	2,376/69
Opex		
Sales segment	1,122	1,039
of which environmentally sustainable in € million/in %	692/62	623/60
Capex		
Sales segment	1,407	1,231
of which environmentally sustainable in € million/in %	975/69	778/63
Adjusted EBITDA		
Sales segment	1,347	1,355
of which environmentally sustainable in € million/in %	987/73	960/71

The following shares were derived for the Renewable Energies segment:

Environmentally sustainable revenue, opex, capex and adjusted EBITDA from business activities in the Renewable Energies segment

in € million	2020	2019
Revenue		
Renewable Energies segment	1,044	653
of which environmentally sustainable in € million/in %	1,007/96	631/97
Opex		
Renewable Energies segment	193	172
of which environmentally sustainable in € million/in %	181/94	165/96
Capex		
Renewable Energies segment	597	1,406
of which environmentally sustainable in € million/in %	547/92	1,315/94
Adjusted EBITDA		
Renewable Energies segment	836	499
of which environmentally sustainable in € million/in %	824/99	476/95

For activities across the whole Group, the following shares were derived for the areas considered in the reporting year:

Environmentally sustainable revenue, opex, capex and adjusted EBITDA of the EnBW Group

in € million	2020	2019
Revenue		
Group	19,694	19,436
of which environmentally sustainable in € million/in %	3,513/18	3,007/15
Opex		
Group	3,417	3,234
of which environmentally sustainable in € million/in %	874/26	788/24
Capex		
Group	2,526	3,168
of which environmentally sustainable in € million/in %	1,521/60	2,093/66
Adjusted EBITDA		
Group	2,781	2,433
of which environmentally sustainable in € million/in %	1,811/65	1,436/59

Substantial contribution to one EU environmental objective

In the case of the business activities relating to wind and solar energy and with respect to the requirement for a substantial contribution to climate protection, it is not currently necessary to test compliance with the criteria because these types of energy generation should remain significantly below the current threshold of 100 g CO₂eq/kWh, even when analyzed over their entire life cycle. It can also be assumed that the electricity grids are making a substantial contribution to climate protection due to the fact that the majority of the connections in the last five years have been for renewable energies. Hydropower plants make a substantial contribution to climate protection over their entire life cycle as they have a very low greenhouse gas intensity of significantly less than 100 g CO₂eq/kWh. We used the emissions factors published by the German Environment Agency as a reference, which give figures for both run-of-river and pumped storage with natural flow of water well below the threshold of 100 g CO₂eq/kWh.

No significant harm to the other EU environmental objectives

In the next stage, we examined whether any significant harm was being done to the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems). This predominantly relates to the legal and official regulations in the energy industry that have to be observed in order to receive approval for constructing and operating power plants. Compliance with these energy industry regulations and with any further requirements (such as those related to the circular economy) was analyzed at the superordinate level of the business activities with the aid of the respective specialist departments at EnBW. With respect to the four environmental objectives, the analysis yielded the following results:

The environmental objective **sustainable use and protection of water and marine resources** is relevant above all at the hydropower plants and offshore wind power plants. In particular, the criteria reference the legal and official regulations in the energy industry that have to be observed to receive approval for constructing and operating power plants.

In terms of the environmental objective **transition to a circular economy**, there are general regulations relating to high durability, easy dismantling, repairability and a declaration of intent to maximize the recycling of the plant at the end of its service life. The vast majority of components are designed for a very long service life, are recyclable and have monetary value at the end of their period of use (steel, aluminum, copper). Plant components that fulfill these criteria can either be recycled within the EnBW Group or also sold to third parties for further use.

For the environmental objective **pollution prevention and control**, there are only criteria relevant to run-of-river power plants in the activities that were considered, namely guaranteeing observance of the valid EU regulations for a management plan for the river basin, as well as for the frequencies for taking samples and for taking measurements of the water quality. Compliance with these energy industry regulations is a prerequisite for receiving approval to operate the power plant.

For the last relevant environmental objective **protection and restoration of biodiversity and ecosystems**, we examined environmental impact assessments and comparable assessments that are a key requirement for receiving approval for constructing and operating power plants.

Compliance with minimum safeguards

In a third and final stage, we analyzed the business activities at a Group level with respect to their compliance with the minimum social safeguards for human rights and occupational safety (pre-qualification processes (p. 53), information on occupational safety (p. 89 f.) and the report on opportunities and risks (p. 104)).

Expansion of Renewable Energies

TOP Installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE

Key performance indicator

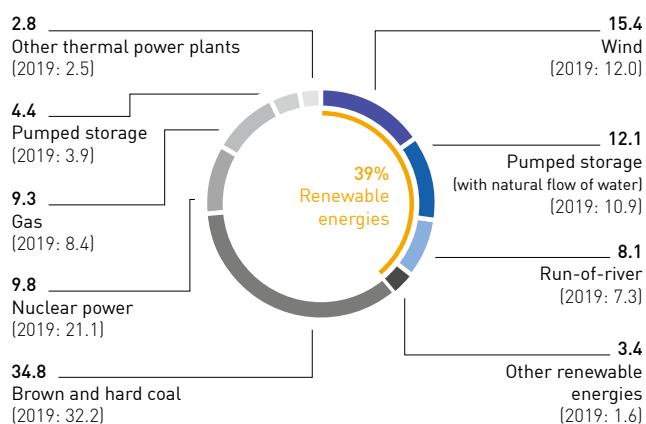
	2020	2019	Change in %	Forecast 2020
Installed output of RE in GW and the share of the generation capacity accounted for by RE in %	4.9/39.0	4.4/31.8	11.4/-	5.0/>40

In 2020, the installed output of renewable energies increased to 4.9 GW and was thus slightly below our forecasted value. The increase in comparison to the previous year was primarily due to the commissioning of our EnBW Albatros offshore wind farm with a capacity of 118 MW, the commissioning of 124 MW_p of the total capacity of 187 MW_p at our Weesow-Willmersdorf solar park and the expansion and acquisition of onshore wind farms and other photovoltaic power plants. Overall, the share of the generation capacity accounted for by RE increased to 39.0% and almost reached the forecasted value as a result. We have thus made decisive progress in the expansion of electricity generation from renewable energy sources in accordance with our strategy.

Breakdown of the generation portfolio¹ (as of 31/12)

Electrical output ² in MW	2020	2019
Renewable Energies	4,865	4,398
Run-of-river power plants	1,007	1,006
Storage/pumped storage power plants using the natural flow of water ²	1,507	1,507
Onshore wind	951	826
Offshore wind	976	834
Other renewable energies	424	225
Thermal power plants³	7,621	9,451
Brown coal	875	875
Hard coal	3,467	3,586
Gas	1,165	1,165
Other thermal power plants	346	347
Pumped storage power plants that do not use the natural flow of water ²	545	545
Nuclear power plants ⁴	1,223	2,933
Installed output⁵	12,486	13,849
of which renewable in %	39.0	31.8
of which low CO ₂ in % ⁶	13.7	12.3

- The generation portfolio includes long-term procurement agreements and generation from partly owned power plants.
- Output values irrespective of marketing channel, for storage: generation capacity.
- Including pumped storage power plants that do not use the natural flow of water.
- The output from Block 2 of the Philippsburg nuclear power plant is included in the generation portfolio in 2019 because it was not shut down until the evening of 31/12/2019.
- In addition, power plants with an installed output of 1,706 MW were registered for decommissioning. However, they were classified as system-relevant by the Federal Network Agency and TransnetBW and are thus used by TransnetBW as reserve grid capacity.
- Excluding renewable energies; only gas power plants and storage power plants that do not use the natural flow of water.

Installed output
in %Own generation¹ by primary energy source

in GWh	2020	2019
Renewable Energies	11,850	9,988
Run-of-river power plants	5,137	5,342
Storage/pumped storage power plants using the natural flow of water	944	959
Onshore wind	1,809	1,522
Offshore wind	3,441	1,806
Other renewable energies	519	359
Thermal power plants²	24,779	37,819
Brown coal	3,164	2,598
Hard coal	5,407	8,758
Gas	4,404	3,634
Other thermal power plants	170	188
Pumped storage power plants that do not use the natural flow of water	1,387	1,608
Nuclear power plants	10,247	21,033
Own generation	36,629	47,807
of which renewable in %	32.4	20.9
of which low CO ₂ in % ³	15.8	11.0

- Own electricity generation includes long-term procurement agreements and partly owned power plants.
- Including pumped storage power plants that do not use the natural flow of water.
- Excluding renewable energies; only gas power plants and storage power plants that do not use the natural flow of water.

Own generation fell in 2020 compared to the previous year to 36.6 TWh. The main reasons for this clear decrease were the decommissioning of Block 2 of our Philippsburg nuclear power plant and the lower deployment of our thermal power plants because of prices on the market. In contrast, generation based on renewable energies increased considerably. This was mainly due to the first full year of operation of our EnBW Hohe See offshore wind farm and the commissioning of our EnBW Albatros offshore wind farm in January 2020. In addition, higher volumes of electricity were generated by our onshore wind and photovoltaic power plants. The proportion of own generation from renewable energy sources thus increased significantly in comparison to the previous year to more than 32%.

CO₂ intensity/climate protectionTOP CO₂ intensity

Key performance indicator

	2020	2019	Change in %	Forecast 2020
CO ₂ intensity in g/kWh ^{1,2}	372	419	-11.4	16% – 23%

1 Includes redispatch deployment.

2 The CO₂ intensity including nuclear generation for the reporting year was 268 g/kWh (previous year: 235 g/kWh). We publish a five-year comparison of the performance indicators in our "Multi-year overview" on p. 143.

The CO₂ intensity of our own electricity generation fell by 11.4% in comparison to the previous year to 372 g/kWh. We had forecast an increase of between 16% and 23% despite higher generation from renewable energies in comparison to 2019, especially due to the EnBW Hohe See and EnBW Albatros offshore wind farms. Electricity generation at our fossil fuel-fired power plants was significantly lower than expected due to market-driven developments. The unforeseeable effects of the coronavirus pandemic also played a role.

We also refer you to the details provided in the "Report on opportunities and risks" (p. 104).

Carbon footprint of EnBW

Direct CO₂ emissions are determined mainly by the deployment of power plants. In particular, the decrease in electricity generation from coal in combination with a significant increase in electricity generation from renewable sources led to a corresponding reduction in direct CO₂ emissions from 10.8 to 9.6 million t CO₂eq. Lower indirect CO₂ emissions from grid losses led to a fall in Scope 2 CO₂ emissions from 0.9 to 0.8 million t CO₂eq. Scope 3 CO₂ emissions are mainly influenced by the gas consumption of our customers and thus by gas sales in the B2C and B2B sectors. Due to a change in the classification of business activities, there was a shift between the Generation and Trading and Sales segments. The figures for the previous year have been restated accordingly. For this reason, and also as a result of the purchase of Gas-Union by VNG, gas sales and thus the Scope 3 emissions rose significantly in the 2020 financial year in comparison to the previous year. Primarily as a result of the increased generation from renewable energy sources, CO₂ emissions avoided rose from 7.9 to 8.9 million t CO₂eq.

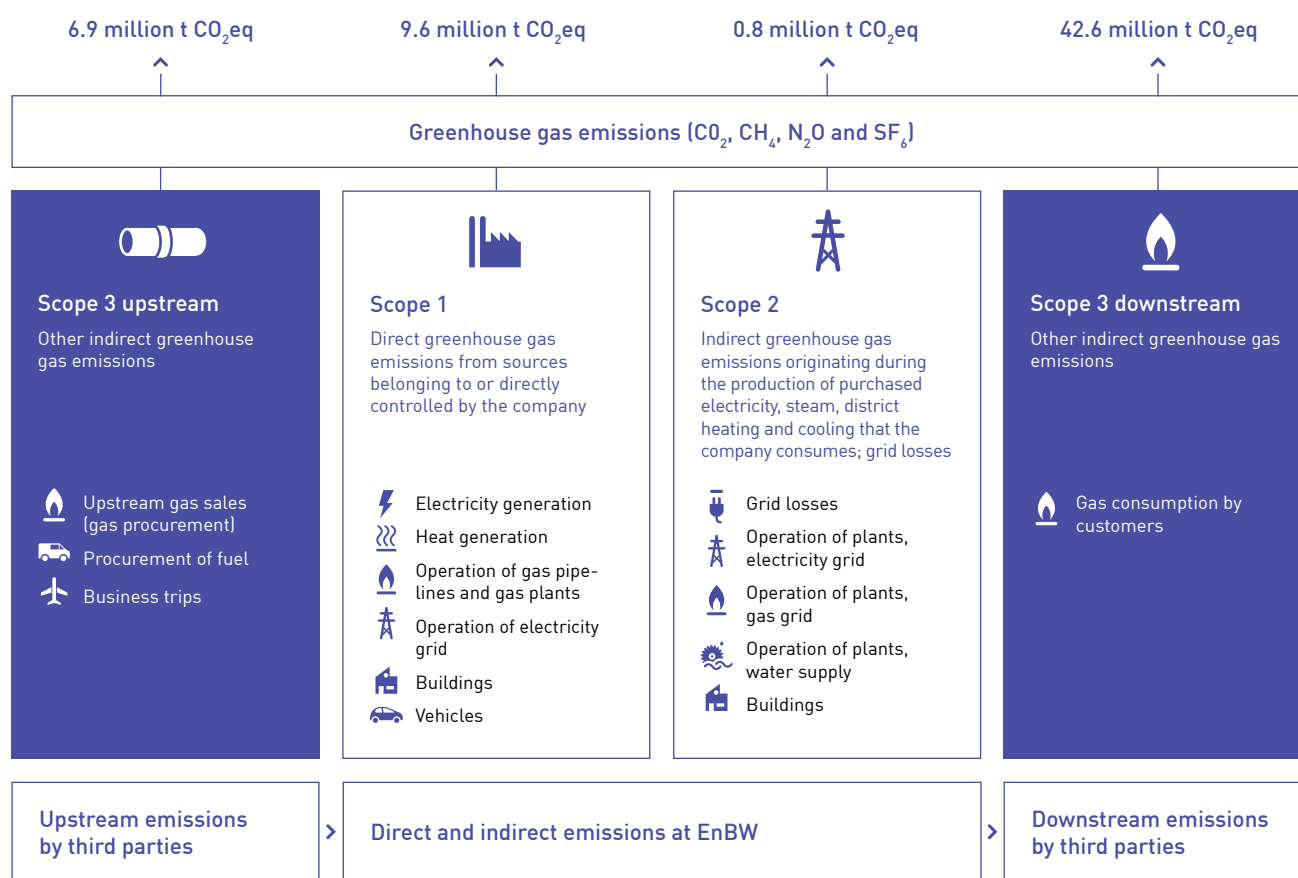
Carbon footprint

in thousand t CO ₂ eq/in %	2020	2019
Direct CO₂ emissions (Scope 1)		
Electricity generation	8,526/89.2	9,725/90.1
Heat generation	754/7.9	806/7.5
Operation of gas pipelines/plants	216/2.3	193/1.8
Operation of electricity grid	26/0.3	21/0.2
Buildings	8/0.1	10/0.1
Vehicles	26/0.3	24/0.2
Other ²	2/< 0.1	13/0.1
Indirect CO₂ emissions (Scope 2)		
Grid losses	709/93.0	870/95.2
Operation of plants, electricity grid ¹	10/1.3	11/1.2
Operation of plants, gas grid	28/3.7	12/1.3
Operation of plants, water supply	4/0.5	4/0.5
Buildings	12/1.6	17/1.8
Upstream indirect CO₂ emissions (Scope 3)		
Upstream gas sales ¹	6,287/12.7	5,318/12.7
Procurement of fuel for energy generation	563/1.1	715/1.7
Upstream gas consumption, gas plants	5/< 0.1	7/< 0.1
Business trips	2/< 0.1	4/< 0.1
Downstream indirect CO₂ emissions (Scope 3)		
Gas consumption by customers ¹	42,596/86.1	36,000/85.6
CO₂ emissions avoided¹	8,904	7,922
CO₂ intensity of business journeys and traveling CO₂/km	190	169

1 The figures for the previous year have been restated.

2 Includes non-automotive fuel consumption (e.g., emergency generators).

Emissions (Scope 1, 2 and 3)



Energy consumption

Energy consumption

	2020	2019
Total final energy consumption in GWh ^{1,2}	2,799	2,929
Proportion of renewable energies in final energy consumption in % ³	54.6	53.2
Energy consumption of buildings per employee in kWh per employee ^{1,4}	5,885	9,905

1 The figures for the previous year have been restated.

2 Includes final energy consumption of production including pump energy, energy consumption of grid facilities (electricity, gas and water) excluding grid losses, energy consumption of buildings and vehicles.

3 For electricity consumption for which the proportion of renewable energies is unknown, a proportion of renewable energies in accordance with the current Bundesmix (federal mix) label for electricity of 35% is assumed. For fuels, a proportion of 5% bioethanol is generally assumed.

4 Calculations based on assumptions and estimates. Only those companies with relevant consumption data have been taken into account.

Total final energy consumption includes the consumption of final energy for our business activities. It does not include conversion losses during energy generation or grid losses. Total final energy consumption is mostly influenced by pump energy as well as the company's own consumption requirements and the operating consumption of the power plants. Due to the lower level of own generation overall, total final energy consumption fell by around 4.4% in comparison to the previous year from 2,929 GWh to 2,799 GWh.

The proportion of renewable energies in final energy consumption increased from 53.2% in 2019 to 54.6% in 2020. This was primarily due to an increase in electricity generation from renewable energies with a corresponding increase in the proportion of renewable energies used for the company's own consumption requirements and the operating consumption of the power plants.

The energy consumption of our buildings covers the energy required for heating rooms, providing hot water and electricity. The energy consumption of buildings per employee decreased from 9,905 kWh in 2019 to 5,885 kWh in 2020. This considerable decrease was primarily attributable to the much greater number of employees working from home as a result of the coronavirus pandemic.

Environmental protection expenditure

Environmental protection expenditure¹

in € million	2020	2019
Investment in environmental protection	622	1,535
Current environmental protection expenses	220	301

¹ Pursuant to the German Environmental Statistics Act (UStatG) and BDEW guidelines on the recognition of investment and ongoing expenditure relating to environmental protection (April 2007).

We report environmental protection expenditure in line with the requirements of the statistical offices and using the guidelines published by our sector association, the BDEW. According to these reporting requirements, investments and current expenditure for the use of renewable energies should be reported in full as expenditure for climate protection. In the 2019 reporting year, investments associated with the construction of the EnBW Hohe See and EnBW Albatros offshore wind farms and the acquisition of the project developer and operator of wind farms and solar parks Valeco, which are included as expenses for climate protection in accordance with the reporting requirements, resulted in an extraordinarily high level of investment. Investment in climate protection decreased from €1,535 million in the previous year to €622 million in 2020. Accordingly, current environmental protection expenses also fell from €301 million in the previous year to €220 million in 2020.

Current activities for the implementation of the EnBW sustainability program

In 2020, we were already able to take the first steps for the measures described below from our 25-point sustainability program (p. 35).

Climate-friendly internal mobility: We want to make our mobility more and more climate friendly over time. One contribution in this area will be the replacement of the 178 conventional company vehicles in the EnBW fleet with hybrid or electric vehicles by 2024. In addition, all vehicles that are newly purchased in future by the central mobility management department at EnBW AG will be exclusively hybrid or electric vehicles.

Sustainable real estate management: We aim to reduce CO₂ emissions in our real estate portfolio. EnBW Real Estate GmbH, the subsidiary responsible for most of the real estate activities of EnBW AG, has been set the target of reducing the CO₂ emissions in its portfolio by 50% by 2025 and by 75% by 2030, based on the reference year of 2018. In addition, the specific energy consumption of existing buildings will be reduced by 10% by 2025 and by 20% by 2030, based on the reference year of 2018. The portfolio managed by EnBW Real Estate GmbH comprises around 100 properties with approximately 260 buildings and a net floor space of about 650,000 m² in total. An important measure for achieving this target will be, for example, switching to green electricity and biogas in the building portfolio from 2021.

