

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.