Integrated Annual Report 2020 Extended Version

Including the notes and the declaration of corporate management

AMBITION

EnBW

Corporate strategy

EnBW 2020 strategy successfully concluded

Earnings target exceeded: €2.8 billion

adjusted EBITDA in 2020

Transformation of portfolio

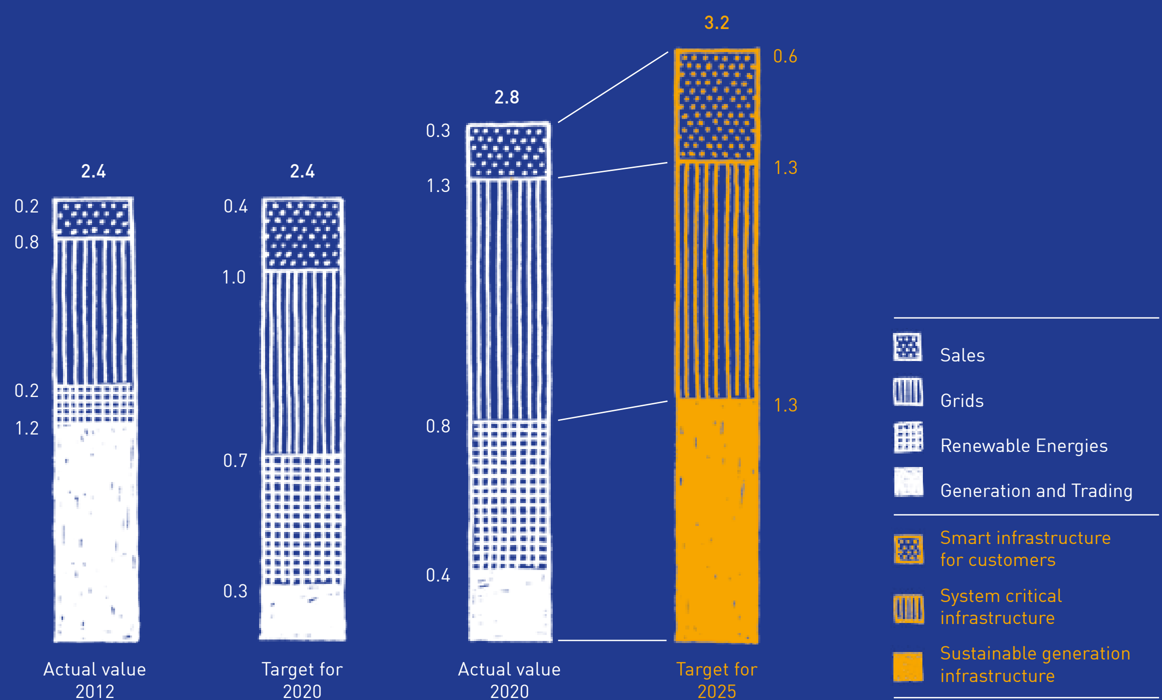
We are focusing on grids, renewable energies, gas and smart products. This includes the expansion of e-mobility and broadband.

Efficiency agenda

The earnings target for 2020 was already achieved in 2019. We have saved every third euro of our controllable costs – without job cuts. We invested more than €17 billion overall in the transformation, of which €12 billion in activities related to the Energiewende.

Realignment and growth

Adjusted EBITDA in € billion



EnBW 2020 strategy >

Cultural change ✓

Streamlining the organizational structure, working across departments, new leadership models, open working worlds and even innovation processes will transform the company from the inside out.

EnBW 2025 strategy >

We are now transforming ourselves from a traditional energy company into a sustainable and innovative infrastructure partner.

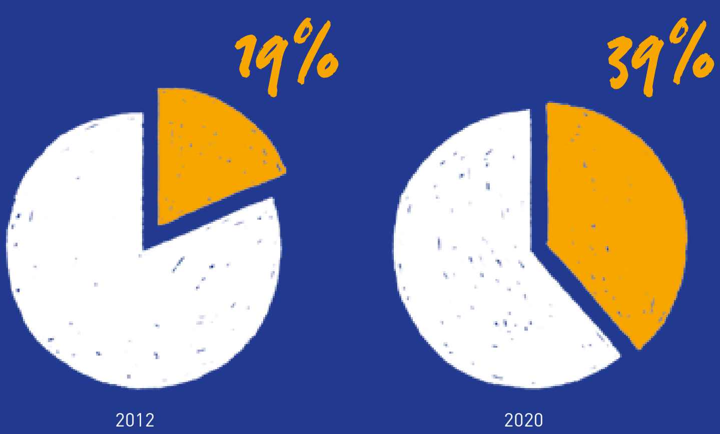
Target: an operating result of €3.2 billion in 2025

Clear emphasis on sustainability:

- Climate neutrality by 2035 with respect to our own emissions
- 25-point sustainabilityprogram

See p. 2 ff. >

Proportion of renewable energies in the generation mix



	2012	2020
Thermal power plants	10,873 MW	7,621 MW
Renewable energies	2,527 MW	4,865 MW

Impact of the coronavirus pandemic

Our top priorities were the health of employees and the security of supply.

The coronavirus pandemic only had a moderate economic impact on earnings.

See rear cover pages >

Performance indicators of the EnBW Group

Financial and strategic performance indicators

in € million	2020	2019	Change in %
External revenue[1]	19,694.3	19,435.7	1.3
TOP Adjusted EBITDA	2,781.2	2,432.5	14.3
TOP Share of adjusted EBITDA accounted for by Sales in € million/in %[1]	335.0/12.0	325.9/13.4	2.8/–
TOP Share of adjusted EBITDA accounted for by Grids in € million/in %[1]	1,346.6/48.4	1,355.3/55.7	-0.6/–
TOP Share of adjusted EBITDA accounted for by Renewable Energies in € million/in %[1]	835.6/30.0	499.3/20.5	67.4/–
TOP Share of adjusted EBITDA accounted for by Generation and Trading in € million/in %[1]	442.2/15.9	426.4/17.5	3.7/–
Share of adjusted EBITDA accounted for by Other/Consolidation in € million/in %[1]	-178.2/-6.3	-174.4/-7.1	-2.2/–
EBITDA	2,663.3	2,245.2	18.6
Adjusted EBIT	1,391.5	944.7	47.3
EBIT	1,102.7	596.7	84.8
Adjusted Group net profit[2]	682.8	786.8	-13.2
Group net profit[2]	596.1	734.2	-18.8
EnBW share price as of 31/12	56.0	50.5	10.9
Earnings per share from Group net profit/loss in €[2]	2.20	2.71	-18.8
Dividend per share/dividend payout ratio in %[3,4]	1.00/40	0.70/40	42.9/-
Retained cash flow	1,638.5	1,240.7	32.1
TOP Internal financing capability in %[1]	102.8	90.0	–
Net cash investment[1]	1,826.9	2,481.4	-26.4
Net debt	14,406.5	12,852.4	12.1
Net financial debt	7,231.9	6,021.6	20.1
TOP Return on capital employed (ROCE) in %	6.3	5.2	–
Weighted average cost of capital before tax in %	5.2	5.2	–
Average capital employed	23,025.6	19,315.1	19.2
Value added	253.3	0.0	–

Non-financial performance indicators

	2020	2019	Change in %
Customers and society goal dimension			
TOP Reputation Index	55.5	52.8	5.1
TOP EnBW/Yello Customer Satisfaction Index	132/159	116/157	13.8/1.3
TOP SAIDI (electricity) in min./year	15	15	–
Environment goal dimension			
TOP Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %	4.9/39.0	4.4/31.8	18.9/–
TOP CO_2 intensity in g/kWh[5,6]	372	419	-11.7
Employees goal dimension			
TOP People Engagement Index (PEI)[7]	83	–	–
TOP LTIF for companies controlled by the Group[8,9]/LTIF overall[8]	2.1/3.6	2.1/3.8	–/-5.3

Employees[10]

	31/12/2020	31/12/2019	Change in %
Employees	24,655	23,293	5.8
Employee equivalents[11]	23,078	21,843	5.7

1 The figures for the previous year have been restated.
2 In relation to the profit/loss attributable to the shareholders of EnBW AG.
3 For 2020, subject to approval from the ordinary Annual General Meeting on 05/05/2021.
4 Adjusted for the valuation effects of IFRS 9 in 2019.
5 Includes redispatch deployment.
6 Nuclear generation is not included in the calculation for the key performance indicator CO_2 intensity. The CO_2 intensity including nuclear generation for the reporting year was 268 g/kWh (previous year: 235 g/kWh).
7 The performance indicator was reported for the first time in 2020 and replaces the Employee Commitment Index (ECI). There is n o value for 2019 and no forecasted value for 2020 available.
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 Except for companies in the area of waste management.
10 Number of employees excluding apprentices/trainees and inactive employees.
11 Converted into full-time equivalents.

See five-year comparison of the performance indicators on p.262 f.

Dear Reader,

The Integrated Annual Report of EnBW that you are holding in your hands is entitled "Ambition." We are certainly continuing to set ourselves consistently ambitious goals and this is also necessary – those who fail to do so will sooner or later fall into mediocrity. We cannot and will not allow that to happen.

Let us briefly look back on 2020, which was a special year in many respects: The year marked the end of our EnBW 2020 strategy phase. Eight years ago, we set ourselves very ambitious and measurable goals for 2020. We have achieved nearly all of them and even exceeded some ahead of schedule. In particular, we were able to improve our operating result for the fourth year in a row.

All of us were also left facing some major social challenges due to the coronavirus pandemic. We had to protect our employees, secure the energy supply and nevertheless achieve our earnings targets. We achieved all of this and EnBW remains in a stable position.

And we now have our sights set on the future: While the EnBW 2020 strategy focused on the transformation of the company, we want to use the updated EnBW 2025 strategy to develop into a sustainable and innovative partner for energy and infrastructure. In addition, we have further refined our sustainability targets during the past year. We firmly believe that a company without a clear and ambitious sustainability agenda will not be viable in the future. In the last few years, we have invested heavily in, for example, renewable energies, electricity grids and electromobility. We will now take another major step forward: We aim to become a climate-neutral company by 2035.

The protection of the environment, the climate and natural resources is an important aspect of sustainability but it's not the only one. People – both inside and outside of EnBW – lie at the heart of our thoughts and actions. We understand that we have a social responsibility and we try to live up to it every single day.

The achievement of economic targets is a core focus for every company and naturally this is also true at EnBW. But sustainability and economic success do not have to stand in contradiction in our eyes – quite the opposite. Alongside all of the questions and challenges we are facing during this fundamental process of change – one which not only EnBW finds itself in – above all we see the huge business opportunities it offers.

Best regards,

Frank Mastiaux

Frank Mastiaux
Chairman of the Board of Management

Acting today for tomorrow

Sustainability is the guiding principle towards which EnBW orients itself. Every decision and every investment must be measured against this benchmark. Our commitment to sustainability goes far beyond protecting the environment, the climate and natural resources: The current EnBW 2025 strategy has not only become the new horizon on our path to growth but also gives us clear perspectives with respect to sustainability. The expanded sustainability agenda comprises a package of 25 new measures that take ecological, economic and social aspects into account.

Ecological sustainability and climate protection: Phase-out of coal power and CO_2 neutrality by 2035

4.6 GW

of fossil fuel-fired generation will be removed from operation by 2035, 2.5 GW of which by 2030.

One central theme of our sustainable corporate strategy is climate protection. And we have set ourselves an ambitious goal in this regard: We want to become climate neutral with respect to our own emissions across the whole company by 2035. We aim to already reduce the CO_2 emissions at EnBW by 50% by 2030, based on the reference year of 2018. The path to climate neutrality will require the rigorous phasing out of coal-fired generation. According to the Coal Phase-out Act approved by the German Bundestag in 2020, this process must be completed by 2038. EnBW had already phased out 40% of its particularly carbon-intensive electricity generation before this act was passed. A further 2.5 GW will be removed from operation by 2030 and the phase-out process will be fully completed by 2035. To this end, the fuel switch options will be examined. The fuel switch will take place in two stages: firstly from coal to more climate-friendly gas and then in the medium term to climate-neutral gas (biogas or hydrogen). Switching raw materials in this way will not only contribute to maintaining a reliable energy supply but will also help to preserve existing power plant sites.

As has been the case in its previous restructuring activities, EnBW will take the interests of all employees into account during the changes associated with the phasing out of coal. It is our aim to give our employees new perspectives by offering them alternative jobs in growth areas of the company and opportunities for furthering their personal development. We are facing up to the challenges associated with our sustainable corporate strategy using a human resources strategy that places the focus on people.

Climate neutrality by 2035

The main focus of our activities for protecting the climate and environment is the phasing out of electricity generation using fossil fuels.

-50%

CO_2 emissions

-100%*

CO_2 emissions

2018

The expansion of renewable energies was already well underway at EnBW in the reference year.

2030

In just under ten years, we aim to cut our CO_2 emissions in half.

2035

EnBW wants to be climate neutral before the target year set in the Coal Phase-out Act.

* EnBW's goal of climate neutrality refers to its own emissions (p. 36 and p. 83 f.).

Economic sustainability: consistent investment and a clear growth in earnings

We are transforming ourselves into a sustainable infrastructure partner through consistent investment.

Achieving economic success and acting responsibly are not conflicting principles that can only be reconciled with great difficulty. Rather, they can exist in a symbiotic relationship with one another. In the past few years, we have invested a huge amount in renewable energies and the expansion of the grids. As part of our EnBW 2025 strategy, we will grow beyond our core area of energy and transform ourselves into a sustainable infrastructure partner. We will expand our business fields renewable energies, electricity grids, e-mobility and broadband, and supplement our activities to include new areas such as the development and operation of entire city districts.

These business activities will require significant investment – a total of around €12 billion by 2025. We also expect to generate significantly higher earnings by 2025 with an adjusted EBITDA of €3.2 billion.

Social sustainability: People as the main focus

The third pillar depicts the social dimension of sustainability, in which the main focus is placed on people. Alongside quantitative parameters in human resources development, emphasis is being placed on the personal development of employees and maintaining their employability. For example, retraining and further qualification measures were implemented at an early stage in the area of conventional generation at EnBW, in which around 3,400 people are currently employed. Some employees who used to work in a conventional power plant are already applying their technical expertise to, for example, the operation of the company's offshore power plants. In addition, EnBW started a training program for migrants and refugees in 2016. 59 people are currently completing a technical apprenticeship. A record number of apprentices and students also began their first year of training at the company in 2021 and more than 1,000 young professionals are now currently working at EnBW.

Sustainability is frequently perceived as an abstract concept, but it also explicitly begins with every single person and their individual living and working environments. Our employees are the shapers of a sustainable future – both that of the company and also their own. And sustainability starts with what seem to be small steps. That is why we generate awareness for the responsibility employees have in their own personal working environment and motivate employees to get involved: This includes, for example, the goal of reducing paper consumption by up to 90% by 2025 and planning business trips based on considerations relating to carbon emissions, through to a sustainable procurement strategy and sustainable company restaurants.

Furthermore, the expansion of electromobility at EnBW is being accompanied by an offer extended to all 14,000 employees in selected companies in the EnBW Group to lease, at low rates, an electric vehicle, which they can charge at all EnBW sites.

Moreover, EnBW takes its social responsibility seriously in a diverse range of ways. For example, we provide funding and sponsorship to many organizations across Baden-Württemberg, with a focus on education, popular sports and supporting young people.

More and more electricity from the wind and sun

EnBW has been rigorously pushing forward the expansion of electricity generation from renewable energy sources for many years. In the 2020 reporting year, we were able to successfully conclude some major and significant projects – and also start developing some others.

We completed one major project shortly after the start of 2020: After placing EnBW Hohe See – our first wind farm on the high seas, located 100 km from the German North Sea coast – into operation in the previous year, we were also able to connect its small neighbor EnBW Albatros to the grid. The joint total of 87 wind turbines with an installed capacity of around 640 MW at Germany's largest wind farm have been generating electricity since then.

One project ends, another begins: EnBW and its British partner bp had their bid for two high-quality sites in the Irish Sea accepted in February 2021. We want to jointly construct two offshore wind farms with a total output of 3 GW on these sites by 2028. EnBW set another German record on land at the end of 2020: We were able to construct the Weesow-Willmersdorf solar park with a capacity of 187 MW_p. and place it partially into operation. It is the largest solar park of this type in Germany with around 465,000 solar modules on an area covering more than 160 hectares. And this is only the beginning: We are already planning to build two more power plants of this size in the region.

New wind farm areas in the Irish Sea

The Nezzy² pilot project for the development of a floating wind power plant points to the energy world of the future. The advantage of this design is that it will allow the construction of wind power plants in waters that are too deep for conventional turbines. A prototype on a scale of 1:10 has already braved storms and waves in the Bay of Greifswald. The next step is to test the full-scale design off the coast of China.

Green bonds for sustainable projects

The expansion of electricity generation from renewable energy sources requires a huge amount of investment. We are committed to ensuring that this financing complies with strict sustainability criteria. We issued our first green bond in 2018 – mainly to finance EnBW Hohe See and Albatros. Others have since followed, with the latest being a green subordinated bond with a volume of €500 million in 2020. The total volume of these types of securities issued to date by EnBW is €2 billion. We will also utilize sustainable financing instruments in future for investments in our ambitious sustainability targets.

Maria Knill, Head of HR Strategy & Transformation

People as the main focus

An interview with Maria Knill, Head of HR Strategy & Transformation, on the social dimension of sustainability and its importance for how EnBW thinks and acts.

Mrs. Knill, how important is the social aspect within the sustainable corporate strategy of EnBW?
Maria Knill: Social sustainability is hugely important for our company both strategically and operationally. Therefore, this is not just a phrase that we use lightly, we truly mean it when we say: We place the main focus on people – both inside and outside of the company.

What does this mean with respect to the current transformation processes at EnBW?
Maria Knill: When you look at what this transformation means, it quickly becomes clear that our employees will play a central role. The change taking place at EnBW can only succeed if it is also consciously supported, shaped and ultimately implemented in practice by our employees. Our fields of activity will also change fundamentally as part of this transformation. A good example of this is the change to our generation strategy. Some jobs will be lost but new ones will be created at the same time. This is why, on the one hand, we are focusing on the further development of our employees to open up new perspectives and opportunities for them in and with the company. And because we want to grow further as a company, we are also looking, on the other hand, for qualified employees or are training them ourselves. We currently have more than 1,000 apprentices and students on dual study programs at the company. And we plan to take on just as many new young professionals in 2021 as in 2020. All of this will push forward the entire organization and also all of our employees.

Is the human resources strategy thus mainly focused on further training and growth?
Maria Knill: These aspects are only part of the strategy in my view. Alongside the professional development of our employees, the aim is to shape the future together with them. There are two essential questions that need to be answered in this context: What will we be doing tomorrow and the day after tomorrow? And how will we be doing it? The coronavirus pandemic has demonstrated to us how quickly and fundamentally the framework conditions can change. At the same time, it has pushed forward the transformation process immensely. There will be no return to the status quo ante after the pandemic: We will work much more digitally and flexibly in future. We are preparing our employees for this and providing them with the required skills. In addition, we are creating structures and conditions in which they can organize their work according to their own individual needs. We have all recognized during the pandemic that this is possible, we can do it and it can bring added value.

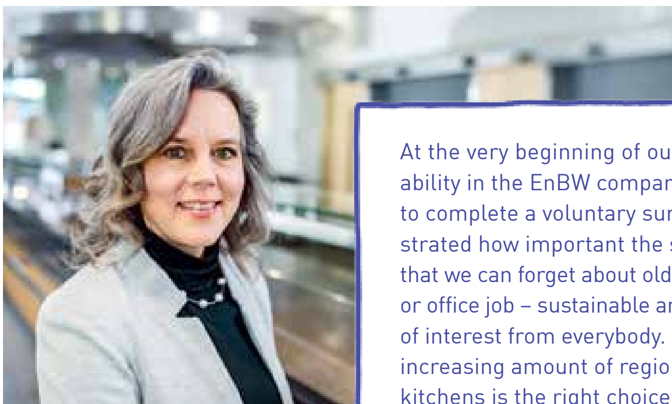
This is all taking place within EnBW. You also mentioned people outside of the company …
Maria Knill: Naturally, we also keep other people in mind. EnBW is a large company, but it is not an island – and certainly not its own planet. We are part of society as a whole and want to be a good neighbor and partner. And we gladly accept responsibility as a strong and capable member of society. This is why we promote and support numerous charitable projects and initiatives – from the protection of the environment and nature, education and social integration through to youth and popular sports.

Four faces of the transformation

The path to sustainability will require profound change in all areas of work and life – both at EnBW and beyond. Many people are working towards this joint, ambitious goal in all kinds of different areas. Here, we introduce you to four of them.

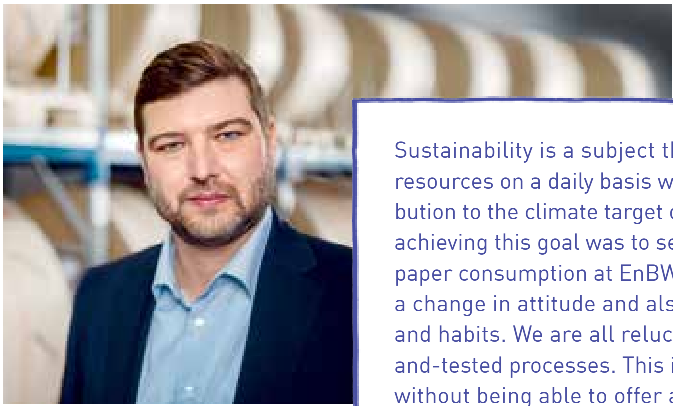
Frank Brech, Head of Business Field Development at the EnBW Full Kritis Service

I believe that change always offers us an opportunity to create something new. Transformation processes open up new business fields and models. Knowledge and skills don't just become worthless overnight – quite the contrary. For example, we utilize the IT knowledge that our employees have acquired in various areas of EnBW and its companies in the very sensitive area of nuclear energy. The task of the Full Kritis Service as a provider of cyber security solutions is to improve information security for infrastructures, cities, local authorities and the economy. The fundamental transformation process in which we find ourselves requires us to become quicker and more agile. We are operating almost like a start-up within the Group and developing new solutions and projects to tackle new challenges.



Britta Lupo, Head of Company Restaurants, EnBW Seminar Houses and Holiday Homes

At the very beginning of our journey towards achieving more sustainability in the EnBW company restaurants, we asked our colleagues to complete a voluntary survey. The high level of participation demonstrated how important the subject of "food" is. The results showed that we can forget about old clichés: Whether old or young, in a technical or office job – sustainable and healthy nutrition generates a great deal of interest from everybody. That's why we believe our decision to use an increasing amount of regional and sustainably produced food in our kitchens is the right choice. These are criteria that are fully met by our absolute bestseller: lentils with spätzle, either vegetarian or served the traditional way with sausages.



Dirk Link,
Head of IT Workplace

Sustainability is a subject that is relevant to us all. And we can save resources on a daily basis with the aim of making our own small contribution to the climate target of EnBW. One building block on the way to achieving this goal was to set ourselves a bold target: We want to reduce paper consumption at EnBW by up to 90% by 2025. This requires both a change in attitude and also fundamental changes to many processes and habits. We are all reluctant to break with established and tried-and-tested processes. This is why we can't simply take something away without being able to offer a good alternative. In our case, those are digital tools and digitalized processes as an alternative to paper-based processes. As dramatic as the coronavirus pandemic has been, it has pushed forward digitalization that much further: Everybody is working more flexibly and finding that they can do without printouts and manage with a lot less paper.

EnBW is not an island

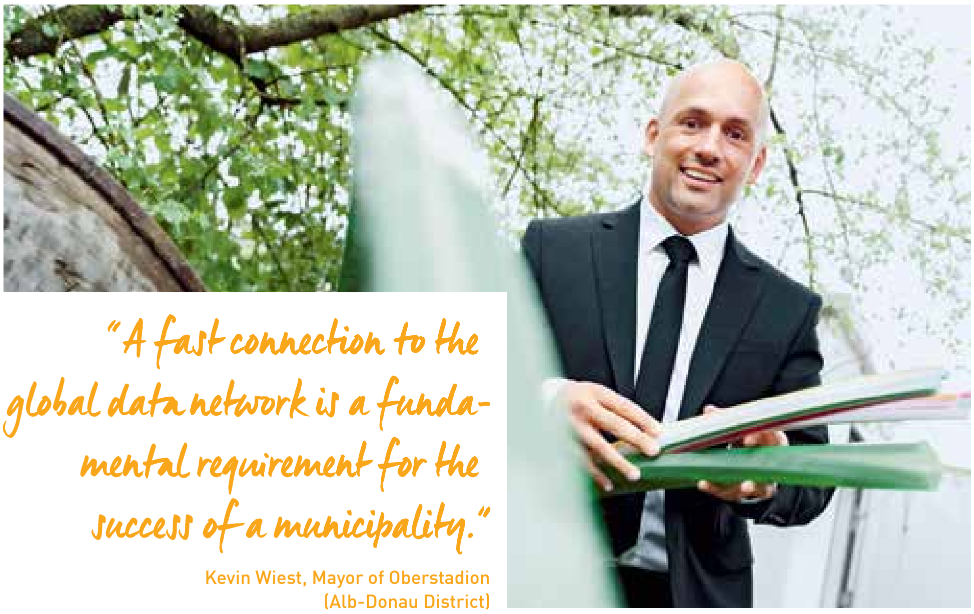
We are following our path towards economic, ecological and social sustainability together with our suppliers and partners.

Karsten Doll,
Key Account Manager
Schneider Electric SE

As a supplier and partner, we work very closely at Schneider Electric with the EnBW subsidiary Netze BW. Due to this relationship, we are closely integrated into the corporate strategy at EnBW. It is a matter of course and totally normal for us to document and communicate our sustainability, for example from an ecological and social perspective, in an ongoing process and to operate using fully digital business processes. At the moment, we are developing a new generation of medium-voltage transformers in various pilot projects together that do not require the isolation gas sulfur hexafluoride (SF_6), which is harmful to the climate, but can function using the ambient air that we all breath.

Wellconnected in today's world

The EnBW subsidiary NetCom BW is the partner for local authorities, business and private customers when it comes to making connections. There is usually no problem accessing a fast Internet connection in urban areas. But NetCom BW has also set its sights on rural regions with poorer infrastructure and lower populations. These areas should also be wellconnected. One thing has become abundantly clear, most recently during the coronavirus pandemic: The way we work and collaborate, live and learn has radically changed for the long term. We are taking account of these changes at NetCom BW and laying the foundations for the data world and living environment of tomorrow with our broadband infrastructure and services.



"A fast connection to the global data network is a fundamental requirement for the success of a municipality."

Kevin Wiest, Mayor of Oberstadion (Alb-Donau District)

Smart and climate neutral

The Energiewende has shifted the emphasis within the world of the grids: Electricity from the renewable energies of the sun and wind is being generated decentrally and fed in at the distribution grid level. This requires the expansion and restructuring of the grids to create "smart grids." Smart grids allow us to better coordinate feed-ins and electricity flows to consumers. The EnBW subsidiary Netze BW is the largest distribution grid operator in Baden-Württemberg. Alongside all of the activities and investments required by the Energiewende, our subsidiary is following its own ambitious sustainability strategy. This is already bearing fruit: In 2021, Netze BW aims to become one of the first climate-neutral grid operators in Germany. Furthermore, the company is, for example, recultivating areas to create bee meadows and using bio-oil in its transformers.

A leader in e-mobility

EnBW is the leading company for charging infrastructure in Germany. And its comprehensive charging network is still being expanded at a rapid pace even though EnBW already had a clear lead in the area of quick-charging infrastructure before the reporting year. Almost every second new ultrafast charging station in Germany was placed into operation by EnBW. In addition, we followed a completely new strategy for some new locations in 2020 by focusing on city centers: Urban quick-charging parks have been opened in inner-city areas of Stuttgart and Karlsruhe and more are set to follow.

The EnBW charging network extends far beyond the boundaries of Baden-Württemberg: An EnBW ultrafast charging station can already be found today at every third motorway service station in Germany. Drivers of e-cars can charge their vehicles in the EnBW HyperNetwork at more than 100,000 charging points across Germany, Austria, Switzerland, France, Italy and the Netherlands at one uniform price.

All of EnBW's activities relating to the charging infrastructure and mobility services have been bundled together in one autonomous subsidiary: The newly founded EnBW mobility+ AG & Co. KG started operations at the beginning of 2021.