Reduction in paper consumption: We have set ourselves the goal of significantly reducing paper consumption. More specifically, we have set ourselves the target of reducing the volume of paper procured and ordered at EnBW AG headquarters by 90% by 2025, based on the reference year of 2019. We were able to reduce internal paper consumption by around 50 t and customer-driven paper consumption by around 280 t in 2020. This milestone was reached significantly earlier than originally planned. This success is mainly attributable to our effective digitalization initiatives. The coronavirus pandemic and the associated regulation allowing for working from home also led to a noticeable reduction in paper consumption.

Other selected activities

We also report on other important activities in 2020 in the environment goal dimension.

Hydropower: Electricity generated from hydropower protects the climate. At the same time, the use of hydropower also encroaches on nature. Therefore, we are committed to harmonizing hydropower with the environment. If power plants cause changes to the natural landscape, we compensate for these effects through environmental enhancement measures. For example, we ensure or improve the continuity of watercourses by constructing or optimizing fish passes and fish ladders for fish to ascend or descend the river. In addition, we are developing innovative solutions to protect fish. In future, for example, the conditions for fish to migrate along the river Enz in the area of the Enzberg I and II and Mühlhausen run-of-river diversion power plants will be much improved. A close-to-nature bypass channel has been constructed so that fish can ascend the river and a groyne has been built in the river to help the fish navigate. A guidance system including migration routes has also been set up for the downstream migrating fish. We are thus making a valuable contribution to achieving the targets in the EU Water Framework.

Conservation of biological diversity: We initiated the program "Stimuli for Diversity" for the protection of amphibian species together with the LUBW (Baden-Württemberg State Institute for the Environment) in 2011, which has also included funding for protective measures for reptiles since 2016. The program is part of the project "The economy and business for nature," which is a component of the state initiative "Active for biological diversity." It still remains the only conservation program from a company nationwide that not only funds the protection of one single species but two whole groups of species across the state. The funding program celebrated its tenth anniversary in 2020. During this ten year period, numerous measures have been implemented in a total of 125 projects that have helped to improve the habitats of native amphibians and reptiles so that their populations can start to grow again in the medium to long term.

Alongside the key performance indicators in the environment goal dimension, other environmental targets are defined in the EnBW sustainability program [p. 35]. We utilize a broad range of additional environmental performance indicators for measuring, managing and reporting on the other results of our environmentally relevant activities. Selected activities and performance indicators are described in this section. A comprehensive presentation of our environmental performance indicators can be found in our “Multi-year overview” [p. 143]. Further information on the Global Reporting Initiative is available on the Internet at www.enbw.com/environmental-protection. There is also information available here on our measures to improve energy efficiency, conserve biological diversity and protect nature and species.

Employees goal dimension

The further development of our corporate strategy in the period up to 2025 [p. 34 ff.] will place new demands on our HR policy. In future, the strategy will focus on growth, infrastructure, selective internationalization and new business also outside of the energy sector. Using our HR strategy 2025 “People as the main focus,” we want to give the people at EnBW and our company their own opportunity for growth, development, a future and thus success. The key tasks of HR are recruiting employees for the company, managing their development including accompanying them through the transformation, encouraging loyalty to the company among employees and maintaining and fostering their motivation, satisfaction and employability.

As an operator of critical infrastructure, we place special importance on protecting the health of our employees. Since the beginning of the coronavirus pandemic, around 10,000 EnBW employees have been working mostly from home thanks to the capabilities of modern IT. At the same time, the parties involved in the collective bargaining agreements have agreed to make the working time provisions in the current collective pay agreements more flexible.

More than 2,800 employees at our key subsidiaries Energiedienst (ED), Pražská energetika (PRE), Stadtwerke Düsseldorf (SWD) and VNG have been working at home since March 2020.

Employee engagement

TOP People Engagement Index (PEI)/Employee Commitment Index (MCI)

Since November 2020, we have been using a redesigned employee survey (EnMAB) to measure the People Engagement Index (PEI) as a new key performance indicator. The PEI allows us to draw conclusions not only on the satisfaction of employees, but also on how motivated and engaged they are in their work at EnBW. Before the 2020 financial year, we used the Employee Commitment Index (ECI) to measure the degree to which employees identified with the company.

Key performance indicator

	2020	2019	Change in %	Forecast 2020
People Engagement Index (PEI) ^{1,2}	83	–	–	–
Employee Commitment Index (ECI) ^{2,3}	–	66	–	≥ 66

1 The performance indicator was reported for the first time in 2020 and replaces the Employee Commitment Index (ECI). There is no value for 2019 and no forecasted value for 2020 available.

2 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered [except ITOs]).

3 The performance indicator was reported for the last time in 2019.

The first employee survey using the EnMAB was held from 16 to 27 November 2020. The survey achieved its highest coverage to date, being answered by around 22,000 employees, including trainees and students. On the basis of this survey, the PEI reached 83 points in 2020 on a scale of 0 to 100. There are no values available for previous years at EnBW. According to an assessment by the service provider, an international benchmark index compiled using similar questions at numerous companies from various different sectors stood at 74 points in 2020. The motivation and engagement of employees of EnBW is thus at a very high level in comparison with other companies. However, our extremely good result in 2020 could have been influenced by the extraordinary effect of employees at EnBW rating the company's handling of the impact of the coronavirus pandemic very positively.

We also refer you to the details provided in the “Report on opportunities and risks” [p. 104].

HR strategy 2025

Our new HR strategy 2025 “People as the main focus” supports the implementation of the EnBW 2025 corporate strategy. Digitalization requires a willingness to change, technological expertise and modern working practices. Our managers should not just place expectations on their employees but also support them and lead their teams with conviction into a more complex world. Our newly designed HR policy will support employees in this process of change, for example by developing new forms for cooperation and for further training and education. In addition, we value the potential offered by the internationality and diversity of our employees.

The new HR strategy focuses on six key themes with 21 strategic areas:

- > People-centered transformation
- > Employer brand and recruiting
- > Leadership and skills
- > Qualification@EnBW
- > Diversity@EnBW
- > HR processes, services & digitalization

Selected activities in our six themes

People-centered transformation: We consider ourselves to be the shapers of a people-centered transformation in the Group and are placing the main focus on people and their needs. To support employees as well as possible in the transformation process, we are further developing, for example, the employee survey and establishing the transformation circle – the first Group-wide community for all colleagues who are pushing forward the themes of transformation.

The employee survey will be carried out twice a year in the future. The new employee survey offers us benefits in three areas:

- › **Content:** The PEI not only reflects how satisfied employees are with their company but also their enthusiasm for their work.
- › **Speed:** Real-time transmission of results and comments that can be used to derive specific and achievable proposals for action.
- › **Flexibility:** The survey can be linked with individual business needs, the EnBW 2025 strategy and current challenges. In addition, it will still be possible to compare our results with those of the competition.

The “Best Work” initiative deals with the question: “How do we design the working world of the future?” Employees and works council representatives are developing joint concepts for flexible and virtual working for the time after the coronavirus pandemic. The project is placing a special focus on rules for mobile working that take account of the best interests of employees, especially those working from home, and designing modern working worlds in the office that fulfill the needs of a more flexible and hybrid way of working. In addition, the initiative is dealing with, for example, the question of how working practices will change the culture of cooperation and leadership.

At **ED**, the main focus in 2020 was placed on the further development of the corporate culture under the motto of “Shaping the future together” to reflect the following values: a pioneering spirit, responsibility, simplicity, sincerity and enthusiasm. **PRE** focused on new online platforms for digital communication. **SWD** continued its company-wide management dialog on the themes of leadership in transition and project management guidelines and started the “Working world of the future” initiative. A transformation and innovation campus and a task force have been set up at **VNG**. They will work on the theme of future collaboration in a changing working environment.

Employer brand and recruiting: A prerequisite for our future growth is securing new talent. The aim is to recruit 4,500 new employees across the Group by 2023. In November 2020, we started an employer campaign under the motto “We are the E” or “I am the E.” The aim of this campaign is to make EnBW more well-known nationwide as an employer and to also increase the attractiveness of EnBW as an employer.

We continuously optimize our recruiting processes to improve efficiency and place a greater focus on applicants. For example,

we have significantly reduced the length of the process for appointing a new employee. Our new applicant management system also supports the development of more efficient internal processes and the improved documentation of key recruiting figures that are critical to success. During the application process, we hold more interviews via videoconference, while the Welcome Days to introduce new employees were also being held in virtual form.

In 2020, our subsidiaries **ED**, **PRE**, **SWD** and **VNG** worked on improving their recruitment processes via their websites and other online channels, such as social networks, and on further digitalizing their application processes and optimizing the onboarding processes.

Leadership and skills: The growth of our company is closely linked to the personal development of every individual and the collective development of the management team. Therefore, we have defined eight key “future skills.” Alongside professional expertise, they describe the skills we feel are necessary and form the new competency model for the management team. They will be established across EnBW in a slightly amended form as the new competency model for all employees in 2021.

As part of the “Leadership Development Journey” program, around 235 managers discussed and examined these future skills, their own individual development and the requirements of modern leadership in depth in 36 digital workshops. In the “Next Level Leadership” format, around 1,200 EnBW employees and managers also took part in virtual training courses to promote their personal development in 2020. The main focus was the theme of resilience in order to support employees with the huge changes to their working conditions as a result of the coronavirus pandemic. A qualification program has also been created that is specifically designed to provide support to employees who are taking on new, agile leadership roles.

The talent development program “SP4RK for Pioneers,” which was launched in 2019, combines the development of talent with the development of innovative business models. In the first phase of the program, talent from across the entire company worked for several months in cross-functional teams on projects with a start-up character in order to identify strategically relevant business models. Furthermore, we have developed the digital learning and development platform “LernWerk” (Learning Factory) that allows EnBW employees to independently shape their own development. The first version of the platform was tested at the beginning of 2021, and it will be gradually rolled out.

At our key subsidiaries, there was a focus on further training and education programs with an increased use of digital media. In addition, **ED** established a new organization development department to accompany the transformation project for the development of a joint leadership culture that was started in the previous year. For the first time, employee appraisals will be used as the basis for developing a HR development strategy for the entire ED Group. **SWD** started a cross-mentoring program with other companies in Düsseldorf for “Women in leadership” and a qualification program “Time for leadership” that includes

content on labor law, leadership methods, feedback and digital leadership. **VNG** started work on developing a new 180-degree feedback process for its managers that it plans to establish in 2021.

Qualification@EnBW: On 31 December 2020, there were a total of 1,163 trainees and students working in the EnBW Group. At Netze BW and EnBW AG, we have begun to align our training methodology to more effective teaching and learning formats as well as to the needs of younger generations. In March 2020, more than 120 trainees, DH students and trainers came together to shape the new learning culture. More than 60 trainers got to experience the first stage of a learning journey in July. We have also introduced some new learning methods. Despite the coronavirus pandemic, we were still able to employ 1,455 (2019: 1,333) working students and interns in 2020.

At our key subsidiaries, the main focus was placed on switching over to digital training formats – not least due to the impact of the coronavirus pandemic. **ED** also held workshops on strategy and leadership principles and held a leadership forum in a hybrid format for all managers at ED and its investment companies across four sites. **PRE** set up enhanced functions for its online tests and seminars, as well as for webinars held via online platforms.

Diversity@EnBW: Diversity is a fixed component of our corporate culture and a key element of the HR strategy. In order to emphasize our commitment to diversity, EnBW participated in, among other things, Christopher Street Day in Stuttgart as in the previous year. The event was held in front of a limited audience and predominantly in virtual form due to the coronavirus pandemic and had the motto “Diversity needs strengthening.” In addition, we supported the themes of equal opportunities, internationalization and innovative working cultures. For example, EnBW introduced the use of the gender star (an asterisk that is used to form gender-neutral terms in German) for its written communication and published a diversity statement on the Day of Tolerance on 16 November.

Proportion of women in management positions at EnBW AG

in %	2020	2019
First level below the Board of Management	8.7	0.0
Second level below the Board of Management	14.5	17.2

The Board of Management had set the goal of further increasing the proportion of women at both management levels below the Board of Management in the period from 1 January 2017 to 31 December 2020. At both the first level (top management) and second level (upper management), the proportion of women should increase to at least 20%. These targets were not yet achieved in 2020, although the proportion of women in top management did increase from 0% to 8.7% due to the promotion of two female managers from upper management to top management.

As a result of these promotions and structural changes, the proportion of women in upper management fell from 17.2% to 14.5%. We will develop measures based on the HR strategy to achieve the set targets.

In addition, our Executive Group has been extended to form a Global Management Board. This board works strategically at the level below the Board of Management and has been enlarged from 60 executives to around 100 members to achieve greater diversity. The 100 members now include about 20 women – previously just two women – as well as representatives from the areas of digitalization and internationalization. The English-language Intranet page “EnBW World” has been launched for our international colleagues and employees who have links with activities abroad.

HR processes, services & digitalization: There were four main areas of focus related to this theme in 2020: customer-oriented revision and digitalization of HR forms, the introduction of electronic signatures for employment contract management, the development of a digital platform for contact with applicants and the introduction of robotic process automation (RPA) for standard processes in HR services.

Other issues

EnBW developed very positively from an economic perspective in 2019 and achieved the targets for the 2020 strategy at an early stage. Against this background, it was decided that employees at the Group companies that have corresponding company agreements would receive a **profit sharing bonus** for 2019, which corresponded to 115% of one month's salary. The Board of Management has announced that a profit sharing bonus will be awarded to employees for 2020, although the amount has not yet been defined.

Based on the collective bargaining agreement between the Employers Association for Electricity Power Plants in Baden-Württemberg and the labor union ver.di from 19 February 2018, the third stage of the agreed wage increases was implemented on 1 July 2020 with a raise of 1.9%. The rates paid to trainees were also raised again by €50 on this date. The collective bargaining agreement runs until 28 February 2021.

EnBW provides a comprehensive range of services to promote the health of its workforce. We were awarded Excellence status at the Corporate Health Awards for this work in December 2020 and also received an award in the special category of “Mental Health.” The services provided by **health management** include preventative medical services, vaccinations such as flu vaccines, physiotherapy treatments and psychological counseling.

The sickness ratio stood at 4.3% in 2020 and was thus 0.6 percentage points lower than the figure in the previous year.

Other performance indicators

Employees¹

	31/12/2020	31/12/2019	Change in %
Sales	4,826	4,394	9.8
Grids	9,935	9,254	7.4
Renewable Energies	1,554	1,384	12.3
Generation and Trading	5,518	5,499	0.3
Other	2,822	2,762	2.2
Total	24,655	23,293	5.8
Number of full-time equivalents ²	23,078	21,843	5.7

1 Number of employees excluding apprentices/trainees and inactive employees.

2 Converted into full-time equivalents.

As of 31 December 2020, the EnBW Group had 24,655 employees, which was 1,362 more than at the end of 2019. This increase was primarily due to taking on new employees in strategic growth fields. The number of employees in the Renewable Energies segment thus increased due to the expanded activities in the areas of biogas and onshore wind power. In the Grids segment, the increase in the number of employees was due to the importance of the regulated business. However, this increase was offset to some extent by restructuring within the Group. The expansion of the broadband business, increased demand for energy and storage solutions and restructuring measures within the Group led to an increase in the number of employees in the Sales segment. Digitalization and transformation processes increased the number of employees in "Other," although these effects were also offset to some extent by restructuring measures within the Group. The employee turnover ratio stood at 5.9% in 2020 and was thus 0.4 percentage points lower than the figure in the previous year.

Further performance indicators for employees, such as the regional distribution or age structure of our employees, can be found on our website at www.enbw.com/performance-indicators.

Occupational safety

In the area of occupational safety, we have set ourselves the goals of avoiding accidents and work-related illness and creating a safe working environment. The Group guidelines "Occupational safety and health protection" describe the responsibilities and tasks related to occupational safety and define the processes. The EnBW guidelines for occupational safety and health protection are also described in this document. The Occupational Safety Working Group has the task of regulating issues that affect all companies uniformly within the Group. It is headed by the Chief Technical Officer of EnBW and has the power to make binding decisions in accordance with the company's rules of procedure.

TOP LTIF

The key performance indicator LTIF is used to measure the number of LTI according to the definition on p. 40. Every Group company included in the consolidated companies for the LTIF receives an individual target from the Board of Management – the fulfillment of this LTIF target flows into the assessments for

the achievement of targets in each case. The companies can also set their own individual targets that go beyond those set by the Board of Management.

Key performance indicator

	2020	2019	Change in %	Forecast 2020
LTIF for companies controlled by the Group ^{1, 2, 3}	2.1	2.1	0.0	≤ 2.1
LTIF overall ^{1, 2}	3.6	3.8	-5.3	≤ 3.8

1 LTIF indicates how many LTI occurred per one million working hours performed. Further information on the calculation of this performance indicator can be found on p. 40.

2 Variations in the group of consolidated companies [all companies with more than 100 employees, excluding agency workers and contractors, are generally considered].

3 Except for companies in the area of waste management.

In 2020, the LTIF for companies controlled by the Group remained at a good level in comparison to the previous year. The average days of absence per accident stood at 21.9 (previous year: 19.0) and were within the multi-year range. The LTIF overall fell slightly in comparison to the previous year, while the average days of absence per accident were 22.1 (previous year: 22.0). The LTIF overall includes subsidiaries in the area of waste management. However, the number of accidents in this area is at a good level in comparison to other companies in the sector.

The measures for achieving targets are independently defined by the Group companies. Various different **activities focusing on occupational safety** were carried out in 2020:

We work continuously on minimizing danger in the workplace, which could result in accidents or work-related illnesses, through training and programs of measures. In 2020, the main focus of the work relating to occupational safety was placed on the coronavirus pandemic and its consequences. As an energy supply company, EnBW forms a part of Germany's critical infrastructure. Therefore, we established a task force at the beginning of 2020 that included representatives from all relevant areas of the company and took measures to guarantee the reliable supply of energy. The main points were:

- › Organizational measures to avoid the spread of infection within the company and to guarantee the reliable operation of the energy supply
- › Procurement of equipment protecting against the coronavirus – such as masks, disposable gloves, disposable overalls and protective goggles
- › Production of hand sanitizer according to the WHO formula
- › Creating the technical and organizational conditions to allow the majority of employees to work safely from home
- › Creating risk assessments with respect to the coronavirus
- › Preparing e-learning modules about the new coronavirus rules
- › Detailed occupational health advice for employees (also psychological)

In 2020, **Netze BW** implemented various measures to further improve occupational safety and health protection:

- › New targets were defined for the areas of occupational safety, energy and the environment (AEU), which incorporate the ongoing improvement of the company's performance in the area of occupational safety and further reinforce AEU themes within the workforce.
- › A COVID-19 coordination office was already established in February 2020 to pool information and develop measures; it was also available to answer questions from employees.
- › Introduction of the Quentic software, which supports, among other things, the documentation of risk assessments and hazardous substance management.

In the area of **generation**, the Quentic software was also introduced in the first half of 2020. Safety training courses and exercises were carried out as planned in the first quarter of 2020. Due to the coronavirus pandemic, there were limitations on the events that could be held at the power plant sites from April. From the second quarter, measures and codes of conduct were introduced at construction sites and for inspections of power plants in response to the pandemic. In cooperation with our contractors, we were able to meet the scheduled deadlines. Discussion on near accidents and unsafe situations was intensified across all bodies. In addition, the "100 days without accidents"

campaign was continued; this goal was achieved 13 times in the reporting year.

The company **EnKK** worked to raise the employee awareness for danger during routine activities. A permanent EnKK working group assessed measures for protecting against the coronavirus pandemic, coordinating closely with the coronavirus task force at EnBW. Compliance with the measures by the company's own employees and those from partner companies is encouraged and monitored by all employees and managers – supported by daily checks carried out by a hygiene team.

At **SWD**, inspections and obligatory instruction and training courses (e.g., on respiratory protection, first aid) took place in the course of regular occupational safety and health protection measures. In addition, a new module on hazardous substance management came into force in the specialist departments. Key resources with respect to occupational safety and health management are currently held by central management functions, such as in the coronavirus task force.

We also refer you to the details provided in the "Report on opportunities and risks" (p. 104).

EnBW AG

The financial statements of EnBW AG have been prepared in accordance with the regulations in the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the law governing the electricity and gas industries in Germany (German Energy Industry Act – EnWG). The regulations for large corporations apply.

The financial statements as audited by the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, as well as the management report of EnBW AG contained in the Group management report, will be published in the German Federal Gazette (Bundesanzeiger).

For statements that are necessary to understand the position of EnBW AG and that are not explicitly described in the following sections, especially those relating to the strategy of the company and economic and political conditions, please refer to the information provided for the EnBW Group (p. 34 ff. and 57 ff.). The full financial statements of EnBW AG are available for download at www.enbw.com/report2020-downloads.

The annual net profit, which indicates the company's ability to pay a dividend, is an important performance indicator for EnBW AG.

Results of operations of EnBW AG

Condensed income statement of EnBW AG

in € million ¹	2020	2019	Change in %
Revenue	37,943.8	38,220.6	-0.7
Cost of materials	-36,959.1	-37,385.9	-1.1
Amortization and depreciation	-300.9	-569.3	-47.1
Other operating result	-804.3	-39.6	-
Earnings before interest and taxes	-120.5	225.8	-
Financial result	315.2	-29.3	-
Tax	-36.8	84.1	-
Net profit	157.9	280.6	-43.7

¹ In accordance with German commercial law.

EnBW AG reported an annual net profit of €157.9 million. The decrease in comparison to the previous year was mainly influenced by €346.3 million lower earnings before interest and taxes, the increase in the financial result of €344.5 million and the decrease in tax of €120.9 million.

Earnings before interest and taxes of EnBW AG is primarily determined by the revenues generated from electricity and gas sales, as well as by the associated cost of materials. The decrease in revenue of €276.8 million was offset by a decrease in the cost of materials of €426.8 million.

Revenue (after the deduction of electricity and energy taxes) of €37,943.8 million primarily includes revenue from electricity sales of €14,134.8 million and gas sales of €22,239.6 million. Electricity and gas sales comprise both the trading business, involving deliveries to trading partners and stock exchanges, and sales activities in the form of the direct delivery of energy to end customers.

The trading business recorded a slight decrease in revenue in 2020 of €223.4 million to €35,651.3 million. The higher trading volume in the gas sector could not fully compensate for the drop in market prices in the gas sector. The decrease in revenue

was also offset by the decrease in the cost of materials of €111.8 million to €34,603.1 million.

Revenues from sales activities were split into €1,669.3 million for electricity and €195.4 million for gas, which represented an overall drop of €4.4 million.

In the retail and end customer sector (B2C), electricity sales of 6.5 billion kWh were 0.4 billion kWh lower than the level in the previous year due to the slight decrease in the contract portfolio. The increase in energy sector costs was passed on to customers in the electricity business segment, which resulted in higher revenues. Gas sales decreased in the same period to 3.8 billion kWh due to the temperature and the slight decrease in the contract portfolio, and were 0.3 billion kWh lower than the previous year. Due to the developments in sales described above, revenue in the gas business fell.

Sales to business customers (B2B) includes supplying customers within the Group and redistributors and holding reserve supplies for B2B customers. Sales in the B2B electricity business fell by 0.3 billion kWh to 0.2 billion kWh due primarily to the decrease in sales to redistributors. Gas sales to business customers remained constant at 0.2 billion kWh in the same period.

The cost of materials includes costs for electricity procurement of €12,762.5 million and costs for gas procurement of €22,219.3 million.

Alongside scheduled amortization and depreciation, the amortization and depreciation item includes impairment losses of €64.3 million, which mainly relate to customer bases.

The significant decrease in the other operating result in comparison to the previous year was primarily due to a drop in income from the disposal of assets of €719.6 million, which was mainly attributable to restructuring within the Group in the previous year, and a fall in income from reversals of provisions of €23.2 million. This was offset to some extent by an increase in income from reversals of impairment losses of €43.1 million.

The positive development in the financial result was mainly influenced by a rise in investment income of €274.4 million, a

decrease in impairment losses on financial assets of €83.6 million, the fall in the interest expenses for nuclear provisions of €23.8 million, a fall in the interest expenses for affiliated entities of €23.0 million and an increase in income from loans of €15.4 million. This was offset to some extent by an increase in interest expenses for back taxes of €35.7 million, the accrual of tax provisions of €24.0 million in the previous year and an increase in interest expenses for subordinated bonds of €11.9 million.

The tax expense in the financial year was €36.8 million, while there was a positive tax result of €84.1 million in the previous year. The taxes mainly comprise allocations to the provisions for tax audit risks of €46.0 million. In the previous year, there was a reversal of provisions for tax audit risks of €107.0 million and positive effects from out-of-period taxes of €29.2 million. The option of recognizing a surplus of deferred tax assets was not exercised.

Net assets of EnBW AG

Balance sheet of EnBW AG

in € million ¹	31/12/2020	31/12/2019	Change in %
Assets			
Non-current assets			
Intangible assets	448.5	519.6	-13.7
Property, plant and equipment	902.8	933.7	-3.3
Financial assets	22,687.3	22,125.6	2.5
	24,038.6	23,578.9	1.9
Current assets			
Inventories	471.9	494.5	-4.6
Receivables and other assets	2,551.9	2,530.5	0.8
Securities	250.0	45.8	-
Cash and cash equivalents	413.7	169.5	144.1
	3,687.5	3,240.3	13.8
Prepaid expenses	668.7	366.5	82.5
Surplus from offsetting	363.6	315.8	15.1
	28,758.4	27,501.5	4.6
Equity and liabilities			
Equity			
Subscribed capital	708.1	708.1	-
Treasury shares	-14.7	-14.7	-
Issued capital	(693.4)	(693.4)	-
Capital reserve	776.0	776.0	-
Revenue reserves	1,872.5	1,872.5	-
Retained earnings	351.9	383.6	-8.3
	3,693.8	3,725.5	-0.9
Extraordinary items for investment cost subsidies and grants	27.2	23.4	16.2
Provisions	12,005.0	11,204.4	7.1
Liabilities	12,483.0	12,094.2	3.2
Deferred income	549.4	454.0	21.0
	28,758.4	27,501.5	4.6

¹ In accordance with German commercial law.

The net assets of EnBW AG as of 31 December 2020 are significantly influenced by the non-current assets (particularly the financial assets), the receivables and other assets. These are primarily offset by non-current liabilities, current liabilities to affiliated entities, current liabilities for a subordinated bond and provisions relating to nuclear power and for pensions and similar obligations.

Financial assets primarily consist of shares in affiliated entities of €14,839.7 million, securities held as non-current assets of €2,720.5 million and investments of €1,346.1 million. The increase in financial assets of €561.7 million mainly comprises additions to loans to affiliated entities. In addition, shares in affiliated entities included payments into the capital reserve, capital repatriation at subsidiaries and reversals to impairment losses, primarily at EnBW Holding A.S.

Trade receivables to the amount of €819.9 million mainly comprise receivables from trading activities and consumption accruals for electricity and gas deliveries not yet invoiced, and were €104.2 million above the figure in the previous year.

Cash and cash equivalents of EnBW AG totaling €413.7 million largely consist of bank deposits, which are invested as time deposits to the amount of €50.0 million. More details on the development of this item can be found in the section "Financial position of EnBW AG."

The increase in prepaid expenses of €302.2 million was primarily due to earnings components from futures as a result of the increased trading volumes.

The provisions for pensions and similar obligations held by EnBW AG to the amount of €5,800.4 million combine obligations from the company pension scheme and other company agreements made by major subsidiaries and EnBW AG. The resulting annual expenses for retirement benefits are paid by the subsidiaries concerned in each case. The increase in the provisions for pensions and similar obligations of €514.6 million was mainly due to the effect of the further decrease in the discount rate as in the previous year. In addition, provisions relating to nuclear power of €3,844.1 million are disclosed, which are formed to fulfill public law obligations and requirements in the operating licenses.

Of the liabilities totaling €12,483.0 million, €7,090.7 million have a residual term of more than one year. Overall, there are liabilities of €7,532.3 million to affiliated entities, which primarily result from intercompany settlement transactions within the framework of centralized financial and liquidity management, as well as from loan agreements.

The total increase in liabilities of €388.8 million was mainly attributable to the increase in liabilities to affiliated entities and to investments of €189.1 million. This was offset to some extent by repayments totaling €310.5 million to bank loans.

Non-current liabilities exist to the amount of €3,700.9 million to EnBW International Finance B.V. as part of the Debt Issuance Program (DIP) (Glossary, from p. 138), of which €2,492.6 million is from the issuing of six subordinated bonds and €527.3 million from loan agreements with credit institutions. The main changes in comparison to the previous year were the issuing of one green subordinated bond with a total volume of €500.0 million.

The aim is to cover the non-current pension and nuclear provisions with appropriate financial assets within an economically feasible time period. Overall, financial assets of €22,687.3 million are offset by long-term debt of €16,233.0 million.

The liquidity of EnBW AG on the reporting date guarantees the solvency of the company for the payment of current liabilities from the operating business.

Financial position of EnBW AG

In comparison to the reporting date in the previous year, the liquidity of EnBW AG increased from €169.5 million by €244.2 million to €413.7 million.

The cash flows of EnBW AG fundamentally arise from both its own operating business and also the operating business of the subsidiaries which balance payments received and made via the bank accounts of EnBW AG as part of the intercompany cash pooling system (Glossary, from p. 138) within the framework of central financing and liquidity management.

Important business transactions that had an effect on the financial position of EnBW AG in the financial year are summarized below:

In the financial year, there was investment of €346.1 million, mainly in the area of renewable energies. In contrast, there were cash inflows from financial assets of €740.1 million.

In addition, a green subordinated bond with a volume of €494.8 million and two new bonds with a volume of €994.4 million were issued via EnBW International Finance B.V. This was offset to some extent by repayments totaling €310.5 million to bank loans.

There was a cash outflow of €608.5 million in connection with the utilization of the nuclear power and pension provisions.

Another business transaction with a material impact on liquidity was the settling of the EEG credit line of €656.0 million.

A total of €189.6 million was distributed to the shareholders of EnBW AG in dividends.

This was offset to some extent with an impact on liquidity by the receipt of dividends of €171.8 million.

Overall assessment of the economic situation and development of EnBW AG

In our judgment, the development of the results of operations, financial position and net assets of EnBW AG as of 31 December 2020 is satisfactory after taking into account the effects described below that are not relevant to the ongoing management of the company. In the previous year, an annual net loss of €250 million was expected in 2020. The annual net profit for 2020 stands at €157.9 million and was significantly influenced by effects not relevant to the ongoing management of the company, which arose both at EnBW AG itself and at its subsidiaries which had an impact on EnBW AG due to profit and loss transfer agreements.

The main effects not relevant to the ongoing management of the company were higher interest expenses for pension provisions and provisions relating to nuclear power totaling €566.2 million (€523.7 million of which is reported as interest expenses of EnBW AG) resulting from the drop in the discount rate, and which were €33.8 million lower than expected. Furthermore, additions to the provisions relating to nuclear power of €112.1 million (of which €87.4 million was reported as cost of materials of EnBW AG) had a negative effect. Other negative effects arose from impairment losses on intangible assets and property, plant and equipment totaling €64.3 million.

This was offset to some extent by income from the disposal of assets and the sale of investments of €378.2 million, reversals of impairment losses on financial assets of €43.6 million and tax effects of €37.6 million.

Based on the annual net profit of €157.9 million and taking into account the profit carried forward of €194.0 million, there are retained earnings of €351.9 million.

We expect a break-even annual net result in 2021. The result will be negatively influenced by high interest expenses for non-current provisions. As a result of the low-interest phase, the average interest rate will fall further in the future. In the 2021 financial year, we expect that effects not relevant to the ongoing management of the company will in total negatively impact earnings by around €650 million. We also expect these negative effects on earnings to be offset to some extent by positive effects not relevant to the ongoing management of the company of around €50 million. Adjusted for these effects, the annual net profit will be around €600 million.

We anticipate that the negative impact on earnings caused by the fall in the average interest rate will be smaller in 2022. Based on the assumption that the average interest rate will fall to a lesser extent, we expect a negative impact on earnings of around €400 million.

The amount that is ineligible for distribution as dividends, which primarily comprises the valuation of the provisions for pension obligations, is expected to be around €650 million as of 31 December 2021.

Opportunities and risks

As the business performance, economic situation and opportunities and risks relating to the future development of EnBW AG do not deviate from the business performance, economic situation and opportunities and risks relating to the future development of the EnBW Group, the management report of EnBW AG is combined with that of the EnBW Group (p. 100 ff.).

Comments on reporting

The consolidated financial statements of EnBW AG are prepared in accordance with section 315 e (1) HGB using the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB), the adoption of which is mandatory in the EU as of the reporting date. As a vertically integrated energy supply company in the sense of EnWG, EnBW AG engages in activities in electricity distribution, activities in gas distribution, other activities within the electricity sector, other activities within the gas sector and other activities outside of the electricity and gas sectors in accordance with section 6 b (3) sentence 3 and sentence 4 EnWG.

EnBW share and dividend policy

As a result of the small proportion of EnBW shares in free float (www.enbw.com/shareholder-structure), events on the financial markets and the development of the DAX generally only have a minor influence on the development of the EnBW share price. The price of EnBW shares was €52.00 at the start of 2020 and stood at €56.00 by the end of the year (www.enbw.com/stock-chart).

The transformation of the portfolio up to the end of 2020 and the strategic further development of the company as an infrastructure partner by the end of 2025 create the foundations for the future viability of EnBW. The trust placed in EnBW by shareholders is based on this value generated by the company. EnBW manages the development of value using ROCE. The financial profile will be maintained using the debt repayment potential from the 2021 financial year onwards. EnBW strives to generally pay a dividend payout ratio of between 40% and 60% of adjusted Group net profit. Based on the annual net profit of EnBW AG of €157.9 million and taking into account the profit carried forward of €194.0 million, there are retained earnings of €351.9 million for the financial year and thus dividends will be paid for the 2020 financial year. If approved by the Annual General Meeting, the dividend to be distributed for the 2020 financial year will be €1.00 per share. This corresponds to a dividend payout ratio of 40%.

Overall assessment of the economic situation of the Group

The energy sector is experiencing a period of great upheaval. There is particular pressure for change due to the Energiewende. However, digitalization, sector coupling and the desire of local authorities to become self-sufficient are also having a strong influence on the sector. The coronavirus pandemic underscores the huge importance of supply reliability and has focused greater attention once again on the task of the energy companies to supply power. The Coal Phase-out Act passed in 2020 requires that coal-fired power generation is completely phased out in Germany by 2038 at the latest, while the last nuclear power plant will be disconnected from the grid in Germany in 2022. Against this background, energy supply companies are being forced to examine their business models so that they are able to exploit the potential of the changing market environment and realign their strategies for the future.

We developed our EnBW 2020 strategy eight years ago as a consequence of the Energiewende and have worked to implement it in a resolute and disciplined manner, with huge commitment from all involved. We have now fully achieved almost all of the targets in our EnBW 2020 strategy and reached many of them earlier than planned, which we view as a huge success. The new strategy period up to 2025 will place the focus on the infrastructure aspects of our business activities. Organized in three new strategic business fields, we want to further strengthen our profitability and continuously improve our sustainability performance at the same time. In autumn 2020, we launched a comprehensive sustainability program whose central aim is to make the company climate neutral with respect to our own emissions by 2035.

The operating business developed overall in 2020 as expected and forecast at the start of the year: The adjusted EBITDA increased by 14.3% in comparison to the previous year. The result in the Sales segment exceeded the forecast that had been adjusted during the year. All other segments achieved a result within their forecasted range. The result in the Grids segment remained at the high level achieved in the previous year. A volume-related drop in earnings from the distribution grids was offset by higher revenue from the use of the electricity and gas transmission grids. In the Renewable Energies segment, the result improved significantly. The EnBW Hohe See and EnBW Albatros wind farms have been contributing to earnings since they were commissioned in the fourth quarter of 2019 and since the first quarter of 2020, respectively, while Valeco has been contributing to earnings since the third quarter of 2019. In addition, better wind conditions had a positive effect and the electricity delivered from our hydropower plants was sold on the forward market at higher wholesale market prices. In comparison to the previous year, the result in the Generation and Trading segment improved. The reasons for this development were higher wholesale market prices for our electricity deliveries and earnings contributions from trading activities. Overall, the Grids and Renewable Energies segments accounted for more than three quarters of our adjusted EBITDA.

The loss reported for the non-operating EBITDA decreased in 2020 in comparison to the previous year by 37.0% from €187.3 million to €117.9 million. This was mainly due to an adjustment to the nuclear provisions.

In total, the Group net profit attributable to the shareholders of EnBW AG decreased from €734.2 million in 2019 to €596.1 million in the reporting year. Earnings per share amounted to €2.20, compared to €2.71 in the previous year.

The financial position of the company remains sound. Solvency was ensured at all times throughout the 2020 financial year thanks to the company's available liquidity and its internal financing capability, as well as external sources available for financing. We issued two corporate bonds, one at the beginning of April and one in the middle of October 2020, each with a volume of €500 million. At the end of June 2020, we issued a green subordinate bond that also had a volume of €500 million, the proceeds of which were used in their entirety to refinance the French wind and solar company Valeco. In addition, we agreed a sustainability-linked syndicated credit line with a consortium of 18 banks in June 2020 that has a volume of €1.5 billion. The financing costs are tied to the sustainability performance of EnBW for the first time. The adjusted retained cash flow reached the forecasted range of €1.9 billion to €2.0 billion in the reporting year, while the internal financing capability exceeded the target value of $\geq 100\%$ in 2020. ROCE stood at 6.3% and thus exceeded expectations for the 2020 financial year.

In the customers and society goal dimension, our Reputation Index improved significantly in 2020 in comparison to the previous year, not only within the target group of investors but also among opinion leaders and the wider public. The satisfaction of EnBW and Yello customers was once again high in 2020. As in the previous year, supply reliability remained at a very good level in 2020. In the environment goal dimension, the expansion of renewable energies continued according to plan. The CO₂ intensity of our own electricity generation reduced significantly in comparison to the previous year, which was due to, among other things, the EnBW Hohe See and EnBW Albatros offshore wind farms and the reduction in electricity generation from our fossil fuel-fired power plants caused by market-driven developments. In the employees goal dimension, the newly introduced People Engagement Index (PEI) achieved a high level in comparison with other companies. In the area of occupational safety, the LTIF for companies controlled by the Group in 2020 remained at a low level as in the previous year, while the LTIF overall fell slightly in comparison to the previous year.

In the estimation of the Board of Management, the operating business of our company developed positively in 2020. The operating result increased as expected. EnBW is also on the right track in the non-financial goal dimensions.

Forecast

In our forecast we take a look, insofar as is possible, at the expected future growth and development of EnBW in the years 2021 to 2023. Due to the changes in segment reporting from the 2021 financial year, the forecast will focus on the development of the future segments “Smart infrastructure for customers,” “System critical infrastructure” and “Sustainable generation infrastructure” [p. 26 f.].

The expected economic, political and regulatory conditions are presented in the chapter “General conditions” [p. 57 ff.]. Potential factors influencing the forecast are described in detail in the “Report on opportunities and risks” [p. 100 ff.].