The EnBW HyperNetwork

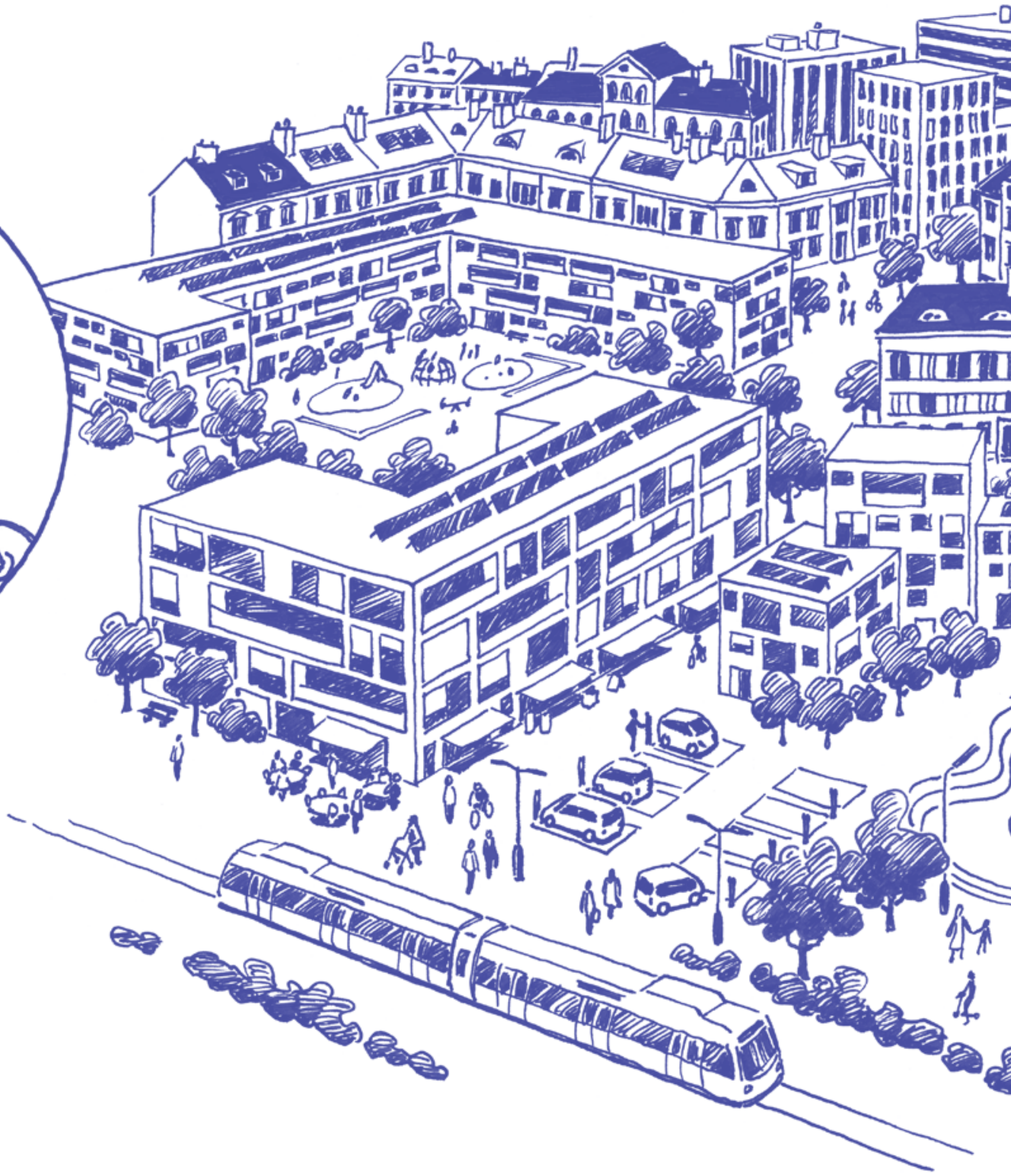
Users of the EnBW mobility+ app can conveniently charge their vehicles at one uniform price both at home and abroad.

>100,000

charging points across Germany, Austria, Switzerland, France, Italy and the Netherlands are available to mobility+ customers.

Places to live and to live together

EnBW is entering a new business field with the development and operation of forward-looking and sustainable districts, where the main priority will be placed on the ecological and communal aspects of social life.



The smart district

- Intelligently networked infrastructures, e.g., for supply, waste disposal, energy and mobility
- Fiber-optics and public Wi-Fi

Living together

- Space to live and work
- Trade and commerce in the neighborhood
- A place to live for all generations
- Social mix through subsidized housing
- Communal spaces and areas, as well as co-working spaces, as places for interacting together
- Green spaces and leisure centers for people
- Sport and shared leisure activities

Energy is becoming decentralized

- Electricity from the sun and wind
- Climate-friendly energy generation
- Modern supply and storage of energy
- Virtual power plants
- Smart grids

Rethinking mobility

- Sharing services and mobility concepts
- Connection to public transport
- Minimum number of private cars
- Less car traffic in the district

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The integrated management of EnBW comprises financial and non-financial goals in the dimensions:

Finance | Strategy | Customers and society | Environment | Employees

TOP Our key performance indicators are labeled with this symbol.

The cross-references take you to further information within this report or to the definition of terms in the glossary in the service section at the end of the report.

The cross-references and Internet links do not form part of the audited management report.

Financial publications online: www.enbw.com/report2020

Overview of the 2020 financial publications

- Integrated Annual Report 2020
  The report includes the combined management report of the EnBW Group and EnBW AG and a condensed version of the consolidated financial statements without the notes to the consolidated financial statements.
- Integrated Annual Report 2020 – Extended Version
  The extended version comprises the full set of financial statements of the EnBW Group including the notes to the consolidated financial statements and the declaration of corporate management.
- Declaration of corporate management 2020 of the EnBW Group and EnBW AG including the corporate governance report 2020
  This document is included in the extended version and is also available as a separate document.
- Financial statements of EnBW AG 2020

All documentation relating to the annual financial statements for the 2020 financial year can be found at www.enbw.com/report2020-downloads.

The Board of Management

"Sustainability and climate protection are both a social obligation and a business opportunity."

Dr. Frank Mastiaux

born 1964 in Essen
- Chairman of the Board of Management
- Chief Executive Officer since 1 October 2012
- appointed until 30 September 2022
- lives in Stuttgart

Thomas Kusterer

born 1968 in Pforzheim
- Member of the Board of Management
- Chief Financial Officer since 1 April 2011
- appointed until 31 March 2024
- lives in Ettlingen

"Investment in climate-friendly business models is an important part of our sustainable corporate strategy."

Dr. Hans-Josef Zimmer

born 1958 in Merzig
- Member of the Board of Management
- Chief Technical Officer
  since 1 January 2012
- appointed until 31 May 2021
- lives in Steinfeld (Pfalz)

"Even before the Coal Phase-out Act, we had already started phasing out particularly carbon-intensive power generation. We will now continue to phase them out entirely by 2035."

Two new members of the Board of Management will succeed Dr. Hans-Josef Zimmer from 1 June 2021. To support the further growth of the company, the current remit of "technology" will be split into two new remits, which will be headed by Dirk Güsewell and Dr. Georg Stamatelopoulos.

"People are our main focus, which is why we are shaping this transformation together with all of our employees."

Colette Rückert-Hennen

born 1961 in Leverkusen-Opladen
- Member of the Board of Management
  and Director of Personnel
- Chief Human Resources Officer
  since 1 March 2019
- appointed until 28 February 2022
- lives in Karlsruhe

Letter to shareholders

Frank Mastiaux
Chairman of the Board of Management

Dear Readers,

Eight years ago, we developed the EnBW 2020 strategy and we were fully aware that we had a long and busy road ahead of us. We have now arrived at this target point: We have finished fundamentally transforming our portfolio, implemented our efficiency agenda and further developed our corporate culture. We have achieved or exceeded almost all of our financial, strategic and non-financial targets that we set ourselves back in early 2013. This makes 2020 a very special year for EnBW. I would like to take this opportunity to personally thank everyone involved, our employees and associates, our shareholders, employee representatives and investors, for their tremendous support over the past few years. The EnBW we see today – with its new, forward-looking structure and the business results we are able to present for 2020 – is a collective success.

A successful 2020 financial year

In the 2020 financial year, we achieved an operating result of €2.8 billion, which meant we were able to increase the adjusted EBITDA for the fourth year in a row. The main drivers of this success were the grids, gas business and our two new wind farms EnBW Hohe See and Albatros. In the Sales segment, we are making huge strides in the expansion of our quick-charging network for e-mobility. Currently, we already operate the largest quick-charging network in Germany. In the telecommunications and broadband business, our subsidiaries responsible for the expansion of these networks laid more than 45,000 km of cable in 2020. In the ULTRANET project, our transmission system operator TransnetBW laid the foundation stone for the converter in Philippsburg in September. The converter marks the end point of the direct current line from northern Germany, from which green electricity will be distributed across the local region. In our “EnBW connects” participation model, 132 local authorities have now invested in our distribution grid subsidiary Netze BW, shaping the future of the electricity and gas grids together with us. In the area of renewable energies, solar energy has become the third pillar of our expansion strategy alongside onshore and offshore wind power. We placed the largest solar park in Germany without state funding into operation in 2020 and also started construction of two other parks in Brandenburg. The EnBW Hohe See and Albatros offshore wind farms have been connected to the grid and the EnBW He Dreiht wind farm is due to follow in 2025. In addition, we had our joint bid with bp for two large sites in the Irish Sea accepted in February 2021, where we aim to build two offshore wind farms with a total capacity of 3 GW. In the Generation and Trading segment, we are investigating the possibility of switching over from coal to climate-friendlier gases. As you can see, 2020 was not just a year in which we achieved our targets, it also marks the dawn of a new era.

A clear focus on health protection and supply reliability during the coronavirus pandemic

EnBW has so far been able to successfully overcome the challenges posed by the coronavirus pandemic. We formed a task force at an early stage with representatives from the most important areas of the company. Naturally, our main focus was and is to protect our employees against infection, while at the same time guaranteeing the smooth operation of the grids and power plants. Meanwhile, we supported the health care authorities, for example, by providing them with protective equipment. The economic impact of the coronavirus pandemic on EnBW has been limited. However, it certainly required us to be more flexible – 90% of employees who were able to work from home have been doing so for many months. This has placed a personal strain on people, especially families with children. In a campaign initiated by employees, more than 4,500 unused vacation days were donated to colleagues who found themselves in a particularly difficult situation due to the closure of nurseries or schools – a perfect example of the team spirit at EnBW. On the other hand, it was very impressive how relatively smooth and efficient many of the work processes have been on a digital basis. This will allow us to draw inspiration for new ways to organize our work. The pandemic has also made it abundantly clear how important infrastructure is for the economy and society. And it has underscored the importance of supply reliability. There cannot be any compromises made when it comes to the generation of energy or its transmission and distribution. That is what we stand for!

Growth and climate neutrality

The year 2020 is also extremely significant for us because it is the starting point for the new strategy period up to 2025. Since the beginning of 2021, EnBW has been divided into three new segments that focus on infrastructure: "Smart infrastructure for customers" is dedicated, for example, to the expansion of quick-charging infrastructure, the telecommunications and broadband business and other areas dealing with urban infrastructure. The main focus of the "System critical infrastructure" segment is the transmission and distribution grids for electricity and gas. And "Sustainable generation infrastructure" is pushing forward with, above all, the utilization of wind and solar energy. The EnBW 2025 strategy also comprises new, digital business models and selective internationalization in the area of renewable energies. The aim is to make EnBW even more profitable and stable by 2025 than it is today, while being more agile and sustainable at the same time.

There is also something else that makes 2020 a milestone in the development of our company: In order to take the sustainability measures that we have been following for many years another step forward, we set ourselves the target in 2020 of making the company climate neutral with respect to our own emissions by 2035. In the process, we want to halve our CO_2 emissions by 2030, based on the reference year of 2018, and also reduce our coal-based generation capacity by around 2.5 GW. Coal-based energy generation will be fully phased out by the end of 2035. Our path to climate neutrality will be accompanied by a comprehensive sustainability program and an HR strategy that is designed to take our employees with us on this journey. It is no longer conceivable for us to pursue business success without making a credible contribution to safeguarding the livelihoods of future generations.

Next planning horizon: 2025

EnBW is now setting course for 2025. We want to increase the operating result of our company to €3.2 billion by then. In the process, we will keep on diversifying our business portfolio, using renewable energies and the grids as a stable basis. We believe that there are opportunities to be found, for example, in the development of CO_2-efficient energy solutions, e-mobility, telecommunications and security infrastructure. EnBW has a robust business model that is viable for the future.

Yours sincerely,

Frank Mastiaux

Frank Mastiaux
Chairman of the Board of Management

Report of the Supervisory Board

Lutz Feldmann
Chairman of the Supervisory Board

The Supervisory Board dutifully and comprehensively performed all of the tasks incumbent on it in the 2020 financial year as required by law and the Articles of Association. It regularly advised the Board of Management on its management of the company and continuously accompanied and monitored all important management measures for the Group. In the process, the Supervisory Board was involved in all decisions of fundamental importance to the company and the Group.

The Board of Management regularly, comprehensively and promptly informed the Supervisory Board about all relevant aspects of intended business policies and other fundamental issues relating to business planning and also provided reasons for any discrepancies between the actual development of business and the plans and targets reported at an earlier date. In the reporting period, this also included in particular discussions on questions relating to the coronavirus pandemic and its impact on the company. In addition, the Board of Management informed the Supervisory Board about the economic position of the company and the Group including, among other things, the profitability of the company (especially the equity), the development of business (especially the revenue and earnings, the net assets, financial position and results of operations, as well as HR development at the company) and those business transactions that could be of significant importance for the profitability or liquidity of the company. Furthermore, the Board of Management informed the Supervisory Board about the risk situation of the Group and of individual areas of the Group, corporate strategy and planning, risk management, the internal control system and compliance.

Key topics of the discussions at the plenary meetings of the Supervisory Board

In the 2020 financial year, the Supervisory Board dealt extensively with verbal and written reports and proposals for resolutions issued by the Board of Management at six ordinary meetings – primarily held online due to the pandemic – on 20 March 2020, 11 May 2020, 16 July 2020, 1 October 2020, 5 November 2020 and 10 December 2020 and through two written resolution procedures. Furthermore, it requested reports and information from the Board of Management on individual topics, which were comprehensively provided in a timely manner in each case. The discussions and resolutions at the plenary meetings of the Supervisory Board focused on the following key issues:

- In-depth consultations and discussions with the Board of Management about the crisis management system for dealing with the coronavirus pandemic and the latest developments at the company with respect to the pandemic
- Comprehensive discussions on the economic impact of the coronavirus pandemic, especially with respect to the temporary right for customers to withhold payment and the implementation of the temporary reduction in the VAT rate
- In-depth consultations to evaluate the German cabinet's resolution on the Coal Phase-out Act
- Determining the level of the short-term variable remuneration for members of the Board of Management for 2019 and the long-term variable remuneration for members of the Board of Management for 2017 (performance period 2017 to 2019)
- Determining the targets for members of the Board of Management for 2021 for their short-term and long-term variable remuneration
- Consultation on the possible development of office locations
- Consultation on the annual compliance and data protection report and the corresponding agenda for the following period
- Consultation on an electromobility package for EnBW employees
- Approval for the sale and transfer of the shareholding in MVV Energie AG held by EnBW AG
- Endorsement of the annual financial statements and consolidated financial statements as of 31 December 2019 presented by the Board of Management
- Approval of the decision taken by the Board of Management to pay out an advance dividend from retained earnings to shareholders for the 2019 financial year
- Approval of the decision taken by the Board of Management to hold the ordinary Annual General Meeting 2020 as a virtual Annual General Meeting without any physical presence of shareholders and their proxies
- Approval of the decision taken by the Board of Management to hold the ordinary Annual General Meeting 2021 as a virtual Annual General Meeting without any physical presence of shareholders and their proxies
- Approval of the proposals to be made at the Annual General Meeting, including on the appropriation of retained earnings, the election of the auditor for the 2020 financial year, the remuneration of members of the Supervisory Board and the amendment of the Articles of Association
- Regular reporting on the development of business activities in Turkey
- Approval for the renewal of the syndicated credit line and the option to increase the volume
- Regular consultation on the development of the financial ratings of EnBW AG
- Regular reporting on the development of market prices for electricity, fuels and CO_2
- Regular consultation on the development of the markets relevant to EnBW
- Consultation on the number of trainees in 2020 and 2021
- Consultation on the "EnBW connects" participation model through which local authorities in Baden-Württemberg can indirectly invest in Netze BW GmbH
- Regular reporting on the operation, safety and, where relevant, dismantling of the nuclear power plants
- Approval for the acquisition of Gas-Union GmbH
- Approval of the new version of the strategic asset allocation and the amendment to the tactical bandwidths
- Approval for an increase in the framework approval limit for short-term credit lines with banks
- Approval for the issuing of another senior bond
- Replacement and reassignment of members on the committees of the Supervisory Board due to members leaving the Supervisory Board
- In-depth consultations and discussions with the Board of Management about long-term strategic planning (with a focus on the energy industry, digitalization, sustainability and climate protection)
- Approval for the external financing of VNG AG
- Approval for the tender for a general contractor for the expansion of the broadband system in the Enz district
- Approval of a budget for the development of the He Dreiht offshore wind farm project
- Consultation on the human resources strategy
- In-depth consultations and discussions on the EnBW gas strategy
- Approval for covering the financing needs of TransnetBW GmbH
- Consultation on the self-assessment of the Supervisory Board
- Appointment of Dirk Güsewell as a member of the Board of Management for the remit of "System critical infrastructure," with his term of office beginning in 2021
- Appointment of Dr. Georg Nikolaus Stamatelopoulos as a member of the Board of Management for the remit of "Generation infrastructure," with his term of office beginning in 2021
- Approval of the budget for the 2021 financial year and acknowledgment of the medium-term planning for the period 2021 to 2023 consisting of the plans for Group earnings, finance, investment and HR, as well as the result (HGB) and liquidity of EnBW AG
- Approval for the submission of a bid for an invitation to tender for the operation of street lighting
- Regular reporting on the participation in an auction in the offshore wind sector as part of an internationalization project
- Resolution on the introduction of a clawback clause in the Board of Management remuneration system

Aside from the meetings, the Board of Management informed the Supervisory Board in writing about all business transactions of particular importance for the company or the Group. In addition, there was ongoing communication between the Chairman of the Supervisory Board and the Board of Management, particularly with the Chairman of the Board of Management, in order to discuss issues relating to the strategy, planning, business development, risk situation, risk management, compliance, the impact of the coronavirus pandemic, important individual transactions and currently pending decisions.

There was a consistently very high attendance rate at the individual meetings of the Supervisory Board. The majority of the members of the Supervisory Board attended all meetings of the Supervisory Board. No member of the Supervisory Board participated in less than half of the meetings.

Work of the committees

The committees set up by the Supervisory Board once again met regularly in the 2020 financial year so that the Supervisory Board could perform its functions efficiently. The respective members of the committees are listed on p. 253 of the Integrated Annual Report 2020. The Chairpersons of the committees regularly reported in detail on the work of the committees at each subsequent plenary meeting of the Supervisory Board.

Corporate governance

The Supervisory Board also paid close attention to the various issues relating to corporate governance in the 2020 financial year. These issues are described in detail in the corporate governance report. The corporate governance report is part of the (Group) declaration of corporate management, which the company has published on its website (www.enbw.com/corporate-governance) in accordance with section 289 f (1) sentence 2 and section 315 d sentence 2 of the German Commercial Code (HGB).

Audit of the annual and consolidated financial statements

Following a thorough examination by the audit committee, the Supervisory Board undertook a detailed review of the annual financial statements and consolidated financial statements as of 31 December 2020 that were audited and issued with an unqualified audit opinion by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and of the combined management report including the non-financial declaration for the 2020 financial year. The final results of its own reviews did not lead to any reservations on behalf of the Supervisory Board. It approved the audit results of the independent auditor and endorsed the annual financial statements prepared by the Board of Management as of 31 December 2020 – which have thus been ratified – and the consolidated financial statements as of 31 December 2020, as well as the combined management report including the non-financial declaration for the 2020 financial year.

Reference to the complete version of the report of the Supervisory Board

Further details on the topics “Work of the committees,” “Corporate governance,” “Audit of the annual and consolidated financial statements” and “Personnel changes at the level of the Board of Management and Supervisory Board” can be found in the full version of the Report of the Supervisory Board made available to the public on the company’s website at www.enbw.com/corporate-governance.

Karlsruhe, 19 March 2021

The Supervisory Board

Lutz Feldmann
Chairman

About this report

Integrated reporting

We have been publishing an Integrated Annual Report based on the recommendations of the International Integrated Reporting Council (IIRC) since 2014, which combines the traditional contents of a financial report with a sustainability report. We do this in order to provide our most important target groups (shareholders and the capital market, employees, society and business partners) with a holistic representation of the performance of the company. This also ensures that the dimensions of ecology, economy and social aspects are firmly embedded in the EnBW 2025 strategy, reflecting the highly integrated nature of our management system. An important element is measuring the achievement of our goals using key performance indicators. More about integrated reporting at EnBW can be found at www.enbw.com/integrated-reporting.

Important aspects of reporting

Against the background of the EU Green Deal (Glossary, from p.258) and the tightening of the emissions reduction targets, we are acutely aware of our corporate responsibility. Therefore, we have already decided this year to expand our integrated reporting to disclose some of the information that will be obligatory in future according to the EU Taxonomy Regulation. Accordingly, we are publishing details that will be required in future on revenue, capital expenditure (capex) and operating expenses (opex) from environmentally sustainable activities based on the Taxonomy Regulation in the version from 22 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. We have already been active in the past in supporting further developments in reporting, for example, within the framework of the IIRC and in the Task Force on Climate-related Financial Disclosures (TCFD). An overview of where contents relevant to the TCFD recommendations are presented in the report can be found on p. 122.

In the reporting period for the 2020 financial year, we took account of information up to 8 March 2021. The identification of key themes for our reporting is anchored in the materiality analysis process (p. 45 f.). All topics that are material from a strategic and sustainability perspective, as well as those that are discussed internally in the management bodies and covered in our external communication, have been accounted for in the Integrated Annual Report.

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 created 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.

Presentation and auditing

The information about the net assets, financial position and results of operations of the EnBW Group is based on the requirements of the International Financial Reporting Standards (IFRS), and, where applicable, German commercial law (HGB) and German accounting standards (GAS). On the basis of our integrated reporting, the non-financial declaration pursuant to sections 315 b and 289 b HGB is fully integrated into the combined management report of the EnBW Group and EnBW AG and was audited with reasonable assurance and thus subjected to a complete audit by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. An overview of the information associated with the non-financial declaration can be found on p. 121. Any differences between statements made for the EnBW Group and for EnBW AG are clearly identified in the text.

The full set of financial statements of the EnBW Group 2020 including the combined management report of the EnBW Group and EnBW AG, as well as the unqualified audit opinion issued by the auditor, are accessible to the public on the website of EnBW Energie Baden-Württemberg AG as the Integrated Annual Report 2020 – Extended Version at www.enbw.com/report2020-downloads.

Combined management report

of the EnBW Group and EnBW AG

Fundamentals of the Group

Business model

Strategy, goals and performance management system

Corporate governance

In dialog with our stakeholders

Research, development and innovation

Procurement

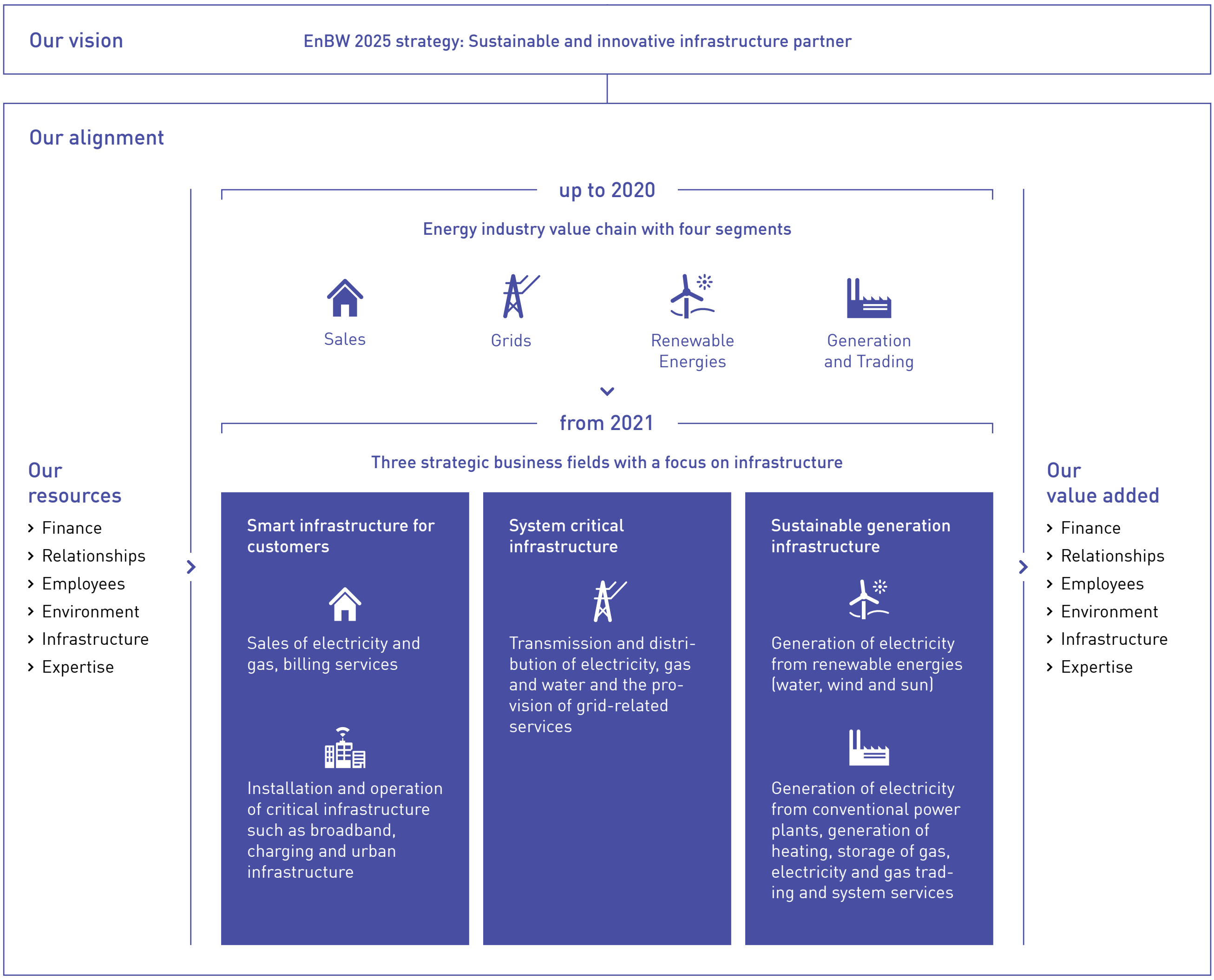
Business report

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. 258) 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 CO_2 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.

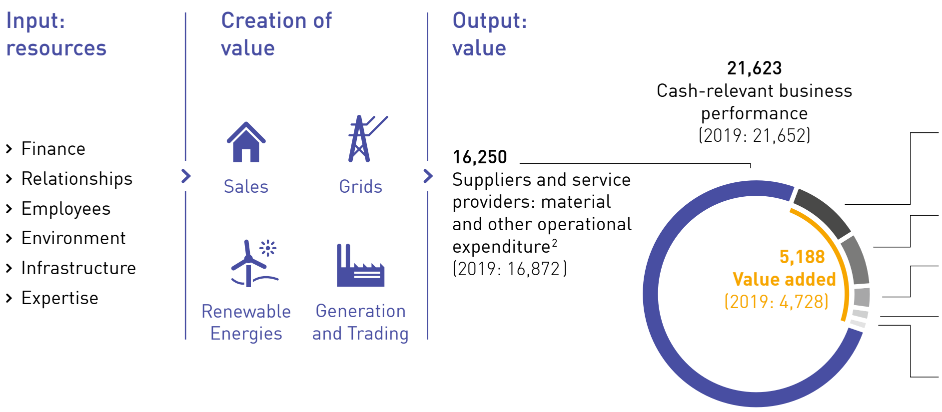
Value added statement

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 € million[1]



Use of value added	2020	2019
Active and former employees: primarily wages and salaries	42%	43%
EnBW Group: retained cash flow	32%	26%
State: taxes	14%	19%
Shareholders: dividends	7%	7%
Outside investors: interest	5%	5%

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

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.

Resources	Value added – For EnBW	Value added – For our stakeholders
Finance A constantly solid financial structure (equity, debt, positive cash flow levels) for financing our business activities	› TOP Securing profitability › TOP Managing the financial profile › TOP Increasing Group value	› 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
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.	› 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 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
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."	› 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 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
Environment Using the natural resources wind, water, sun, biomass and geothermal energy to generate energy	› TOP Expanding renewable energies (RE) › TOP Increasing Group value › TOP Reducing CO_2 intensity › Improving the carbon footprint › Safe dismantling of nuclear power plants	› 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
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.	› TOP Expanding renewable energies (RE) › TOP Increasing Group value › TOP Reducing CO_2 intensity › Driving and supporting the Energiewende › Opening up new business fields › Operator of the largest quick-charging network in Germany	› TOP Supply reliability for our customers (SAIDI) › TOP Reducing CO_2 intensity › Investing in the expansion of RE for customers and society › Contracting third-party companies and suppliers
Expertise We develop models for new future business fields through our research and innovation activities.	› 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	› 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

Overview of the segments, page 30 f. | In dialog with our stakeholders, page 45 ff. | Research, development and innovation, page 50 ff. | The EnBW Group, page 63 ff.

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 HyperNetwork 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+
- SENEC 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

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

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

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 Nezzy[2] 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 2020[1]

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)

0.2 > 0.7 > 0.8

Reference year 2012 | Target 2020 | Current value 2020

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 2020[1]

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)

1.2 > 0.3 > 0.4

Reference year 2012 | Target 2020 | Current value 2020

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. 81 f.

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. 258) 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. 258) or networking the energy sector (Glossary, from p. 258) 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. 258), the expansion of quick-charging infrastructure (Glossary, from p. 258) 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 SENEC. 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

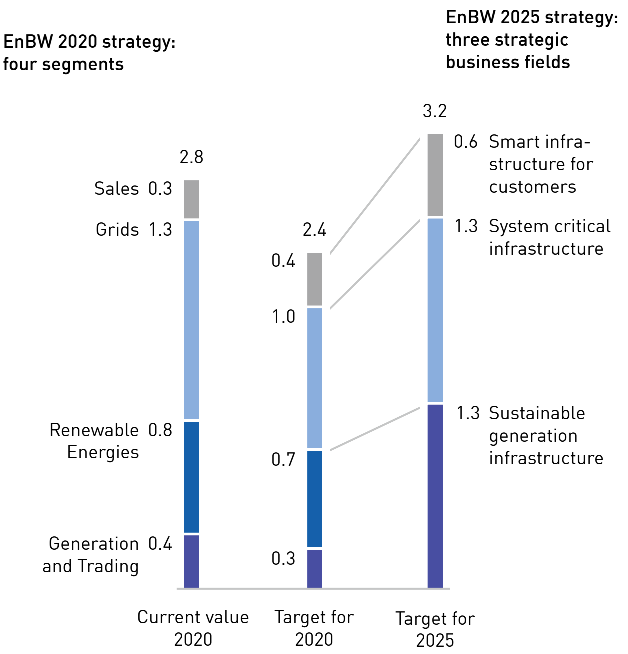
in the gas business, especially in the area of climate-neutral gases. And we have defined a clear phase-out plan for coal-based conventional generation by 2035. The last nuclear power plants operated by EnBW will be decommissioned by the end of 2022 at the latest. We will adapt our trading activities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

25-point sustainability program[1]

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.