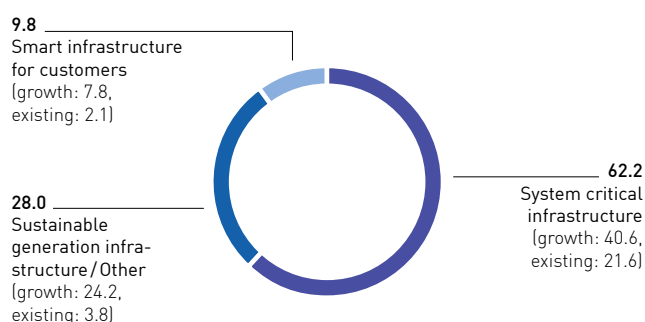
Expected trends in the finance and strategy goal dimensions

Investment over a three-year period

In order to continue to play an active role in shaping the Energiewende, gross investment of €8.4 billion is planned for the 2021 to 2023 period. This represents on average €2.8 billion per year. €2.3 billion (27%) of this investment will be on existing projects and €6.1 billion (73%) on growth projects. The majority of the gross investment (83%) will be in the “System critical infrastructure” segment and the expansion of renewable energies.

Total investment 2021–2023

in %



Around 10% of the investment is planned for the **Smart infrastructure for customers** segment, of which approximately 8% will be for growth investment. This investment is mainly intended for the expansion of electromobility, as well as for the development of energy solutions.

Around 62% of the investment will flow into the **System critical infrastructure** segment, of which growth investment will

account for 41% of the overall gross investment. In order to make the transmission of renewable energies from the north to the south of Germany possible, funds have been allocated to the transmission grid for the realization of two HVDC projects [Glossary, from p. 138] ULTRANET and SuedLink that involve our subsidiary TransnetBW and are part of the Network Development Plan [Glossary, from p. 138]. In addition, extensive investment in the expansion and upgrading of the existing grids is planned by our grid subsidiaries.

Around 28% of the investment is planned for the **Sustainable generation infrastructure** segment and for other investment (other investment: 2%). 24% of the investment will be on growth themes. Investment of around €1.7 billion for the expansion of renewable energies is planned for the period 2021 to 2023, which corresponds to 20% of the gross investment. The planned investment in renewable energies includes funds for the realization of further offshore wind farms, such as our EnBW He Dreiht wind farm in the German North Sea, and for further offshore projects in Great Britain. In addition, investment is planned for the construction of onshore wind farms to achieve a total capacity of 1,500 MW at home and abroad by 2023 and for photovoltaic parks (including the two solar parks Gottesgabe and Alttrebbin, each with a capacity of around 150 MW_p, by the end of 2021) from our comprehensive project pipeline [p. 46]. Furthermore, the investment planned in the “Sustainable generation infrastructure” segment includes the construction of a gas turbine power plant in Marbach am Neckar as special technical equipment for grids [Glossary, from p. 138]. The groundbreaking ceremony was held in October 2020. Other investment mainly involves investment in the central IT system and financial investments in minority shareholdings.

The investment program of the EnBW Group thus supports our strategy of expanding renewable energies and ensuring security of supply in the regulated areas of the transmission and distribution grids, as well as the expansion of charging infrastructure for the benefit of electromobility.

The total investment volume of around €8.4 billion between 2021 and 2023 will be accompanied by divestitures of around €0.7 billion. These include divestitures in the onshore and photovoltaic sectors, which will build on our already realized participation models. The remaining divestitures will involve the receipt of construction cost subsidies and the participation model “EnBW connects.” This local authority participation model is attracting a great deal of interest from local authorities [p. 78].

The balance of gross investment and divestitures gives the net investment, which is €7.7 billion or €2.6 billion on average per year.

TOP Adjusted EBITDA and TOP the share of the adjusted EBITDA accounted for by the segments

Development in 2021 (adjusted EBITDA and the share of adjusted EBITDA accounted for by the segments) compared to the previous year

	Earnings performance (adjusted EBITDA) compared to the previous year		Development of the share of adjusted EBITDA for the EnBW Group accounted for by the segments	
	2021	2020	2021	2020
Smart infrastructure for customers	€300 to €375 million	€335.0 million	10% to 15%	12.0%
System-critical infrastructure	€1,300 to €1,400 million	€1,346.6 million	40% to 50%	48.4%
Sustainable generation infrastructure	€1,375 to €1,475 million	€1,277.7 million	45% to 55%	45.9%
Other/Consolidation		€-178.2 million		-6.3%
Total	€2,825 to €2,975 million	€2,781.2 million		100.0%

The adjusted EBITDA of the **Smart infrastructure for customers** segment will reach about the same level in 2021 as in the previous year. We expect stable earnings in a challenging market environment, even against the backdrop of the ongoing coronavirus pandemic. We thus anticipate a stable share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA of the **System critical infrastructure** segment will reach the same level in 2021 as in the 2020 financial year. Revenue from the use of the grids is expected to increase slightly in comparison to the previous year, despite the ongoing coronavirus pandemic, as a result of returns on increased investment activity in projects that are included in the Network Development Plan Electricity and Network Development Plan Gas (Glossary, from p. 138). We expect a stable or slightly decreasing in the share of the adjusted EBITDA for the Group accounted for by this segment.

The adjusted EBITDA for the **Sustainable generation infrastructure** segment will increase significantly in 2021. Renewable energies will contribute around €900 million to earnings. The further expansion of power plants for the utilization of renewable energies will have a positive impact on the earnings performance. The forecasts for wind yields and thus for the volume of electricity generated are based on the long-term average. As the wind yields in 2020 were below this level, we expect higher earnings in 2021 in comparison to the previous year. In addition, we expect a consistently good trading performance in 2021. The share of the adjusted EBITDA for the Group accounted for by this segment should reach at least the level in the previous year.

The **adjusted EBITDA** for the EnBW Group will increase further in 2021 and be between €2.825 billion and €2.975 billion. We expect the adjusted EBITDA for the Group to be higher in 2022 than in 2021. This will be due to the stabilization of and improvement in earnings in all segments.

The **EBITDA** in 2021 and 2022 will develop in line with the adjusted EBITDA. We do not make any forecasts relating to material non-operating effects.

The **EBT** relevant to remuneration will be between €1.1 billion to €1.2 billion in 2021. This is an increase in comparison to the previous year, which will be due to the elimination of negative

non-operating effects on earnings. A further slight increase in EBT is expected in 2022. The accuracy of the forecast for EBT is, however, dependent on other exogenous factors relevant to the non-operating result that cannot be planned for, such as impairment losses, the reversal of impairment losses or impending losses on onerous contracts for electricity procurement agreements.

Assuming an adjusted EBITDA in the range of €2.825 billion to €2.975 billion, we expect to achieve a **retained cash flow** (p. 72) of between €1.6 billion and €1.7 billion. Adjusted for dividend payments (including payments from investments to third parties) and income tax payments, we expect an FFO (Glossary, from p. 138) relevant to remuneration of between €2.3 billion and €2.4 billion. We expect that the retained cash flow in 2022 will be slightly higher than in 2021.

TOP Debt repayment potential

Key performance indicator

	2021	2020
Debt repayment potential in %	11.5 – 12.5	–

Following the transition to the 2025 growth strategy, the key performance indicator internal financing capability will be replaced by the new key performance indicator debt repayment potential from 2021 on. We expect a debt repayment potential of around 11.5% to 12.5% for 2021. The development of the debt repayment potential is dependent on factors within net debt that are outside of the company's influence, such as the development of interest rates for non-current provisions, the performance of the dedicated financial assets and the future development of the EEG account.

TOP ROCE

Key performance indicator

	2021	2020
ROCE in %	5.3 – 6.3	6.3

In the 2021 financial year, ROCE is expected to be between 5.3% and 6.3% and will thus at best achieve the same level as in the previous year. In general, investments tend to lead at first to a fall in ROCE as a result of low initial contributions to earnings. This will be the case due to the cost of capital for the planned investment in the grids and offshore wind farms in 2021, which will not yet have a positive effect on earnings, together with an unchanged EBIT. ROCE is expected to stabilize in 2022 at the same level as in 2021.

In 2021, the ROA relevant to remuneration will be between 5.1% and 5.6%. It is thus expected to reach at least the level in the previous year due to the elimination of negative non-operating effects on earnings from 2020. As things currently stand, we expect that the ROA will fall slightly in 2022 in comparison to 2021.

Expected trends in the customers and society goal dimension

Key performance indicators

	2021	2020
Reputation Index	55–58	55.5
Customer Satisfaction Index for EnBW/Yello	127–139/ 150–161	132/159
SAIDI (electricity) in min./year ¹	15–20	15

¹ SAIDI includes all unscheduled interruptions to supply that last more than three minutes for the end consumer.

TOP Reputation Index

EnBW will strive to improve its reputation continuously and noticeably over the next few years. The Reputation Index is an important non-financial performance indicator because it is influenced by a whole series of factors that are important to the future viability of our company. The existing reputation management department and stakeholder team at EnBW can recommend measures for optimizing the reputation of the company.

TOP Customer Satisfaction Index

We continue to expect a high level of competitive pressure in 2021 both from direct competitors within the energy industry and, to an increasing extent, competitors from other sectors that have already entered the energy market or will do so shortly. In addition, exogenous factors could negatively impact customer satisfaction more and more in the future, such as discussions about the future of coal-fired power generation, the development of state levies, the proposed gradual increase in CO₂ prices up to 2023 included in the German government's climate action package, increasing costs or delays to the expansion of the grids.

To improve the satisfaction of our customers, we are thus also expanding our range of sustainable energy industry services

and energy solutions and targeting our sales activities in this direction in 2021. We aim to become climate neutral with respect to our own emissions (Scope 1 and 2) by 2035 and in this context are also making the product portfolio environmentally sustainable. We are combining traditional energy products (electricity and gas) with household and energy-related products and services for our customers. Some examples are "EnBW mobility+" – a combination of our EnBW mobility+ app with access to the EnBW HyperNetwork – or enabling customers to charge their electric cars at home using their own wall box. Using our advanced digital skills, we offer our customers customized products and services. On this basis, we are striving to achieve a Customer Satisfaction Index for EnBW of between 127 and 139 points in the 2021 financial year. Through new digital skills, personalized offers and a clear focus on sustainability, Yello is striving to slightly improve its Customer Satisfaction Index in the 2021 financial year to between 150 and 161 points.

TOP SAIDI

The grid subsidiaries of EnBW have always achieved a highly reliable supply throughout their grid area and for their customers. The corresponding key performance indicator SAIDI, which states the average duration of supply interruptions per end consumer per year, stood at 15 minutes in 2020. We are striving to achieve a value of between 15 and 20 minutes in the 2021 financial year and subsequent years.

Expected trends in the environment goal dimension

Key performance indicators

	2021	2020
Installed output of RE in GW and the share of the generation capacity accounted for by RE in %	5.2–5.4/ 40.5–41.5	4.9/39.0
CO ₂ intensity in g/kWh ^{1,2}	0%–15%	372

¹ Includes redispatch deployment.

² Nuclear generation is not included in the calculation for the key performance indicator CO₂ intensity.

TOP Installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE

The installed output of renewable energies and the share of the generation capacity of the Group accounted for by renewable energies will continue to rise in 2021. This increase will be mainly attributable to photovoltaics with the full commissioning of the Weesow-Willmersdorf solar park and the Gottesgabe and Alttrebbin parks that are currently under construction. In addition, we are planning to further expand onshore wind power. In subsequent years, we also expect a continuous increase in the installed output of renewable energies. This will thus increase the share of the generation capacity accounted for by RE further.

TOP CO₂ intensity

With respect to our target of reducing the CO₂ intensity of our own electricity generation, the years 2019 and 2020 were exceptional years that were subject to extraordinary effects. The repercussions of the coronavirus pandemic were felt throughout almost the whole of 2020. We expect the conditions to normalize in 2021. Therefore, we anticipate CO₂ intensity in 2021 at the same level as in 2020 in the best-case scenario, and an increase of 15% in the worst-case scenario. In comparison to the reference year of 2018 used for our target of climate neutrality, which was also the last year without extraordinary effects, this forecast corresponds to a reduction in CO₂ intensity of between 20% and 30%.

Expected trends in the employees goal dimension

Key performance indicators

	2021	2020
People Engagement Index (PEI) ¹	≥ 77	83
LTIF for companies controlled by the Group ^{2,3,4}	2.0 – 2.2	2.1
LTIF overall ^{2,3}	3.6 – 3.8	3.6

- 1 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered [except ITOs]).
- 2 LTIF indicates how many LTI occurred per one million working hours performed. Further information on the calculation of this performance indicator can be found on p. 40.
- 3 Variations in the group of consolidated companies (all companies with more than 100 employees, excluding agency workers and contractors, are generally considered).
- 4 Except for companies in the area of waste management.

TOP People Engagement Index

The People Engagement Index (PEI) was measured for the first time in 2020 and stood at 83 points in the reporting year. However, it is probable that this very good result reflects the fact that

employees have attached too much importance to the company's handling of the impact of the coronavirus pandemic in their positive assessment. An international benchmark index compiled using similar questions at numerous companies from various different sectors stood at 74 points in 2020. Taking into account this global benchmark score and the extraordinary effect of the coronavirus pandemic on this index in 2020, we are striving to achieve a target value for the PEI of at least 77 points in 2021.

TOP LTIF

We are committed to our goal of continuously improving occupational safety within the company for both our own employees and those of our partner companies who carry out work on behalf of EnBW. Therefore, we have implemented numerous accident prevention measures. Our activities in 2020 were highly influenced by the coronavirus pandemic. As a critical infrastructure company, we have a responsibility to ensure a reliable supply of energy. The coronavirus pandemic will also have a big impact on safe and healthy working practices in 2021. Irrespective of this challenge, we are still striving to continuously reduce both the LTIF for companies controlled by the Group and LTIF overall.

Overall assessment of anticipated developments by the management

We anticipate a further increase in the adjusted EBITDA for the Group in 2021 in comparison to the previous year. The share of earnings accounted for by the "Sustainable generation infrastructure" segment will increase significantly in the process. We will always strive to maintain a balanced financing structure, solid financial profile and thus solid investment-grade ratings [Glossary, from p. 138]. With respect to our non-financial key performance indicators, we expect a stable to positive development in 2021 – with the exception of the People Engagement Index (PEI), which was subject to extraordinary effects in 2020.

Report on opportunities and risks

Principles of the integrated opportunity and risk management system

Opportunity and risk map

Strategic/sustainability		Operative			Financial		Compliance
Strategy	Sustainability	Business activity	Infrastructure	Implementation of growth fields	Financial management	Corporate financing	Compliance
Sustainable generation infrastructure	Climate change	Business processes	Plants/grids/storage/IT	Renewable energies	Market prices	Capital market	Corruption
Market developments/social trends	Environmental protection	Operating activities	Information security/confidentiality	Gas/biogas business	Liquidity management	Rating	Antitrust law
System critical infrastructure	Weather/natural events	Products/contracts	Crime/sabotage/terrorism	E-mobility/digitalization	Earnings management		Data protection
Smart infrastructure for customers	HR	Operational projects		Expansion of the grids	Investment management		Fraud
	Occupational safety/health protection	Approvals/licenses/patents					Taxes and levies
	Human rights	Legislation/regulation/litigation					
	Social issues						
	Reputation						

■ Task Force on Climate-related Financial Disclosures (TCFD) ■ Corporate Social Responsibility (CSR)

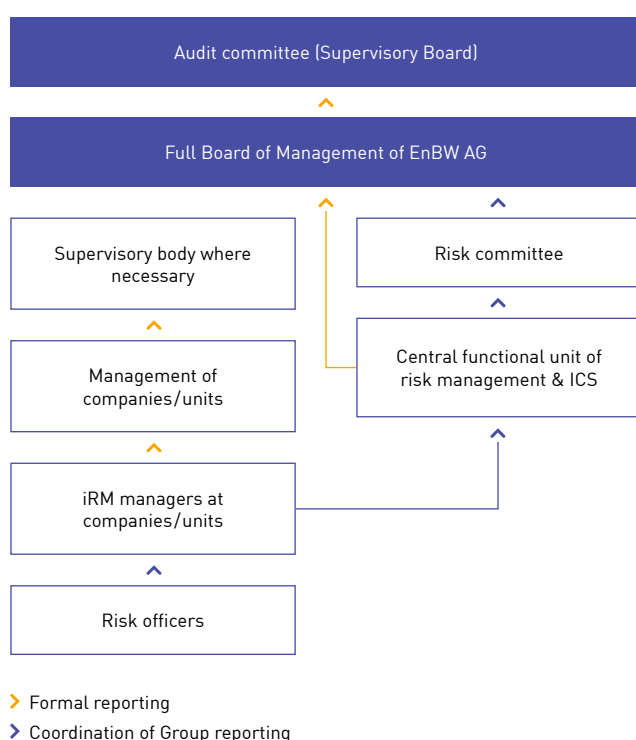
The integrated opportunity and risk management system (iRM) of EnBW is based on the internationally established COSO II framework as a standard for risk management systems that span entire companies. The iRM aims, through a holistic and integrated approach, to effectively and efficiently identify, evaluate and manage opportunities and risks (including monitoring) and report on the opportunity and risk position, as well as to ensure the appropriateness and functionality of related processes. Risk management involves measures for avoiding, reducing or transferring risk through adequate accounting provisions, as well as measures for managing risk tolerance. For this purpose, we define an opportunity/risk as an event that might

cause a potential over-attainment/non-attainment of strategic/sustainability, operational, financial and compliance goals in the future. The iRM process also takes into account the guidelines for a non-financial declaration. In order to identify and categorize opportunities and risks, the opportunity and risk map that is well-known throughout the Group is utilized. The risk map is used to explicitly consider possible opportunities and risks that affect the sustainable orientation of our company. As well as focusing on the fulfillment of the requirements for a non-financial declaration, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, from p. 138) are also taken into account.

Our integrated opportunity and risk management system is constantly being updated. Alongside legal regulations and audit requirements, digitalization and the quality of the methods used are particularly important. A quantitative assessment of opportunities and risk is facilitated by question-based collection methods. A Group-wide tool to validate opportunities and risks also supports paperless processing.

Structure and processes of the integrated opportunity and risk management system

Structure and process of the iRM system



The structures and processes of the iRM are well-known throughout the Group. The central risk management & ICS functional unit is responsible for specifying methods, processes and systems for the whole Group, determining the opportunity and risk position of the Group and for reporting. The central steering body is the risk committee, which – with the involvement of specially selected units/companies – is responsible for clarifying relevant issues from various Group perspectives, as well as for determining the top opportunities/risks.

The iRM is tested annually by the Group auditing department with a focus on different main themes each year and the results of the test are then presented to the Supervisory Board in the form of a so-called effectiveness report. All opportunities and risks are initially assessed with the help of the iRM relevance

filter before and after consideration has been taken of both implemented and envisaged management instruments. In the process, they are allocated to one of seven relevance categories on the basis of quantitative and qualitative criteria for each of the four dimensions: “strategic/sustainability,” “operational,” “financial” and “compliance.”

Opportunities and risks are evaluated within the medium-term planning period. As long as a financial valuation of the opportunities and risks is possible, they are allocated to relevance classes 0 to 4 if they have a value in the range of less than €0.2 million up to less than €50 million within the medium-term planning period. From relevance class 5 and above and with a probability of occurrence of over 50%, the opportunities and risks are generally included in the Group report on opportunities and risks. This corresponds to €50 million within the medium-term planning period. The top risks/opportunities and the long-term opportunities and risks that are of particular importance are then added. The reports are submitted on a quarterly basis in standardized form. In the case of any significant changes, a special report is immediately issued.

Those opportunities or risks relevant to the Group report on opportunities and risks are generally evaluated in relation to the current planning period using quantitative methods (e.g., scenario techniques and distribution functions) for the purpose of stochastic modeling. Any possible effects on the adjusted EBITDA, ROCE (via any impact on the adjusted EBIT and capital employed) and the debt repayment potential (via any impact on the retained cash flow and net debt) are considered. Further explanations of our financial terms can be found in the chapter “Strategy, goals and performance management system” on p. 39 and in the Glossary, from p. 138. Alongside these financial effects, opportunities and risks can also have impacts on the other key performance indicators [p. 38 ff.], which are discussed with those responsible in the specialist areas.