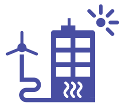
Long-term goal: Climate neutrality by 2035

Climate-neutral EnBW 2035

October 2020
Communication of climate-neutral EnBW 2035

2030
-50%
CO_2 emissions[1]

2035
-100%
CO_2 emissions[1, 2]



Climate-neutral EnBW

2020 — 2030 — 2035

2020 – 2030
- Some Group companies already climate neutral
  - Energiedienst (since early 2020)
  - Netze BW (2021)
- Switch to more climate-friendly fuels, use of green electricity, etc.
- Decommissioning of approx. 2,500 MW of coal power

2030 – 2035
- Gradual phasing out of coal
- Achievement of “H_2 readiness”: preparing/ switching over gas power plants to the use of hydrogen
- Continuation of other measures

2035
- Climate neutrality goal achieved in line with the requirements and targets of the Paris Agreement
- Reduction before offsetting
- Offsetting remaining residual emissions to achieve net zero emissions
- Increased use of CO_2-free gases (e.g., hydrogen in power plants)

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 CO_2eq (CO_2, CH_4, N_2O and SF_6). 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 CO_2 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 ≥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.
- **CO_2 intensity:** The CO_2 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. 63 ff. | Forecast, p. 97 f. | Report on opportunities and risks, p. 100 ff. | Multi-year overview, p. 262 f.				
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 infrastructure 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. 100 ff. | Multi-year overview, p. 262 f.				
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. 76 ff. | Forecast, p. 98 | Report on opportunities and risks, p. 103 | Multi-year overview, p. 262 f.				
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. 79 ff. | Forecast, p. 98 | Report on opportunities and risks, p. 104 | Multi-year overview, p. 262 f.				
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. 86 ff. | Forecast, p. 99 | Report on opportunities and risks, p. 104 | Multi-year overview, p. 262 f.				

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 CO_2 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 CO_2 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 CO_2 intensity. The CO_2 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. 258) (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. 258.

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 CO_2 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 CO_2 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 **CO_2 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 CO_2 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. 258) 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

Expansion of renewable energies (RE)
- Onshore and offshore wind
- Photovoltaics

Climate neutrality by 2035
Environment

Phase out of coal
- Gradual phasing out of coal-fired power generation
- Fuel switch to more climate-friendly fuels

TOP Installed output of RE and share of generation capacity accounted for by RE

↗ due to the expansion in generation capacity from RE (once commissioned)

↗ due to phase-out of coal
↗ due to the expansion of RE (once commissioned)

TOP CO_2 intensity

Finance
↗ with commissioning of RE
↘ in investment phase for RE

TOP ROCE
TOP Adjusted EBITDA
TOP Internal financing capability

Employees
↗ through securing competitiveness and future viability

TOP People Engagement Index (PEI)

Climate neutrality
2030
-50% CO_2 emissions[1]

2035
-100% CO_2 emissions[1, 2]

Key element of the EnBW sustainability program (more information on p. 35 f. and www.enbw.com/sustainability)

Customers and society
↗ through clear communication on the theme of achieving climate neutrality

TOP Reputation Index

Strategy
↗ with commissioning of RE

TOP Share of adjusted EBITDA accounted for by RE

› Direct influence
› Potential/long-term influence
↗ Positive influence on key performance indicator
↘ Negative influence on key performance indicator

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 CO_2eq (CO_2, CH_4, N_2O and SF_6). 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

Integration of renewable energies into grids
- Development and expansion of grids
- Grid laboratories for new solutions and innovative equipment
- Digitalization of the grids
- Smart metering systems

Sustainable Netze BW
Strategy

↗ through activities that make a contribution to the Energiewende and mobility transition

TOP Share of adjusted EBITDA accounted for by Grids

Integration of sustainable mobility into grids
- Innovative and sustainable mobility projects (passenger and freight transport)
- Smart grid optimization
- Strengthening the grids
- Research and innovation
- Strategic partnerships

Finance
↗ through investment measures in the distribution grid and services to integrate renewable energies and climate-friendly mobility

TOP Adjusted EBITDA

Employees
↗ through securing competitiveness
↗ through realizing innovative and sustainable projects

TOP PEI

Climate neutrality
In 2021, Netze BW aims to become one of the first climate-neutral grid operators in Germany

Customers and society
↗ through expansion and modernization of the grids
↗ through the use of innovative, sustainable technologies

TOP SAIDI

↗ through the realization of innovative infrastructure projects
↗ through perception of the company as a sustainable grid operator

TOP Reputation Index

› Direct influence
› Potential/long-term influence
↗ Positive influence on key performance indicator
↘ Negative influence on key performance indicator

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

- 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

Thomas Kusterer
Finance

- Accounting
- Tax
- Controlling
- Finance
- Investor Relations
- Mergers and acquisitions
- Risk management/ICS
- Trade
- Equity investment management

Colette Rückert-Hennen
HR, law and compliance, auditing

- HR and executive management
- Law
- Auditing
- Compliance management/data protection
- Regulatory management
- Boards/shareholder relationships
- Health management

Dr. Hans-Josef Zimmer
Technology

- 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. 251 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. 258).

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 events[1]

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 CO_2 allowance trading (Glossary, from p. 258) 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. 258) 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. 258), 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 CO_2 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. 258), 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 CO_2 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 CO_2 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. Netzte 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. 258) 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 47 f.
	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
	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
Local authorities/public utilities	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/hypernetz 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 54 ff. 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 87 f. 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 Nezzy² 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. Nezzy² 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 CO_2 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.

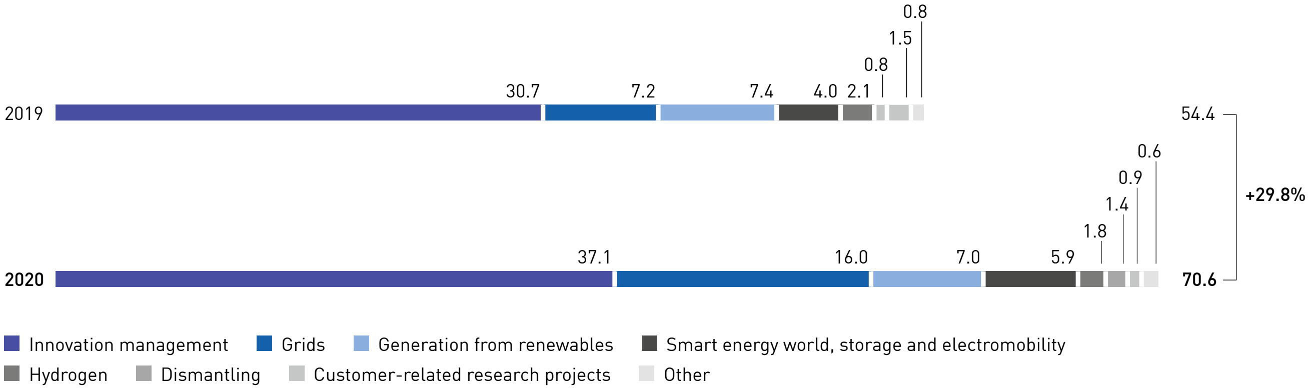
LIV-T was founded in October 2017 by EnBW Innovation and the company builder mantro that is based in Munich. The company aims to optimize the ordering processes and supply chains for energy sources such as heating oil and pellets. Industrial and end customers have had to keep a close eye on their tank 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

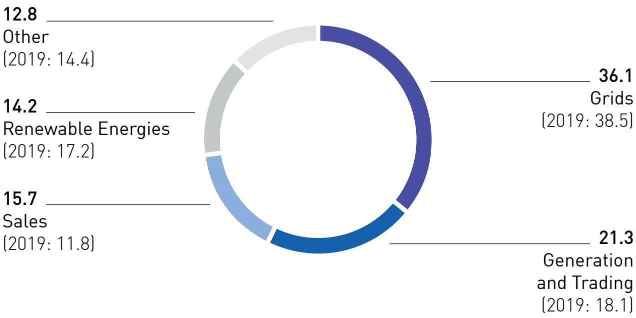
Efficient and sustainable procurement processes

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. 258) amounted to around €3.2 billion (previous year: around €2.8 billion).

Procurement volumes of the EnBW Group by segment

in %[1]

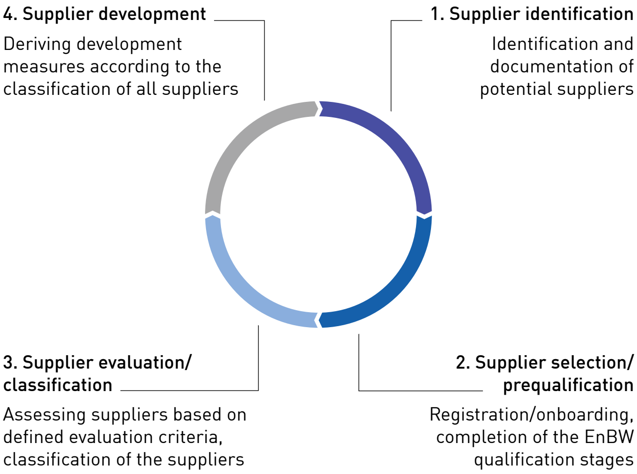


1 The figures do not add up to 100% due to rounding differences.

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 prequalification 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. 35 f.). 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. 258).

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.

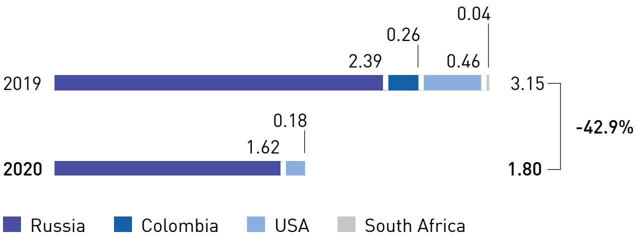
We also refer you to the details provided in the "Report on opportunities and risks" (p. 103).

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 CO_2eq/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 CO_2eq/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 blowouts, 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	**Regional**	**Commodity suppliers/solution suppliers/start-ups**	**Renewable energies**	**E-mobility, telecommunications and broadband**	**Financial investors**
ALPIQ, EDF, EDPR, Enel, Engie, E.ON, Equinor, EVN, Fortum, Iberdrola, Ørsted, RWE, Vattenfall, Verbund	Badenova, Entega, EWE, Mainova, MVV, N-Ergie, SWM, Thüga	bliss.energy, Lichtblick, NEXT Kraftwerke, Sonnen, stromio, Thermondo	BayWa r.e., Encavis, ENERTRAG, PNE Wind, theolia, wpd	1&1, Allego, Deutsche Glasfaser, Deutsche Telekom, Ecotel, Fastned, Google, Ionity, Shell, Tesla, VW	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. 258) 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. 258), 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 CO_2 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. 258) 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 CO_2 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).

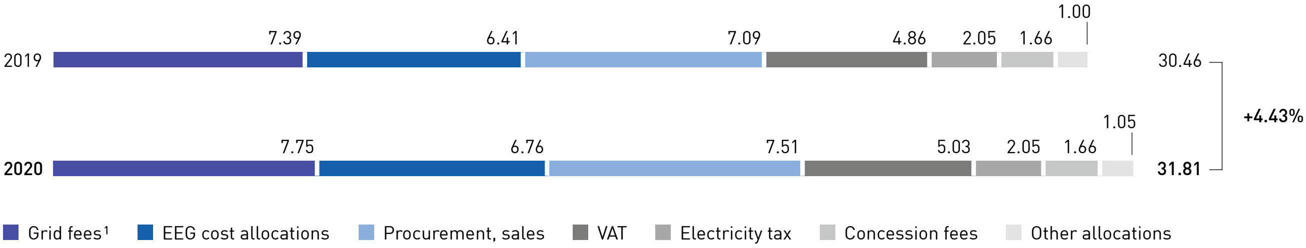
Sales segment

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 CO_2 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. 258).

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. 258) 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 14 a 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 14 a 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. 258) 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. 258) 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.

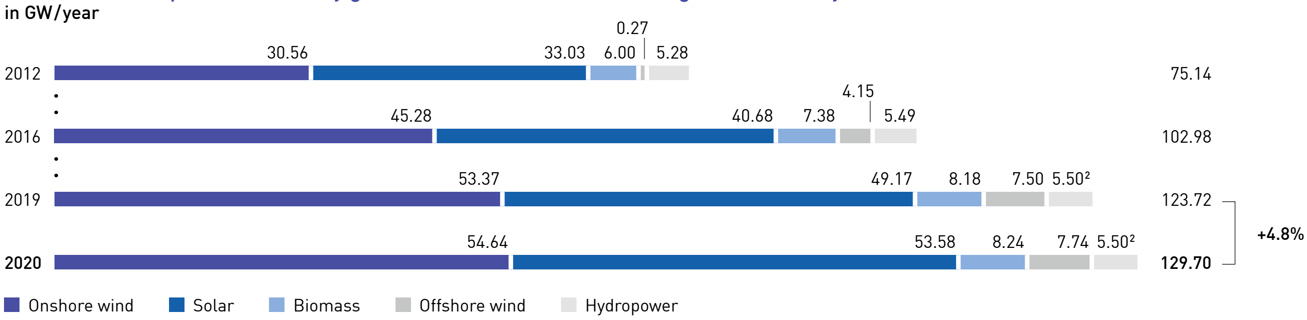
Renewable Energies segment

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 Germany[1]
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. 258) in 2020 was around €15/MWh below the level in the previous year. The average price on the forward market (Glossary, from p. 258) 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 CO_2 allowances (Glossary, from p. 258) 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. 258) 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

CO_2 allowances

The coronavirus crisis had its biggest impact on the development of prices for CO_2 allowances (Glossary, from p. 258) 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 CO_2 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. 258) 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. 258) and a lower balance of income and expenses from CO_2 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. 258) 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. 258) 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. 258) 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. 258).

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. 258.

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 infra-structure 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. 258), 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. 258): €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. 258) 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:

- CO_2 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%.

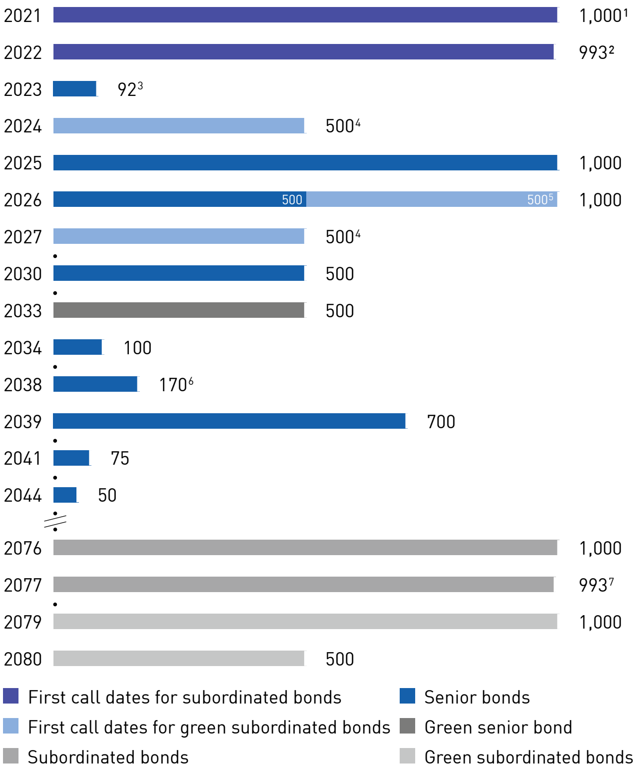
A green subordinated bond also with a volume of €500 million was then issued at the end of June 2020. The proceeds were used in their entirety to refinance the French wind and solar company Valeco, which we acquired in 2019. EnBW has the right to redeem the bond with a starting coupon of 1.875% at the 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. 258).

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. 258) 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. 258) 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.

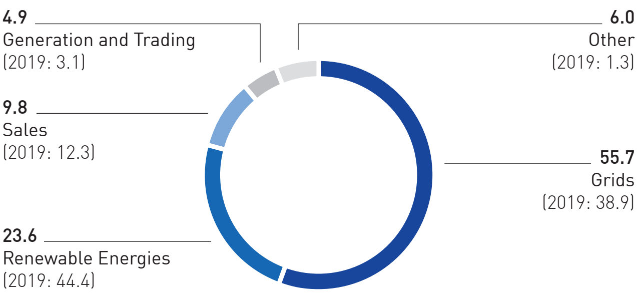
Investment analysis

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: €7.8 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 segment[1]
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. 258). 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 portion 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. 258) – 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. 258) 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 capability[1]

	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
TOP **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. 258) 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. 258) (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. 258) 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 2019[1]

	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 CO_2 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 CO_2 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. 258) through to digital services for the consumer.

To **expand the charging infrastructure** (Glossary, from p. 258), 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, SENEC 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, SENEC 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 SENEC 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 CO_2 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. 258) 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. 258) 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 CO_2 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. 258) is the EU taxonomy (Glossary, from p. 258) – **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.

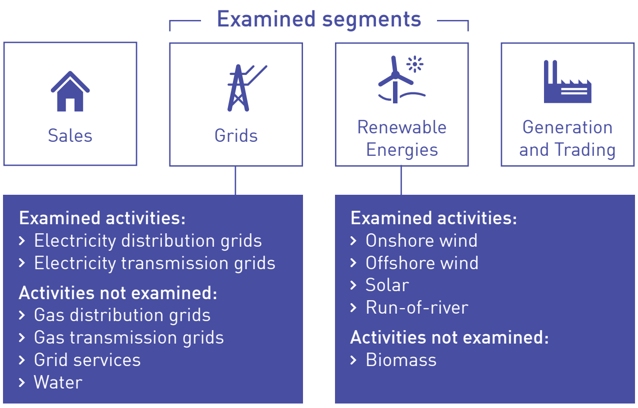
For energy companies, specific taxonomy criteria have been defined for a total of 25 business activities. The criteria were developed in accordance with the principle of technology neutrality, which means for the energy sector that they are independent of the type of energy generation involved.

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 CO_2eq/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 CO_2eq/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 CO_2eq/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

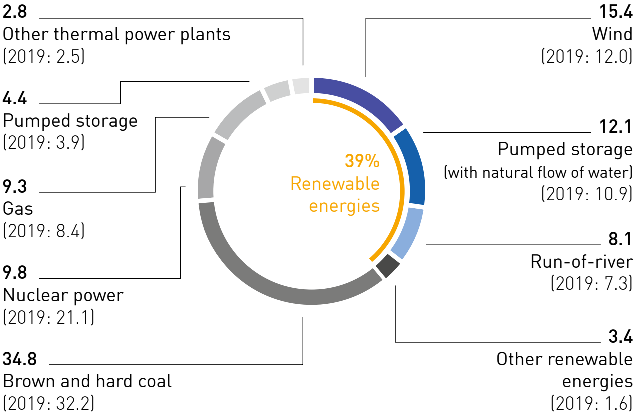
In 2020, the installed output of renewable energies increased to 4.9 GW and was thus slightly below our forecasted value. The increase in comparison to the previous year was primarily due to the commissioning of our EnBW Albatros offshore wind farm with a capacity of 118 MW, the commissioning of 124 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 portfolio[1] (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 plants[3]	**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 output[5]	**12,486**	**13,849**
of which renewable in %	39.0	31.8
of which low CO_2 in %[6]	13.7	12.3

1 The generation portfolio includes long-term procurement agreements and generation from partly owned power plants.
2 Output values irrespective of marketing channel, for storage: generation capacity.
3 Including pumped storage power plants that do not use the natural flow of water.
4 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.
5 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.
6 Excluding renewable energies; only gas power plants and storage power plants that do not use the natural flow of water.

Installed output
in %



Own generation[1] 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 plants[2]	**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

1 Own electricity generation includes long-term procurement agreements and partly owned power plants.
2 Including pumped storage power plants that do not use the natural flow of water.
3 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%.

CO_2 intensity/climate protection

TOP CO_2 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 CO_2 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. 263.

The CO_2 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

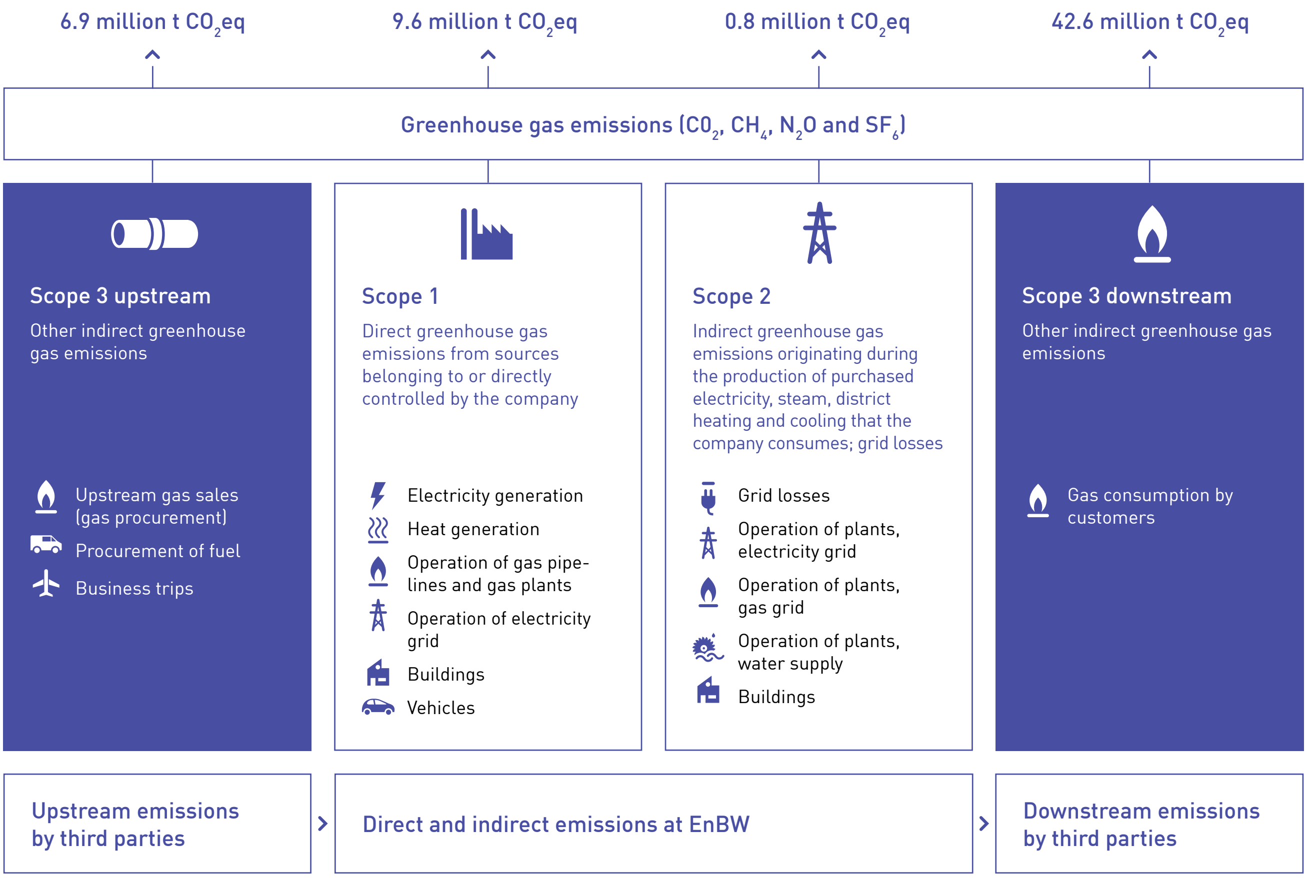
Direct CO_2 emissions are determined mainly by the deployment of power plants. In particular, the decrease in electricity generation from coal in combination with a significant increase in electricity generation from renewable sources led to a corresponding reduction in direct CO_2 emissions from 10.8 to 9.6 million t CO_2eq. Lower indirect CO_2 emissions from grid losses led to a fall in Scope 2 CO_2 emissions from 0.9 to 0.8 million t CO_2eq. Scope 3 CO_2 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, CO_2 emissions avoided rose from 7.9 to 8.9 million t Co_2eq.

Carbon footprint

in thousand t CO_2eq/in %	2020	2019
Direct CO_2 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 CO_2 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 CO_2 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 CO_2 emissions (Scope 3)		
Gas consumption by customers[1]	42,596/86.1	36,000/85.6
CO_2 emissions avoided[1]	**8,904**	**7,922**
CO_2 intensity of business journeys and traveling CO_2/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 expenditure[1]

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 CO_2 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 CO_2 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 m^2 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. 263). 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

Employees[1]

	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 and 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. 258), 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. 258) 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 ≥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 CO_2 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.).

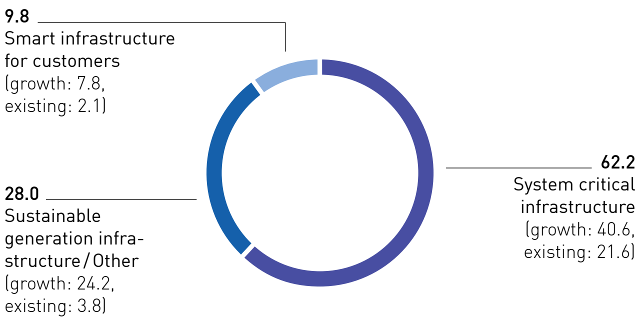
The expected economic, political and regulatory conditions are presented in the chapter "General conditions" (p. 57 ff.). Potential factors influencing the forecast are described in detail in the "Report on opportunities and risks" (p. 100 ff.).

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. 258) ULTRANET and SuedLink that involve our subsidiary TransnetBW and are part of the Network Development Plan (Glossary, from p. 258). 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. 258). 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. 258). 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. 258) 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 CO_2 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 CO_2 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 CO_2 intensity

With respect to our target of reducing the CO_2 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 CO_2 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 CO_2 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. 258). 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						

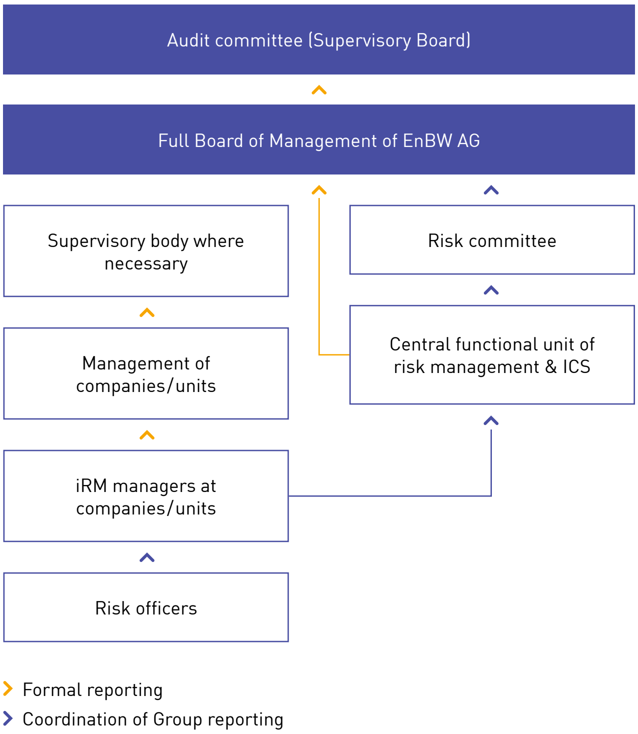
Task Force on Climate-related Financial Disclosures (TCFD) Corporate Social Responsibility (CSR)

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. 258) 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. 258. 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 Achievement of strategic targets, sustainability targets, e.g., climate protection, environmental protection, reputation	Operative Achievement of business targets, functional processes, retaining added value, customer/external effects	Financial Achievement of financial targets, generally in accordance with medium-term planning or approved (project) budgets	Compliance Compliance with legal/official regulations and internal regulations
Relevance class 5 (Group reporting level)	One strategic/sustainability target for the EnBW Group is not achieved	› 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 (Group reporting level)	Several or all strategic/sustainability targets for the EnBW Group are not achieved	› 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

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. 258). 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 prequalification 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. 258) 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.).

CO_2 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 CO_2 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. 258) 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

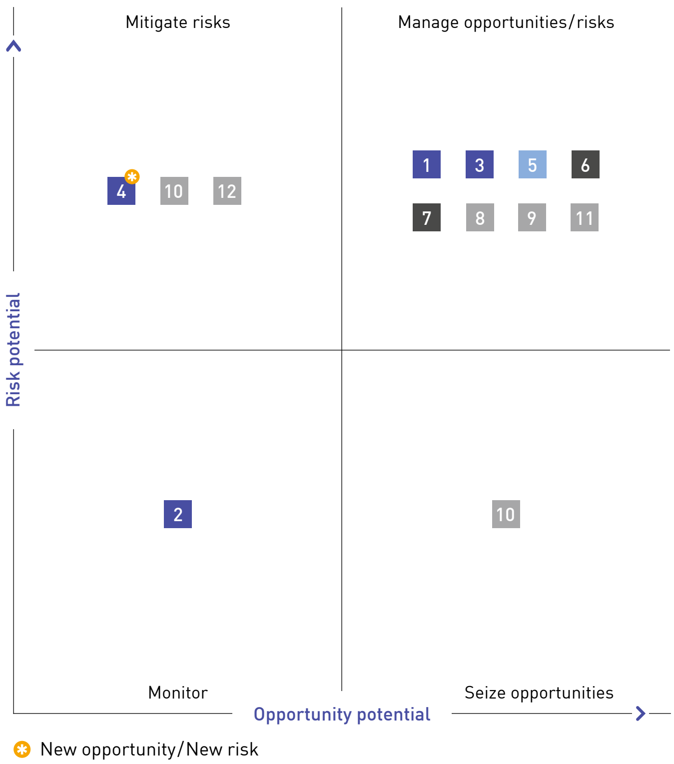
The following diagram illustrates how the opportunity and risk position is reported to the Board of Management and the audit committee of the Supervisory Board. The arrangement of the top opportunities/risks in the quadrants indicates how EnBW can employ control measures to exploit the opportunities 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 effets 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. 43 f.

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. 258) 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. 258). 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 hydropower. 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. 258) due to increasing fuel and CO_2 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. 258), through the sale of system services (Glossary, from p. 258) and through placements on the spot and intraday trading platforms (Glossary, from p. 258). 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. 258) 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
- A Adjusted EBITDA
- B Debt repayment potential
- C ROCE

Strategic performance indicators
Total share of adjusted EBITDA:
- D "Customer proximity"/Sales
- E Grids
- F Renewable Energies
- G Generation and Trading

Non-financial performance indicators
- 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

● Direct effect
○ Potential/long-term effect

	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	●	●	●				●							

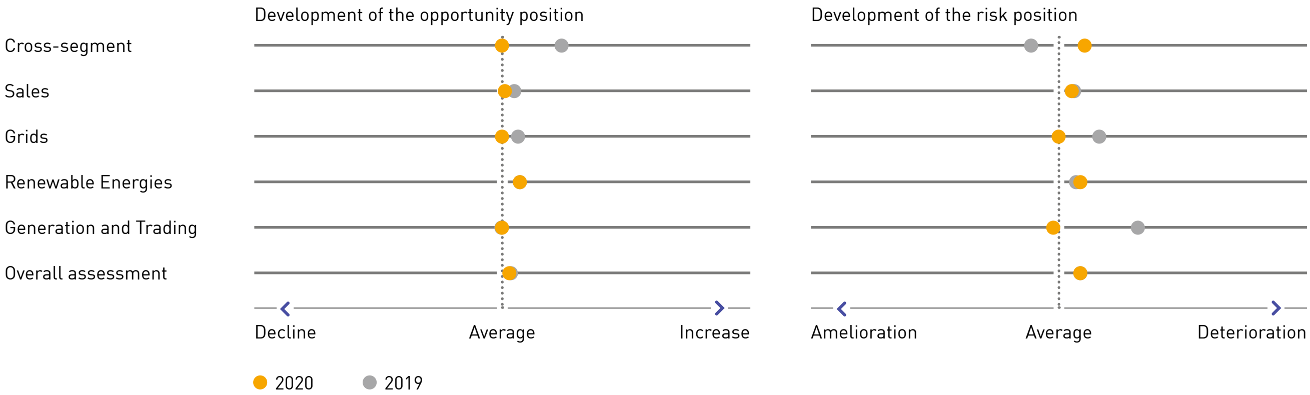
Overall assessment by the management

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 CO_2-efficient energy solutions.

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

Opportunity and risk position 2020



Remuneration report

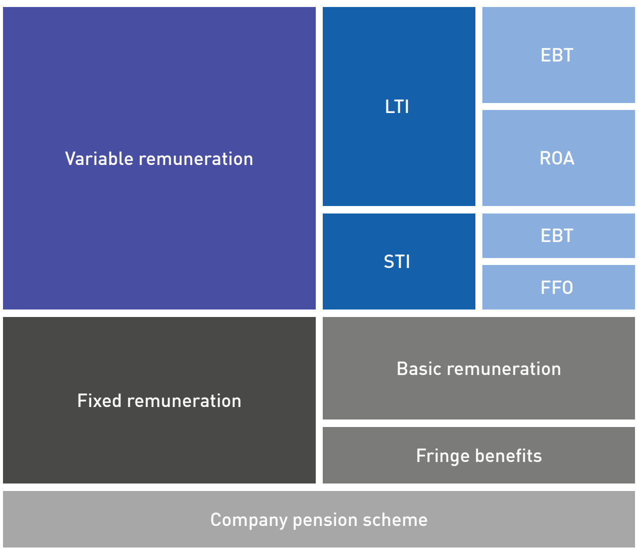
The remuneration report summarizes the principles relevant for determining the remuneration of the members of the Board of Management and explains the structure and level of both Board of Management and Supervisory Board remuneration. The remuneration report takes the recommendations of the German Corporate 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. 258) and FFO (Glossary, from p.258) 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%.

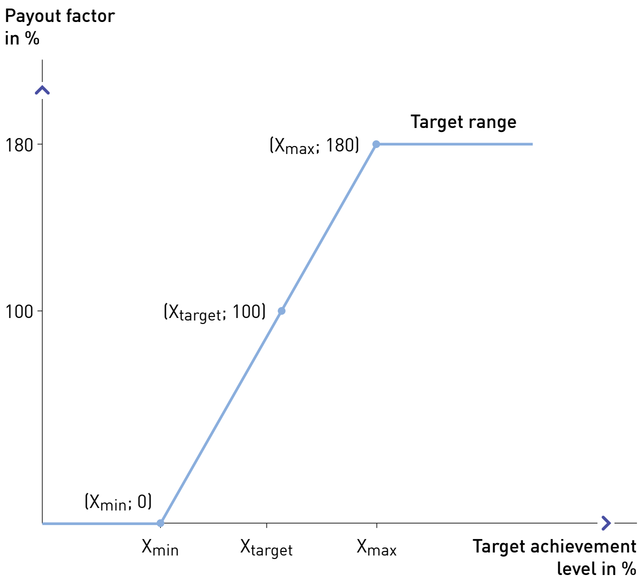
The extent to which the individual targets for each of the performance indicators are achieved is based, in the case of the underachievement or overachievement of the target value, on the ratio of the defined target value and the actual value for the performance indicator in the measurement period as 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.

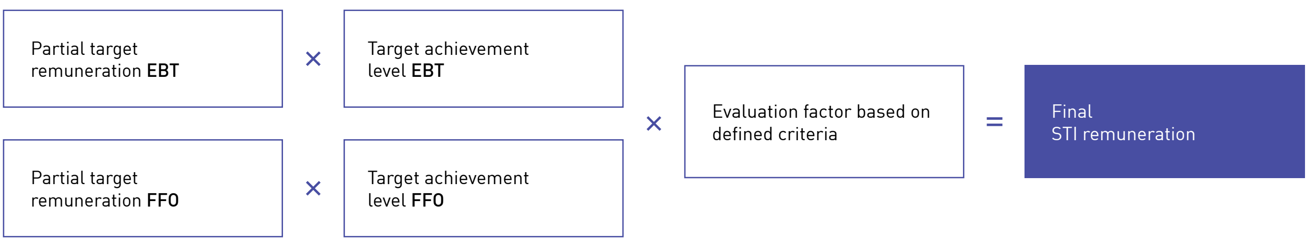
Target range



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 Management[1]

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 members[1]

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 remuneration(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 Wölfle[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 (Landesnebentätigkeitsverordnung – 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 289 a (1) and 315 a (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 289 a (1) and 315 a (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 71 b 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 289 a (1) No. 8 and 315 a (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. 258) 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 289 a (1) No. 9 and 315 a (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 289 a (1) and 315 a (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. 258). 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	> Corporate management	> Corporate governance	page 42
	> Materiality analysis	> In dialog with our stakeholders	page 45 f.
	> Investment guidelines	> The EnBW Group	page 72
	> Climate protection initiatives	> In dialog with our stakeholders, General conditions	pages 46 and 58
	> Overall assessment by the management	> Overall assessment of the economic situation of the Group	page 95
	> Board of Management remuneration	> Remuneration report	page 111 ff.
Strategy	> Robustness of business model/scenario analysis	> Business model	page 27 f.
	> Strategy, strategic development	> Strategy, goals and performance management system	page 34 ff.
	> Interdependencies	> Strategy, goals and performance management system	page 40 f.
	> Materiality analysis	> In dialog with our stakeholders	page 45 f.
	> Green bonds	> The EnBW Group	page 69
	> General conditions, climate protection	> General conditions	page 58
Risk management	> Integrated opportunity and risk management including opportunity and risk map	> Report on opportunities and risks	page 100 ff.
	> Environment goal dimension: opportunities and risks	> Report on opportunities and risks	page 104
Performance indicators and targets	> Sustainability ratings	> In dialog with our stakeholders	page 47
	> Key performance indicators and long-term targets	> Strategy, goals and performance management system	page 38 ff.
	> Environment goal dimension: key performance indicators and other performance indicators	> The EnBW Group	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

Declaration of corporate management including the corporate governance report

Good corporate governance is an essential part of the corporate culture at EnBW Energie Baden-Württemberg AG (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.

As the member of the Board of Management responsible for corporate governance, Colette Rückert-Hennen monitors compliance with the German Corporate Governance Code (DCGK) at EnBW and reported extensively to the Board of Management and Supervisory Board on all current themes pertaining to corporate governance. Both boards acknowledged the report from Colette Rückert-Hennen and subsequently approved the company's declaration of compliance, which is reproduced in full at the end of this report.

In this declaration of corporate management, the Supervisory Board and Board of Management report on the corporate governance of the company (corporate governance report) above and beyond the legal requirements according to sections 289 f (2) and 315 d HGB.

The corporate governance report is based on the new version of the DCGK from 16 December 2019, which was published in the German Federal Gazette on 20 March 2020, because this version of the code was definitive in the reporting period.

Board of Management and Supervisory Board

Close and trusting cooperation for the good of the company is considered an integral part of the EnBW culture by the Board of Management and Supervisory Board.

The Board of Management jointly manages the company on its own responsibility. In the reporting period up to 31 December 2020, the Board of Management comprised four members, of which one held the position of chairman. The Board of Management is tasked with defining the company goals and developing the strategic orientation of the EnBW Group, agreeing this with the Supervisory Board and implementing it accordingly. In addition, it ensures Group-wide compliance with statutory regulations and internal guidelines, as well as appropriate risk management and risk controlling.

Important aspects of cooperation within the Board of Management are defined in its rules of procedure. These regulate, amongst other things, the frequency at which the meetings of the Board of Management led by the Chairman are held multiple times a month and stipulates that all important questions relating to the management of the Group and any cross-departmental issues will be addressed at these meetings. Furthermore, the rules of procedure include a rule that resolutions will be taken by the Board of Management on a majority vote basis, whereby the Chairman has the casting vote in the event of a tie.

The Chairman of the Board of Management in the reporting period was and also currently is Dr. Frank Mastiaux. Further details on the members of the Board of Management and the division of responsibilities can be found in the information provided on p. 16 and 17 and in the section "Corporate governance" under "Management and supervision" on p. 42 and 43.

The standard retirement age set for members of the Board of Management at EnBW is 63 years old. In the reporting period and also currently, the members of the Board of Management did not and do not hold more than three positions on supervisory boards at non-Group listed companies or on supervisory bodies at non-Group companies that have comparable requirements. As in the past, there were also no known conflicts of interests for the members of the Board of Management in the 2020 financial year. EnBW did not enter into any significant transactions with individuals or companies that are related to a member of the Board of Management in the reporting period.

In the reporting period, the Board of Management discussed the Six-Monthly Financial Report and the quarterly statements with the audit committee of the Supervisory Board before publication.

The Supervisory Board of EnBW is comprised of 20 members, half of which are representatives elected by the shareholders and half by employees. The Chairman of the Supervisory Board is Lutz Feldmann.

The elected employee and shareholder representatives began their term of office at the conclusion of the Annual General Meeting of EnBW on 10 May 2016. The defined term of office for the elected members of the Supervisory Board ends at the conclusion of the Annual General Meeting in 2021.

There was a change to the composition of the Supervisory Board in the reporting period. Marianne Kugler-Wendt (employee representative and ver.di representative) stepped down from her position as a member of the Supervisory Board with effect from 31 May 2020. Dr. Nadine Müller was proposed as her replacement by the responsible nomination committee at ver.di and was appointed by the court as a member of the Supervisory Board with effect from 1 June 2020 until the end of the regular election period for her predecessor.

Further details on the Supervisory Board and its composition can be found in the information provided on p. 252, 253, 255 and 256 and in the section “Corporate governance” under “Management and supervision” on p. 42 and 43.

The key task of the Supervisory Board is to advise and supervise the Board of Management on its management of the company. In general, all members of the Supervisory Board have the same rights and obligations and are not bound by orders or instructions. Important aspects of the cooperation within the Supervisory Board are defined in its rules of procedure. These rules require the Supervisory Board to meet regularly for ordinary meetings, as well as for extraordinary meetings as necessary, that are chaired by the chairman. The members of the Board of Management generally participate in the meetings, although the Supervisory Board can also convene without the Board of Management if necessary. The Board of Management regularly, comprehensively and promptly informs the Supervisory Board in accordance with the rules of procedure for the Supervisory Board about, in particular, all of the issues listed in section 90 German Stock Corporations Act (AktG), all important financial and non-financial performance indicators and the risks faced by the company and the Group and their development, strategy, planning, the accounting process, the effectiveness of the internal control system, risk management and the internal auditing system, compliance and other important matters.

Between the meetings of the Supervisory Board, there is ongoing communication between the Chairman of the Supervisory Board and the Board of Management, particularly with the Chairman of the Board of Management, in order to discuss issues relating to the strategy, planning, business performance, risk situation, risk management and compliance within the company. He is immediately informed about important events that are material for the assessment of the situation, development and management of the company by the Chairman of the Board of Management. If necessary, the Chairman of the Supervisory Board then reports to the Supervisory Board and may also convene an extraordinary meeting.

In addition, the rules of procedure for the Supervisory Board also define business activities and measures that may only be carried out by the Board of Management with the approval of the Supervisory Board. Furthermore, resolutions are also passed by the Supervisory Board on a majority vote basis, whereby the Chairman of the Supervisory Board has the casting vote in the event of a tie in accordance with the Articles of Association of EnBW. If ordered by the Chairman of the Supervisory Board, resolutions can also be passed outside of meetings, if this is not opposed by a majority of the members of the Supervisory Board. The Supervisory Board provided detailed information on its main activities and the contents of its discussions in the 2020 financial year in its report to the Annual General Meeting, which is accessible to the general public at www.enbw.com/report2020. The rules of procedure for the Supervisory Board are not published on the Internet.

Another important task of the Supervisory Board is to appoint and, if necessary, dismiss the members of the Board of Management. In this context, the Supervisory Board works together with the Board of Management to ensure appropriate long-term succession planning for the Board of Management. This is the task of the personnel committee. It consults regularly and in close communication with the Chairman of the Board of Management on issues relating to the up-to-dateness and further development of the Board of Management structure, the division of responsibilities and ensuring the Board of Management remits can be filled after the end of the term of office, taking into account the current terms of office. In advance of any decision to appoint a new member of the Board of Management, a requirement profile is developed in good time as necessary and a comprehensive selection process is usually carried out with the aid of specialist support.

In order to improve the efficiency of its work and to handle complex issues, the Supervisory Board has formed specialist committees:

- **Nomination committee:** Dr. Dietrich Birk, Lutz Feldmann (Chairman), Dr. Wolf-Rüdiger Michel, Gunda Röstel, Edith Sitzmann, Lothar Wölfle
- **Audit committee:** Stefanie Bürkle, Volker Hüsgen, Michaela Kräutter, Thomas Landsbek, Dr. Hubert Lienhard, Dr. Wolf-Rüdiger Michel, Gunda Röstel (Chairwoman), Ulrike Weindel
- **Personnel committee:** Achim Binder, Stefan Paul Hamm, Dietrich Herd, Lutz Feldmann (Chairman), Edith Sitzmann, Lothar Wölfle
- **Finance and investment committee:** Achim Binder, Dr. Dietrich Birk, Lutz Feldmann (Chairman), Stefan Paul Hamm, Dietrich Herd, Edith Sitzmann, Lothar Wölfle, Dr. Bernd-Michael Zinow
- **Mediation committee** (committee pursuant to section 27 (3) German Co-determination Act (MitbestG)): Lutz Feldmann (Chairman), Dietrich Herd, Thomas Landsbek, Edith Sitzmann
- **Digitalization committee** (since 1 January 2019): Dr. Hubert Lienhard (Chairman), Marika Lulay, Dr. Nadine Müller, Jürgen Schäfer, Harald Sievers, Ulrike Weindel
- **Ad hoc committee:** Dietrich Herd, Gunda Röstel, Harald Sievers, Dr. Bernd-Michael Zinow (Chairman)

In accordance with the DCGK, the nomination committee is exclusively comprised of shareholder representatives and proposes suitable candidates to the Supervisory Board for election as members of the Supervisory Board at the Annual General Meeting.

The audit committee is responsible, in particular, for monitoring accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system, the audit and compliance. It presents a justified recommendation for the appointment of the auditor to the Supervisory Board, which includes at least two candidates if the company intends to issue an invitation to tender for the audit mandate. The audit committee monitors the independence of the auditor and is also responsible for supervising the additional services provided by the auditor, the award of the audit mandate to the auditor, the definition of areas of focus for the audit and negotiating the auditor's fees with the auditor.

The chairwoman of the audit committee, Gunda Röstel, is independent and is not a former member of the Board of Management of EnBW. As the long-standing Commercial Director of Stadtentwässerung Dresden GmbH and Authorized Officer of Gelsenwasser AG, she possesses special expertise and experience in the application of accounting principles and internal control processes. She has gained even more experience in her position as the Chairwoman of the audit committee over the last few years, and is familiar with the audit process.

The roles of the other committees of the Supervisory Board and their specific activities in the past financial year are described in the Report of the Supervisory Board for the 2020 financial year.

The chairpersons of the committees report on the work carried out in their committees at the latest at the next plenary meeting of the Supervisory Board. No separate rules of procedure exist for the Supervisory Board committees; they are subject to the rules of procedure for the Supervisory Board and all relevant procedural rules contained therein.

The Supervisory Board has set specific objectives for its composition that take into account the company's situation and has developed a competency profile for the entire Supervisory Board, whereby the special rules defined in the German Co-determination Act were and are taken into account for employee representatives. The primary aim is to guarantee that the members collectively possess the knowledge, skills and specialist experience required to properly perform their functions.

The objectives for the composition of the Supervisory Board that are currently valid and were valid during the entire reporting period appropriately take into account the international activities of the company, potential conflicts of interest, an appropriate number of independent members in the estimation of the Supervisory Board, age limits for members of the Supervisory Board, a maximum time limit for the period of service on the Supervisory Board and diversity, whereby the special rules defined in the German Co-determination Act were and are taken into account for employee representatives.

In the past reporting year, the Supervisory Board also examined the independence criteria defined in the German Stock Corporation Act and the DCGK. The Supervisory Board came to the conclusion that these criteria have – as in the past – been satisfied and that it comprised and still comprises a sufficient number of independent members and reflects the shareholder structure, whereby it is of the opinion that all shareholder representatives on the Supervisory Board are independent in the sense of the DCGK and this proportion of members is appropriate. Refer to the overview on p. 252 for the names of the members of the Supervisory Board elected by the shareholders. Alongside the successfully achieved objective of continuing to ensure a majority of independent members, the Supervisory Board will also take care to avoid any conflicts of interest in future.

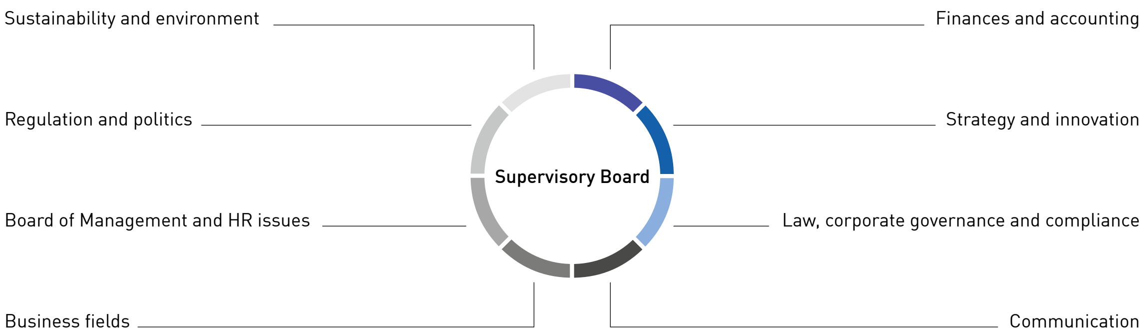
The Supervisory Board does not believe that it is necessary to define quantitative objectives with respect to internationality due to the structure and business activities of the company.

The rules of procedure for the Supervisory Board stipulate that candidates proposed to the Annual General Meeting for the election of shareholder representatives as members on the Supervisory Board should generally not be older than 70 at the time of the election. The general age limit was not exceeded in the reporting period by any member of the Supervisory Board. As the Supervisory Board is aware that exceptions may be desirable because long-term members of the Supervisory Board bring long-standing knowledge and experience to the board, it has ultimately defined a maximum time limit for the period of service on the Supervisory Board to three full election periods, which was not reached or exceeded during the reporting period or currently by any member of the Supervisory Board.

The Supervisory Board has not defined any further diversity targets beyond the legal regulations that apply to the company for the minimum proportion of women and men and the previously described objectives for its composition.

The competency profile of the Supervisory Board stipulates that the following eight fields of competency must be covered to an appropriate extent by the members of the Supervisory Board in its entirety:

Competency profile of the Supervisory Board



The Supervisory Board possesses the knowledge and skills required to perform its functions. The objectives for its composition were fully taken into account by the Supervisory Board during the reporting period with respect to its composition and the coverage of its competency profile. In its future proposals to the Annual General Meeting for the election of members, the Supervisory Board will continue to take into account the objectives for its composition and will strive to ensure that the competency profile continues to be covered by the Supervisory Board in its entirety.

The curricula vitae for all members of the Supervisory Board have been published on the company website at www.enbw.com/supervisory-board and provide information on the relevant knowledge, skills and experience of the members and have been supplemented by an overview of their main activities in addition to their position on the Supervisory Board. These curricula vitae are updated on an annual basis for all members of the Supervisory Board.

The members of the Supervisory Board are all able to dedicate the expected amount of time required for their activities on the Supervisory Board. The Supervisory Board will also ensure for its future proposals to the Annual General Meeting for the election of new members of the Supervisory Board that all candidates are able to dedicate the expected amount of time required for their activities on the Supervisory Board. In the 2020 financial year, all members of the Supervisory Board participated in more than half of the meetings of the Supervisory Board and the majority of the members of the Supervisory Board participated in more than half of the meetings of the committees on which the member serves; this was also noted in the Report of the Supervisory Board to the Annual General Meeting. Participation via telephone and video conference is also valid, although this form of participation was not a normal occurrence for any member of the Supervisory Board in accordance with the suggestion in the

DCGK, except for those meetings of the Supervisory Board in which all members participated via an electronic form of communication . In the reporting period, some meetings of the Supervisory Board and also some meetings of its committees were held in digital form, i.e., via telephone and video conferences, in order to comply with the contact restrictions imposed due to the coronavirus pandemic.

In its proposals made to the Annual General Meeting for the forthcoming re-election of members, the Supervisory Board will also disclose the personal and business relationships of each candidate with the company, the company's corporate bodies and with shareholders holding a major interest in the company, whereby this information will be limited to information that the Supervisory Board considers material in order for a shareholder to cast their vote objectively.

No former members of the Board of Management of EnBW were members of the Supervisory Board during the reporting period nor are they currently members. The members of the Supervisory Board also did not perform any advisory or board functions for important competitors of EnBW during the reporting period nor do they currently.

Every member of the Supervisory Board is bound to act in the interests of the company. In making decisions, members may not pursue personal interests or take advantage of business opportunities intended for the company. Conflicts of interest, particularly those that could arise due to advisory or board functions for customers, suppliers, lenders or other third parties, must be disclosed to the Supervisory Board. In such cases, the Supervisory Board will disclose any conflicts of interest that have arisen and how they were handled in its report to the Annual General Meeting. Any material conflict of interest relating to a member of the Supervisory Board that is not merely of a temporary nature will result in the termination of their position. Advisory and other service agreements and contracts for work between a member of the Supervisory Board and EnBW require the approval of the Supervisory Board. In the reporting period, there were no conflicts of interest involving members of the Supervisory Board.

The Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees are performing their duties (self-assessment, formerly "efficiency review"). In the reporting period, the Supervisory Board carried out a self-assessment at its meeting on 10 December 2020. To prepare for the review, the members of the Supervisory Board completed a comprehensive questionnaire on content-related and organizational themes as in previous years and discussed, amongst other things, the results of the questionnaires in detail. In addition, the implementation of the findings drawn from the efficiency review from the previous year were examined.

The members of the Supervisory Board are responsible for participating in any necessary basic and further training measures required for their tasks and are supported appropriately and as necessary by the company in this area. This not only includes providing them with regular information on themes and developments related to the current situation of the company with respect to legal issues, the energy industry, financial industry or other relevant aspects, as well as other subjects relevant to the work on the Supervisory Board, but also comprises corresponding on-site appointments and events. In 2020, a new e-learning platform from an external service provider designed for supervisory boards was used. In addition, information was provided on the legal changes due to the law for the implementation of the second shareholder rights directive ("ARUG II") coming into force and the reform of the DCGK and in a meeting held in Cologne at Plusnet GmbH, which was acquired in 2019, the telecommunications business field and the current projects at the company were presented in detail and analyzed. Dr. Nadine Müller, who was newly appointed as a member of the Supervisory Board from 1 June 2020, received documentation on all of the important rules relating to the work of the Supervisory Board that are relevant to her when she assumed her new position.

In accordance with the suggestion in the DCGK, the Chairman of the Supervisory Board is prepared to enter into discussions with investors on specific issues relating to the Supervisory Board. Discussions of this type were not held in the reporting period.

The actions of the Board of Management and the Supervisory Board are governed by statutory regulations and internal Group guidelines (compliance). The Board of Management also reported continuously on compliance issues in the 2020 financial year and discussed them in detail with the Supervisory Board and the audit committee of the Supervisory Board. More detailed information on this area will be provided in the "Compliance" section below. Information on the relevant corporate governance practices that go above and beyond the legal requirements and the recommendations and suggestions in the DCGK will also be given there.

Further information – above and beyond that provided above – on the procedures of the Board of Management and Supervisory Board and their committees, as well as on corporate governance practices, can be found in the section "Corporate governance" under "Management and supervision" on p. 42 and 43, in the section "Report of the Supervisory Board" on p. 20 to 22 and in articles 7 to 13 and 19 of the Articles of Association, which are generally accessible on the EnBW website at www.enbw.com/corporate-governance.

Diversity

The Supervisory Board has decided that all of the statutory and self-defined regulations for its composition (objectives for the composition, competency profile, legal targets for the proportion of women, age limit, maximum time limit for the period of service, see here the information above in the section “Board of Management and the Supervisory Board” on p. 125 to 129) will form the diversity concept in the sense of section 289 f (2) No. 6 HGB. The primary goal of this concept is to ensure that the Supervisory Board can properly perform its tasks and is helped in this process by the diversity of its composition. This concept is implemented through the election of shareholder representatives by the Annual General Meeting. In the 2020 financial year, the objectives defined in the concept were achieved.

The proportion of women on the Supervisory Board in its entirety continuously stood at 35%. This figure is calculated from the proportion of women amongst the shareholder representatives of 40% and the proportion of women amongst the employee representatives of 30%. The proportion of women on the Supervisory Board of EnBW in its entirety of 35% is above the minimum statutory requirement of 30%. The shareholder and employee representatives resolved before the last election of members to the Supervisory Board to veto the overall fulfillment of this statutory minimum proportion by the shareholder and employee representatives combined in accordance with section 96 (2) sentence 3 AktG for the length of the current election period, so that the minimum proportion in accordance with the legal requirements must be fulfilled by both sides. This should make it possible to better plan the composition of the Supervisory Board.

In terms of the composition of the Board of Management, the Supervisory Board also takes diversity into account when appointing new members of the Board of Management, while acknowledging the limited number of members of the Board of Management. Therefore, it has resolved that the standard age limit for the Board of Management defined by the Supervisory Board together with the target for the proportion of women will form the diversity concept in the sense of section 289f (2) no. 6 HGB. The primary goal of this concept is to ensure that the Board of Management can properly perform its tasks and is strengthened here by the diversity of its composition. This concept is implemented through the appointment of members of the Board of Management by the Supervisory Board. In the reporting year, the objectives defined in the concept were achieved.

For the period from 1 July 2017 until 30 June 2022, the Supervisory Board set the target of one woman on the Board of Management that should be achieved at least by the end of this defined time period. This target was and has been met since the start of the term of office of Colette Rückert-Hennen on 1 March 2019.

The Board of Management has 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 have increased 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. Due to these promotions and structural changes, the proportion of women in upper management fell from 17.2% to 14.5%. We will develop measures using the HR strategy to achieve these targets.

Shareholders and Annual General Meeting

The shareholders of EnBW exercise their rights at the Annual General Meeting including their right to vote. Prior to the Annual General Meeting, EnBW publishes the agenda and all of the relevant reports and documents that shareholders may require to evaluate it. These include the current annual report for the last completed financial year, which is available in an easily accessible format on the Internet at http://hv.enbw.com. Any counter motions to items on the agenda of the Annual General Meeting received by the specified deadline are also made publicly available on the website.

Our shareholders have the opportunity to use a proxy appointed by the company if they are not able to personally attend the Annual General Meeting.

In accordance with section 1 (1) and (2) of the German law on COVID-19 measures, the ordinary Annual General Meeting 2020 took place in purely virtual form without the physical presence of shareholders or their proxies. Images and sound of the Annual General Meeting were broadcast online via a password-protected Investor Portal. In addition, the Annual General Meeting was broadcast live on the Internet as it was in the last few years until the end of the speech by the Chairman of the Board of Management.

Compliance

Compliance as an expression of all measures required for the observance of statutory regulations and internal guidelines is regarded as an essential management and supervisory task at EnBW. Since 2009, the compliance department has established a Group-wide compliance organization and defined the necessary rules and processes. The compliance department is responsible for the prevention, detection and sanctioning of corruption, the prevention of violations against competition and antitrust laws, the prevention of money laundering and data protection.