Any opportunities and risks with a probability of occurrence of up to 50% are subject to an individual review to determine whether they should be taken into account in the next planning session. Opportunities and risks with a probability of occurrence of over 50% are generally taken into account in the planning process and, as far as possible, appropriate accounting measures are taken in the consolidated financial statements in accordance with IFRS.

Alongside the top opportunities/risks, there are a wide variety of other opportunities and risks facing the Group that are allocated to the respective risk category on the opportunity and risk map (p. 100) and evaluated with the aid of the iRM relevance filter. Alongside the key performance indicators in the finance and strategy goal dimensions, these effects can also have an impact on the key performance indicators in the customers and society, environment and employees goal dimensions. Any impact on the areas of compliance, social engagement and procurement is also examined in the process.

Relevance filter for classifying opportunities and risks

Strategic/sustainability	Operative	Financial	Compliance
Achievement of strategic targets, sustainability targets, e.g., climate protection, environmental protection, reputation	Achievement of business targets, functional processes, retaining added value, customer/external effects	Achievement of financial targets, generally in accordance with medium-term planning or approved (project) budgets	Compliance with legal/official regulations and internal regulations
Relevance class 5			
One strategic/sustainability target for the EnBW Group is not achieved	<ul style="list-style-type: none">› One key operational target for the EnBW Group is not achieved› The value added is massively disrupted across the company/business units/functional units	≥ €50 million (relevance threshold for functional units and EnBW Group)	Breach of legal/official regulations and/or internal regulations with negative consequences for the EnBW Group
Relevance class 6			
Several or all strategic/sustainability targets for the EnBW Group are not achieved	<ul style="list-style-type: none">› Several or all operational targets for the EnBW Group are not achieved› Value added throughout the whole Group is massively disrupted	≥ €250 million	Breach of legal/official regulations and/or internal regulations with serious negative consequences for the EnBW Group

Group reporting level

Structure and processes of the accounting-related internal control system

Principles

An accounting-related internal control system (ICS) has been established at EnBW that is designed to ensure proper and reliable financial reporting. In order to guarantee that this ICS is effective, the appropriateness and functionality of the Group-wide control mechanisms are tested regularly at the level of the individual companies and at a Group level.

If any existing weaknesses are identified in the control system and are considered relevant to the financial statements, they are remedied. This accounting-related ICS methodology is based on the COSO II standard.

Once the control mechanisms have reached a standardized and monitored degree of maturity, and no material control weaknesses can be identified, the accounting-related ICS is deemed to be effective. The materiality of control weaknesses is measured as the probability of occurrence and the extent to which there could be a potential misstatement in connection with those financial statement items concerned. The accounting-related risk management system defines measures for identifying and assessing risks that jeopardize the preparation of compliant financial statements as part of the accounting-related ICS.

Despite having established an ICS, there is no absolute certainty that it will attain its objectives or that it will be complete. In

individual cases, the effectiveness of the ICS can be impaired by unforeseeable changes in the control environment, fraud or human error.

Structure

The accounting-related ICS at EnBW is organized at both a centralized and decentralized level. All key companies, business units and functional units have an ICS officer. These officers monitor the effectiveness of the ICS and evaluate any control weaknesses that may arise. A report on the effectiveness of the ICS is prepared on an annual basis. The ICS officer at Group level assists the companies/units with the implementation of standardized procedures and also consolidates collected data.

Process

Standardized procedures are used to ensure completeness and consistency in the preparation of the financial statements and financial reporting. The accounting-related ICS defines controls designed to ensure compliance with the accounting policies used by the Group, as well as procedures and deadlines for the individual accounting and consolidation processes. During the Group consolidation process, the rigorous implementation of the four-eye principle is observed, while random samples and deviation analyses improve quality. An annual control cycle monitors whether the documentation is up to date and also checks the appropriateness and functionality of the controls. In addition, it identifies and evaluates any control weaknesses that may arise.

A risk-based selection process defines the companies/units, significant items in the financial statements and processes including their associated control measures that are relevant.

The defined processes and controls are recorded in a central documentation system. The effectiveness of the various control activities is then assessed. If any control weaknesses are identified, their effect on the financial statements is evaluated. The results are reported at both company or unit level and at Group level. Furthermore, the Group auditing department performs ICS reviews as part of its risk-oriented audit planning.

Non-financial declaration

As part of the non-financial declaration, we closely analyze the related opportunities and risks in the areas of compliance, social engagement, and procurement, as well as in the customers and society, environment and employees goal dimensions. In order to guarantee that the requirements for a non-financial declaration are fulfilled, the established iRM methods and the associated process are used. In this context, the iRM also identifies opportunities and risks relating to climate protection and thus provides important impetus for the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, from p. 138). You can find further information on this subject on p. 122.

Risks associated with the non-financial declaration

The non-financial declaration describes, among other things, the fundamental opportunities and risks connected with the EnBW business model and the activities based upon it that could have a possible impact on one of the individual issues. Material individual risks with a very high probability of a serious negative impact in relation to any of the following issues do not exist at EnBW.

Compliance

The observance of relevant legal regulations and internal company rules forms the basis of our business activities. Managing compliance risks at EnBW (with a main focus on corruption, antitrust and data protection risks) is the task of the compliance management system, which comprises regular risk assessments of this type. Risks related to fighting corruption and bribery are addressed on p. 43f. in a cross-segment manner.

Social engagement

There are no risks in the area of social engagement. In fact, we take our social responsibility for civic and social engagement seriously (p. 47f.).

Procurement

Sustainable procurement – purchasing: In the area of procurement, risks cannot be excluded due to increasing levels of complexity and the large number of suppliers. Purchasing utilizes an active risk management system, counters procurement risks and implements the necessary measures for safeguarding against and avoiding risk. These risks are managed using defined processes and, especially in this area, through the pre-qualification process (p. 53f.).

Raw materials procurement – coal and gas: In the area of raw materials procurement and thus in the associated supply chain, there are above all potential human rights and environmental risks. In the procurement of raw materials, a multi-stage process is used to check whether human rights and environmental standards are being observed. All coal suppliers and also potential suppliers are regularly subjected to a screening process. The activities carried out for the procurement of coal are currently being implemented for gas procurement. Other measures that form part of the assessment are carried out in direct cooperation with the compliance department.

In coal mining and the production of natural gas, there are possible human rights risks related to the working and living conditions of people in the coal mining regions and natural gas producing regions. In addition, there are environmental risks for the immediate environment in each of these mining and gas producing regions. An increase in civil society activity in this context can in turn result in an increase in reputational risk. We are in constant contact with representatives from civil society and keep them informed about the advances made and challenges faced in all sustainability topics (p. 54ff.).

Customers and society goal dimension

Reputation: All opportunities and risks, as well as non-financial issues, can have a positive or negative impact on reputation and thus on the key performance indicator, the Reputation Index (p. 76). The reputation management department thus identifies opportunities and risks related to reputation, develops measures to protect and improve reputation, advises the Board of Management and management and provides recommendations for action.

Customer proximity: Risks exist especially in connection with the still high level of competitive pressure both from direct competitors within the energy industry and, to an increasing extent, competitors from other sectors that have already entered the energy market or will do so shortly. This is associated with the risk of a negative impact on the customer base and sales volumes. Opportunities exist above all through the provision of a broader range of customer-specific products and services such as offering hardware bundles (Glossary, from p. 138) and product options, as well as through processes more oriented to the customer. EnBW also continued to expand its range of electromobility, sustainable energy industry services and energy solutions in 2020 and targeted its sales activities in this direction (p. 76ff.).

Environment goal dimension

Expansion of renewable energies: Risks generally exist in the approval and auction process. These risks can result in delays to the further expansion of renewable energies. Due to the fact that the auctions are held on equal terms, we continue to expect a high level of competition. We measure the expansion of renewable energies with our key performance indicator “installed output of renewable energies (RE) and the share of the generation capacity accounted for by RE” (p. 81 f.).

CO₂ intensity/climate protection: Risks generally exist in the area of environmental protection due to the operation of power generation and transmission plants with possible consequences for the air, water, soil and nature. The importance of climate protection is taken into account in, for example, the key performance indicator CO₂ intensity (p. 83 f.).

We counter these risks using, among other things, an environmental management system certified according to DIN EN ISO 14001:2015, which has been established at key subsidiaries (p. 79). We take the safety of the population and the protection of the environment very seriously. In this context, risks also exist due to external circumstances, such as extreme weather conditions. We counter these risks using comprehensive organizational and procedural measures to reduce their impact. We ensure that the risks posed by crisis and emergency situations are mitigated quickly, effectively and with a coordinated approach through regular crisis management exercises and other measures. Through our diverse range of activities in the areas of environmental, nature and species protection, we also utilize the opportunity – beyond our core activities – to make a substantial contribution to improving environmental protection. Thanks to the positive public perception of these activities, they can also have a positive impact on our key performance indicator, the Reputation Index (p. 76).

At the same time, EnBW also faces potential risks due to the ongoing process of climate change. For example, more frequent extreme weather conditions leading to highly fluctuating water levels or limits being placed on emissions locally could have a negative impact, particularly on the operation of power plants and thus the security of supply (electricity grids). The operation of hydropower plants can be restricted by both a lack of, or also an abundance of, water. The output from thermal power plants that must be cooled could possibly be impacted by temperature limits on discharged water. Increasing volatility in the availability of wind, water and sun presents challenges in terms of planning certainty for the operation of power plants and the sale of volumes of electricity (p. 50ff.). For this reason, the top opportunity/top risk wind fluctuations has been reported since the Integrated Annual Report 2016, although these opportunities/risks have no material effect on non-financial issues. In

addition, there is uncertainty due to increasing environmental restrictions for the realization of projects for sustainable energy generation and for the operation of power plants. These risks are managed and mitigated in internal processes using targeted control measures.

Alongside changes in physical climate parameters and other developments relating to or governed by environmental factors, regulatory guidelines and the potential changes associated with them, as well as changes in the market, also flow into the risk evaluation process. However, there are also opportunities such as changing customer needs (p. 76ff.) and an increasing demand for climate-friendly products such as e-mobility. These opportunities and risks are regularly and systematically identified Group-wide. The recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) (Glossary, from p. 138) are continuously implemented and are communicated in the report on opportunities and risks. Building on the risk map, special focus is placed on sustainability aspects – especially climate protection targets – and they are anchored more deeply in the risk evaluation process. We closely examine the significance of sustainability and climate protection themes for the business model and implement measures and set targets to orientate our opportunity and risk management system even more towards climate-related opportunities and risks.

Employees goal dimension

Engagement of employees: Due to the persistent level of competition on the labor market, especially for qualified and highly qualified specialists, there is a fundamental risk when recruiting employees that the company will not be able to secure a sufficient number of employees with the necessary qualifications at the right time. The more intensive measures to strengthen the company's reputation as an employer, the growing interest in jobs in the energy sector and the possibility of tapping into the international job market lessen this risk to some extent. We believe that regular anonymous employee surveys, from which we derive the People Engagement Index (PEI) as a key performance indicator, are an important tool for seizing opportunities early in the areas of employee development and employee loyalty (p. 86).

Occupational safety: Risks generally exist in the areas of occupational safety and health protection in our business activities. We counter these risks using comprehensive organizational and procedural measures, such as workplace-specific hazard analyses, to protect employees as well as possible against any adverse consequences. We also view these measures as an opportunity to preserve the capacity of our employees to do their work and to maintain the position of EnBW as an attractive employer. Occupational safety is measured in the employees goal dimension in the form of the key performance indicator LTIF for companies controlled by the Group and LTIF overall (p. 89f.).

Opportunity and risk position

The following diagram illustrates how the opportunity and risk position is reported to the Board of Management and the audit committee of the Supervisory Board. The arrangement of the top opportunities/risks in the quadrants indicates how EnBW can employ control measures to exploit the opportunities or to counteract the risks.

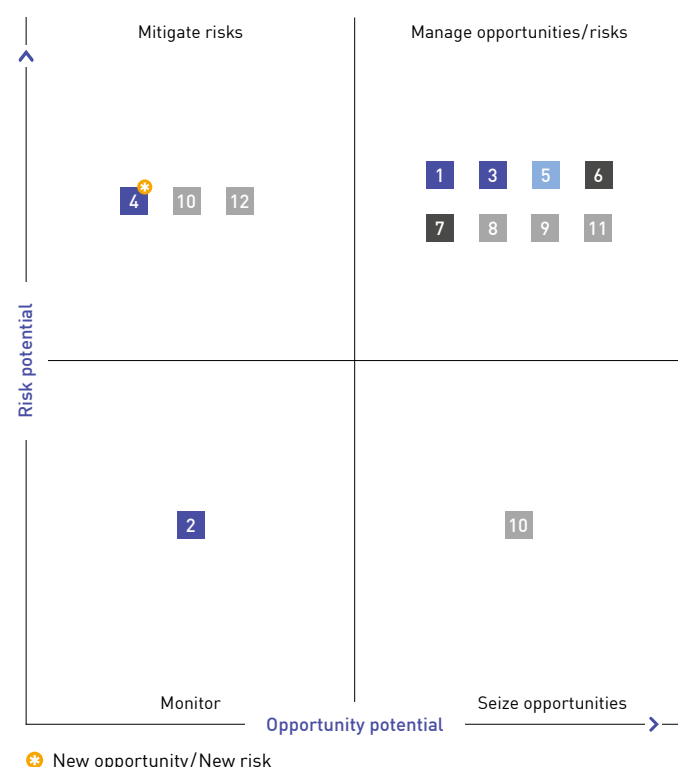
The individual evaluations of the top opportunities/risks tell us – based on the relative level of opportunity/risk – what effects

they could have with a high probability of occurrence on our key performance indicators in the finance goal dimension: adjusted EBITDA, debt repayment potential and ROCE. The risks are depicted after the implementation of the risk limitation measures.

The following opportunities and risks were new in 2020:

- Effects of the pandemic on certain business areas

Top opportunities/risks as of 31/12/2020



Top opportunities/risks

Cross-segment	
1	Market prices of financial investments
2	Discount rate applied to pension provisions
3	Margins/liquidity requirements (previously: Liquidity)
4	Effects of the pandemic on certain business areas
Sales	
5	Competitive environment
Renewable Energies	
6	Political and economic environment in Turkey
7	Fluctuations in energy yield in the North Sea and Baltic Sea (previously: Wind energy yield)
Generation and Trading	
8	Availability of nuclear power plants
9	Dismantling of nuclear power plants (previously: Operation and dismantling of nuclear power plants)
10	Hedging
11	Power plant optimization
12	Obligation to pay EEG cost allocations for power plants (previously: Obligation to pay EEG cost allocations for the company's own and jointly owned power stations and obligation to pay EEG cost allocations for dismantling)

Details on the top opportunities/risks, as well as other opportunities/risks relevant to the report, and their potential effects on the relevant performance indicators are listed in the following section.

Cross-segment opportunities and risks

Our company faces general **risks from legal proceedings** due to our contractual relationships with customers, business partners and employees. To a limited extent, we are also conducting legal proceedings relating to topics in the area of corporate law. For this purpose, adequate accounting provisions are made or, in the event of a probability of occurrence of < 50%, adequate contingent liabilities. As a consequence, there is also an opportunity of positive effects on earnings if these provisions can be reversed once again. In addition, various court cases, official investigations or proceedings and other claims are pending

against EnBW. The probability of these actions being successful is, however, considered very low and thus they are not reported under contingent liabilities and other financial obligations.

In connection with these types of legal proceedings, we also recognize the **water concession risk in Stuttgart**. In the court proceedings dealing with the takeover of the water grid after the water concession in the state capital Stuttgart expires, the state capital and EnBW are still striving to reach an amicable settlement. The court proceedings have been suspended several times, namely from January 2015 until the end of 2016 and from April 2018 until the end of January 2019, to give the parties the opportunity to reach an amicable settlement. Unfortunately, it was not possible to reach such an agreement due to a difference of opinion on the valuation. Therefore, there continues to be a risk in 2021 of losing the water grid without receipt of adequate compensation.

Financial opportunities and risks

1 Market prices of financial investments: The financial investments managed through the asset management system are subject to risks that arise from price losses and other losses in value as a result of the volatile financial market environment. There was a sharp fall on the stock market at the beginning of 2020 due to the coronavirus pandemic, which was followed by a significant recovery in the second half of the year and an all-time high at the beginning of 2021. The impact of the coronavirus pandemic on the market situation must still be closely monitored. To improve the opportunity / risk ratio of the portfolio, greater focus is currently being given to more sustainable investments. This could have both a positive or negative impact in the low three-digit million euro range in 2021 and in the mid three-digit million euro range in 2022 on net debt and thus an impact on the key performance indicator debt repayment potential. For the market prices of financial investments, we currently identify a slightly higher level of risk than opportunity due to the ongoing uncertainty on the stock markets.

2 Discount rate applied to pension provisions: There is a general opportunity and risk due to any change in the discount rate applied to the pension provisions because the present value of the pension provisions falls when the discount rate increases and increases when the discount rate falls. On the reporting date for the annual financial statements of the Group in 2020, the discount rate stood at 0.75% in comparison to the previous year (1.1%). The future development of interest rates could have a negative impact in the high three-digit million euro range or a positive impact in the low three-digit million euro range on net debt in 2021 and 2022 and thus an impact on the key performance indicator debt repayment potential. Against the background of the expected development of interest rates in future, we currently identify a lower level of opportunity and a higher level of risk.

3 Margins/liquidity requirements (previously: Liquidity): Due to unforeseeable liquidity developments, especially margin payments, the Group's liquidity planning is subject to uncertainty that could lead to deviations between actual payments and planned payments. Margin and liquidity outflows are actively monitored and controlled. The high volatility on the commodity markets resulted in high margin requirements in 2020. The further utilization of liquidity for other margin requirements cannot be excluded. Potential outflows, such as those resulting from the coronavirus pandemic, are estimated using stress scenarios for different time periods. As part of a liquidity management project, the processes and funds required at short notice have been further optimized. The risk can be covered by existing credit lines. In general, there is also a risk of additional liquidity requirements if the rating agencies downgrade the credit rating of EnBW. These effects could have a positive impact in the mid three-digit million euro range or a negative impact in the low three-digit million euro range in 2021 and a positive or negative impact in the mid three-digit million euro range in 2022 on net debt and thus an impact on the key performance indicator debt repayment potential, as well as an indirect impact on the key performance indicator ROCE via capital employed. We currently identify a balanced level of opportunity and risk in this area.

Depending on market developments and the framework conditions related to the Energiewende, we also identify a general risk of a negative impact on earnings due to impairment losses on power plants and impending losses on onerous contracts for electricity procurement agreements.

4 Effects of the pandemic on certain business areas: The coronavirus pandemic has had various effects on the opportunity and risk position in the individual business areas:

In B2B sales, there is an increased risk due to the sale of insufficient quantities of electricity at lower prices. Possible payment defaults are being closely monitored. These effects could have a negative impact in the low double-digit million euro range in 2021 and in the low single-digit to low double-digit million euro range in 2022 on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

In the grids sector, there may be lower revenue from the use of the grids depending on the future development of the pandemic, the economy as a whole and any reduced load on the grid as a result. This could have a negative impact in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a balanced level of opportunity and risk in this area.

In the area of generation, the coronavirus pandemic has only had a minor impact on the operation of power plants up to now. Possible system-relevant bottlenecks both in the supply chain and also in the personnel and service sector have so far not occurred. In the area of power generation, the pandemic does not only harbor risks but also possible opportunities. These opportunities could arise in subsequent years due to optimized and even more efficient processes in the future, as well as to the push towards greater digitalization initiated by the pandemic. The risks could have a negative impact in the mid single-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a low level of risk in this area.

In trading, there is mainly an increased level of risk with respect to the gas trading activities of our subsidiary VNG, which is due to, among other things, defaults and bad debt. This could have a negative effect in the mid double-digit million euro range in 2021 and a negative effect in the low single-digit million euro range in 2022 on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

Compensation for the phasing out of nuclear energy: There is the possibility that EnBW will receive financial compensation following the phasing out of nuclear energy in accordance with section 7e Atomic Energy Act (AtG) for investment, made based on the expectation of an extension to the service lives of the nuclear power plants, which was almost fully invalidated by the political decision to phase out nuclear power in 2011. The probability of receiving this compensation was considered low on the reporting date. After the reporting date, however, there was a change to this assessment in February 2021 following exploratory discussions with the German government. The key points that resulted from these discussions were accepted by EnBW. The results of the discussions still need to be implemented in a binding regulation. We currently identify a high level of opportunity in this area with a positive impact in the mid to high double-digit million euro range on retained cash flow.

Compliance opportunities and risks

Compliance risk assessments focus, in particular, on assessing risks and defining appropriate preventative measures in the compliance risk areas of corruption, antitrust law and data protection.

Risks for which we derive measures for fighting corruption and bribery primarily exist in sales activities relating to local authority/political business when dealing with public officials. Important preventative measures, especially training and advisory services, are described on p. 43f.

In addition there are antitrust risks in the sales activities of some subsidiaries that could result in fines and damage to reputation and also have significant strategic implications. This risk is countered by the joint preventative measures of the compliance and legal departments.

The incorrect handling or illicit disclosure or use of personal data poses data protection risks. These risks exist in view of the digital transformation of many business activities. Advisory and awareness services and process controls are in place to guarantee adherence to legal data protection requirements in the Group. Company-specific measures are coordinated via the compliance and data protection department.

Sales segment

Financial opportunities and risks

5 Competitive environment: The competitive environment is characterized by a high willingness among customers to switch suppliers and a continuous pressure on prices. There is a risk that the competitive situation could have a negative impact on sustained viable growth for all EnBW brands in the electricity and gas business, as well as for solutions. There is still a high willingness amongst customers to switch suppliers and pressure on prices, while sustainability, especially in the area of e-mobility, has become an increasingly important issue for customers. There are opportunities for the targeted acquisition of customers using new, attractive and sustainable products (personalization, digitalization, ecosystem). This could have a negative impact in the low single-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key

performance indicator ROCE via the adjusted EBIT. We currently identify a generally low level of risk in this area.

Compliance opportunities and risks

Compliance with data protection regulations: The violation of data protection regulations is currently being investigated at one of the companies in which we hold a share. This is due to an official request. The process is still currently ongoing and the statement for the authorities has been submitted. These proceedings could have a negative impact on the key performance indicator adjusted EBITDA in 2021 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT.

Grids segment

Strategic opportunities and risks

Recognition of costs for high-voltage direct current (HVDC) transmission technology: TransnetBW plans to set up new connections using high-voltage direct current transmission technology (HVDC) [Glossary, from p. 138] with other transmission system operators. In addition, a regulation stipulating the use of underground cabling applies to the SuedLink project. In both projects, there are currently general risks of potential delays and additional costs, as well as a low level of risk that the necessity for these transmission lines might no longer be confirmed in a new Network Development Plan [Glossary, from p. 138]. This risk will decline as the approvals are gradually received.

Financial opportunities and risks

Year-end balance on the EEG bank account: The EEG bank account is a separately managed bank account in accordance with section 5 of the German Compensation Mechanism Ordinance (AusglMechV) and is kept separate from other areas of activity. In accordance with AusglMechV, a deficit or surplus on the account balance can have a temporary positive or negative effect on the calculation of the net debt of EnBW, respectively. As of the reporting date of 31 December 2020, there was a deficit of €629.3 million on the EEG bank account of our subsidiary TransnetBW. The EEG bank account held by TransnetBW was settled by the German government with a payment on 11 January 2021. The financing needs for the EEG bank account, which had been met by EnBW, were repaid to EnBW by TransnetBW on 11 January 2021. We expect the EEG account to develop positively throughout 2021 and have a positive bank balance at the end of the year in the high three-digit million euro range. This will have a positive impact on net debt. We currently identify an increased level of opportunity in this area.

Renewable Energies segment

Strategic opportunities and risks

6 Political and economic environment in Turkey: We have been commercially active in Turkey for many years in the expansion of energy generation from wind power and hydro-power. In the past few years, the economic and political framework conditions in Turkey have deteriorated noticeably. There has also been a considerable decline in tourism due to the coronavirus pandemic. This has placed an additional burden on economic growth, making it more difficult to develop new projects. Refinancing remains a challenge due to the tense situation on

the banking market. This risk could have a negative impact in the mid single-digit million euro range on the key performance indicator ROCE in 2021. We currently identify a low level of risk in this area.

Financial opportunities and risks

7 Fluctuations in energy yield in the North Sea and Baltic Sea (previously: Wind energy yield): There is a general opportunity or risk for wind power plants due to fluctuations in the energy yield because the amounts of electricity generated by them are subject to variations in the mean annual wind speed. The economic importance of these fluctuations increases as we expand our wind farm portfolio. In order to take these fluctuations into account in our planning, wind reports were created. Measurement campaigns were carried out up to the end of 2020 to evaluate wind speeds and are being continued in 2021. Nevertheless, these fluctuations could naturally have both a positive or negative impact in the mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. As our wind farm portfolio continues to grow, the variation in the level of opportunity and risk will naturally increase.

Generation and Trading segment

There are general risks associated with the operation and dismantling of nuclear power plants. During the dismantling of nuclear power plants, there is an additional risk of a delay in the return of waste to the local intermediate storage facilities, with possible additional costs as a result of the waste being stored for a longer period of time in Great Britain and France, as well as the risk of further costs for approval and authorization procedures.

At the end of 2020, the remaining provisions held by EnBW were revalued as part of the regular examination of the discount rate and escalation rate. Due to changes in these kinds of assumptions in the future, we currently identify a low level of opportunity and risk for the remaining nuclear provisions.

Operative opportunities and risks

8 Availability of nuclear power plants: There is a general risk that exogenous and endogenous factors will have an influence on the availability of these power plants. We try to counter these risks using preventive measures. Depending on their duration, interruptions to the operation of the power plants can positively or negatively impact the operating result. The availability of nuclear power plants could have a positive or negative impact in the low single-digit million euro range in 2021 and a positive impact in the low single-digit million euro range or a negative impact in the low double-digit million euro range in 2022 on the key performance indicator adjusted EBITDA and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify an increased level of risk in this area.

9 Dismantling of nuclear power plants (previously: Operation and dismantling of nuclear power plants): For long-term major projects such as the remaining operation and dismantling of a nuclear power plant, there is a general risk that delays

and additional costs may arise over the course of time due to changed framework conditions. Moreover, there is also an opportunity to make lasting cost savings due to synergies over the course of time and due to learning effects for subsequent dismantling activities. During the project planning stage, opportunities and risks were identified that could result in reduced or additional costs or adjustments to the term of the project. There could be opportunities that have an impact in the mid double-digit million euro range and risks that have an impact in the low three-digit million euro range on net debt and thus on the key performance indicator debt repayment potential in both 2021 and 2022. We currently identify an increased level of risk in this area.

It may be necessary to suspend dismantling activities to reduce the risk of infection to employees. This could result in delays, which will extend the term of the projects and thus significantly increase costs. The situation is being continuously monitored and measures to protect employees are being updated or adapted accordingly. This could have a negative or positive impact in the mid single-digit million euro range on net debt in both 2021 and 2022, as well as an indirect impact on the key performance indicator ROCE via capital employed. We currently identify an increased level of risk in this area.

Financial opportunities and risks

10 Hedging: When selling generated electricity volumes, EnBW is exposed to the risk of falling electricity prices and the risk of the unfavorable development of fuel prices in relation to electricity prices. The concept underlying our hedging strategy not only limits risk but also seeks to exploit opportunities. The hedging instruments utilized in 2020 were forwards, futures and swaps. The EnBW Group has exposure to foreign exchange risks from procurement and the hedging of prices for its fuel requirements, as well as from gas and oil trading business. This could have a positive effect in the mid double-digit million euro range or a negative effect in the low double-digit million euro range on the key performance indicator adjusted EBITDA in 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify a balanced level of opportunity and risk in the area of hedging [Glossary, from p. 138] due to increasing fuel and CO₂ prices. Further information can be found in the section "Accounting for financial instruments" in the notes to the consolidated financial statements at www.enbw.com/report2020-downloads.

11 Power plant optimization: Following the conclusion of the hedging of generation activities, the Trading business unit will manage the further deployment of the power plants. This is being carried out as part of power plant optimization on the forward market [Glossary, from p. 138], through the sale of system services [Glossary, from p. 138] and through placements on the spot and intraday trading platforms [Glossary, from p. 138]. However, regulatory interventions continue to have a strong influence. In particular, fluctuating revenues from system services and volatility on the forward and spot markets [Glossary, from p. 138] could have both a positive or negative impact in the mid double-digit million euro range on the key performance indicator adjusted EBITDA in 2021 and also 2022 and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key

performance indicator ROCE via the adjusted EBIT. We currently identify a balanced level of risk and opportunity that is dependent on the development of market prices.

12 Obligation to pay EEG cost allocations for power plants (previously: Obligation to pay EEG cost allocations for the company's own and jointly owned power stations and obligation to pay EEG cost allocations for dismantling): For its own power plants, including nuclear power plants, EnBW AG not only utilizes the exemption from EEG cost allocations for storage but also the exemption for end usage for each power plant. There are a number of different arguments that suggest that the German Federal Network Agency (BNetzA) and the transmission system operators could define the role of the operator differently. Possible back payments for EEG cost allocations in previous years and increased costs for the dismantling of the nuclear power plants, depending on the results of a legally binding clarification process on this matter, could have a negative impact in the low three-digit million euro range on the key performance indicator adjusted EBITDA, and thus an indirect impact on the key performance indicator debt repayment potential via the retained cash flow and on the key performance indicator ROCE via the adjusted EBIT. We currently identify – without sharing the viewpoint held by BNetzA, which differs from that of EnBW,

and due solely to the practical development described above – an increased level of risk in this area.

The opportunity/risk relating to unrestricted access to capital markets that was added during the 2020 financial year has been eliminated from the report at the end of 2020 due to its lack of materiality.

In comparison to the report issued for the 2019 financial year, the following opportunities/risks have also been eliminated due to their lack of materiality:

- Obligation to pay EEG cost allocations for leasing models
- Obligation to pay EEG cost allocations for jointly owned power stations
- Phase-out of coal power: early decommissioning of power plants

Link to the key performance indicators

The top opportunities/risks can have an impact on our key performance indicators, whereby the effects on the non-financial key performance indicators are potential and long term in nature and more difficult to measure. They have thus been shown less boldly in the following diagram.

Linking the top opportunities/risks with the key performance indicators

		Key performance indicators																
		Financial performance indicators			Strategic performance indicators				Non-financial performance indicators									
		A	Adjusted EBITDA	B	Debt repayment potential	C	ROCE	Total share of adjusted EBITDA: D "Customer proximity"/Sales E Grids F Renewable Energies G Generation and Trading				H Reputation Index I EnBW/Yello Customer Satisfaction Index J SAIDI (electricity) K People Engagement Index (PEI) L LTIF for companies controlled by the Group/LTIF overall M Installed output of RE and share of generation capacity accounted for by RE N CO ₂ intensity						
Top opportunities/risks		A	B	C	D	E	F	G	H	I	J	K	L	M	N			
Cross-segment																		
1	Market prices of financial investments		●															
2	Discount rate applied to pension provisions		●															
3	Margins/liquidity requirements (previously: Liquidity)		●	●														
4	Effects of the pandemic on certain business areas	●	●	●	●	●	●	●	○	○	○	○						
Sales																		
5	Competitive environment	●	●	●					○	○	○	○						
Renewable Energies																		
6	Political and economic environment in Turkey			●					○									
7	Fluctuations in energy yield in the North Sea and Baltic Sea (previously: Wind energy yield)	●	●	●			●							○	○			
Generation and Trading																		
8	Availability of nuclear power plants	●	●	●				●	○									
9	Dismantling of nuclear power plants (previously: Operation and dismantling of nuclear power plants)		●	●														
10	Hedging	●	●	●				●										
11	Power plant optimization	●	●	●				●							○			
12	Obligation to pay EEG cost allocations for power plants (previously: Obligation to pay EEG cost allocations for the company's own and jointly owned power stations and obligation to pay EEG cost allocations for dismantling	●	●	●				●										

● Direct effect

○ Potential/long-term effect

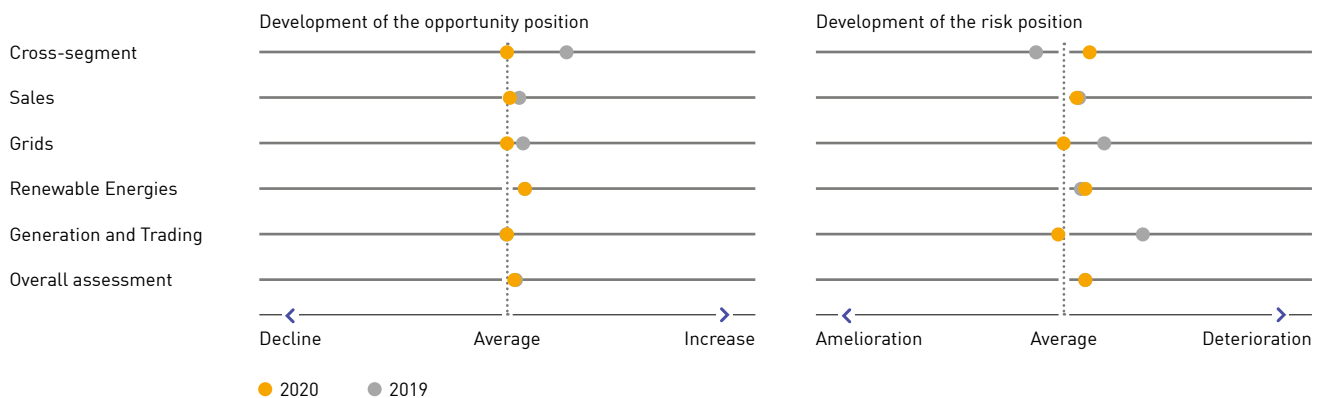
Overall assessment by the management

The coronavirus pandemic resulted in potential risks in the areas of operational continuity, the development of new business and the performance of operational activities. However, we implemented a comprehensive range of preventative measures and countermeasures to counteract these risks at an early stage. In terms of the financial opportunities and risks, persistently low interest rates, in particular, have led to higher risk premiums for the discount rate applied to pension provisions. EnBW remains subject to regulatory requirements and laws that endanger planning certainty and thus the achievement of its economic targets, and that have high risk potential, for example, in the scope of sustainable energy generation. Competitive and market risks could influence the operating result, financial position and net assets of the EnBW Group.

At the same time, we also identify increasing potential for opportunities, such as in the expansion of grids and telecommunications and in the expansion of climate-neutral generation and supply. The Energiewende will continue to offer a multitude of opportunities to develop new business models in the future, something we will resolutely pursue in our 2025 strategy. For example, we believe there are opportunities in customer solutions, such as a combined product consisting of a photovoltaic plant and battery storage system, and also in the area of electromobility. We will continue to resolutely open up commercial opportunities for environmentally friendly and CO₂-efficient energy solutions.

No risks currently exist that might jeopardize the EnBW Group as a going concern.

Opportunity and risk position 2020



Remuneration report

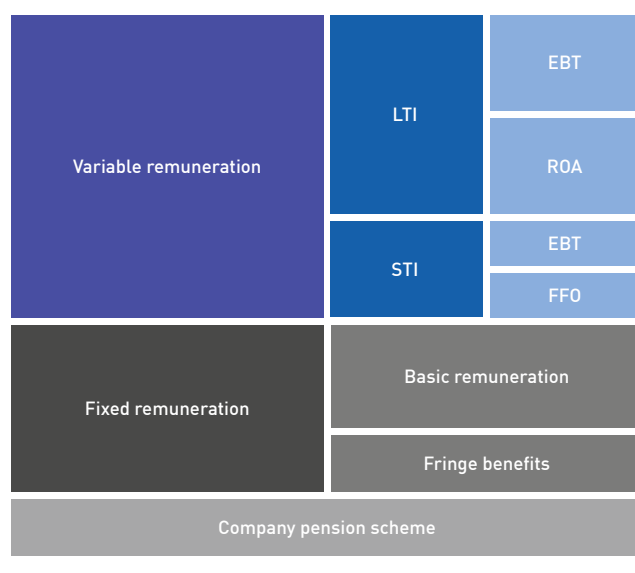
The remuneration report summarizes the principles relevant for determining the remuneration of the members of the Board of Management and explains the structure and level of both Board of Management and Supervisory Board remuneration. The remuneration report takes the recommendations of the German Corporate Governance Code (DCGK) in the version from 16 December 2019, which came into force on 20 March 2020, and the German Accounting Standard (GAS) 17 (amended in 2010) into consideration in this respect. It also contains disclosures required by German commercial law that are to be included in the notes pursuant to section 314 HGB and the management report pursuant to section 315 HGB.

Board of Management remuneration

Based on proposals of the personnel committee, the Supervisory Board passes resolutions on the remuneration of the Board of Management, including the main contract elements, and reviews it on a regular basis. The criteria for determining appropriate remuneration include the responsibilities and performance of the members of the Board of Management, the economic situation, the success and sustainable development of the company and the relationship between the remuneration of the Board of Management and the remuneration of senior management and the workforce as a whole, as well as its development over time.

The Board of Management remuneration system in the following form has been valid since 1 January 2018. The definitions of the performance indicators were changed on 5 December 2018 (see explanation for the performance indicator EBT). The following diagram shows the structure of the total remuneration:

Components of target remuneration



The remuneration in the reporting year comprises basic remuneration, single-year and multi-year variable remuneration, as well as contributions as part of the company pension scheme. The ratio of single-year to multi-year variable remuneration is approx. 40% to 60%, depending on the individual target income for the member of the Board of Management, so that multi-year variable remuneration significantly outweighs single-year variable remuneration. In general, the variable remuneration components have a multi-year measurement basis. The single-year variable remuneration component is described below as the Short Term Incentive (STI), while the multi-year variable remuneration component is described as the Long Term Incentive (LTI).

Fixed remuneration

The fixed remuneration comprises basic remuneration and fringe benefits.

Variable remuneration

Short-term variable remuneration (Short Term Incentive – STI)

The STI is paid for a period of one financial year in each case and paid out in the following financial year. The measurement period for the STI is the financial year for which it is paid.

The performance indicators for calculating the extent to which the target for the STI has been achieved are the following non-adjusted corporate performance indicators for the EnBW Group determined for one financial year:

- › EBT (earnings before taxes), adjusted for earnings from the measurement of financial assets allocated to the financial result and outstanding items for derivatives allocated under trading as well as for effects due to the adjustment of the nuclear provisions and to the change in the inflation rate for costs for the operation, dismantling and disposal of the nuclear power plants and in the discount rate
- › FFO (funds from operations), adjusted for the items of income tax paid and income tax received

The Supervisory Board will define the target values for the performance indicators EBT (Glossary, from p. 138) and FFO (Glossary, from p.138) each year before the start of the single-year measurement period.

The target value for the performance indicator EBT is generally defined on the basis of the figure actually achieved in the previous year, whereby the Supervisory Board can, at its own discretion, make the achievement of the target easier or more difficult by adjusting the figure from the previous year, taking into account extraordinary events in the previous year and general considerations on the development of earnings (target-actual comparison).

The target value for the performance indicator FFO corresponds to the value defined for the performance indicator in the single-year budget plan approved in the year before the start of the measurement period (plan-actual comparison).

The target remuneration for the STI consists of two equally weighted partial remuneration amounts (50:50). Each partial remuneration amount will be achieved if the target value for the respective performance indicator is achieved to 100%.