The regular in-person training events – which were replaced by online training events in the reporting year – cover the latest compliance and data protection issues. One of the main focuses of the compliance activities is conveying a compliance culture. Providing advice and completing regular risk assessments are also part of the compliance activities. In cooperation with the internal audit department, controls to ensure compliance with internal rules are implemented. The selective internationalization of EnBW is being accompanied by the compliance and data protection departments.

The most important compliance functions for the Group are represented on the compliance committee. The compliance department uses this body to coordinate the Group-wide compliance activities. Implementation of the centrally defined compliance measures in the decentralized units is controlled through the compliance forum, which is comprised of compliance officers from the most important Group companies and business units.

Preventative compliance measures are defined using a Group-wide compliance risk assessment on an annual basis in the compliance and data protection program. It covers communication and training measures, the introduction and development of rules and processes, central management of guidelines and business partner auditing. The compliance culture is an aspect taken into account in all of the compliance activities. In particular, training measures are not only designed to convey knowledge but also to reinforce attitudes amongst employees for compliance-conform activities so that they can make their own contribution to the avoidance of compliance breaches.

Internal and external whistleblowers can report compliance breaches and suspected cases to the compliance department or an ombudsman for EnBW as an external contact. The ombudsman can guarantee whistleblowers absolute confidentiality and anonymity with respect to EnBW. Reported compliance breaches and suspected cases are then handled by the compliance committee task force using a standardized process. The Head of Compliance reports on the status of the implementation of measures and on current compliance breaches to the Board of Management and audit committee of the Supervisory Board every quarter. An annual report is prepared for the Supervisory Board.

The compliance management system (CMS) is continuously updated and examined.

Remuneration of the Board of Management and the Supervisory Board

The remuneration of the Board of Management and the Supervisory Board are each presented in a detailed remuneration report. This can be found as an independent section of the management report on p. 111 to 118. We refer you to this section at this point. The system of variable remuneration for the Board of Management that was resolved by the Supervisory Board in 2017 and approved by the Annual General Meeting on 9 May 2018 is described in detail in the remuneration report for the Board of Management. The documents described above that have to be made accessible according to sections 289 f and 315 d HGB are publicly available for download on the EnBW website at www.enbw.com/company/investors/news-and-publications/publications. This declaration of corporate management is also publicly available there.

Transparency

EnBW ensures the transparency stipulated in the DCGK at all times by keeping shareholders, the capital market, financial analysts, shareholder associations and the interested public up-to-date on material business changes at the company. In order to provide consistent information in good time to all interested groups, the company mainly relies on the Internet.

In particular, EnBW provides information on its business situation in the Integrated Annual Report, interim financial information, the press conference on the annual results, telephone conferences for investors and analysts to accompany the publication of quarterly and annual results and at other events such as investor conferences. The corresponding documents are publicly available on the EnBW website. The financial calendar also published on our website www.enbw.com/financial-calender provides adequate notice of the publication dates for the Integrated Annual Reports and interim financial information, as well as the date of the Annual General Meeting, the press conference for the annual results and investor conferences.

If specific information on a matter relating to EnBW or the shares and bonds issued by EnBW which is not public knowledge should become available outside the regular reporting framework that could significantly influence the stock prices of these securities, we announce this insider information in the form of ad hoc announcements. There were no ad hoc announcements published in the 2020 financial year.

In the 2020 financial year, EnBW did not receive any notices about transactions involving EnBW shares, EnBW bonds, emission allowances or related financial instruments concerning persons in managerial positions or those persons closely related to them. There were also no securities subject to disclosure requirements held by any members of the Board of Management or the Supervisory Board.

Financial reporting and the audit

Financial reporting at EnBW is carried out in accordance with the International Financial Reporting Standards (IFRS). The Annual General Meeting on 17 July 2020 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditor of the financial statements and the consolidated financial statements for the 2020 financial year and as auditor for the review of the condensed financial statements and interim management report contained in the Six-Monthly Financial Report, as well as for all reviews of additional interim financial information in the sense of section 115 (7) German Securities Trading Act (WpHG) in the 2020 financial year. At the same time, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was elected as the auditor for the review of all additional interim financial information in the sense of section 115 (7) WpHG in the 2021 financial year, insofar as such a review is carried out before the next Annual General Meeting.

The Board of Management discussed the interim financial information with the audit committee before its publication. The consolidated financial statements for the 2020 financial year were made available to the public within 90 days of the end of the financial year and the Quarterly Statements and the Six-Monthly Financial Report for the 2020 financial year were made available within 45 days after the end of the relevant reporting period.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was commissioned by the audit committee and its chairman to perform the audit. The audit committee ensured in advance of the Annual General Meeting that there was no doubt concerning the independence of the auditing firm to be commissioned and received a declaration of independence before submitting the proposal for the appointment of the auditor. This declaration also included the scope to which other services, especially in the consultancy sector, were provided to EnBW in the past financial year or have been contractually agreed for the following financial year. The agreement with the auditor stipulates that the auditing committee must be immediately informed about any grounds for exclusion or conflicts of interest that arise during the audit unless such grounds could be immediately eliminated. In addition, it was also agreed that the auditor would immediately inform the audit committee on all facts and events significant to the tasks of the Supervisory Board which come to the attention of the auditor during the performance of the audit and that the auditor would inform the Supervisory Board or make a corresponding note in the audit report if facts were uncovered during the performance of the audit that demonstrate that the declaration of compliance issued by the Board of Management and Supervisory Board in accordance with section 161 AktG is incorrect.

The audit committee and its chairman also commissioned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to audit the non-financial declaration published for the reporting period.

EnBW did not have any share option programs or similar securities-based incentive systems for the company in the reporting period nor does it currently have such programs or systems.

Declaration of compliance

In accordance with section 161 AktG, the Board of Management and the Supervisory Board of EnBW Energie Baden-Württemberg AG declared on 10 December 2020 that:

"Since its last declaration of compliance on 4 December 2019, EnBW Energie Baden-Württemberg AG complied in full up to 19 March 2020 with the recommendations of the Government Commission for the German Corporate Governance Code in the version published in the German Federal Gazette on 7 February 2017.

Since 20 March 2020, EnBW Energie Baden-Württemberg AG has complied and will comply in full with the recommendations of the Government Commission for the German Corporate Governance Code in the version published in the German Federal Gazette on 16 December 2019 with the exception of the following deviations:

Publication of the rules of procedure of the Supervisory Board (Recommendation D.1 DCGK)

The procedures of the Supervisory Board and the composition and procedures of the committees of the Supervisory Board are described in detail in the declaration of corporate management according to section 289f (2) No. 3 HGB, which is published on an annual basis. In addition, the annual, written Report of the Supervisory Board according to section 171 AktG reports in detail on the work of the Supervisory Board and its committees. Against this background, the Board of Management and Supervisory Board do not consider it expedient to also publish the rules of procedure of the Supervisory Board as they contain details on the rules at a technical level that will not provide any information of additional value to shareholders, which is why the recommendation in D.1 of the Code is not followed.

Disclosure of the composition of a peer group to assess the total remuneration of the members of the Board of Management (Recommendation G.3 sentence 1 DCGK)

A horizontal comparison as proposed by the recommendation in G.3 of the Code would result in considerable administrative burden with respect to the procurement and evaluation of data, especially as the composition of a specific peer group would constantly be subject to change. A horizontal comparison would thus be associated with considerable costs on a regular basis due to the commissioning of external consulting services.

Therefore, it is preferable to not always automatically carry out a specific peer group comparison each time remuneration is defined or examined, even if a horizontal comparison per se or a specific peer group comparison are generally expedient, and thus to continue only carrying out this process from time to time.

Should a horizontal comparison be carried out from time to time based on a company-specific peer group comparison, the Board of Management and Supervisory Board believe that it is not expedient to publish the composition of the peer group because the composition of the peer group may allow conclusions to be drawn about the strategic considerations of the Supervisory Board which should not be accessible to competitors. In the interests of the company, the recommendation in G.3 sentence 1 of the Code is not followed.

Comprehensibility of the target achievement for members of the Board of Management (Recommendation G.9 sentence 2 DCGK)

The law for the implementation of the second shareholder rights directive ("ARUG II") introduced a new remuneration report in section 162 AktG that contains detailed information on the remuneration of the members of the Board of Management. Publication of any further information on the minimum, target and maximum values for the individual performance indicators that are defined annually by the Supervisory Board for the remuneration of the Board of Management would reveal sensitive company information about strategic targets. This information should not be accessible to competitors, which is why in the interests of the company the recommendation in G.9 sentence 2 of the Code is not followed.

Granting of variable remuneration to the Board of Management in company shares (Recommendation G.10 sentence 1 DCGK)

Section G.10 of the Code recommends that the variable remuneration for members of the Board of Management should be predominantly invested in company shares or granted as share-based remuneration. Based on the fact that only 0.39% of the share capital of EnBW Energie Baden-Württemberg AG is in free float and the EnBW share is thus a narrow-market security with reduced liquidity on the stock exchange, it is not expedient to implement this recommendation at the company. Therefore, the recommendation in G.10 sentence 1 of the Code is not followed.

Accessibility of the long-term variable remuneration components to members of the Board of Management (Recommendation G.10 sentence 2 DCGK)

In its recommendation in G.10 sentence 2, the Code proposes that the measurement period for the long-term variable remuneration components for members of the Board of Management is extended to four years. The intention behind this rule is to create greater incentive for sustainable business activities. The long-term variable remuneration components for members of the Board of Management of EnBW Energie Baden-Württemberg AG are based on a three-year measurement period. For the Board of Management and Supervisory Board, it is not clear why this should be necessary and the Commission has not given any further justification as to why a four-year period should create a greater incentive for sustainable business activities or why, for any other reason, a four-year period should be advantageous at all in comparison to a three-year period.

Due to the fact that the three-year period applied up to now has proven successful in the last few years and an extension is not considered expedient, the recommendation in G.10 sentence 2 of the Code is not followed."

The declaration was also published separately at www.enbw.com/german-corporate-governance-code. This page also includes a link to the download center where all of the declarations of compliance published since 2002 are also available.

Karlsruhe, 19 March 2021

EnBW Energie Baden-Württemberg AG

On behalf of the Board of Management On behalf of the Supervisory Board

Colette Rückert-Hennen Lutz Feldmann

Financial statements of the EnBW Group

Income statement

in € million [1]	Notes	2020	2019	Change in %
Revenue including electricity and energy taxes		20,210.4	19,941.3	1.3
Electricity and energy taxes		-516.1	-505.7	2.1
Revenue	(1)	**19,694.3**	**19,435.6**	**1.3**
Changes in inventories		39.8	18.3	117.5
Other own work capitalized		205.3	148.1	38.6
Other operating income	(2)	1,167.2	1,544.0	-24.4
Cost of materials	(3)	-14,347.5	-15,511.7	-7.5
Personnel expenses	(4)	-2,178.7	-2,007.0	8.6
Impairment losses	(25)	-69.2	-89.2	-22.4
Other operating expenses	(5)	-1,847.9	-1,292.9	42.9
EBITDA		**2,663.3**	**2,245.2**	**18.6**
Amortization and depreciation	(6)	-1,560.6	-1,648.5	-5.3
Earnings before interest and taxes (EBIT)		**1,102.7**	**596.7**	**84.8**
Investment result	(7)	206.9	401.3	-48.4
of which net profit/loss from entities accounted for using the equity method		(95.4)	(28.9)	–
of which other profit/loss from investments		(111.5)	(372.4)	(-70.1)
Financial result	(8)	-307.0	-95.8	–
of which finance income		(409.2)	(537.1)	(-23.8)
of which finance costs		(-716.2)	(-632.9)	(13.2)
Earnings before tax (EBT)		**1,002.6**	**902.2**	**11.1**
Income tax	(9)	-195.0	2.1	–
Group net profit		**807.6**	**904.3**	**-10.7**
of which profit/loss shares attributable to non-controlling interests		(211.5)	(170.1)	(24.3)
of which profit/loss shares attributable to the shareholders of EnBW AG		(596.1)	(734.2)	(-18.8)
EnBW AG shares outstanding (million), weighted average		**270.855**	**270.855**	**0.0**
Earnings per share from Group net profit (€) [2]	(24)	**2.20**	**2.71**	**-18.8**

1 The figures for the previous year have been restated.
2 Diluted and basic; in relation to profit/loss attributable to the shareholders of EnBW AG.

Statement of comprehensive income

in € million [1]	Notes	2020	2019	Change in %
Group net profit		**807.6**	**904.3**	**-10.7**
Revaluation of pensions and similar obligations	(20)	-599.0	-1,028.3	-41.7
Entities accounted for using the equity method	(13)	-1.0	-0.3	–
Income taxes on other comprehensive income	(9)	175.2	300.8	-41.8
Total of other comprehensive income and expenses without future reclassifications impacting earnings		**-424.8**	**-727.8**	**-41.6**
Currency translation differences		-40.2	24.2	–
Cash flow hedge	(25)	11.9	131.8	-91.0
Financial assets at fair value in equity	(14)	22.6	18.7	20.9
Entities accounted for using the equity method	(13)	-1.8	-2.9	-37.9
Income taxes on other comprehensive income	(9)	-10.2	-49.6	-79.4
Total of other comprehensive income and expenses with future reclassifications impacting earnings		**-17.7**	**122.2**	**-114.5**
Total other comprehensive income		**-442.5**	**-605.6**	**-26.9**
Total comprehensive income		**365.1**	**298.7**	**22.2**
of which profit/loss shares attributable to non-controlling interests		(203.7)	(153.4)	32.8
of which profit/loss shares attributable to the shareholders of EnBW AG		(161.4)	(145.3)	11.1

1 Further information is available in the notes under (19) "Equity."

Balance sheet

in € million	Notes	31/12/2020	31/12/2019
Assets			
Non-current assets			
Intangible assets	(10)	3,498.5	3,347.4
Property, plant and equipment	(11), (12)	19,990.9	18,552.7
Entities accounted for using the equity method	(13)	968.9	1,064.0
Other financial assets	(14)	6,185.2	6,356.9
Trade receivables	(15)	331.7	331.3
Other non-current assets	(16)	964.8	756.2
Deferred taxes	(21)	1,344.7	1,214.0
		33,284.7	**31,622.5**
Current assets			
Inventories		1,151.1	1,066.1
Financial assets	(17)	759.5	448.6
Trade receivables	(15)	4,836.7	3,976.8
Other current assets	(16)	4,645.3	4,809.4
Cash and cash equivalents	(18)	1,252.7	1,363.8
		12,645.3	**11,664.7**
Assets held for sale	(23)	35.0	0.9
		12,680.3	**11,665.6**
		45,965.0	**43,288.1**
Equity and liabilities			
Equity	(19)		
Shares of the shareholders of EnBW AG			
Subscribed capital		708.1	708.1
Capital reserve		774.2	774.2
Revenue reserves		5,629.7	5,234.5
Treasury shares		-204.1	-204.1
Other comprehensive income		-3,000.3	-2,565.6
		3,907.6	**3,947.1**
Non-controlling interests		3,861.2	3,498.0
		7,768.8	**7,445.1**
Non-current liabilities			
Provisions	(20)	14,803.4	14,333.1
Deferred taxes	(21)	916.0	890.0
Financial liabilities	(22)	8,120.1	7,360.7
Other liabilities and subsidies	(22)	2,607.7	2,155.9
		26,447.2	**24,739.7**
Current liabilities			
Provisions	(20)	1,479.6	1,535.9
Financial liabilities	(22)	1,493.1	830.2
Trade payables	(22)	4,053.1	4,055.1
Other liabilities and subsidies	(22)	4,718.9	4,682.1
		11,744.7	**11,103.3**
Liabilities directly associated with assets classified as held for sale	(23)	4.3	0.0
		11,749.0	**11,103.3**
		45,965.0	**43,288.1**

Cash flow statement

in € million [1, 2]	Notes	2020	2019
1. Operating activities			
Group net profit		807.6	904.3
Income tax	(9)	195.0	-2.1
Investment and financial result	(7), (8)	100.1	-305.5
Amortization and depreciation	(6)	1,560.6	1,648.5
EBITDA		2,663.3	2,245.2
Changes in provisions	(20)	-553.3	-416.0
Result from disposals of assets	(2), (5)	-2.4	-18.5
Other non-cash-relevant expenses/income	(2), (3), (5)	-23.7	64.8
Change in assets and liabilities from operating activities		-718.0	-906.5
Inventories		157.2	-160.4
Net balance of trade receivables and payables	(15), (22)	-970.2	-664.9
Net balance of other assets and liabilities	(16), (22)	95.0	-81.2
Income tax paid	(9), (16), (22)	-207.8	-409.1
Cash flow from operating activities		**1,158.1**	**559.9**
2. Investing activities			
Capital expenditure on intangible assets and property, plant and equipment	(10), (11)	-2,178.1	-1,800.7
Disposals of intangible assets and property, plant and equipment	(10), (11)	245.5	50.1
Cash received from subsidies for construction cost and investments	(22)	116.5	90.4
Acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations	(13)	-126.5	-1,135.1
Sale of subsidiaries, entities accounted for using the equity method and interests in joint operations	(13)	-39.6	68.3
Cash paid for investments in other financial assets	(14), (17)	-1,409.9	-722.6
Cash received from the sale of other financial assets	(14), (17)	1,167.1	1,014.0
Cash received/paid for investments in connection with short-term finance planning	(17), (22)	-18.0	-20.9
Interest received	(8)	95.4	111.6
Dividends received	(7)	169.1	174.9
Cash flow from investing activities		**-1,978.5**	**-2,170.0**
3. Financing activities			
Interest paid	(8)	-236.1	-214.9
Dividends paid	(19)	-389.1	-316.5
Cash received for changes in ownership interest without loss of control	(19)	207.8	23.4
Cash paid for changes in ownership interest without loss of control		-0.1	-0.8
Increase in financial liabilities	(22)	3,697.7	3,148.6
Repayment of financial liabilities	(22)	-2,510.6	-2,038.7
Repayment of lease liabilities	(22)	-160.1	-108.3
Cash received for capital increases in non-controlling interests	(19)	144.7	114.4
Payments for capital reductions in non-controlling interests	(19)	-72.3	-55.3
Cash flow from financing activities		**681.9**	**551.9**
Net change in cash and cash equivalents	**(18)**	**-138.5**	**-1,058.2**
Change in cash and cash equivalents due to changes in the consolidated companies	(18)	38.7	169.3
Net foreign exchange difference	(18)	-11.4	3.1
Change in cash and cash equivalents due to risk provisions	(18)	0.1	0.2
Change in cash and cash equivalents	**(18)**	**-111.1**	**-885.6**
Cash and cash equivalents at the beginning of the period	(18)	1,363.8	2,249.4
Cash and cash equivalents at the end of the period	**(18)**	**1,252.7**	**1,363.8**

1 The figures for the previous year have been restated.
2 Further information is available in the notes under (32) "Notes to the cash flow statement."

Statement of changes in equity

in € million[1]				Other comprehensive income							
	Subscribed capital and capital reserve[2]	Revenue reserves	Treasury shares	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
Notes				(20)		(25)	(14)	(13)			
As of 01/01/2019	**1,482.3**	**4,676.4**	**-204.1**	**-1,791.5**	**-8.8**	**-177.4**	**-0.3**	**1.3**	**3,977.9**	**2,295.4**	**6,273.3**
Total other comprehensive income				-712.0	17.3	95.8	13.3	-3.3	-588.9	-16.7	-605.6
Group net profit		734.2							734.2	170.1	904.3
Total comprehensive income	**0.0**	**734.2**	**0.0**	**-712.0**	**17.3**	**95.8**	**13.3**	**-3.3**	**145.3**	**153.4**	**298.7**
Dividends		-176.1							-176.1	-121.9	-298.0
Other changes[3]									0.0	1,171.1	1,171.1
As of 31/12/2019	**1,482.3**	**5,234.5**	**-204.1**	**-2,503.5**	**8.5**	**-81.6**	**13.0**	**-2.0**	**3,947.1**	**3,498.0**	**7,445.1**
Total other comprehensive income				-419.4	-32.2	3.1	16.5	-2.7	-434.7	-7.8	-442.5
Group net profit		596.1							596.1	211.5	807.6
Total comprehensive income	**0.0**	**596.1**	**0.0**	**-419.4**	**-32.2**	**3.1**	**16.5**	**-2.7**	**161.4**	**203.7**	**365.1**
Dividends		-189.6							-189.6	-180.9	-370.5
Other changes[3]		-11.3							-11.3	340.4	329.1
As of 31/12/2020	**1,482.3**	**5,629.7**	**-204.1**	**-2,922.9**	**-23.7**	**-78.5**	**29.5**	**-4.7**	**3,907.6**	**3,861.2**	**7,768.8**

1 Further information is available in the notes under (19) "Equity."
2 Of which subscribed capital €708.1 million (31/12/2019: €708.1 million, 01/01/2019: €708.1 million) and capital reserve €774.2 million (31/12/2019: €774.2 million, 01/01/2019: €774.2 million).
3 Of which changes in revenue reserves and non-controlling interests due to changes in ownership interest in subsidiaries without loss of control of €-11.3 million and €1.7 million, respectively (previous year: €0.0 million and €26.0 million, respectively).

Notes to the 2020 financial statements of the EnBW Group

General principles

In accordance with section 315e (1) German Commercial Code (HGB), EnBW Energie Baden-Württemberg AG (EnBW), as the highest-level parent company in the EnBW Group, prepares the consolidated financial statements according to the International Financial Reporting Standards (IFRS), the adoption of which is mandatory in the European Union as of the reporting date. The interpretations promulgated by the International Financial Reporting Interpretations Committee (IFRIC) are also taken into account. IFRS and interpretations whose application is not yet mandatory are not adopted. The consolidated financial statements therefore comply with those IFRS and interpretations issued by the International Accounting Standards Board (IASB), which have been endorsed by the EU.

The consolidated financial statements are presented in millions of euros (€ million). The income statement as well as the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity of the EnBW Group are presented separately. There may be rounding differences in both individual and total figures.

In the interest of clarity, items have been combined in the income statement and in the balance sheet, and disclosed separately and explained in the notes. Rounding differences may occur due to the methods used to carry out the calculations.

The income statement has been prepared using the nature of expense method.

Significant events in the reporting period are described in the section "The EnBW Group" of the management report.

The consolidated financial statements are prepared as of the reporting date of the parent company's financial statements. The parent company's financial year is the calendar year.

The registered office of the company is in Karlsruhe, Germany. The address is EnBW Energie Baden-Württemberg AG, Durlacher Allee 93, 76131 Karlsruhe. It is entered at the District Court of Mannheim under HRB no. 107956.

EnBW's principal activities are described in the segment reporting.

EnBW's Board of Management prepared and released the consolidated financial statements for issue on 8 March 2021.

Consolidation principles

The financial statements of the domestic and foreign companies included in the consolidation were prepared in a standardized manner in accordance with the accounting policies that are applicable at EnBW.

Business combinations are accounted for using the acquisition method. The cost of a business combination is measured based on the fair value of the assets acquired and liabilities assumed or entered into as of the acquisition date. Non-controlling interests are measured at the proportionate fair value of the identified assets and the liabilities assumed. Incidental acquisition costs are expensed as incurred. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss when the acquirer obtains control. Any excess of the cost of a business combination plus the amount of any non-controlling interest in the acquiree over the acquired identifiable assets, assumed liabilities and contingent liabilities is reported as goodwill if positive or, if negative, is reassessed and recognized through profit or loss.

A change in the ownership interest in an entity that continues to be fully consolidated is accounted for as an equity transaction. All remaining interests are remeasured at fair value upon loss of control.

Receivables, liabilities and provisions between the consolidated entities are netted. Intercompany income is set off against the corresponding expenses. Intercompany profits and losses are eliminated unless they are not of minor importance.

Consolidated companies

In accordance with the full consolidation method, all subsidiaries under the control of the Group are included. The Group controls an associate if it is exposed to risks or has rights to variable returns as a result of its involvement in the associate, and the Group has the ability to use its power over the associate in a way that affects the amount of the returns from the associate. In the full consolidation process, the assets and liabilities of a subsidiary are fully included in the consolidated financial statements in their entirety.

The equity method is used when there is a joint arrangement in the form of a joint venture or a significant influence may be exercised over the business policy of the associate, but the entity does not qualify as a subsidiary. At the time of acquisition they are recognized at cost and subsequently recognized according to the amortized proportionate net assets. The carrying amounts are increased or reduced each year by the proportionate profit or loss, dividends paid or other changes in equity. This means that when shareholdings are being measured, only the company's proportional equity, rather than its assets and liabilities, is shown in the consolidated financial statements. Any goodwill is included in the stated value of the shareholding in question. Any negative differences are recognized in profit or loss in the investment result.

Joint arrangements that are classified as joint operations are reported based on the proportion of the assets, liabilities, income and expenses which are attributable to us in compliance with the respective applicable IFRS.

Interests in subsidiaries, joint ventures or associates which, in the Group's opinion, are of minor significance, or are not controlled due to their participation structure and as such no significant influence is exercised over them, are recognized at amortized cost. Indicators for determining the materiality of subsidiaries are the revenue, earnings and equity of these companies. Investments of <20% are recognized at fair value.

There are no reciprocal shareholdings in the EnBW Group as defined by section 19 (1) German Stock Corporation Act (AktG).

The consolidated companies are as follows:

Type of consolidation

Number of companies	31/12/2020	31/12/2019
Fully consolidated companies	217	192
Entities accounted for using the equity method	22	22
Joint operations	3	3

Changes in the consolidated companies

Of the companies included in the consolidated financial statements by way of full consolidation, 21 (previous year: 15) domestic companies and 15 (previous year: 23) foreign companies were consolidated for the first time in the reporting year. 2 (previous year: 3) domestic companies and 4 (previous year: 2) foreign companies were deconsolidated. In addition, 3 (previous year: 3) domestic companies and 2 (previous year: 9) foreign companies were merged.

First-time full consolidation of affiliated entities 2020

Full consolidation of Gas-Union

In order to strengthen its gas business, EnBW via its subsidiary VNG AG acquired 100% of the shares in the traditionally integrated gas midstream company Gas-Union GmbH, Frankfurt am Main, from Mainova AG, Frankfurt am Main, RGE Holding GmbH, Düsseldorf, Kraftwerke Mainz-Wiesbaden AG, Mainz, Städtische Werke AG, Kassel, Stadtwerke Göttingen AG, Göttingen, Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH, Bochum, and Stadtwerke Essen AG, Essen, on 30 September 2020. Gas-Union was fully consolidated in the EnBW consolidated financial statements from this point in time.

The fair value of the shares in Gas-Union at the time of full consolidation was €106.4 million. There were no significant incidental acquisition costs incurred as part of the transaction. The purchase price was paid in cash and cash equivalents. The amount reported for goodwill is preliminary due to the fact that the analysis of the fair value of the assets and liabilities has not yet been concluded. In particular, it represents synergies in the area of sales and is not deductible for tax purposes.

Following its full consolidation, Gas-Union contributed €497.5 million to revenues and €-7.5 million to earnings after taxes in the 2020 financial year. If Gas-Union had been fully consolidated since the beginning of the year, Group revenue would have increased by €1,492.5 million to €21,186.8 million, and earnings after income taxes would have decreased by €22.5 million to €785.1 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	3.4
Property, plant and equipment	73.2
Other non-current assets	319.1
Cash and cash equivalents	21.5
Other current assets	315.7
Assets held for sale	94.4
Total assets	**827.3**
Non-current liabilities	286.5
Current liabilities	340.2
Liabilities directly associated with assets classified as held for sale	94.4
Total liabilities	**721.1**
Net assets [1]	106.2
Fair value of the shares	106.4
Goodwill	0.2

1 The calculation of the fair value of these assets and liabilities has not yet been concluded because analyses relating to the assets and liabilities are still outstanding. Therefore, provisional values have been stated in accordance with IFRS 3.45.

The fair value of the trade receivables acquired as part of the business combination stood at €139.4 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected.

Full consolidation without a change in shareholding due to obtaining control in 2020

Full consolidation of EnBW Albatros

As the requirement for unanimity in the General Meeting of Shareholders ended with the commissioning of the wind farm, EnBW has now obtained control of EnBW Albatros GmbH & Co. KG, Hamburg, in which it holds a 50.11% shareholding. The other shareholder is a subsidiary of the Canadian energy infrastructure company Enbridge Inc., Calgary. EnBW Albatros has been fully consolidated in the EnBW consolidated financial statements since 1 January 2020. EnBW Albatros is an offshore wind farm in the North Sea consisting of 16 wind turbines with a total output of 112 MW. EnBW had previously reported the shares in EnBW Albatros in the consolidated financial statements as a joint venture using the equity method due to the lack of control as a result of a requirement for unanimity in the General Meeting of Shareholders during the construction phase.

The fair value of the shares held by EnBW in EnBW Albatros at the time of full consolidation was €255.5 million. As the disposal of the EnBW Albatros shares accounted for using the equity method was worth €213.4 million, there was income of €42.1 million, which was reported in the investment result. The value of the non-controlling interest was calculated pro rata based on the identifiable net assets of EnBW Albatros and stood at €253.6 million.

Following its full consolidation, EnBW Albatros contributed €65.4 million to revenues and €39.8 million to earnings after income taxes in the 2020 financial year.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	184.4
Property, plant and equipment	350.3
Cash and cash equivalents	21.6
Other current assets	12.2
Total assets	**568.5**
Non-current liabilities	34.6
Current liabilities	24.8
Total liabilities	**59.4**
Net assets	509.1
Non-controlling interests	253.6
Net assets attributable to the shareholders of EnBW AG	255.5
Fair value of the shares	255.5

The fair value of the trade receivables acquired as part of the business combination stood at €12.0 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected so that the gross value corresponds to the fair value of the trade receivables.

Disposal of fully consolidated companies in 2020

Sale of interest in Pegasus Energie

Gas-Union GmbH, Frankfurt am Main, sold 100% of the shares in Pegasus Energie GmbH, Frankfurt am Main, to MET Holding AG, Zug/Switzerland on 29 December 2020. Pegasus Energie GmbH was the business unit of Gas-Union active in the storage business. The transaction did not have any significant effect on earnings.

First-time full consolidation of affiliated entities 2019

First-time full consolidation of Valeco S.A.S

In order to strengthen its onshore wind business, EnBW acquired 100% of the shares in the developer and operator of wind farms and solar parks Valeco S.A.S., Montpellier, France, from Holding GAY and the minority shareholder Caisse des dépôts et consignations (CDC) on 3 June 2019. Valeco S.A.S. was fully consolidated in the EnBW consolidated financial statements from this point in time. The fair value of the holding company Valeco at the time of full consolidation was €605.3 million. There were no significant incidental acquisition costs incurred as part of the transaction.

The calculation of the fair value of the assets and liabilities had not yet been concluded for the consolidated financial statements as of 31 December 2019 because analyses relating to the assets and liabilities were still outstanding. This process was concluded in time for the publication of the six-monthly financial statements 2020. The final calculations resulted in, among other things, intangible assets of €108.6 million (preliminary value: €148.2 million), property, plant and equipment of €158.8 million (preliminary value: €146.5 million) and liabilities of €254.2 million (preliminary value: €279.9 million). This in turn resulted in goodwill of €250.5 million (preliminary value: €244.3 million). The impact on the income statement was immaterial. Goodwill represents, in particular, future business generation and is not deductible for tax purposes.

Following its full consolidation, Valeco contributed €18.0 million to revenues and €-3.2 million to earnings after income taxes in the 2019 financial year. If Valeco had been fully consolidated since the beginning of the year, Group revenue would have increased by €18.0 million to €19,453.6 million, and earnings after income taxes would have decreased by €3.2 million to €901.1 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	108.6
Property, plant and equipment	158.8
Other non-current assets	288.3
Cash and cash equivalents	41.9
Other current assets	25.2
Total assets	**622.8**
Non-current liabilities	205.6
Current liabilities	48.6
Total liabilities	**254.2**
Net assets [1]	368.6
Non-controlling interests	13.8
Fair value of the shares	605.3
Goodwill	250.5

1 After completing the analysis of the fair values of the assets and liabilities, the values were adjusted compared to 31/12/2019.

The fair value of the trade receivables acquired as part of the business combination stood at €4.3 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected.

First-time full consolidation of Plusnet

The expansion of activities in the area of telecommunications through the acquisition of 100% of the shares in Plusnet GmbH, Cologne, from QSC AG on 30 June 2019 is part of the strategy to develop EnBW into a provider of sustainable infrastructure. The company was fully consolidated in the EnBW consolidated financial statements from this point in time. Plusnet has long-standing experience in the operation of modern broadband technology as well as of established sales channels and operates its own nationwide voice / data network.

The fair value of Plusnet at the time of full consolidation was €227.0 million. There were no significant incidental acquisition costs incurred as part of the transaction. The purchase price was paid in cash and cash equivalents. The calculation of the fair value of the assets and liabilities had not yet been concluded for the consolidated financial statements as of 31 December 2019 because analyses relating to the assets and liabilities were still outstanding. This process was concluded in time for the publication of the six-monthly financial statements 2020. In particular, the final calculation resulted in liabilities of €159.8 million (preliminary value: €149.6 million) (mainly comprising deferred taxes). This resulted in turn in goodwill of €78.2 million (preliminary value: €67.1 million). The impact on the income statement was immaterial. Goodwill represents, in particular, future growth expectations and is not deductible for tax purposes.

Following its full consolidation, Plusnet contributed €148.0 million to revenues and €3.0 million to earnings after taxes in the 2019 financial year. If Plusnet GmbH had been fully consolidated since the beginning of the year, Group revenue would have increased by €148.0 million to €19,583.6 million, and earnings after income taxes would have increased by €3.0 million to €907.3 million.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	113.3
Property, plant and equipment	95.6
Other non-current assets	16.4
Cash and cash equivalents	36.0
Other current assets	47.3
Total assets	**308.6**
Non-current liabilities	87.6
Current liabilities	72.2
Total liabilities	**159.8**
Net assets [1]	148.8
Fair value of the shares	227.0
Goodwill	78.2

1 After completing the analysis of the fair values of the assets and liabilities, the values were adjusted compared to 31/12/2019.

The fair value of the trade receivables acquired as part of the business combination stood at €37.5 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected.

Full consolidation without a change in shareholding due to obtaining control in 2019

Full consolidation of EnBW Hohe See

As the requirement for unanimity in the General Meeting of Shareholders ended with the commissioning of the wind farm, EnBW has now obtained control of EnBW Hohe See GmbH & Co. KG, Hamburg, in which it holds a 50.11% shareholding. The other shareholder is a subsidiary of the Canadian energy infrastructure company Enbridge Inc., Calgary. EnBW Hohe See has been fully consolidated in the EnBW consolidated financial statements since 1 October 2019. EnBW Hohe See is an offshore wind farm in the North Sea consisting of 71 wind turbines with a total output of 497 MW. EnBW had previously reported the shares in EnBW Hohe See in the consolidated financial statements as a joint venture using the equity method due to the lack of control as a result of a requirement for unanimity in the General Meeting of Shareholders during the construction phase.

The fair value of the shares held by EnBW in EnBW Hohe See at the time of full consolidation was €1,094.3 million. As the disposal of the EnBW Hohe See shares accounted for using the equity method was worth €847.0 million, there was income of €247.3 million, which was reported in the investment result. The value of the non-controlling interest was calculated pro rata based on the identifiable net assets of EnBW Hohe See and stood at €1,096.3 million.

Following its full consolidation, EnBW Hohe See contributed €68.4 million to revenues and €46.3 million to earnings after income taxes in the 2019 financial year. If EnBW Hohe See had been fully consolidated since the beginning of the year, there would not have been any significant increase in Group revenue and earnings after income taxes because EnBW Hohe See was only commissioned for the first time on 1 October 2019.

The following assets and liabilities were taken over as part of the acquisition:

in € million	Fair value
Intangible assets	997.0
Property, plant and equipment	1,532.6
Cash and cash equivalents	162.8
Other current assets	16.5
Total assets	**2,708.8**
Non-current liabilities	206.2
Current liabilities	312.0
Total liabilities	**518.3**
Net assets	2,190.6
Non-controlling interests	1,096.3
Net assets attributable to the shareholders of EnBW AG	1,094.3
Fair value of the shares	1,094.3
Goodwill	0.0

The fair value of the trade receivables acquired as part of the business combination stood at €8.5 million. There were no material individual impairment losses. The total amount of the trade receivables is expected to be largely collected so that the gross value corresponds to the fair value of the trade receivables.

Disposal of entities accounted for using the equity method in 2019

Sale of interest in EMB Energie Mark Brandenburg

The EnBW Group sold its 25.1% shareholding in EMB Energie Mark Brandenburg GmbH, Potsdam, to GASAG AG, Berlin, on 30 September 2019. Income of €16.6 million was reported in the investment result. The proceeds of the sale were paid to EnBW in cash and cash equivalents.

Changes in accounting policies

First-time adoption of amended accounting standards

The IASB and IFRIC have adopted the following new standards, amendments to existing standards, and interpretations whose application is mandatory as of the 2020 financial year:

- Amendments to IAS 1 and IAS 8 (2018) "Definition of Material"
- Amendments to IFRS 3 (2018) "Business Combinations"
- IFRS 7, IFRS 9 and IAS 39 (2019) "Interest Rate Benchmark Reform"
- Amendments to the References to the Conceptual Framework for the IFRS Standards (2018)

These new rules have no material impact on the EnBW consolidated financial statements.

Effects of new accounting standards that are not yet mandatory

The IASB and IFRIC have published the following standards and interpretations whose application is expected to have no material impact on the EnBW consolidated financial statements. Their application in the future is subject to their endorsement by the EU into European law.

- Amendments to IAS 1 (2020) "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 (2021) "Disclosure of Accounting Policies"
- Amendments to IAS 8 (2021) "Definition of Accounting Estimates"
- Amendments to IAS 16 (2020) "Property, Plant and Equipment"
- Amendments to IAS 37 (2020) "Provisions, Contingent Liabilities and Contingent Assets"
- Amendments to IFRS 3 (2020) "Reference to the Conceptual Framework"
- Amendments to IFRS 4 (2020) "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 10 and IAS 28 (2014) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

- Amendments to IFRS 16 (2020) "Covid-19-Related Rent Concessions"
- IFRS 17 (2017) "Insurance Contracts" and "Amendments to IFRS 17" (2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – "Interest Rate Benchmark Reform – Phase 2" (2019)
- Collective standard for the amendment of various IFRS (2020) "Annual Improvements to IFRS Standards 2018–2020 Cycle"

Significant accounting policies

Intangible assets

Intangible assets acquired for a consideration are carried at amortized cost and, except for goodwill, are amortized using the straight-line method over their useful life. The amortization period of purchased software ranges from 3 to 5 years; the amortization period of concessions for power plants is between 15 and 65 years. Customer relationships are amortized over their expected useful life of between 4 and 30 years, water rights and the underlying concessions are amortized over 20 years.

Internally generated intangible assets are recognized at cost if it is probable that a future economic benefit from the use of the asset will flow to the company and the cost of the asset can be reliably determined. If the recognition criteria are not satisfied, costs are expensed immediately through profit or loss in the year in which they were incurred. At the EnBW Group, these assets relate to software programs that are amortized on a straight-line basis over a useful life of five years.

The useful lives and amortization methods are reviewed regularly.

In accordance with the provisions of the IFRS, goodwill from business combinations is not amortized, but tested for impairment at least once a year and whenever there is any indication that the recoverable amount may be lower than the carrying amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost. Items that are subject to wear and tear are depreciated using the straight-line method over the expected useful life of their individual components. Depreciation is recorded pro rata temporis in the year of addition.

Maintenance and repair costs are recorded as expenses. Renewal or maintenance expenses which lead to future economic benefits of an asset are capitalized.

Construction cost subsidies and household connection costs, as well as investment grants and subsidies, are not deducted from the cost of the asset concerned, but recognized on the liabilities side of the balance sheet.

The power plants also contain the present value, net of depreciation, of the estimated cost of decommissioning. In the case of nuclear power plants, these costs include the cost of decommissioning and dismantling the contaminated facilities.

Depreciation on our major items of property, plant and equipment is computed using the following uniform Group-wide useful lives:

Useful life

in years	
Buildings	25–50
Power plants	10–50
Electricity distribution plants	25–45
Gas distribution plants	10–55
Water distribution plants	15–40
District heat distribution plants	15–30
Telecommunications distribution facilities	4–20
Other equipment, factory and office equipment	4–14

The useful lives and amortization methods are reviewed regularly.

Property, plant and equipment are derecognized upon disposal or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is derecognized.

Borrowing costs

If a qualifying asset necessarily takes a substantial period of time (more than 12 months) to be made ready for its intended use, the borrowing costs incurred until it is ready for its intended use that are directly attributable to its acquisition or production are capitalized as part of the respective asset. Where there are specific debt financing arrangements, the respective borrowing costs incurred are recognized. Where the debt financing arrangements are not specific, borrowing costs are capitalized using a uniform rate within the Group of 2.3% (previous year: 2.5%). Borrowing costs totaling €19.4 million were capitalized in the current financial year (previous year: €27.2 million).

Leases

A lease according to IFRS 16 is an agreement that conveys the right to use an asset for a period of time in exchange for the payment of a consideration. Right-of-use assets must, in general, be reported for all leases in which the EnBW Group is the lessee. These are recognized under property, plant and equipment. Correspondingly, the payment obligations from leases must be reported as lease liabilities. In subsequent valuations, the right-of-use assets are depreciated over the term of the lease. The lease liabilities, which are reported under other liabilities, are determined based on the present value of the payment obligations arising from the lease and recognized accordingly using the effective interest method. The lease payments considered in this process are discounted using the interest rate implicit in the lease, insofar as this can be determined. Otherwise, the payments are discounted using the incremental borrowing rate.

In the case of short-term leases and leases involving low-value assets, the option of using the simplified approach is utilized and the lease payments are recognized as an expense in the income statement. Moreover, the option not to separate lease and non-lease components is utilized, except in the case of leases for vehicles, real estate and gas caverns.

Leases where the EnBW Group as lessor transfers substantially all the risks and rewards of ownership of the leased asset to the lessee are classified as finance leases. In this case, a receivable is recognized for the amount of the net investment in the lease. The payments made by the lessee are split into repayments for the principal and interest income and recognized accordingly using the effective interest method. All other leases are classified as operating leases. The leased asset is reported under property, plant and equipment and depreciated over its useful life. The payments made by the lessee are recognized as income on a straight-line basis over the term of the lease.

Impairment losses/reversals of impairment losses

The carrying amounts of intangible assets, property, plant and equipment and investment properties are tested for impairment when circumstances or events indicate that there could be an impairment or increase in value. If such indications exist, the recoverable amount of the asset concerned is determined through impairment testing. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

The fair value is determined on the basis of a business valuation model and reflects the best estimate of the amount at which a third party would acquire the asset. The value in use corresponds to the present value of the future cash flows expected to be derived from an asset or cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If it is not possible to determine the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset can be allocated.

Goodwill arising from business combinations is allocated to the cash-generating units or groups of cash-generating units that are expected to achieve synergies from the business combination.

The recoverable amount of these cash-generating units or groups of cash-generating units is tested for impairment at least once a year. An additional test is performed whenever there is any indication that the carrying amount may not be recoverable. For more information, please refer to note (10) “Intangible assets.”

If the recoverable amount of an asset falls short of its carrying amount, an impairment loss is recognized in profit or loss immediately. In the event of impairment losses on cash-generating units to which goodwill has been allocated, the goodwill is reduced first. If the impairment loss exceeds the carrying amount of the goodwill, the difference is allocated proportionally to the remaining non-current assets of the cash-generating unit.

If the reason for a previously recognized impairment loss no longer exists at a later date, the impairment loss is reversed. The increased carrying amount of the asset attributable to a reversal may not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous years (amortized cost).

An impairment loss recognized for goodwill may not be reversed in a subsequent period. Accordingly, impairment losses on goodwill are not reversed.

Investment properties

Investment properties include land and buildings are held to earn rental income or for capital appreciation and are not used by EnBW itself. Investment properties are measured at cost less depreciation and, for the term of their finite useful life, are depreciated over a term of 25 to 50 years using the straight-line method.

Financial assets

For financial assets, a differentiation is made between debt instruments and equity instruments. Debt instruments are split into three business models: “hold,” “hold to collect and sell” and “other.” The business models determine the measurement categories for the debt instruments. The “hold” business model includes trade receivables, lease receivables and loans, which are generally held to maturity and are thus allocated to the “measured at amortized cost” measurement category. Trade receivables mainly comprise contracts with customers. As in the previous year, loans subject to market interest rates are recognized at nominal value and low-interest or interest-free loans at present value. The “hold to collect and sell” business model comprises fixed-income and floating-rate interest securities. These are allocated to the “measured at fair value through profit or loss” or “measured at fair value in equity” measurement categories. A cash flow characteristics test in accordance with IFRS 9 is carried out for these securities to test whether the cash flows arise exclusively to make interest and redemption payments on the outstanding amount. The securities that pass the cash flow characteristics test are measured at fair value in equity, otherwise the securities are measured at fair value through profit or loss. The “other” business model comprises all debt instruments that are not allocated to the “hold” or “hold to collect and sell” business models. As a result, these debt instruments are allocated to the “measured at fair value through profit or loss” measurement category.

Equity instruments are allocated to the “measured at fair value through profit or loss” measurement category. The option of measuring equity instruments at fair value in equity without recycling is not currently being utilized.

To determine the fair value, the market price on the reporting date is taken for publicly listed financial assets. If no active market exists, the fair value is determined using the most recent market transaction or using a valuation method (such as the discounted cash flow method). If the input parameters for such a valuation cannot be reliably determined with the amount of effort appropriate for the materiality of the equity instrument, the valuation is carried out at acquisition costs. Trade receivables usually have short terms to maturity. Consequently, their carrying amounts as of the reporting date approximate their fair value. Receivables that bear off-market interest or are interest free with remaining terms to maturity of more than one year are reported in the balance sheet at present value. For other current assets, it is assumed, as in the previous year, that the fair value approximates the carrying amount. For non-current other assets, the market value is determined by discounting the expected future cash flows.

Impairment of financial assets

Financial assets that belong to the “measured at amortized cost” or “measured at fair value in equity” measurement categories are impaired using the 3 stage impairment model according to IFRS 9. In stage 1, risk provisions for expected credit losses over the next 12 months are calculated (12-month PD). If the default risk has increased significantly, the expected loss over the whole lifetime is calculated in stages 2 and 3 (lifetime ECL). For financial assets in the “measured at amortized cost” or “measured at fair value in equity” categories, a risk provision is determined at the time of acquisition in the amount of the expected loss within one year (risk provision stage 1). If there has been significant deterioration in the borrower’s credit rating, the calculation horizon is extended to cover the lifetime of the receivable (risk provision stage 2). If the credit rating has deteriorated so much as to jeopardize payment or the borrower has actually defaulted, the asset is transferred to risk provision stage 3. The risk provision is also calculated here based on the expected losses over the lifetime of the receivable. In contrast to the previous stages, any interest income is now recognized on the basis of the net carrying amount after impairment and using the effective interest rate and no longer on the basis of the gross carrying amount.

A significant increase in the default risk exists at the latest when a payment is more than 30 days past due. An earlier reclassification based on findings from the claims management process is also fundamentally possible. Default is assumed if the payment is 90 days or more past due or if the payment is no longer considered likely due to other events (such as opening insolvency proceedings). Due to the small scope and lack of historical data for defaults on financial assets, the actually expected losses are determined based on weighted expert estimates or external ratings (if available). As long as the absolute default risk is classified as low, the asset is generally not transferred to stage 2. It can be assumed in this process that a financial instrument has a “low default risk” if it fulfills the criteria to achieve an “investment grade” credit rating.

In order to evaluate whether there has been a significant change in the default risk, any actual or expected significant changes are examined, taking into account, among other things, the following factors:

- external or internal credit rating of the financial instrument
- business / financial or economic framework conditions
- operating result of the borrower
- regulatory / economic or technological environment of the borrower
- financial support from a parent company
- payment history
- quality of the guarantees provided by a shareholder
- information on delayed payments

In the case of trade receivables, the simplified approach for determining impairments according to IFRS 9 is used irrespective of their term. Accordingly, the expected loss over the whole lifetime is always used for the risk provision. The expected loss rates are calculated based on historical defaults for each customer group. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that could have an impact on the payment behavior of our customers. Gross domestic product has been identified as the most relevant factor in this area. In exceptional cases, the default probability is taken from default probabilities that are available externally instead of using historical data. In the previous year, the impairments recognized on trade receivables were based on the actual default risk.

As in the previous year, receivables are generally written off when the receivable is deemed irrecoverable. Possible factors could be:

- an unsuccessful enforcement order
- filing for insolvency proceedings or opening the subsequent insolvency proceedings or refusal to open the insolvency proceedings due to a lack of assets
- a declaration about the ineligibility of the receivable in a court order

However, receivables may only be written off when there is no liability that could be offset against it. Impairment loss expenses are netted as a separate item on the income statement.

Inventories

Inventories are recorded at cost. As a rule, they are measured at average prices. Pursuant to IAS 2, costs of conversion contain the direct costs and an appropriate portion of the necessary materials and production overheads including depreciation. Costs of conversion are determined on the basis of normal capacity utilization. Borrowing costs are not capitalized as a component of costs of conversion. Appropriate allowance is made for risks relating to reduced usability. Where necessary, the lower net realizable value compared to the carrying amount is recognized. Reversals of impairment losses on inventories are deducted from the cost of materials.

The nuclear fuel rods disclosed in the inventories are measured at amortized cost. Consumed nuclear fuel rods are recognized under cost of materials based on their actual consumption.

Inventories acquired for trading purposes are recognized at fair value less costs to sell.

Emission allowances

Emission allowances acquired for production purposes are recognized at cost as inventories. Emission allowances acquired for trading purposes are recognized as other assets at fair value through profit or loss, and any fluctuation in fair value is recognized directly in profit or loss.

The obligation to return emission allowances is accounted for under other provisions. The carrying amount of the provision is determined based on the carrying amount of the existing emission allowances. If further emission allowances are needed, they are accounted for at their fair value as of the reporting date.

Treasury shares

Own equity instruments which are repurchased (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Provisions for pensions and similar obligations

For defined benefit plans, provisions for pensions and similar obligations are determined using the projected unit credit method in accordance with IAS 19. This method considers current and future pension benefits known at the reporting date as well as future anticipated salary and pension increases. Actuarial gains and losses are recorded in their entirety in the financial year in which they arise. They are reported outside of the income statement in the statement of comprehensive income as part of the cumulative changes not impacting income and recorded directly in equity. There will be no recognition in profit and loss in subsequent periods. Plan assets of funds established to cover the pension obligations are deducted from the provision. The service cost is disclosed in personnel expenses, while the net interest portion of additions to the provision and the return on plan assets are recorded in the financial result. Payments for defined contribution plans are recognized as personnel expenses.

Provisions relating to nuclear power

The Act for the Reorganization of Responsibility in Nuclear Waste Management, which came into force in the middle of June 2017, establishes new rules for the roles and financial responsibilities of the German government and operators. According to the new law, operators are responsible for the decommissioning and dismantling of their nuclear power plants, as well as for the conditioning and proper packaging of the radioactive waste. The provisions accumulated for these purposes will remain with the companies. The transport, intermediate storage and final storage of the waste is the responsibility of the German government, who has been provided with the money to finance these tasks by the operators of the nuclear power plants. The evaluation of the provisions is carried out mainly on the basis of estimates, which for the decommissioning and dismantling of nuclear power plants, as well as for the conditioning and packaging of radioactive waste, are primarily derived from sector-specific appraisals. The provisions are recognized at the discounted settlement amount at the time they originated.

Other provisions

Other provisions take account of all legal or constructive obligations towards third parties resulting from past events that are identifiable at the reporting date, to the extent that it is probable that they will lead to an outflow of resources in future and their amount can be reliably estimated. The provisions are recognized at their settlement amount. They are measured at the estimated future amount or the amount most likely to be incurred.

The non-current provisions are stated at the future amount needed to settle the obligation discounted to the reporting date. This does not apply to provisions for pensions and similar obligations. These are subject to special rules in accordance with IAS 19.

Deferred taxes

Deferred taxes are recorded in accordance with the temporary concept (IAS 12) on all temporary differences between the tax accounts and the IFRS balance sheet of the individual entities. Deferred taxes from consolidation entries are recognized separately. Deferred tax assets are recognized on deductible temporary differences and carryforwards of unused tax losses if it is reasonably certain that they will be recovered.

Deferred taxes are calculated on the basis of the tax rates that apply or that are expected to apply in the individual countries at the time of utilization. A tax rate of 29.4% was applied for German Group companies (as in the previous year). Tax assets and tax liabilities are netted with each other by consolidated tax group or entity if the conditions to do so have been satisfied.

Financial liabilities

Financial liabilities are recorded at fair value upon initial recognition. After initial recognition, they are measured at amortized cost. Lease liabilities are recognized under other liabilities at the present value of the outstanding lease payments.

The fair value of bonds listed on the capital market is the nominal value multiplied by the quoted price as of the reporting date. For current financial liabilities, it is assumed that the fair value corresponds to the carrying amount. For non-current financial liabilities, the market value is determined by discounting the expected future cash outflows. If these financial liabilities are subject to floating interest rates, the carrying amount corresponds to the fair value.

Trade payables and other liabilities

Trade payables and other liabilities are recognized at the amount repayable. Trade payables primarily have short terms to maturity. Consequently, their carrying amounts as of the reporting date approximate their fair value. For current other liabilities, it is assumed that the fair value corresponds to the carrying amount. For non-current other liabilities, the market value is determined by discounting the expected future cash outflows. The construction cost subsidies and household connection costs carried as liabilities are reversed to revenue in some cases based on the use of the subsidized item of property, plant and equipment, and in other cases according to the electricity and gas grid fee ordinance. As a rule, the period of reversal for construction cost subsidies is between 20 and 45 years. Investment cost subsidies are reversed over the depreciation period of the subsidized assets. The reversal is offset openly against depreciation.

Other liabilities includes lease liabilities that are recognized at the present value of the outstanding lease payments.

Assets held for sale and liabilities directly associated with assets classified as held for sale

Assets held for sale are individual non-current assets and groups of assets that can be sold in their present condition, whose sale is highly probable and that satisfy all the criteria defined in IFRS 5. The item “liabilities directly associated with assets classified as held for sale” includes liabilities that are part of a group of assets held for sale.

Assets classified as assets held for sale for the first time are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases.

Gains or losses from measuring individual assets and groups of assets held for sale are disclosed as profit or loss from continuing operations until they are finally sold.

Derivatives

Derivatives are measured at fair value in accordance with IFRS 9. Both the counterparty's credit default risk and that of the company itself are taken into account in the calculation of fair value. Default risk with respect to an individual counterparty is calculated on the basis of the net risk position. In the case of derivatives for which net recording is not permitted, the credit default risk calculated on the basis of the net position is recorded in proportion to the fair value before the value adjustment. In accordance with the "net approach," this involves allocating the value adjustment solely to the derivatives' asset or liability surplus that arises. The derivatives are recognized under other assets and other liabilities and subsidies.

Derivatives are measured using quoted prices in active markets such as stock market prices. Where such prices are not available, the fair values are determined by reference to generally accepted valuation techniques. Quoted prices in active markets are used as inputs wherever possible. If they are not available either, entity-specific planning assumptions are considered in the valuation.

If they are contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item, in accordance with the entity's expected purchase, sale or usage requirements (own use), they are not recognized as derivatives under IFRS 9, but as executory contracts in accordance with IAS 37.

Derivatives are allocated to the "measured at fair value through profit or loss" measurement category unless hedge accounting is used.

For derivatives used in a hedge, the accounting treatment of changes in fair value depends on the nature of the hedge.

In the case of changes in the fair value of cash flow hedges which are used to offset future cash flow risks arising from existing hedged items or highly probable forecast transactions, the unrealized gains and losses are initially recognized directly in equity (other comprehensive income) in the amount of the hedged item covered. Amounts are reclassified to the income statement when the hedged item impacts profit or loss.

In the case of a fair value hedge used to hedge the fair value of reported assets or liabilities, the gains or losses from the measurement of derivatives and the associated hedged items are recognized in profit or loss.

Foreign currency risks from investments with a foreign functional currency are secured by hedges of a net investment in a foreign operation. Unrealized exchange rate differences are initially recognized in equity and reclassified to profit or loss when the foreign operation is sold.

Hedging relationships are designated in accordance with the risk management goals and strategies explained in note (25) "Accounting for financial instruments." The economic relationship between the hedging instrument and the hedged transaction, as well as the evaluation of the expected effectiveness of the hedge, are documented at the beginning. Primary and derivative financial instruments will be netted in the balance sheet if an unconditional right to offset exists, or when there is an intention to offset or realize the asset and settle the liability.

Contingent liabilities

Contingent liabilities are possible obligations to third parties or present obligations where the probability of an outflow of resources is remote or the amount cannot be determined reliably. Contingent liabilities outside of company acquisitions are not recognized.

Financial guarantees

Financial guarantees are contracts where EnBW is required to make specified payments to reimburse the holder for a loss incurred because a debtor fails to meet its payment obligations under the financial guarantee. Financial guarantees are measured at fair value upon initial recognition. After initial recognition, the financial guarantees are measured at the higher of amortized cost and the best estimate of the present obligation as of the reporting date.

Revenue recognition

According to IFRS 15, revenue is recognized when control over a good or service has been transferred to the customer. Please refer to note (1) "Revenue" for more details on the accounting policies. Revenue is measured according to the consideration defined in the contract with the customer, whereby sales deductions such as price discounts or variable components must be taken into account. Amounts collected on behalf of third parties are excluded from this process. Revenue is recognized net of VAT and after the elimination of intercompany sales.

Exercise of judgment and estimates when applying accounting policies

The preparation of the consolidated financial statements requires judgments and estimates to be made in applying the accounting policies that affect the reported amounts of assets and liabilities, revenue and expenses, and the disclosure of contingent liabilities. The coronavirus pandemic and the material uncertainties associated with it were taken into account where relevant when exercising judgment and making estimates. In the 2020 financial year, there were no material adjustments to the carrying amounts of assets and liabilities due to the coronavirus pandemic.

The following judgments in particular have to be made in the process of applying the accounting policies:

- Judgment is required with respect to certain commodity futures contracts to determine whether they are derivatives as defined by IFRS 9 or executory contracts in accordance with the provisions of IAS 37.
- Financial assets are allocated to the "measured at amortized cost," "measured at fair value through profit or loss" and "measured at fair value in equity" measurement categories according to IFRS 9.

These estimates are based on assumptions and forecasts which, by their very nature, are uncertain and may be subject to change. The key future-oriented assumptions and other sources of uncertainty as of the reporting date, concerning estimates which have given rise to a considerable risk that material adjustments of carrying amounts of assets and liabilities may be required in the next financial year, are explained below:

Goodwill: A review is carried out on every reporting date to identify whether there are any indications of impairment and goodwill is tested for impairment at least once a year. The impairment test involves estimates that concern, above all, future payment surpluses. To determine the recoverable amount, an appropriate discount rate must be chosen. Future changes in the overall economic, industry or company situation may reduce payment surpluses or the discount rate, and thus potentially lead to an impairment of goodwill.

Property, plant and equipment: Property, plant and equipment are tested for impairment when circumstances or events indicate that there could be an impairment or increase in value. For our power plants in particular, in addition to technical progress and damage, a change in expectations regarding short, medium and long-term electricity prices and the service life of the power plants may lead to impairment losses or impairment gains. A suitable interest rate is to be used when performing the impairment tests. If this interest rate changes, for example due to a change in the macroeconomic or industry situation, recognition of impairment losses or reversals of impairment losses may also be necessary.