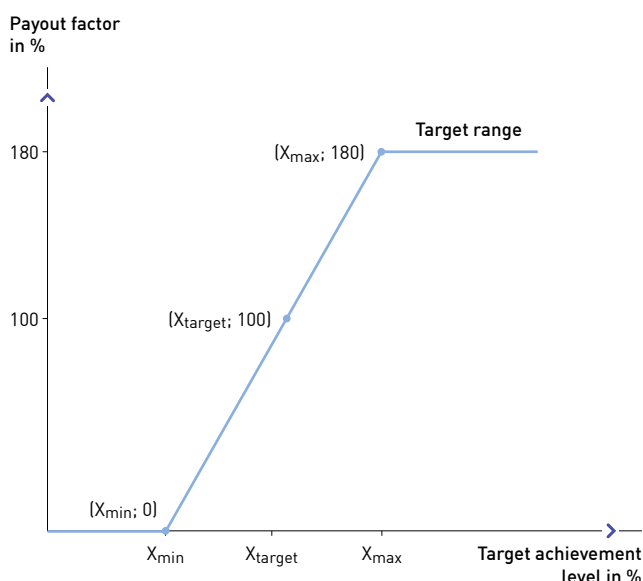
The extent to which the individual targets for each of the performance indicators are achieved is based, in the case of the underachievement or overachievement of the target value, on the ratio of the defined target value and the actual value for the performance indicator in the measurement period as defined in the consolidated financial statements for the year of payment.

In the event of the overachievement of the target, the maximum possible remuneration that can be paid is limited to 180% of the partial target remuneration defined for each performance indicator (partial remuneration cap). The sum of both partial remuneration caps gives the total STI remuneration cap, which is 180% of the total amount for the STI target remuneration. In the event of the underachievement of the target, STI remuneration has no lower limit and can fall to an amount of €0.

When defining the target values for the short-term remuneration components, the Supervisory Board also separately defines a minimum and maximum value – at its own discretion – and thus the target range for each of the performance indicators on an annual basis.

The target range corresponds to a piecewise linear function, as shown in the adjacent diagram, which is determined by the value of the lowest achievement level X_{\min} in relation to the lowest payout factor and the value of the highest achievement level X_{\max} in relation to the highest payout factor. The relationship between the target value and the minimum and maximum values can be used to determine the lowest and highest achievement levels (X_{\min} and X_{\max}), respectively, while the relationship between the target remuneration and the minimum and maximum remuneration can be used to determine the lowest and highest payout factors, respectively. The partial amount of the short-term variable remuneration for each performance indicator based on the achievement level is calculated by multiplying the actual payout factor by the target remuneration defined for the respective performance indicator. The actual payout factor is derived using the actual value achieved for the performance indicator and the piecewise linear function for the target range.

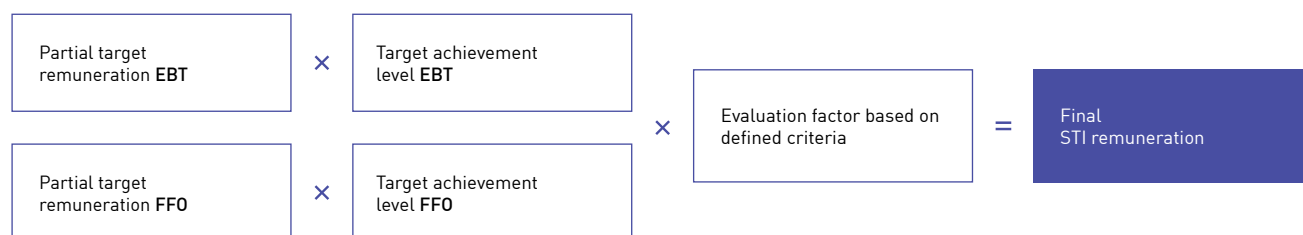
Target range



If the definitions for the performance indicators or accounting policies change, especially as a result of amendments to accounting standards, the target values and ranges will be adjusted correspondingly during the ongoing measurement period, insofar as these changes cause the relevant achievement level to differ by more than +/-5 percentage points in comparison to the value that would have been achieved without these changes. The sum of the partial remuneration amounts for each performance indicator gives the total preliminary STI remuneration.

The amount of the total preliminary STI remuneration, which is calculated exclusively on the basis of financial performance indicators, is then evaluated qualitatively using additional criteria. The adjustment is carried out by multiplying the total preliminary remuneration by a certain factor, whose lowest value is 0.7 and highest value is 1.3. Only one decimal place is used for this factor. If not defined otherwise by the Supervisory Board, the default factor is 1.0. The level of this factor is primarily determined by the Supervisory Board on the basis of an evaluation of criteria that are defined in advance on an annual basis. The sustainable growth of the company is an aspect that is particularly taken into account.

Calculation of the Short Term Incentive (STI)



In the event of extraordinary performance by the whole Board of Management or one member of the Board of Management, the Supervisory Board can at its own discretion grant special remuneration as part of the short-term variable remuneration.

As part of a final evaluation of the short-term variable remuneration, the Supervisory Board also has the discretionary power to appropriately adjust the amount of the STI to take into account extraordinary and unforeseeable events that cannot be controlled by the Board of Management that have had a considerable impact on the financial performance indicators on which the remuneration system is based. This discretionary power does not apply to the success targets or comparative values, the subsequent adjustment of which should be excluded according to the recommendation G.8 DCGK.

If remuneration is granted in accordance with the two previous paragraphs, the total STI remuneration cap of 180% of the target STI remuneration still applies.

Long-term variable remuneration (Long Term Incentive – LTI)

The LTI is paid for a period of one financial year and paid out in the financial year following the conclusion of the measurement period. The measurement period for calculating the LTI covers a period of three financial years, which includes the year for which the remuneration is being paid and the two subsequent financial years (performance period).

The performance indicators for calculating the extent to which the target for the LTI has been achieved are the following non-adjusted corporate performance indicators for the EnBW Group determined for one financial year in each case:

- › EBT (earnings before taxes), adjusted for earnings from the measurement of financial assets allocated to the financial result and outstanding items for derivatives allocated under trading as well as for effects due to the adjustment of the nuclear provisions and to the change in the inflation rate for costs for the operation, dismantling and disposal of the nuclear power plants and in the discount rate
- › ROA (return on assets = return on the capital expenditure for intangible assets and property, plant and equipment based on the relationship between the non-adjusted EBIT [adjusted in line with the regulations for deviations in the performance indicator EBT] and the sum of the intangible assets and property, plant and equipment [adjusted for subsidies related to capital expenditure])

The target values for the performance indicators EBT and ROA for a performance period are defined by the Supervisory Board at its own discretion on an annual basis based on the corporate strategy and with effect for the next performance period that begins in the following year.

The target remuneration for the LTI consists of two equally weighted partial remuneration amounts (50 : 50). Each partial remuneration amount will be achieved if the target value for the respective performance indicator is achieved to 100%.

The extent to which the individual targets for each of the performance indicators are achieved is based, in the case of the underachievement or overachievement of the target value, on the ratio of the defined target value and the arithmetic mean of the actual values for the performance indicator as defined in the consolidated financial statements for each individual year of the performance period.

In the event of the overachievement of the target, the maximum possible remuneration that can be paid is limited to 180% of the partial target remuneration defined for each performance indicator (partial remuneration cap). The sum of both partial remuneration caps gives the total LTI remuneration cap, which is 180% of the total amount for the LTI target remuneration. In the event of the underachievement of the target, LTI remuneration has no lower limit and can fall to an amount of €0.

When defining the target values for the long-term remuneration components, the Supervisory Board also separately defines a minimum and maximum value – at its own discretion – and thus the target range for each of the performance indicators on an annual basis (see here the information provided for the STI).

The partial amount of the long-term variable remuneration for each performance indicator based on the achievement level is calculated by multiplying the actual payout factor by the target remuneration defined for the respective performance indicator. The actual payout factor is derived using the actual value achieved for the performance indicator and the piecewise linear function for the target range. The sum of the partial remuneration amounts for each performance indicator gives the total LTI remuneration.

If the definitions for the performance indicators or accounting policies change, especially as a result of amendments to accounting standards, the target values and ranges will be adjusted correspondingly during the ongoing measurement period, insofar as these changes cause the relevant achievement level to differ by more than +/-5 percentage points in comparison to the value that would have been achieved without these changes.

For the previous year, the long-term variable remuneration was still based on the regulations for the Board of Management remuneration system that were valid up to 31 December 2017. These were last described in detail in the Integrated Annual Report 2019.

Remuneration of members of the Board of Management in the 2020 financial year

in €	Dr. Frank Mastiaux, Chairman		Dr. Bernhard Beck, LL.M. (until 30 June 2019)	
	2020	2019	2020	2019
Fixed remuneration				
Basic remuneration	1,040,000	1,040,000	0	257,500
Other remuneration ¹	2,738	3,162	0	5,743
Variable remuneration				
Without long-term incentive	864,000	1,108,235	0	329,869
With long-term incentive ²	1,223,600	1,198,817	638,250	732,021
Total	3,130,338	3,350,214	638,250	1,325,133

¹ Other remuneration includes monetary benefits, particularly from the provision of company cars amounting to €67,202 (previous year: €75,994).

² Current preliminary value appreciation bonus for the performance periods 2019 to 2021 (and 2020 to 2022) is €646,575 for Dr. Frank Mastiaux (€652,680), €180,575 for Dr. Bernhard Beck (€0), €375,713 for Thomas Kusterer (€396,900), €240,767 for Colette Rückert-Hennen (€291,648) and €361,150 for Dr. Hans-Josef Zimmer (€364,560). The exact level of the value appreciation bonus for the performance periods 2019 to 2021 (and 2020 to 2022) can only be determined following the end of the 2021 financial year (and 2022 financial year), and can fluctuate within the LTI spread pursuant to the following table Target income of members of the Board of Management.

Target income of members of the Board of Management¹

in €	Dr. Frank Mastiaux Chief Executive Officer				Dr. Bernhard Beck, LL.M. (until 30 June 2019) Chief Personnel Officer			
	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)	2019
Fixed remuneration	1,040,000	1,040,000	1,040,000	1,040,000	0	0	0	257,500
Fringe benefits	2,738	2,738	2,738	3,162	0	0	0	5,743
Total	1,042,738	1,042,738	1,042,738	1,043,162	0	0	0	263,243
One-year variable remuneration performance bonus	750,000	0	1,350,000	750,000	0	0	0	205,000
Multi-year variable remuneration LTI 2018 to 2020	1,064,000	0	1,915,200	1,026,000	555,000	0	999,000	630,000
Total	2,856,738	1,042,738	4,307,938	2,819,162	555,000	0	999,000	1,098,243
Pension expenses	523,140	523,140	523,140	526,560	0	0	0	46,950
Total remuneration	3,379,878	1,565,878	4,831,078	3,345,722	555,000	0	999,000	1,145,193

¹ This table illustrates the remuneration in both the reporting year and previous year which arises given 100% achievement of the targets (target income) and the potential minimum and maximum remuneration for the financial year. Remuneration is described for Board of Management members who were appointed at least on a part-time basis in either the reporting year or previous year to the Board of Management at EnBW AG.

Payments to Board of Management members¹

in €	Dr. Frank Mastiaux Chief Executive Officer		Dr. Bernhard Beck, LL.M. (until 30 June 2019) Chief Personnel Officer	
	2020	2019	2020	2019
Fixed remuneration	1,040,000	1,040,000	0	257,500
Fringe benefits	2,738	3,162	0	5,743
Total	1,042,738	1,043,162	0	263,243
One-year variable remuneration performance bonus	945,600	815,340	278,964	463,980
LTI 2016 to 2018		1,198,817		732,021
LTI 2017 bis 2019	1,198,817		732,021	
Total	3,187,155	3,057,319	1,010,985	1,459,244
Pension expenses	523,140	526,560	0	46,950
Total remuneration	3,710,295	3,583,879	1,010,985	1,506,194

¹ This table illustrates payments in both the reporting year and previous year pursuant to the German Income Tax Act (Einkommensteuergesetz). Earnings are described for members of the Board of Management who were appointed at least on a part-time basis in either the reporting year or previous year to the Board of Management of EnBW AG.

	Thomas Kusterer		Colette Rückert-Hennen (since 1 March 2019)		Dr. Hans-Josef Zimmer	
	2020	2019	2020	2019	2020	2019
	625,000	600,000	456,000	380,000	570,000	570,000
	17,196	22,508	12,806	17,333	36,503	39,982
	518,400	629,438	377,856	371,952	472,320	603,431
	638,250	625,931	0	0	638,250	625,931
	1,798,846	1,877,877	846,662	769,285	1,717,073	1,839,344

	Thomas Kusterer Chief Financial Officer				Colette Rückert-Hennen (since 1 March 2019) Chief Human Resources Officer				Dr. Hans-Josef Zimmer Chief Technical Officer			
	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)	2019
	625,000	625,000	625,000	600,000	456,000	456,000	456,000	380,000	570,000	570,000	570,000	570,000
	17,196	17,196	17,196	22,508	12,806	12,806	12,806	17,333	36,503	36,503	36,503	39,982
	642,196	642,196	642,196	622,508	468,806	468,806	468,806	397,333	606,503	606,503	606,503	609,982
	450,000	0	810,000	430,000	328,000	0	590,400	273,333	410,000	0	738,000	410,000
	555,000	0	999,000	535,000	0	0	0	0	555,000	0	999,000	535,000
	1,647,196	642,196	2,451,196	1,587,508	796,806	468,806	1,059,206	670,666	1,571,503	606,503	2,343,503	1,554,982
	372,401	372,401	372,401	369,898	269,469	269,469	269,469	0	184,272	184,272	184,272	242,401
	2,019,597	1,014,597	2,823,597	1,957,406	1,066,275	738,275	1,328,675	670,666	1,755,775	790,775	2,527,775	1,797,383

	Thomas Kusterer Chief Financial Officer		Colette Rückert-Hennen (since 1 March 2019) Chief Human Resources Officer		Dr. Hans-Josef Zimmer Chief Technical Officer	
	2020	2019	2020	2019	2020	2019
	625,000	600,000	456,000	380,000	570,000	570,000
	17,196	22,508	12,806	17,333	36,503	39,982
	642,196	622,508	468,806	397,333	606,503	609,982
	560,144	388,980	296,952	0	532,928	507,056
		625,931		0		625,931
	625,931		0		625,931	
	1,828,271	1,637,419	765,758	397,333	1,765,362	1,742,969
	372,401	369,898	269,469	0	184,272	242,401
	2,200,672	2,007,317	1,035,227	397,333	1,949,634	1,985,370

Compensation agreed with the Board of Management in the event of termination of service

The Supervisory Board of EnBW AG passed a new resolution on 18 March 2016 for the reorganization of the company pension scheme for the Board of Management, effective as of 1 January 2016.

The regulations that were valid up until then can be found in the following publications:

- The company pension scheme that was valid for members of the Board of Management up until 31 December 2015 is presented in detail in the remuneration report for 2015, which was published in the combined management report of the EnBW Group and EnBW AG for the 2015 financial year.
- The regulations governing the transition of the company pension scheme that was valid for members of the Board of Management up until 31 December 2015 are presented in detail in the remuneration report for 2016, which was published in the combined management report of the EnBW Group and EnBW AG for the 2016 financial year.

The company pension scheme for the members of the Board of Management at the company is a modern and market-oriented pension system that provides members of the Board of Management with flexibility with respect to how the pension benefits are paid out. Following the introduction of the new system, there has been a shift from the previous defined benefit pension plan to a defined contribution pension model. In the new system, annual pension contributions will be paid that accrue interest at a rate oriented to the capital market. In order to ensure that the business risks associated with the pension scheme – especially the interest rate risks and biometric risks – remain calculable in the future, the interest model only contains a relatively low fixed interest entitlement that forms the basic interest rate plus a non-guaranteed surplus that is based on the actual development of interest rates in the life insurance industry.

During the term of the contract, EnBW pays fixed annual contributions to the pension scheme to an individual pension account. Pension contributions are paid for a maximum period of three terms of office (or 13 years in office). The fixed annual contributions are €230,000 for ordinary members of the Board of Management and €390,000 for the Chairman of the Board of Management. In the event of invalidity and as a supplementary risk benefit, age-dependent “notional” contributions will be paid on top of the balance already existing on the pension account until the member reaches the age of 60 – although at the most seven contributions will be paid.

As well as the annual contributions, interest is paid that is oriented to the market and consists of a guaranteed basic interest rate and a non-guaranteed surplus. The guaranteed interest is paid on every contribution in advance until the defined retirement age (63 years old). In addition, annual surplus payments can be paid above and beyond the guaranteed interest. These are based on the current average interest rate for capital investments actually achieved in the past year in the life insurance industry and are not guaranteed.

When the pension is due (age, invalidity, death), payment of the pension assets is generally made in five to ten installments. Alternatively, a life-long pension payment can be made on the request of the member of the Board of Management – including a 60% entitlement for surviving dependents – or a mixed form of payment. Payment options are also available to the surviving dependents. If the member leaves the Board of Management before the pension is due, the pension account will remain at its current balance plus any surplus payments that are still due to be made.

The members of the Board of Management are entitled to make their own contributions to the pension scheme and supplement the pension provision financed by the employer. For this purpose, a proportion of the annual STI bonus up to a maximum sum of €50,000 p.a. can be converted into a pension entitlement. The regulations described above apply correspondingly to self-financed contributions.

Vested pension entitlements from the old pension scheme:

As part of the transfer of the existing pension entitlements from the old pension scheme, the following vested pension entitlements – in accordance with the individual term of service in each case – were determined for the serving members of the Board of Management as of 31 December 2015: Dr. Frank Mastiaux: €80,676 p.a., Thomas Kusterer: €89,523 p.a., Dr. Hans-Josef Zimmer: €174,636 p.a.

Individual pension contributions that deviate from the regulations for the new pension scheme:

From 1 January 2016, the annual pension contributions and the interest on the contributions will generally be paid in accordance with the rules of the new system for new members of the Board of Management appointed in the future. However, a deviation was necessary for the then serving members of the Board of Management to take account of the transition to the new system, and individual pension contributions and an individual contribution period have been defined. The following individual pension contributions were determined: Dr. Frank Mastiaux: €360,000 p.a., Thomas Kusterer: €215,000 p.a., Dr. Hans-Josef Zimmer: €120,000 p.a.

Regulation for limiting severance payments: No severance benefit obligations exist in the event of premature termination of service on the Board of Management. However, severance benefits may be payable on the basis of a severance agreement made with the individual. For agreements in place as of the reporting date, it was agreed that payments made to a member of the Board of Management on premature termination of his or her contract without serious cause, including fringe benefits, shall not exceed the value of two years' remuneration (severance cap) and compensate for no more than the remaining term of the contract. In concluding or extending contracts for the Board of Management, care is taken to ensure that no payments will be made to a member of the Board of Management in the event of the premature termination of the contract due to an important reason for which the member of the Board of Management is responsible.

In the event of the premature termination of service on the Board of Management due to a change of control, the possibility of a severance payment for the member of the Board of Management is limited to the pro rata share of annual remunera-

tion(s) for the residual term of the contract. However, the severance payment must not exceed three times the annual remuneration.

In concluding or extending contracts for the Board of Management, it is agreed that settlement or severance payments should not exceed three times the annual remuneration and must not compensate for more than the residual term of the contract in the event of the premature termination of service on the Board of Management due to a change of control.

Temporary unavailability for work: In the event of temporary unavailability for work on the part of a member of the Board of Management due to illness or any other reason for which the

member of the Board of Management is not responsible, remuneration will be paid for the first six months. The amount of variable remuneration will be calculated from the average of the last three years, and basic remuneration will be paid for a further six months. However, payments in the event of unavailability for work will be made no longer than until the end of the term of the service agreement.

The disclosures for the 2020 financial year concerning post-employment benefits are presented below. This presentation satisfies the requirements of section 285 no. 9 a HGB. The disclosures include the vested entitlement as of the reporting date, the annual expenses for pension obligations and the present value of the pension obligations earned as of the reporting date.