Impairment of financial assets: In order to determine impairments on financial assets, assumptions about the default risk are made that influence the loss rates. The assumptions are made based on the historical experiences of the Group and flow into the calculation of the impairments as input factors. Changes to market conditions and forward-looking estimates before the end of the relevant reporting period are also taken into account in the calculations. The most important assumptions and input factors are described in the section "Significant accounting policies."

Determining the fair value of financial assets and financial liabilities: The fair value of financial assets and financial liabilities is determined by reference to quoted market prices, insofar as the financial instruments are traded on an active market, or by using valuation techniques such as the discounted cash flow method. Where the parameters used in the valuation techniques are not supported by observable market data, assumptions need to be made which can affect the fair value of financial assets and financial liabilities.

Pension provisions: When calculating pension provisions, differences compared to the actual obligations incurred over time may arise from the selection of underlying assumptions, such as the discount rate or trends, use of demographic probabilities based on the 2018 G Heubeck mortality tables and accepted approximation methods for future pension increases from the statutory pension insurance fund. The following amendment has been made when determining the interest rate for pension provisions: Instead of the Bloomberg Industry Classification System (BICS) that was previously used, the Bloomberg Barclays Classification System (BCLASS) will be used from now on as the basis for determining the interest rate in accordance with the RATE:Link methodology.

Nuclear provisions: The provisions for the decommissioning and dismantling of the power plants, as well as for the conditioning and packaging of radioactive waste, are based mainly on external appraisals that are updated annually. These appraisals are based on cost estimates of the settlement value for each obligation. The uncertainty inherent in the estimates is due primarily to departures from the assumed cost development and changes in payment dates. Changes in the discount rate could also lead to an adjustment of the nuclear provisions.

Provisions for onerous contracts: Provisions for onerous contracts are generally set up for onerous procurement and sales agreements. Future changes in market prices on the procurement or sales side or in the discount rates may lead to an adjustment of the provisions for onerous contracts.

Acquisition accounting: For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a share purchase are recognized at fair value as of the date of acquisition for first-time consolidation purposes. Estimates are used to calculate the fair value of these assets and liabilities as of the date of acquisition. Land and buildings as well as other equipment, factory and office equipment are generally measured by independent appraisers. Marketable securities are recognized at market price. If the purchase price agreement includes contingent considerations, accounting for those purchase price components also requires estimates.

The measurement of intangible assets is based on the nature of the intangible asset as well as the complexity of determining fair value. Fair value is therefore determined on the basis of an independent external valuation appraisal.

Income tax: Estimates are also needed to capitalize tax assets, to set up tax liabilities and to assess the temporary differences arising from differences in the accounting treatment of certain items in the financial statements between the consolidated balance sheet in accordance with IFRS and the tax accounts. Capitalization of tax refund claims and the setting up of tax liabilities are fundamentally only recognized if the relevant payments are likely. Deferred tax assets or liabilities are recognized on temporary differences. Deferred tax assets are, in principle, only recognized when the future tax advantages will probably be realized or where deferred tax liabilities exist. Deferred tax assets are recognized for all carryforwards of unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carryforwards can be utilized. The judgment exercised by management regarding the anticipated timing and level of future taxable profits, as well as regarding future tax planning strategies, is significant in determining the amount of deferred tax assets that can be recognized.

Entities accounted for using the equity method: IFRS financial statements were not available to us for all entities. Therefore, these entities were accounted for using the equity method based on an estimate of the HGB-IFRS differences. Investments that are accounted for using the equity method in the consolidated financial statements are tested for impairment when circumstances or events indicate that there could be an impairment loss or gain. The impairment test involves estimates that concern, above all, future payment surpluses. To determine the recoverable amount, an appropriate discount rate must be chosen. Future changes in the overall economic, industry or company situation may reduce payment surpluses or the discount rate, and thus potentially lead to an impairment of the investments.

Please refer to note (1) “Revenue” for more details on the exercise of judgment and estimates when applying **IFRS 15**.

Potential effects due to changes in estimates in other areas are explained in the respective sections. Please refer to note (20) “Provisions” for more information on **provisions.**

Currency translation

In the separate financial statements of the entities, business transactions in foreign currency are translated at the rate of the transaction date. Non-monetary items are measured at the rate prevailing when they were first recorded. Monetary items are translated at the closing rate as of the reporting date. Translation differences from monetary items that are allocable to operating activities are recognized in other operating income or other operating expenses with effect on profit or loss. Translation differences from financing activities are disclosed in the interest result.

The reporting currency of EnBW, which is also the functional currency, is the euro (€). The financial statements of the Group entities are translated to euros. Currency translation is performed in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” using the modified closing rate method. Under this method, the assets and liabilities of entities that do not report in euros are translated at the mean rate prevailing on the reporting date, while expenses and income are translated at the average annual rate. The companies concerned are commercially independent foreign entities. Differences from the currency translation of assets and liabilities compared to the translation of the previous year, as well as exchange differences between the income statement and the balance sheet, are recognized directly in equity under other comprehensive income. The same procedure is applied by analogy for foreign entities accounted for using the equity method.

Currency translation was based on the following exchange rates, among others:

€ 1	Closing rate		Average rate	
	31/12/2020	31/12/2019	2020	2019
Swiss franc	1.08	1.09	1.07	1.11
Pound sterling	0.90	0.85	0.89	0.88
US dollar	1.23	1.12	1.14	1.12
Czech koruna	26.24	25.41	26.45	25.67
Japanese yen	126.49	121.94	121.78	122.07
Danish krone	7.44	7.47	7.45	7.47
Polish zloty	4.56	4.26	4.44	4.30
Swedish krona	10.03	10.45	10.49	10.59

Notes to the income statement and the balance sheet

(1) Revenue

Revenue from contracts with customers is recognized when control over a good or service has been transferred to the customer. The electricity and energy tax paid by the entities is deducted from revenue in the income statement. In the interest of a more accurate presentation of the business development, income and expenses from energy trading businesses are disclosed net. The net disclosure means that revenue from energy trading businesses is reported net of the related cost of materials. For the 2020 financial year, the net energy trading revenue amounted to €24,752.0 million (previous year restated: €31,469.1 million).

Alongside revenue from contracts with customers, there is other revenue from ordinary business activities. This is how it breaks down:

in € million [1]	2020	2019
Revenue from contracts with customers	19,399.6	19,129.6
Other revenue	294.7	306.0
Total	**19,694.3**	**19,435.6**

1 The figures for the previous year have been restated.

The restatement of the figures for the previous year relates to the offsetting method for revenues and cost of materials that have no effect on the result of the Group.

The change in revenue is explained in more detail in the management report in the section "The EnBW Group" and mainly relates to revenue from contracts with customers. The following table shows a breakdown of revenue by region and products for the different segments of the EnBW Group.

External revenue by region

2020 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other / Consolidation	Total
Revenue from contracts with customers by region	9,958.5	3,369.2	1,044.0	5,019.8	8.1	19,399.6
Germany	(8,695.2)	(3,209.0)	(872.7)	(3,296.5)	(8.1)	(16,081.5)
European currency zone excluding Germany	(86.2)	(4.1)	(50.0)	(1,702.3)	(0.0)	(1,842.6)
Rest of Europe	(1,176.1)	(156.1)	(121.3)	(21.0)	(0.0)	(1,474.5)
Rest of world	(1.0)	(0.0)	(0.0)	(0.0)	(0.0)	(1.0)
Other revenue	6.4	288.3	0.0	0.0	0.0	294.7
Total	**9,964.9**	**3,657.5**	**1,044.0**	**5,019.8**	**8.1**	**19,694.3**

External revenue by region

2019 in € million[1]	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Revenue from contracts with customers by region	9,339.7	3,164.0	653.0	5,969.5	3.4	19,129.6
Germany	(8,100.6)	(2,991.7)	(500.7)	(4,462.3)	(3.4)	(16,058.7)
European currency zone excluding Germany	(92.9)	(4.9)	(43.0)	(1,477.4)	(0.0)	(1,618.2)
Rest of Europe	(1,145.7)	(167.4)	(109.3)	(29.8)	(0.0)	(1,452.2)
Rest of world	(0.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.5)
Other revenue	10.4	295.6	0.0	0.0	0.0	306.0
Total	**9,350.1**	**3,459.6**	**653.0**	**5,969.5**	**3.4**	**19,435.6**

1 The figures for the previous year have been restated.

External revenue by product

2020 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Revenue from contracts with customers by product	9,958.5	3,369.2	1,044.0	5,019.8	8.1	19,399.6
Electricity	(5,090.9)	(2,141.0)	(920.8)	(2,407.3)	(0.0)	(10,560.0)
Gas	(4,282.6)	(602.9)	(9.2)	(2,184.8)	(0.0)	(7,079.5)
Energy and environmental services/other	(585.0)	(625.3)	(114.0)	(427.7)	(8.1)	(1,760.1)
Other revenue	6.4	288.3	0.0	0.0	0.0	294.7
Total	**9,964.9**	**3,657.5**	**1,044.0**	**5,019.8**	**8.1**	**19,694.3**

External revenue by product

2019 in € million[1]	Sales	Grids	Renewable Energies	Generation and Trading	Other/ Consolidation	Total
Revenue from contracts with customers by product	9,339.7	3,164.0	653.0	5,969.5	3.4	19,129.6
Electricity	(5,087.6)	(2,017.9)	(582.1)	(2,960.4)	(0.0)	(10,648.0)
Gas	(3,943.6)	(558.0)	(9.4)	(2,599.8)	(0.0)	(7,110.8)
Energy and environmental services/other	(308.5)	(588.1)	(61.5)	(409.3)	(3.4)	(1,370.8)
Other revenue	10.4	295.6	0.0	0.0	0.0	306.0
Total	**9,350.1**	**3,459.6**	**653.0**	**5,969.5**	**3.4**	**19,435.6**

1 The figures for the previous year have been restated.

Revenues mainly arise from goods supplied or services rendered over a particular time period.

The most important services are described below:

Electricity and gas deliveries: The revenues primarily result from the transfer of electricity and gas to customers. For contracts where no fixed purchase volume has been agreed, the performance obligation consists in particular of providing energy and the possibility of accessing it at all times. As the customer uses these services while they are being rendered, the revenue is recognized over a period of time. The measure of progress is generally carried out on a straight-line basis together with the allocation of variable fees for certain performance elements. If fixed purchase volumes are agreed, the performance obligation consists of transferring the energy volumes and the revenue is thus recognized when control over the energy is transferred. In the case of customer groups who pay according to rolling annual statements, the transaction price is calculated based on past consumption values while taking into account the current temperature influences and time of year. Discounts or bonus payments are taken into account as variable considerations against revenue from the beginning of the contract. If individual contracts include the transfer of assets as an additional performance obligation, the revenue for these assets is recognized at the time of delivery and measured at the relative individual sales price. Monthly advance payments are generally agreed.

The distribution of electricity and gas: EnBW offers its customers use of the electricity and gas grids. EnBW recognizes the revenues when the services are rendered. Monthly invoices of the actual costs or monthly advance payments are agreed.

In addition, other revenue from contracts with customers includes the areas of services, district heating, contracting, waste management and telecommunications. The majority of the contracts include services for which customers pay while they are being rendered and the revenue is thus recognized over a period of time. The measure of progress is generally carried out on a straight-line basis together with the allocation of variable fees for certain performance elements.

The total amount of the expected revenues for performance obligations that have not been fulfilled, either partially or fully, as of 31 December 2020 is €8,501.4 million (previous year: €8,111.1 million). Most of these performance obligations will be fulfilled as expected within the next five years. Revenues for performance obligations totaling €2,718.4 million (previous year: €2,559.5 million) are expected to be fulfilled within the next financial year. This does not include any remaining performance obligations from customer contracts which originally had an expected maximum term of one year.

As of 31 December 2020, contract liabilities amounted to €956.6 million (previous year: €932.0 million). From the contract liabilities contained in the opening balance of €932.0 million (previous year: €909.7 million), €68.4 million (previous year: €76.4 million) was recognized as revenue within the reporting period. The contract liabilities mainly comprise construction cost subsidies and household connection costs. These are non-refundable prepayments that are carried as liabilities and reversed over a period of 20 to 45 years.

Receivables are recognized as such at the time a good is delivered or after the conclusion of an associated performance period, because this is the point in time at which there is an unconditional claim to receipt of the consideration and only the passage of time is required until the payment is due. Please refer to note (25) “Accounting for financial instruments” for the development of receivables connected to customer contracts. In the reporting period, revenues of €265.0 million (previous year: €201.3 million) were recognized for performance obligations that were fulfilled either fully or partially in preceding periods.

Judgment is required for determining the transaction price, which for multi-component agreements must be split into all of the separate performance obligations based on their relative individual sales prices. In particular, this includes the existence and the level of any variable considerations (e.g., discounts, bonus payments), which are subtracted from the transaction price. This judgment is based, in particular, on the contractual conditions and past empirical values. Judgments made about the recognition of revenues over time are based, in particular, on the selection of a suitable measure of progress for services. As the customer generally benefits from the service evenly over time, the revenue is recognized on a straight-line basis.

Commission paid to intermediaries and sales employees for concluding contracts is capitalized as additional costs for obtaining the contracts. As of 31 December 2020, the total assets that are recognized from the costs for the conclusion of customer contracts amounted to €33.5 million (previous year: €30.7 million). These costs primarily comprise commission paid to sales offices when customers are successfully acquired for EnBW. In 2020, the amount of amortization was €20.5 million (previous year: €14.8 million). The amortization template works in line with the transfer of the good or service to the customers and is based on the average customer-retention period.

Additional costs for obtaining contracts are immediately recognized as an expense when they arise, insofar as the amortization period for the assets is one year or less. An adjustment to the transaction price to take account of a significant financing component is not required because no contracts have been concluded where the time period between the transfer of the promised good or service to the customer and the payment by the customer exceeds one year.

(2) Other operating income

in € million	2020	2019
Income from derivatives	536.3	749.2
Income from the reversals of provisions	204.4	218.0
Income from disposals	27.7	37.4
Rent and lease income	17.5	20.5
Income from reversals of impairment losses	16.9	4.5
Miscellaneous	364.4	514.4
Total	**1,167.2**	**1,544.0**

Income from derivatives fell mainly due to valuation effects.

The decrease in miscellaneous other operating income was primarily due to lower income from the CO_2 allowances. This was offset to some extent in the reporting year by higher income from currency exchange rate gains of €16.5 million (previous year: €2.4 million). Miscellaneous other operating income also includes income from the reversal of accruals.

(3) Cost of materials

in € million[1]	2020	2019
Cost of materials and supplies and of purchased merchandise	11,313.6	12,710.4
Cost of purchased services	3,033.9	2,801.3
Total	**14,347.5**	**15,511.7**

1 The figures for the previous year have been restated.

Please refer to note (1) “Revenue” for information on the restatement of the figures for the previous year.

Cost of materials and supplies and of purchased merchandise comprises, in particular, electricity and gas procurement costs including increases in provisions for onerous contracts for electricity procurement agreements. In addition, it includes the necessary increase in provisions for the decommissioning of nuclear power plants, unless these are required to be recognized as part of the cost of the asset. However, the accretion of the provisions is not included. Expenses relating to nuclear power also include costs for the disposal of irradiated fuel rods and radioactive waste, as well as of the consumption of nuclear fuel rods and nuclear fuels. Fuel costs for conventional power plants, as well as costs for the procurement of CO_2 allowances, are also recorded under this item.

Cost of purchased services mainly contains expenses for use of the grids, services purchased for the operation and maintenance of the plants as well as concession fees. In addition, other expenses directly attributable to services rendered are disclosed under cost of purchased services.

(4) Personnel expenses

in € million[1]	2020	2019
Wages and salaries	1,723.6	1,599.3
Social security	167.9	152.9
Expenses for post-employment benefits	287.2	254.8
Total	**2,178.7**	**2,007.0**

1 The figures for the previous year have been restated.

Employees in continuing operations as an annual average

annual average	2020	2019
Sales	4,663	4,186
Grids	9,573	9,003
Renewable Energies	1,498	1,309
Generation and Trading	5,514	5,458
Other	2,769	2,666
Employees	**24,017**	**22,622**
Apprentices and trainees including DH students in the Group	1,015	912

The total number includes employees of joint operations of 6 employees (previous year: 7) based on the proportion attributable to EnBW.

(5) Other operating expenses

in € million	2020	2019
Expenses from derivatives	588.5	391.3
Administrative and selling costs and other overheads	438.0	378.1
Audit, legal and consulting fees	140.6	98.6
Advertising expenses	81.6	76.0
Rent and lease expenses	80.9	49.3
Other personnel expenses	77.8	90.9
Other taxes	63.1	27.2
Insurance	63.0	61.4
Dues and levies	31.2	22.5
Costs from disposals	25.3	19.0
Miscellaneous	257.9	78.6
Total	**1,847.9**	**1,292.9**

The increase in other operating expenses was mainly attributable to higher expenses from derivatives due to valuation effects. In addition, there were higher expenses for audit, legal and consulting fees. The main reasons for this increase were higher expenses for general consulting fees and costs for appraisals.

Miscellaneous other operating expenses mainly increased due to increased costs for CO_2 allowances. In addition, miscellaneous other operating expenses contain, among other things, expenses from currency exchange rate losses amounting to €28.1 million (previous year: €2.5 million) and expenses for provisions.

(6) Amortization and depreciation

in € million	2020	2019
Amortization of intangible assets	172.2	132.7
Depreciation of property, plant and equipment	1,241.9	1,405.0
Depreciation of investment properties	0.6	0.7
Depreciation of right-of-use assets from leases	146.7	111.0
Reversals of investment cost subsidies	-0.9	-0.9
Total	**1,560.5**	**1,648.5**

As in the previous year, there were no impairment losses made on goodwill in the reporting year.

The impairment losses on other intangible assets, property, plant and equipment and investment property amounted to €170.9 million (previous year: €160.7 million). In the current financial year, the impairments mainly comprised impairment losses on a gas grid and an offshore wind farm, which are primarily allocated to the Grids and Renewable Energies segments in the segment reporting. The recoverable amount was calculated on the basis of the fair value less costs to sell and corresponds to Level 3 of the IFRS 13 fair value hierarchy. Using a business valuation model, the fair value was derived from the cash flow planning, based on, among other things, the medium-term planning approved by the Board of Management and valid as of the date of the impairment test as well as long-term market expectations beyond the detailed planning horizon. These plans were based on past experience and on estimates concerning future market development. The discount rates used in the valuation were between 2.6% and 5.1%. 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. The fair value calculated for the gas grid was around €350 million, while the fair value for the offshore wind farm was around €1.0 billion.

In the previous year, the impairments mainly comprised impairment losses on power plants. They were primarily allocated to the Generation and Trading segment in the segment reporting. The recoverable amount of around €2.0 billion corresponds to Level 3 of the IFRS 13 fair value hierarchy and was calculated on the basis of the fair value less costs to sell. Using a business valuation model, the fair value was derived using future cash flows, which were based on, among other things, the medium-term planning that was valid as of the date of the impairment test, as well as long-term market expectations beyond the detailed planning horizon. The discount rate used in the valuation was 5.1%. The impairment losses were mainly due to the quicker phase-out pathway for hard coal.

With regard to the impact on possible future changes to key estimation parameters, please refer to the "Exercise of judgment and estimates when applying accounting policies" section.

(7) Investment result

in € million	2020	2019
Share of profit/loss of entities accounted for using the equity method	24.6	22.8
Write-downs on entities accounted for using the equity method	-2.1	-2.1
Write-ups of entities accounted for using the equity method	72.8	8.3
Net profit/loss from entities accounted for using the equity method	**95.3**	**29.0**
Investment income	86.6	108.9
Write-downs on investments	-36.2	-6.2
Result from the sale of equity investments	61.2	269.6
Other profit/loss from investments [1]	**111.6**	**372.3**
Investment result (+income/-expense)	**206.9**	**401.3**

1 Of which €77.3 million (previous year: €83.2 million) was income from investments held as financial assets.

The write-downs on investments in the 2020 financial year mainly related to non-consolidated affiliated entities (previous year: mainly related to other investments).

In the reporting period, write-ups of entities accounted for using the equity method primarily relate to the joint venture in Turkey. The reason for the increase in value is the commissioning of two large wind farms. The recoverable amount of around €180 million corresponds to Level 3 of the IFRS 13 fair value hierarchy and was calculated on the basis of the fair value less costs to sell. Using a business valuation model, the fair value was derived using future cash flows, which were based on the medium and long-term planning that was valid as of the date of the impairment test. The discount rates used in the valuation were between 9.7% and 10.5%. The income is allocated to the Renewable Energies segment in the segment reporting.

The result from the sale of equity investments in the reporting period was primarily attributable to the revaluation of the shares in EnBW Albatros, which since 2020 is no longer accounted for using the equity method but is instead fully consolidated. In the previous year, the result from the sale of equity investments was primarily attributable to the revaluation of the shares in EnBW Hohe See, which was no longer accounted for using the equity method from 1 October 2019 but is instead fully consolidated.

(8) Financial result

in € million	2020	2019
Interest and similar income	148.6	117.9
Other finance income	260.6	419.2
Finance income	**409.2**	**537.1**
Borrowing costs	-241.6	-201.0
Other interest and similar expenses	-67.0	-7.9
Interest portion of increases in liabilities	-98.9	-347.4
Personnel provisions	(-81.7)	(-114.4)
Provisions relating to nuclear power	(-6.8)	(-212.0)
Other non-current provisions	(-1.5)	(-12.7)
Other liabilities	(-8.9)	(-8.4)
Other finance costs	-308.7	-76.6
Finance costs	**-716.2**	**-632.9**
Financial result (+ income/- costs)	**-307.0**	**-95.8**

Interest and similar income contains, among other things, interest income from interest-bearing securities and loans, dividends and shares in profits. In the 2020 financial year, interest income of €12.1 million (previous year: €19.6 million) was offset against economically related interest expenses. In the reporting period, other finance income includes income from the "measured at fair value through profit or loss" measurement category of €233.6 million (previous year: €391.3 million).

Borrowing costs are composed as follows:

in € million	2020	2019
Expenses incurred for bank interest and bonds	201.4	167.5
Interest portion of lease liabilities	13.9	12.1
Other borrowing costs	26.3	21.4
Borrowing costs	**241.6**	**201.0**

The interest portion of increases in liabilities relates mainly to the annual accretion of the non-current provisions. The discount rate for the remaining nuclear provisions held by EnBW was adjusted from 0.03% to 0.00% (previous year : 0.59% to 0.03%).

In the reporting period, other finance costs mainly included costs from the "measured at fair value through profit or loss" measurement category of €249.4 million (previous year: €55.8 million). In addition, they also contained market price losses on the sale of securities amounting to € 6.4 million (previous year: €2.4 million). Impairment losses on loans of €2.3 million (previous year: €0.5 million) were recognized in the reporting period.

The total interest income and expenses for financial assets and financial liabilities presented in the financial result breaks down as follows:

Total interest income and expenses

in € million	2020	2019
Total interest income	45.6	42.6
Total interest expenses	-221.6	-185.1

The total interest income and expenses arose from financial instruments that are not measured at fair value through profit or loss. The main items here are interest received from loans and bank balances, which are measured at amortized cost, as well as interest and dividends received from financial assets allocated to the "measured at fair value in equity" measurement category. Total interest income comprised the interest income from the "measured at amortized cost" measurement category of €33.9 million (previous year: €32.1 million) and the interest income from the "measured at fair value in equity" measurement category of €11.7 million (previous year: €10.5 million). In the reporting period, the interest expenses for the financial assets measured at amortized cost totaling €221.6 million (previous year: €185.1 million) were incurred in particular on bonds, bank liabilities and lease liabilities, as in the previous year.

(9) Income tax

in € million	2020	2019
Actual income tax		
Domestic corporate income tax	85.4	-56.7
Domestic trade tax	86.6	62.4
Foreign income taxes	30.4	45.8
Total (-income/+expense)	**202.4**	**51.5**
Deferred taxes		
Germany	-2.7	-40.4
Abroad	-4.7	-13.2
Total (-income/+expense)	**-7.4**	**-53.6**
Income tax (-income/+expense)	**195.0**	**-2.1**

The actual income tax amounting to €202.4 million (previous year: €51.5 million) concerns income tax expenses from the current financial year of €160.2 million (previous year: €167.3 million) and income tax expenses for past periods of €42.2 million (previous year: €115.8 million income).

Deferred tax income of €7.4 million (previous year: €53.6 million) consists of deferred tax expenses from the current financial year of €25.4 million (previous year: €162.0 million income) and deferred tax income for past periods of €32.8 million (previous year: €108.4 million expense).

The change in the actual income tax expense and deferred tax income for past periods was mainly due to tax audits and changes in the tax assessments.

As in the previous year, the corporate income tax rate was 15.0% plus a solidarity surcharge of 5.5% of the corporate income tax. The trade tax rate was 13.6% as in the previous year. This represents a tax rate on income of 29.4% (as in the previous year). For the foreign entities, the tax rate applicable in the country in which they are based of between 19.0% and 25.8% (previous year: between 19.0% and 25.8%) is used to calculate income taxes. Deferred tax assets and liabilities are measured at the tax rates expected to apply when the asset is realized or the liability is settled.

Deferred taxes comprise the following:

in € million	2020	2019
Origination or reversal of temporary differences	4.4	-59.2
Origination of carryforwards of unused tax losses	-18.6	-15.6
Utilization of carryforwards of unused tax losses	5.7	21.2
Correction of carryforwards of tax losses unused in previous years	1.1	0.0
Deferred taxes (-income/+expense)	**-7.4**	**-53.6**

The reconciliation from the expected income tax expense to the effective income tax expense is presented below:

in € million	2020	in %	2019	in %
Earnings before tax	**1,002.6**		**902.2**	
Expected tax rate		29.4		29.4
Expected income tax (-income/+expense)	**294.8**		**265.2**	
Tax effects				
Differences in foreign tax rates and tax rate differences	-35.5	-3.5	-30.0	-3.3
Tax-free income	-104.7	-10.4	-130.1	-14.4
Non-deductible expenses	79.7	7.9	29.3	3.2
Add-backs and reductions for trade tax purposes	13.6	1.4	11.7	1.3
Accounting for joint ventures and associates using the equity method	-27.0	-2.7	-7.4	-0.8
Adjustment/valuation/non-recognition of carryforwards of unused tax losses	-17.6	-1.8	-16.6	-1.8
Zero-rated disposals of investments	-18.0	-1.8	-116.8	-12.9
Taxes relating to other periods	9.4	0.9	-7.4	-0.9
Other	0.3	0.0	0.0	0.0
Current income tax (-income/+expense)	**195.0**		**-2.1**	
Current tax rate		**19.4**		**-0.2**

(10) Intangible assets

in € million	Concessions, industrial property rights and similar rights and assets	Internally generated intangible assets	Goodwill	Other	Total
Cost					
As of 01/01/2020	3,273.3	128.9	1,323.7	30.6	4,756.5
Increase/decrease due to changes in the consolidated companies	192.0	0.2	14.8	0.0	207.0
Additions	66.7	22.1	0.0	43.5	132.3
Reclassifications	23.7	0.5	0.0	-22.2	2.0
Currency adjustments	-5.5	0.0	-8.6	0.0	-14.1
Disposals	-58.8	-48.8	-0.1	-0.8	-108.5
As of 31/12/2020	3,491.4	102.9	1,329.8	51.1	4,975.2
Accumulated amortization					
As of 01/01/2020	1,256.1	104.9	48.0	0.0	1,409.0
Additions	156.8	12.5	0.0	0.0	169.3
Reclassifications	0.8	-0.3	0.0	0.0	0.5
Currency adjustments	-3.3	0.0	0.0	0.0	-3.3
Disposals	-52.4	-48.6	0.0	0.0	-101.0
Impairment	3.0	0.0	0.0	0.0	3.0
Reversal of impairment losses	-0.9	0.0	0.0	0.0	-0.9
As of 31/12/2020	1,360.1	68.5	48.0	0.0	1,476.6
Carrying amounts					
As of 31/12/2020	2,131.3	34.4	1,281.8	51.1	3,498.6

in € million	Concessions, industrial property rights and similar rights and assets	Internally generated intangible assets	Goodwill	Other	Total
Cost					
As of 01/01/2019	1,930.8	111.4	972.1	14.3	3,028.6
Increase/decrease due to changes in the consolidated companies	1,272.6	4.1	348.4	0.0	1,625.1
Additions	57.2	11.7	0.6	27.5	97.0
Reclassifications	9.5	2.3	0.0	-10.6	1.2
Currency adjustments	13.5	0.0	3.2	0.0	16.7
Disposals	-10.3	-0.6	-0.6	-0.6	-12.1
As of 31/12/2019	3,273.3	128.9	1,323.7	30.6	4,756.5
Accumulated amortization					
As of 01/01/2019	1,134.6	97.3	48.0	0.0	1,279.9
Additions	114.5	8.2	0.0	0.0	122.7
Reclassifications	-0.2	0.0	0.0	0.0	-0.2
Currency adjustments	5.7	0.0	0.0	0.0	5.7
Disposals	-8.5	-0.6	0.0	0.0	-9.1
Impairment	10.0	0.0	0.0	0.0	10.0
As of 31/12/2019	1,256.1	104.9	48.0	0.0	1,409.0
Carrying amounts					
As of 31/12/2019	2,017.2	24.0	1,275.7	30.6	3,347.5

The carrying amount of the intangible assets includes concessions to operate power plants amounting to €1,593.1 million (previous year: €1,458.4 million) and customer relationships amounting to €91.9 million (previous year: €112.8 million). The increase in concessions was primarily due to the EnBW Albatros offshore wind farm, which has since been fully reconsolidated.

In 2020, a total of €70.6 million (previous year: €54.4 million) was spent on research and development. The criteria for recognition under IFRS were not satisfied.