Post-employment benefits

in €	Dr. Frank Mastiaux, Chairman		Dr. Bernhard Beck, LL.M. (until 30 June 2019)		Thomas Kusterer		Colette Rückert-Hennen (since 1 March 2019)		Dr. Hans-Josef Zimmer	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Vested benefit from previous entitlement p.a.	80,676	80,676	–	195,846	89,523 ²	89,523 ²	0	0	174,636	174,636
Capital from contribution model	2,243,155	1,767,878	–	379,626	1,360,266	1,096,121	490,183	198,025	612,867	513,058
Annual expenses for pension obligations ¹	523,140	526,560	–	46,950	372,401	369,898	269,469	0	184,272	242,401
Present value of pension obligations (defined benefit obligations)	5,205,034	4,391,428	–	5,646,078	4,750,392	4,096,394	606,536	244,894	6,063,992	5,599,845

¹ Including an addition to capital for pension benefits totalling €96,459 (previous year: €101,649). This is a pension commitment financed through voluntarily waiving part of the salary.

² In addition to the vested pension, Thomas Kusterer also has a special capital component of €135,000.

Annual expenses for pension obligations include both service and interest costs. There are defined benefit obligations in accordance with IFRS of €16.6 million for the current members of the Board of Management (previous year: €20.0 million).

Former members of the Board of Management and their surviving dependents received total remuneration of €6.6 million in the 2020 financial year (previous year: €5.2 million). These pension payments are indexed to the percentage change in remuneration according to the collective bargaining agreement.

There are defined benefit obligations to former members of the Board of Management and their surviving dependents in accordance with IFRS of €116.9 million (previous year: €114.8 million).

As in the previous year, no loans or advances to members of the Board of Management existed at the end of the financial year.

Supervisory Board remuneration

In response to a proposal of the Board of Management and Supervisory Board, the Annual General Meeting on 17 July 2020 revised the regulations for Supervisory Board remuneration. Accordingly, members of the Supervisory Board each receive fixed basic remuneration of €44,000 for the entire 2020 financial year, payable at the end of the financial year in addition to reimbursement of their expenses.

The Chairman of the Supervisory Board receives twice the above, while the Deputy Chairman of the Supervisory Board receives one and a half times the aforementioned basic remuneration.

For membership in one of the committees of the Supervisory Board, a member of the Supervisory Board also receives fixed, flat-rate remuneration of €7,500 per financial year and per committee for the additional work on the committee(s) in addition to their basic remuneration, which is payable at the end of the financial year. For membership in the finance and investment committee or the audit committee of the Supervisory Board, the flat-rate remuneration is €10,000 per financial year. For membership in multiple committees in one financial year, the additional flat-rate remuneration for members of the committees is only paid for a maximum of two committees, whereby membership in committees with the highest remuneration for membership takes precedence. There is no additional flat-rate remuneration paid for membership in the nomination committee or mediation committee. The additional flat-rate remuneration for membership in a committee of the Supervisory Board is only paid if the relevant committee convenes at least once in the financial year.

Supervisory Board members who have only belonged to the Supervisory Board or a committee or acted as a Chairperson or Deputy Chairperson for part of the financial year are paid remuneration proportionate to the duration of their office or their position in that financial year.

In addition, members of the Supervisory Board each receive an attendance fee of €750 per Supervisory Board meeting or committee meeting. Attendance at preliminary meetings is remunerated with €250 per meeting, but only for one preliminary meeting per Supervisory Board meeting.

According to this remuneration system, the members of the Supervisory Board will receive the total remuneration (including attendance fees and remuneration for offices held at subsidiaries) shown in the table for the 2020 financial year.

The disclosures for the remuneration for members of the Supervisory Board include attendance fees amounting to €209,250

(previous year: €237,000) and the remuneration for offices held at subsidiaries include attendance fees totaling €18,500 (previous year: €19,575). No other remuneration or benefits for services rendered personally, in particular consulting or mediation services, were paid to members of the Supervisory Board, nor did they receive any loans or advances in the reporting year.

The members of the Board of Management and the Supervisory Board are covered by adequate D&O insurance concluded in the interest of EnBW. For this D&O insurance, the deductible for members of the Board of Management and the Supervisory Board is 10% of the claim in each case, but no more than one and a half times the fixed annual remuneration.

Total remuneration for members of the Supervisory Board of EnBW AG

in €	Fixed remuneration (incl. attendance fees)		Remuneration for offices held at subsidiaries		Total	
	2020	2019	2020	2019	2020	2019
Lutz Feldmann, Chairman	139,500	107,750	0	0	139,500	107,750
Dietrich Herd, Deputy Chairman	100,750	85,250	9,800	9,500	110,550	94,750
Achim Binder	76,250	64,500	10,669	10,069	86,919	74,569
Dr. Dietrich Birk	63,750	58,750	0	0	63,750	58,750
Stefanie Bürkle ¹	61,500	55,750	0	0	61,500	55,750
Stefan Paul Hamm ²	78,000	64,500	7,513	7,513	85,513	72,013
Volker Hüsgen	60,250	56,750	11,074	13,805	71,324	70,555
Michaela Kräutter ²	61,212	57,750	11,141	7,513	72,353	65,263
Marianne Kugler-Wendt ² (until 31 May 2020)	25,926	57,750	2,771	6,400	28,698	64,150
Thomas Landsbek	63,000	58,500	0	0	63,000	58,500
Dr. Hubert Lienhard	78,000	64,503	0	0	78,000	64,503
Marika Lulay	57,500	49,274	0	0	57,500	49,274
Dr. Wolf-Rüdiger Michel ¹	59,250	57,250	0	0	59,250	57,250
Dr. Nadine Müller ² (since 1 June 2020)	34,112	0	0	0	34,112	0
Gunda Röstel	81,250	65,500	11,313	11,313	92,563	76,813
Jürgen Schäfer	59,000	56,750	0	0	59,000	56,750
Harald Sievers	65,000	55,000	0	0	65,000	55,000
Edith Sitzmann ³	76,500	61,750	0	0	76,500	61,750
Ulrike Weindel	72,000	60,750	0	0	72,000	60,750
Lothar Wölfe ¹	78,000	63,250	0	0	78,000	63,250
Dr. Bernd-Michael Zinow	79,500	68,250	15,900	12,000	95,400	80,250
Total	1,470,250	1,269,527	80,182	78,113	1,550,432	1,347,640

¹ The regulations in the State Civil Service Act (Landesbeamtengesetz) and the Ancillary Activities Ordinance (Landesnebenberufungsverordnung – LNTVO) of the Federal State of Baden-Württemberg for relinquishing remuneration from secondary employment to the administrative district apply.

² In accordance with the regulations of the German Federation of Trade Unions (DGB) on the transfer of supervisory board remuneration, the remuneration is transferred to the Hans Böckler Foundation and ver.di GewerkschaftsPolitische Bildung gGmbH.

³ The members of the state government and the state secretaries are obligated to relinquish any remuneration, including attendance fees, received for membership of supervisory boards, executive boards, advisory boards and all other comparable boards to which they have been appointed in connection with their office or to which they are assigned as a member of the state government, applying section 5 LNTVO analogously, provided that the remuneration received in the calendar year exceeds the gross total for level "B6 and higher" (currently €6,100) (council of ministers resolution dated 05/07/2016).

Disclosures pursuant to sections 289a (1) and 315a (1) German Commercial Code (HGB) and explanatory report of the Board of Management

In the following, the Board of Management provides the information prescribed by sections 289a (1) and 315a (1) HGB and explains this in accordance with section 176 (1) sentence 1 AktG.

Composition of the subscribed capital and shares in capital

The composition of the subscribed capital is described and explained in the notes to the annual and consolidated financial statements in the section "Equity." Direct or indirect shares in capital which exceed 10% of the voting rights are described and explained in the notes to the annual financial statements in the sections "Shareholder structure" and "Disclosures pursuant to sections 33 ff. German Securities Trading Act (WpHG)" and the notes to the consolidated financial statements in section "Related parties (entities)." Information and explanations about the company's treasury shares are presented below and can be found in note 19 of the notes to the consolidated financial statements at www.enbw.com/report2020-downloads.

Restrictions relating to voting rights or transferability of shares

Agreements were reached on 22 December 2015 between, on the one hand, Zweckverband Oberschwäbische Elektrizitätswerke (Zweckverband OEW) and OEW Energie-Beteiligungs GmbH and, on the other, the Federal State of Baden-Württemberg, NECKARPRI GmbH and NECKARPRI-Beteiligungsgesellschaft mbH, which include clauses relating to restrictions of authorization over EnBW shares held by these parties and a general mutual obligation of both main shareholders to maintain parity investment relationships in EnBW with respect to each other. Restrictions relating to voting rights no longer exist to the knowledge of the Board of Management since the aforementioned direct and indirect EnBW shareholders annulled a shareholder agreement on 22 December 2015 that had previously existed between them.

Legal provisions and statutes on the appointment and dismissal of members of the Board of Management and amendments to the Articles of Association

Pursuant to section 84 AktG in conjunction with section 31 MitbestG, responsibility for the appointment and dismissal of members of the Board of Management rests with the Supervisory Board. This competence is stipulated in article 7 (1) sentence 2 of the Articles of Association of EnBW. If, under exceptional circumstances, a necessary member of the Board of Management is missing, section 85 AktG requires that a member of the Board of Management be appointed by the court in urgent cases. The Annual General Meeting has the right to make changes to the Articles of Association in accordance with section 119 (1) no. 6 AktG. The specific rules of procedure are

contained in sections 179 and 181 AktG. For practical reasons, the right to amend the Articles of Association was transferred to the Supervisory Board where such amendments affect the wording only. This option pursuant to section 179 (1) sentence 2 AktG is embodied in article 18 (2) of the Articles of Association. Pursuant to section 179 (2) AktG, resolutions by the Annual General Meeting to amend the Articles of Association require a majority of at least three quarters of the capital stock represented when passing the resolution, unless the Articles of Association stipulate a different majority, which, however, for any amendment to the purpose of the company can only be higher. Pursuant to article 18 (1) of the Articles of Association, resolutions by the Annual General Meeting require a simple majority of the votes cast, unless legal regulations or the Articles of Association stipulate otherwise. If the law requires a larger majority of the votes cast or of the capital stock represented when passing the resolution, the simple majority suffices in those cases where the law leaves the determination of the required majority to the Articles of Association.

Authority of the Board of Management regarding the possibility to issue or redeem shares

No authorized or conditional capital nor any authorization of the Annual General Meeting pursuant to section 71 (1) No. 8 AktG for the purchase of treasury shares by the company currently exists at EnBW. Therefore, the company may only acquire treasury shares on the basis of other reasons justifying such purchases in accordance with section 71 (1) AktG. As of 31 December 2020, the company holds 5,749,677 treasury shares which were purchased on the basis of earlier authorizations in accordance with section 71 (1) No. 8 AktG. The company's treasury shares can be sold on the stock exchange or by public offer to all company shareholders. The use of treasury shares, in particular their sale, in any other way can only occur within the scope of the resolution issued by the Annual General Meeting on 29 April 2004. The treasury shares held by EnBW do not grant the company any rights in accordance with section 71b AktG.

Material agreements of the company subject to the condition of a change of control as a result of a takeover bid and the resulting effects

The following EnBW agreements are subject to the condition of a change of control following a takeover bid as defined by sections 289a (1) No. 8 and 315a (1) No. 8 HGB:

EnBW concluded a new sustainability-linked syndicated credit line with a volume of €1.5 billion on 24 June 2020. The new credit line was unused as of 31 December 2020 and replaces, ahead of schedule, an existing syndicated credit line of €1.5 billion that expires in 2021. The credit line can be terminated by

the lenders and become due for repayment given a change of control at EnBW. This does not apply if the purchaser of the shares is the Federal State of Baden-Württemberg or Zweckverband OEW or another German state-owned public law legal entity.

A promissory note loan of €200 million and two bilateral bank loans together totaling around €39 million taken out by Stadtwerke Düsseldorf AG (SWD AG) relating to the financing of their CCGT power plant can each become due for repayment given a change of control at SWD AG, including an indirect change of control. This does not apply if, after the change of control, the majority of shares in SWD AG are held directly or indirectly by German government entities and the City of Düsseldorf holds at least 25.05% of the shares in SWD AG.

SWD AG took out a new syndicated credit line with a volume of €350 million on 16 December 2020, of which €200 million was drawn as of 31 December 2020. It replaces, ahead of schedule, an existing syndicated credit line that expires in June 2022. The credit line can be terminated and become due for repayment given a change of control at SWD AG, including an indirect change of control. This does not apply if, after the change of control, the majority of shares in SWD AG are held directly by German legal entities under public law or indirectly by these shareholders via controlled legal entities and the City of Düsseldorf holds at least 25.05% of the shares in SWD AG.

A syndicated credit line with a volume of €700 million agreed with VNG AG, of which around €246 million was drawn as of 31 December 2020, can become due for repayment given a change of control at VNG AG, including an indirect change of control.

This does not apply if, after the change of control, the majority of shares in VNG AG continue to be held directly by German public sector shareholders or indirectly by these shareholders via controlled legal entities.

A bond of JPY 20 billion issued on 12 December 2008 under the Debt Issuance Program (Glossary, from p. 138) can be terminated by the lenders and become due for repayment given a change of control at EnBW. This does not apply if the purchaser of the shares is EDF (whose legal successor as shareholder has been the Federal State of Baden-Württemberg since February 2011) or Zweckverband OEW or another German state-owned public law corporation. Two bilateral long-term bank loans, drawn to the value of €325 million and around €273 million as of 31 December 2020, can be terminated by the lender and become due for repayment given a change of control at EnBW, provided the change of control has a negative effect on repayment of the loan in future. This does not apply if the purchaser of the shares is EDF (whose legal successor as shareholder has been the Federal State of Baden-Württemberg since February 2011) or Zweckverband OEW.

Compensation agreements

Compensation agreements pursuant to sections 289a (1) No. 9 and 315a (1) No. 9 HGB concluded with members of the Board of Management to cover any case of a change of control are described and explained in the remuneration report, which is part of the management report.

Nos. 4 and 5 of sections 289a (1) and 315a (1) HGB were not relevant for EnBW in the 2020 financial year.

Indexes

Index for the non-financial declaration of the EnBW Group and EnBW AG

In accordance with sections 315 b and 289 b HGB, the EnBW Group and EnBW AG have been obligated to issue a non-financial declaration since the 2017 financial year. We comply with the requirements by fully integrating the non-financial declaration into the Integrated Annual Report as part of the combined management report of the EnBW Group and EnBW AG. For all of

the aspects required by the German Commercial Code and also other aspects that are material from the perspective of EnBW, such as standing in society, customer satisfaction and supply quality, we fulfill the obligations by providing information about concepts, results and measures, performance indicators and opportunities and risks.

Non-financial declaration of the EnBW Group and EnBW AG

Aspects	Themes	Concepts, results and measures	TOP Key performance indicators Target achievement 2020	Forecast 2021	Opportunities and risks
Description of the business model	–	p. 26 f.	–	–	–
Materiality analysis	–	p. 45 f.	–	–	–
Fighting corruption and bribery	Compliance	p. 43 f. p. 49	–	–	p. 103
Social issues	Social engagement	p. 47 ff.	–	–	p. 103
Respect for human rights	Procurement	p. 53 ff.	–	–	p. 103
Standing in society	Reputation	p. 46 ff.	TOP Reputation Index p. 76	p. 98	p. 103
Customer satisfaction	Customer proximity	p. 46 ff.	TOP Customer Satisfaction Index p. 76 f.	p. 98	p. 103
Supply quality	Supply reliability	p. 45	TOP SAIDI p. 79	p. 98	–
Environmental issues	Expansion of Renewable Energies	p. 27 f. p. 34 ff. p. 45 ff. p. 79 p. 81 f.	TOP Installed output of RE and share of generation capacity accounted for by RE p. 81	p. 98	p. 104
	CO ₂ intensity/ climate protection	p. 27 f. p. 35 ff. p. 45 ff. p. 79 p. 83 ff.	TOP CO ₂ intensity p. 83	p. 99	p. 104
Employee issues	Engagement of employees	p. 46 ff. p. 86 ff.	TOP PEI/MCI p. 86	p. 99	p. 104
	Occupational safety	p. 89 f.	TOP LTIF p. 89 f.	p. 99	p. 104

The non-financial declaration is issued jointly for the EnBW Group and EnBW AG. Any differences between statements made for the Group and for EnBW AG are clearly identified in the text. Information on the business model can be found in the section "Business model" (p. 26 ff.). We have not identified any material individual risks in the 2020 financial year that have a very high probability of a serious negative impact in relation to the relevant non-financial issues.

The reporting of sustainability issues has been based since the 2017 financial year on the GRI standards, including the Electric Utilities Sector Supplement. This report was prepared in accordance with the GRI standards "Core" option. An audit will be carried out in the second quarter of 2021 as part of the GRI content index service. Further information on the GRI content index can be found at www.enbw.com/gri-index. Our sustainability reporting also complies with the Communication on Progress requirements for the UN Global Compact and is based

to an increasing extent on the UN Sustainable Development Goals (www.enbw.com/green-bond). These two framework standards, as well as the UN 2030 Agenda for Sustainable Development, have been used as the basis for the non-financial declaration.

Information on the diversity concept can be found in the Declaration of Corporate Management at www.enbw.com/corporate-governance.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has audited the consolidated financial statements and the combined management report including the contents of the non-financial declaration with reasonable assurance and has thus carried out a complete audit. The full consolidated financial statements and the combined management report for the 2020 financial year are accessible to the public on the website at www.enbw.com/report2020-downloads.

Index for the Task Force on Climate-related Financial Disclosures (TCFD)

EnBW started to implement the recommendations of the TCFD in 2017 (Glossary, from p. 138). This work has continued in the current financial year and is being continuously developed in

each of the four key elements. The index also includes other themes besides these where we are working on the further implementation of the TCFD recommendations.

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD element	Themes	Section	Page reference
Governance	<ul style="list-style-type: none"> > Corporate management > Materiality analysis > Investment guidelines > Climate protection initiatives > Overall assessment by the management > Board of Management remuneration 	<ul style="list-style-type: none"> > Corporate governance > In dialog with our stakeholders > The EnBW Group > In dialog with our stakeholders, General conditions > Overall assessment of the economic situation of the Group > Remuneration report 	<ul style="list-style-type: none"> page 42 page 45 f. page 72 pages 46 and 58 page 95 page 111 ff.
Strategy	<ul style="list-style-type: none"> > Robustness of business model/scenario analysis > Strategy, strategic development > Interdependencies > Materiality analysis > Green bonds > General conditions, climate protection 	<ul style="list-style-type: none"> > Business model > Strategy, goals and performance management system > Strategy, goals and performance management system > In dialog with our stakeholders > The EnBW Group > General conditions 	<ul style="list-style-type: none"> page 27 f. page 34 ff. page 40 f. page 45 f. page 69 page 58
Risk management	<ul style="list-style-type: none"> > Integrated opportunity and risk management including opportunity and risk map > Environment goal dimension: opportunities and risks 	<ul style="list-style-type: none"> > Report on opportunities and risks > Report on opportunities and risks 	<ul style="list-style-type: none"> page 100 ff. page 104
Performance indicators and targets	<ul style="list-style-type: none"> > Sustainability ratings > Key performance indicators and long-term targets > Environment goal dimension: key performance indicators and other performance indicators 	<ul style="list-style-type: none"> > In dialog with our stakeholders > Strategy, goals and performance management system > The EnBW Group 	<ul style="list-style-type: none"> page 47 page 38 ff. page 79 ff.

Declaration of the legal representatives

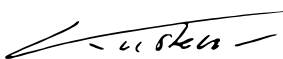
We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the annual and consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company and the Group, and that the combined management report gives a true and fair view of the business development including the result and situation of the company and the Group and also describes the significant opportunities and risks relating to the anticipated development of the company and the Group.

Karlsruhe, 8 March 2021

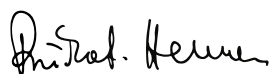
EnBW Energie Baden-Württemberg AG



Dr. Mastiaux



Kusterer



Rückert-Hennen



Dr. Zimmer