For the purpose of impairment testing, goodwill was allocated to the respective cash-generating units (CGU) or groups of cash-generating units (CGU). The carrying amount of the CGU is compared with the recoverable amount as part of impairment testing. The recoverable amount is the higher of the two values of the fair value less costs to sell of the CGU and its value in use. In the EnBW Group, the recoverable amount of the CGU is initially calculated on the basis of the fair value less costs to sell and corresponds to Level 3 of the IFRS 13 fair value hierarchy. The value in use is also calculated if necessary. Using a business valuation model, the fair value is derived from cash flow planning, based on the medium-term planning approved by the Board of Management for a period of three years and valid as of the date of the impairment test. The plans are based on past experience and on estimates concerning future market development. In justified, exceptional cases it is based on a longer detailed planning period, provided that this is necessitated by commercial or regulatory requirements.

Key assumptions underlying the determination of fair value less costs to sell include projections of future electricity and gas prices, raw materials prices, company-specific investing activities, the regulatory framework as well as growth and discount rates. In the case of extended detailed planning periods, the future development of the European electricity and gas markets is modeled using different scenarios. All of the assumptions described above are based on internal and external estimates.

The interest rates used for discounting the cash flows are calculated on the basis of market data and are between 2.5% and 6.3% after tax, or between 3.6% and 7.7% before tax (previous year: 2.7% to 6.6% after tax, and 3.9% bis 8.1% before tax).

In order to take account of expected price and volume-related growth, constant growth rates of 0.0% to 1.5% (as in the previous year) are used to extrapolate the cash flows beyond the detailed planning period for all cash-generating units that have an unlimited time period as a basis.

In 2020, there were no impairments to goodwill, as in the previous year.

Sensitivity analyses have revealed that there is no need for impairments to goodwill even in the event of deviations from key assumptions within a realistic framework.

As of 31 December 2020, goodwill totaled €1.3 billion (previous year: €1.3 billion). Of this figure, 81.6% (previous year: 82.4%) is attributable to the cash-generating units or groups of cash-generating units presented in the table below:

Cash-generating units/groups of cash-generating units

	Discount rates after tax (%)		Goodwill in € million	
	2020	2019	2020	2019
PRE subgroup	3.4 – 6.3	3.7 – 6.6	262.1	273.5
Electricity sales and distribution	2.5 – 5.3	2.7 – 5.5	131.7	131.7
Stadtwerke Düsseldorf AG subgroup	2.5 – 5.3	2.7 – 5.5	127.4	127.4
Energiedienst Holding AG subgroup	2.5 – 5.3	2.7 – 5.5	147.1	147.1
ONTRAS Gastransport GmbH	2.5	2.7	127.2	127.2
Valeco subgroup	3.3 – 5.2	3.2 – 4.9	250.5	244.3

The goodwill allocated to the other cash-generating units or groups of cash-generating units accounted for less than 6.1% (previous year: 5.3%) of total goodwill in each case. Its aggregate total amounted to €235.9 million (previous year: €224.5 million).

(11) Property, plant and equipment

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Fixed assets under construction	Total
Cost						
As of 01/01/2020	4,199.1	19,019.8	17,242.4	1,944.7	3,264.3	45,670.3
Increase/decrease due to changes in the consolidated companies	14.0	100.7	81.5	3.8	336.1	536.1
Additions	57.5	440.3	587.6	83.9	1,092.9	2,262.2
Reclassifications	46.9	1,827.8	265.8	38.2	-2,203.1	-24.4
Reclassification to assets held for sale	0.0	0.0	-80.0	0.0	0.0	-80.0
Currency adjustments	-4.1	0.3	-56.6	-0.1	-0.9	-61.4
Disposals	-49.5	-55.7	-271.6	-82.5	-73.4	-532.7
As of 31/12/2020	4,263.9	21,333.2	17,769.1	1,988.0	2,415.9	47,770.1
Accumulated amortization						
As of 01/01/2020	2,308.0	14,375.1	9,603.0	1,408.4	19.4	27,713.9
Additions	63.0	496.6	419.9	94.5	0.0	1,074.0
Reclassifications	1.0	1.4	-0.1	0.9	-17.4	-14.2
Reclassification to assets held for sale	0.0	0.0	-48.1	0.0	0.0	-48.1
Currency adjustments	-2.0	0.1	-24.4	-0.1	0.0	-26.4
Disposals	-19.6	-24.1	-179.2	-80.7	0.0	-303.6
Impairment	5.4	65.0	89.0	4.5	4.1	168.0
Reversal of impairment losses	-1.2	-4.9	-2.4	-0.1	0.0	-8.6
As of 31/12/2020	2,354.6	14,909.2	9,857.7	1,427.4	6.1	28,555.0
Carrying amounts						
As of 31/12/2020	1,909.3	6,424.0	7,911.4	560.6	2,409.8	19,215.1

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Fixed assets under construction	Total
Cost						
As of 01/01/2019 [1]	4,048.3	18,418.5	16,488.9	1,844.3	1,528.7	42,328.7
Increase/decrease due to changes in the consolidated companies	7.7	139.4	12.1	19.2	1,571.9	1,750.3
Additions	63.6	250.6	566.6	76.2	776.6	1,733.6
Reclassifications	85.3	280.4	251.8	32.0	-597.7	51.8
Reclassification to assets held for sale	-2.3	0.0	0.0	0.0	0.0	-2.3
Currency adjustments	2.0	11.4	20.1	0.5	0.4	34.4
Disposals	-5.5	-80.5	-97.1	-27.5	-15.6	-226.2
As of 31/12/2019	4,199.1	19,019.8	17,242.4	1,944.7	3,264.3	45,670.3
Accumulated amortization						
As of 01/01/2019 [1]	2,212.9	13,618.4	9,282.5	1,334.0	25.6	26,473.4
Additions	69.8	690.8	397.2	97.8	0.0	1,255.6
Reclassifications	6.8	12.0	-12.1	0.5	-3.2	4.0
Reclassification to assets held for sale	-2.3	0.0	0.0	0.0	0.0	-2.3
Currency adjustments	1.0	8.1	9.5	0.4	0.0	19.0
Disposals	-2.9	-77.4	-74.2	-23.9	-2.4	-180.8
Impairment	24.1	124.0	0.1	0.9	0.4	149.5
Reversal of impairment losses	-1.4	-0.8	0.0	-1.3	-1.0	-4.5
As of 31/12/2019	2,308.0	14,375.1	9,603.0	1,408.4	19.4	27,713.9
Carrying amounts						
As of 31/12/2019	1,891.1	4,644.7	7,639.4	536.3	3,244.9	17,956.4

1 Opening balance adjusted due to the separate disclosure of the right-of-use assets in note (12) "Leases."

Items of property, plant and equipment amounting to €227.3 million (previous year: €232.9 million) serve as collateral for liabilities to banks.

The Group's capital expenditure on intangible assets and property, plant and equipment totaling €2,178.1 million (previous year restated: €1,800.7 million) can be derived from the statement of changes in non-current assets as follows:

in € million [1]	2020	2019
Additions to intangible assets, property, plant and equipment and right-of-use assets according to the statement of changes in non-current assets	2,734.4	1,924.5
Less additions to assets recognized as right-of-use assets under leases	-339.9	-94.0
Less additions to the provision recognized for the decommissioning and dismantling of property, plant and equipment	-224.8	-193.9
Plus investments that became cash relevant after the change in consolidation method	8.4	164.1
Capital expenditure on intangible assets and property, plant and equipment	**2,178.1**	**1,800.7**

1 The figures for the previous year have been restated.

(12) Leases

Lessee disclosures

The following table shows the development of the rights-of-use assets from leases:

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Total
Right-of-use assets					
As of 01/01/2020	216.8	87.7	421.2	54.5	780.2
Increase/decrease due to changes in the consolidated companies	6.7	0.0	0.0	0.1	6.8
Additions	74.1	117.8	108.3	39.7	339.9
Reclassifications	0.3	0.0	-4.2	4.8	0.9
Currency adjustments	-0.2	0.0	-2.0	-0.2	-2.4
Disposals	-1.2	-0.1	-19.1	-10.2	-30.6
As of 31/12/2020	296.5	205.4	504.2	88.7	1,094.8
Accumulated amortization					
As of 01/01/2020	23.4	73.5	68.8	18.2	183.9
Additions	28.2	14.9	82.8	20.8	146.7
Reclassifications	0.1	0.0	-0.7	0.8	0.2
Currency adjustments	0.0	0.0	-0.1	-0.1	-0.2
Disposals	-0.4	-0.1	-0.4	-6.1	-7.0
Reversal of impairment losses	0.0	-4.7	0.0	0.0	-4.7
As of 31/12/2020	51.3	83.6	150.4	33.6	318.9
Carrying amounts					
As of 31/12/2020	245.2	121.8	353.8	55.1	775.9

in € million	Land and buildings	Power plants	Distribution plants	Other equipment	Total
Right-of-use assets					
As of 01/01/2019 [1]	0.0	82.3	5.2	3.1	90.6
Changes in accounting policies due to IFRS 16	191.9	2.0	289.1	26.7	509.7
Increase/decrease due to changes in the consolidated companies	11.9	0.0	78.8	0.8	91.5
Additions	14.2	3.4	52.6	23.7	93.9
Reclassifications	0.0	0.0	0.0	0.5	0.5
Currency adjustments	0.1	0.0	0.7	0.0	0.8
Disposals	-1.3	0.0	-5.2	-0.3	-6.8
As of 31/12/2019	216.8	87.7	421.2	54.5	780.2
Accumulated amortization					
As of 01/01/2019 [1]	0.0	71.6	5.2	1.6	78.4
Additions	23.6	0.7	68.8	16.7	109.8
Reclassifications	0.0	0.0	0.0	0.1	0.1
Disposals	-0.2	0.0	-5.2	-0.2	-5.6
Impairment	0.0	1.2	0.0	0.0	1.2
As of 31/12/2019	23.4	73.5	68.8	18.2	183.9
Carrying amounts					
As of 31/12/2019	193.4	14.2	352.4	36.3	596.3

1 The opening balance represents the finance lease agreements according to IAS 17.

The lease liabilities are due as follows:

in € million	31/12/2020		31/12/2019	
	Nominal value	Present value	Nominal value	Present value
Due within 1 year	182.8	169.1	127.2	117.4
Due in 1 to 5 years	426.1	388.7	324.4	298.0
Due in more than 5 years	400.5	328.6	364.0	284.2
Total	**1,009.4**	**886.4**	**815.6**	**699.6**

The effects on the income statement due to leases break down as follows:

in € million	2020	2019
Expenses from short-term leases	10.0	5.1
of which cost of materials	(6.4)	(0.1)
of which other operating expenses	(3.6)	(5.0)
Expenses from leases involving low-value assets	9.0	7.5
of which cost of materials	(0.8)	(0.3)
of which other operating expenses	(8.2)	(7.2)
Variable lease payments	2.4	1.8
of which cost of materials	(2.1)	(1.8)
of which other operating expenses	(0.3)	(0.0)
Depreciation of right-of-use assets	146.7	111.0
Interest portion of lease liability	13.9	12.1

The cash flow statement is impacted as follows:

in € million	2020	2019
Repayment portion of the lease liabilities	160.1	108.3
Interest portion of lease liabilities	13.9	12.1
Expenses from short-term leases, leases involving low-value assets and variable lease payments	21.4	14.4
Total	**195.4**	**134.8**

The repayment and interest portions of the lease liabilities are recognized in cash flow from financing activities. The cash flow from operating activities contains the expenses from short-term leases, leases involving low-value assets and variable lease payments.

In the EnBW Group, there are agreements for variable lease payments totaling €290.3 million (previous year: €291.8 million), which mainly relate to long-term electricity procurement agreements. Alongside leases that have not yet begun totaling €125.1 million (previous year: €283.9 million), which relate to electricity procurement agreements, there are other leases that have not yet begun totaling €29.6 million, which relate mainly to energy industry lease relationships and vehicles (previous year: €47.2 million for the lease of commercial real estate). Furthermore, the EnBW Group has leases with extension and termination options totaling €271.0 million (previous year: €255.9 million), which could not be taken into account initially in the rights-of-use assets and corresponding lease liability because they were not assessed as being reasonably certain. The financial commitments from short-term leases and leases involving low-value assets are included in note (26) "Contingent liabilities and other financial commitments."

Lessor disclosures

The finance lease receivables of €35.5 million (previous year: €26.7 million) arose from supply contracts for various forms of energy such as electricity, heat, cooling and compressed air (so-called contracting agreements), under which the economic ownership of the leased technical equipment and machinery is allocable to the lessee. The lease payments receivable are due as follows:

in € million	31/12/2020	31/12/2019
Due within 1 year	5.5	4.3
Due in 1 to 2 years	4.6	3.6
Due in 2 to 3 years	4.3	2.7
Due in 3 to 4 years	4.0	2.5
Due in 4 to 5 years	3.9	2.2
Due in more than 5 years	13.2	11.4
Total	**35.5**	**26.7**

The lease payments receivable can be reconciled with the net investment in the lease as follows:

in € million	31/12/2020	31/12/2019
Nominal value of lease payments	35.5	26.7
Gross investment	**35.5**	**26.7**
Finance income not yet realised	-6.4	-5.9
Net investment	**29.1**	**20.8**

The outstanding receivables from finance leases in the 2020 financial year include impairment losses of €0.1 million (previous year: €0,1 million). The loss rate (weighted average) is 0.4% (previous year: 0.5%). No lease receivables are overdue.

The effects on the income statement due to the finance leases break down as follows:

in € million	2020	2019
Capital gains/losses on disposals	0.0	1.0
Finance income on net investment	2.1	1.6

The claims due to the EnBW Group from operating leases of €143.8 million (previous year restated: €177.6 million) are mainly attributable to contracting agreements and renting out commercial and residential real estate and usable areas. In the case of leases for real estate and usable areas, there are general termination risks that are classified overall as low due to the potential ability to rent them again. For contracting agreements, there is a reutilization risk, should the agreement be terminated, due to the high level of customization in some cases.

The lease payments receivable from operating leases are due as follows:

in € million [1]	2020	2019
Due within 1 year	24.9	28.8
Due in 1 to 2 years	9.0	16.8
Due in 2 to 3 years	6.6	13.4
Due in 3 to 4 years	7.3	12.2
Due in 4 to 5 years	6.6	11.2
Due in more than 5 years	89.4	95.2
Total	**143.8**	**177.6**

1 The figures for the previous year have been restated.

For materiality reasons, operating leases are not reported separately under property, plant and equipment. Income from operating leases in the 2020 financial year was €28.0 million (previous year restated: €26.7 million).

(13) Entities accounted for using the equity method

Both joint ventures and associates are accounted for using the equity method.

In the previous year, the carrying amount for joint ventures included €213.4 million for EnBW Albatros, whose offshore wind farm was under construction in the North Sea. The construction of this wind farm was financed by equity. Due to a lack of control during the construction phase as a result of a requirement for unanimity in the General Meeting of Shareholders, it was reported in the consolidated financial statements temporarily as a joint venture using the equity method. As the requirement for unanimity in the General Meeting of Shareholders ended with the commissioning of the wind farm, EnBW has now obtained control of EnBW Albatros in which it holds a 50.11% shareholding. It has been fully consolidated in the EnBW consolidated financial statements since 1 January 2020.

The following table shows a summary of the financial information for the entities accounted for using the equity method:

Financial data (EnBW's interest)

in € million	2020		2019	
	Associates	Joint ventures	Associates	Joint ventures
Carrying amount of entities accounted for using the equity method	565.7	403.2	521.5	542.6
Net profit/loss for the year from continuing operations	22.1	2.6	20.6	2.1
Other income	0.2	-12.5	1.1	0.8
Total comprehensive income	22.3	-9.9	21.7	2.9

Elektrizitätswerk Rheinau AG and Fernwärme Ulm GmbH have a different reporting date and are consolidated with the figures from their financial statements for the year ending 30 September 2020.

(14) Other financial assets

in € million	Shares in affiliated entities	Other investments[1]	Non-current securities	Investment properties	Loans	Total
Cost						
As of 01/01/2020	395.1	1,922.1	3,923.4	55.1	187.9	6,483.6
Increase/decrease due to changes in the consolidated companies	-96.4	24.9	0.0	0.0	-6.1	-77.6
Additions	52.6	306.6	2,607.5	0.0	116.6	3,083.3
Reclassifications	1.7	-4.4	-679.9	0.0	-2.8	-685.4
Reclassification to assets held for sale	0.0	0.0	0.0	-7.5	0.0	-7.5
Currency adjustments	0.0	0.7	0.0	0.0	-0.3	0.4
Disposals	-14.8	-179.4	-2,244.5	0.0	-21.2	-2,459.9
As of 31/12/2020	338.2	2,070.5	3,606.5	47.6	274.1	6,336.9
Accumulated amortization						
As of 01/01/2020	32.5	66.6	0.0	24.8	2.8	126.7
Decrease due to changes in the consolidated companies	-6.8	0.0	0.0	0.0	0.0	-6.8
Additions	0.0	0.0	0.0	0.6	0.7	1.3
Impairment	35.7	0.5	0.0	0.0	0.4	36.6
Reclassifications	0.5	-0.3	0.0	0.0	0.0	0.2
Reclassification to assets held for sale	0.0	0.0	0.0	-3.1	0.0	-3.1
Disposals	0.0	-0.2	0.0	0.0	0.0	-0.2
Reversal of impairment losses	0.0	0.0	0.0	-2.6	-0.4	-3.0
As of 31/12/2020	61.9	66.6	0.0	19.7	3.5	151.7
Carrying amounts						
As of 31/12/2020	276.3	2,003.9	3,606.5	27.9	270.6	6,185.2

1 The carrying amounts include €1,708.0 million accounted for by investments held as financial assets.

in € million	Shares in affiliated entities	Other investments[1]	Non-current securities	Investment properties	Loans	Total
Cost						
As of 01/01/2019	187.7	1,818.3	3,362.5	59.7	143.4	5,571.6
Increase/decrease due to changes in the consolidated companies	154.4	10.1	22.9	0.0	6.6	194.0
Additions	64.0	378.9	3,465.6	0.0	38.0	3,946.5
Reclassifications	0.7	-5.9	-329.5	-4.5	4.6	-334.6
Currency adjustments	0.0	2.4	0.0	0.0	0.5	2.9
Disposals	-11.7	-281.7	-2,598.1	-0.1	-5.2	-2,896.8
As of 31/12/2019	395.1	1,922.1	3,923.4	55.1	187.9	6,483.6
Accumulated amortization						
As of 01/01/2019	41.5	70.3	0.0	28.1	5.2	145.1
Decrease due to changes in the consolidated companies	-4.8	0.0	0.0	0.0	0.0	-4.8
Additions	0.0	0.0	0.0	0.7	1.5	2.2
Impairment	2.5	3.7	0.0	0.0	0.0	6.2
Reclassifications	0.0	-7.0	0.0	-4.0	-0.2	-11.2
Disposals	-6.7	-0.4	0.0	0.0	-3.3	-10.4
Reversal of impairment losses	0.0	0.0	0.0	0.0	-0.4	-0.4
As of 31/12/2019	32.5	66.6	0.0	24.8	2.8	126.7
Carrying amounts						
As of 31/12/2019	362.6	1,855.5	3,923.4	30.3	185.1	6,356.9

1 The carrying amounts include €1,587.4 million accounted for by investments held as financial assets.

The investments in affiliated entities disclosed in the financial assets are entities that are not included in the consolidated financial statements due to immateriality.

The non-current securities are mainly fixed-income securities as well as listed shares. To a large extent, the non-current securities are held in special funds. For consolidation purposes, the individual securities in the special funds are shown separately in the consolidated balance sheet by type of investment. The non-current securities, loans and investments, which are held as financial assets, are available to cover the pension and nuclear provisions in the amount of €5,318.2 million (previous year: €5,517.7 million). Of the loans, €264.9 million (previous year: €178.1 million) is allocated to capital employed.

The loans consist of loans to affiliated entities amounting to €128.7 million (previous year: €39.4 million), loans to entities accounted for using the equity method of €121.5 million (previous year: €115.8 million), loans to investments held as financial assets of €5.5 million (previous year: €6.9 million) and to operative investments allocated to capital employed of €8.4 million (previous year: €15.5 million) and other loans allocated to capital employed of €6.3 million (previous year: €7.4 million).

(15) Trade receivables

in € million	31/12/2020			31/12/2019		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	4,836.7	331.7	5,168.4	3,976.8	331.3	4,308.1
of which receivables from affiliated entities	(59.9)	(0.0)	(59.9)	(61.0)	(0.0)	(61.0)
of which receivables from other investees and investors	(51.9)	(0.0)	(51.9)	(78.7)	(0.0)	(78.7)
of which receivables from entities accounted for using the equity method	(43.8)	(0.0)	(43.8)	(33.0)	(0.0)	(33.0)

Non-current trade receivables principally include receivables relating to electricity supplies, whose term to maturity does not match the customary business cycle.

Further details on loss allowances and default risks within trade receivables can be found in note (25) "Accounting for financial instruments."

(16) Other assets

in € million	31/12/2020			31/12/2019		
	Current	Non-current	Total	Current	Non-current	Total
Income tax refund claims	286.7	0.8	287.5	156.8	0.8	157.6
Other tax refund claims	158.4	0.0	158.4	134.1	0.0	134.1
Interest from tax refunds	42.4	0.0	42.4	0.0	0.0	0.0
Derivatives	3,315.9	482.2	3,798.1	3,455.4	358.7	3,814.1
of which without hedges	(3,293.7)	(401.6)	(3,695.3)	(3,410.6)	(270.4)	(3,681.0)
of which cash flow hedge	(22.2)	(8.2)	(30.4)	(44.8)	(7.5)	(52.3)
of which fair value hedge	(0.0)	(72.4)	(72.4)	(0.0)	(80.8)	(80.8)
Finance lease receivables	3.3	25.7	29.0	2.8	17.9	20.7
Payments on account	43.9	8.5	52.4	36.7	8.5	45.2
Prepaid expenses	68.5	85.0	153.5	63.0	76.2	139.2
Miscellaneous assets	726.1	362.5	1,088.6	960.5	294.1	1,254.6
Total	**4,645.2**	**964.7**	**5,609.9**	**4,809.3**	**756.2**	**5,565.5**

Current and non-current income tax refund claims mainly include deductible tax on investment income, tax overpayments from the 2020 financial year and receivables from completed tax audits for earlier assessment periods.

Payments on account contain prepayments for electricity procurement agreements amounting to €12.7 million (previous year: €16.9 million).

Miscellaneous assets contain collateral for exchange-based and over-the-counter trading businesses amounting to €419.1 million (previous year: €616.8 million) as well as variation margins of €13.4 million (previous year: €111.7 million). A market interest rate is applied to the collateral provided for exchange-based trading businesses. This collateral will be used by the stock exchanges in the event that the obligations resulting from stock market transactions are not met. In addition, miscellaneous assets contain the surplus cover from benefit entitlements of €307.6 million (previous year: €251.5 million).

Further details on loss allowances and default risks within other assets can be found in note (25) "Accounting for financial instruments."

(17) Financial assets

Profit participation rights, funds and shares mainly consist of fixed-income and floating rate interest securities. Other current financial assets in the 2020 financial year and the previous year mainly relate to loans. In the reporting year, there were impairment losses recognized on other financial assets of €1.9 million (previous year: €0.5 million). The current financial assets are available to the operative business in the amount of €463.8 million (previous year: €139.7 million) and to cover pension and nuclear provisions in the amount of €277.0 million (previous year: €299.4 million). Of the loans allocated to the current financial assets, €18.8 million (previous year: €9.5 million) is assigned to capital employed.

in € million	31/12/2020	31/12/2019
Profit participation rights, funds and shares	477.1	350.4
Other current financial assets	282.5	98.2
Total	**759.6**	**448.6**

(18) Cash and cash equivalents

Cash and cash equivalents relate primarily to bank deposits, largely in the form of time and day-to-day deposits whose term is less than three months and that are only subject to an immaterial risk of fluctuation in value. Cash and cash equivalents of €11.2 million (previous year: €21.8 million) are subject to restrictions on disposal.

Cash and cash equivalents are available to the operative business in the amount of €959.0 million (previous year: €1,127.7 million) and to cover pension and nuclear provisions in the amount of €293.7 million (previous year: €236.1 million).

(19) Equity

The development of equity and total comprehensive income is presented separately in the statement of changes in equity. The components of total comprehensive income are presented in the statement of comprehensive income.

Subscribed capital

The share capital of EnBW AG amounts to €708,108,042.24 as of 31 December 2020 (previous year: €708,108,042.24) and is divided into 276,604,704 (previous year: 276,604,704) no-par-value bearer shares, all of which have been fully paid in. The no-par-value shares each represent an imputed share of €2.56 per share (previous year: €2.56 per share) of the subscribed capital.

Capital reserve

The capital reserve contains the amounts received from the issue of shares of EnBW AG which exceed the imputed value of the shares.

Revenue reserves

The revenue reserves primarily contain the pro rata revenue reserves of the parent company and the other companies included in the consolidation after the date of acquisition.

Retained earnings/loss of EnBW AG

Taking account of the profit carried forward amounting to €194.0 million (previous year: €103.0 million), retained earnings amounted to €351.9 million (previous year: €383.6 million). We will propose to the Annual General Meeting that a dividend of €1.00(previous year: €0.70) per share be distributed from the retained earnings of EnBW AG. As of 31 December 2020, a total of 270,855,027.0 shares (previous year: 270,855,027.0 shares) were entitled to dividends. If the Annual General Meeting approves this proposal, the total amount distributed by EnBW AG for the 2020 financial year will be €270.9 million (previous year: €189.6 million).

The retained earnings of EnBW AG are disclosed under revenue reserves.

Treasury shares

As of 31 December 2020, EnBW AG holds 5,749,677.0 (previous year: 5,749,677.0) treasury shares. The acquisition cost of the treasury shares amounting to €204.1 million (previous year: €204.1 million) was deducted from the carrying amount of the equity. The amount of share capital attributable to them is €14,719,173.12 (previous year: €14,719,173.12). This corresponds to 2.1% (previous year: 2.1%) of the subscribed capital. The treasury shares were acquired on 28 and 29 December 1998 based on the authorization issued on 25 August 1998 by the Annual General Meeting pursuant to section 71 (1) no. 8 AktG. The acquisition was carried out with a view to planned cooperations with domestic and foreign energy suppliers, as well as industrial customers, that were to be underpinned by mutual capital participations.

The company has no rights or dividend entitlements from directly held treasury shares; they are not entitled to dividends. In accordance with the rulings of IFRS, the treasury shares are not recognized as securities, but are offset in one sum against equity in the balance sheet.

Other comprehensive income

Other comprehensive income comprises changes in the market value of financial assets in the category "measured at fair value in equity," changes in the market value of cash flow hedges, amounts recognized directly in equity for accounting for entities using the equity method, currency translation differences from the translation of financial statements of foreign entities and the revaluation of pensions and similar obligations.

For details on the changes recognized directly in equity on financial assets in the category "measured at fair value in equity" and of cash flow hedges, please refer to note (25) "Accounting for financial instruments".

Presentation of the components of other comprehensive income:

2020 in € million	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the share-holders of EnBW AG	Non-controlling interests	Total
Unrealized changes in market value in the current period	-593.1	-34.3	-137.8	27.8	-2.7	-740.1	-8.4	-748.5
Reclassification adjustments included in the income statement	0.0	2.1	116.7	-5.2	0.0	113.6	1.1	114.7
Reclassification to cost of hedged items	0.0	0.0	26.2	0.0	0.0	26.2	0.0	26.2
Total other comprehensive income before tax	**-593.1**	**-32.2**	**5.1**	**22.6**	**-2.7**	**-600.3**	**-7.3**	**-607.6**
Income tax	173.7	0.0	-2.0	-6.1	0.0	165.6	-0.5	165.1
Total other comprehensive income	**-419.4**	**-32.2**	**3.1**	**16.5**	**-2.7**	**-434.7**	**-7.8**	**-442.5**

2019 in € million	Revaluation of pensions and similar obligations	Currency translation differences	Cash flow hedge	Financial assets at fair value in equity	Entities accounted for using the equity method	Shares of the shareholders of EnBW AG	Non-controlling interests	Total
Unrealized changes in market value in the current period	-1,007.0	17.3	79.4	37.6	-1.9	-874.6	-23.3	-897.9
Reclassification adjustments included in the income statement	0.0	0.0	82.9	-19.3	-1.4	62.2	-1.6	60.6
Reclassification to cost of hedged items	0.0	0.0	-19.5	0.0	0.0	-19.5	0.0	-19.5
Total other comprehensive income before tax	**-1,007.0**	**17.3**	**142.8**	**18.3**	**-3.3**	**-831.9**	**-24.9**	**-856.8**
Income tax	295.0	0.0	-47.0	-5.0	0.0	243.0	8.2	251.2
Total other comprehensive income	**-712.0**	**17.3**	**95.8**	**13.3**	**-3.3**	**-588.9**	**-16.7**	**-605.6**

Presentation of the tax effects relating to unrealized gains and losses in equity:

in € million	2020			2019		
	Before tax	Tax expenses/ income	After tax	Before tax	Tax expenses/ income	After tax
Revaluation of pensions and similar obligations	-598.9	175.2	-423.7	-1,028.3	300.8	-727.5
Currency translation differences	-42.3	0.0	-42.3	24.4	0.0	24.4
Cash flow hedge	-132.2	-14.4	-146.6	70.1	-51.3	18.8
Financial assets measured at fair value in equity	27.9	-7.5	20.4	37.8	-11.2	26.6
Entities accounted for using the equity method	-2.8	0.0	-2.8	-1.9	0.0	-1.9
Total other comprehensive income	**-748.3**	**153.3**	**-595.0**	**-897.9**	**238.3**	**-659.6**

Presentation of the tax effects of reclassification adjustments included in the income statement and the cost of hedged items:

in € million	2020			2019		
	Before tax	Tax expenses/ income	After tax	Before tax	Tax expenses/ income	After tax
Currency translation differences	2.1	0.0	2.1	0.0	0.0	0.0
Cash flow hedge	143.9	10.4	154.3	61.7	7.2	68.9
Financial assets measured at fair value in equity	-5.2	1.4	-3.8	-19.2	5.7	-13.5
Entities accounted for using the equity method	0.0	0.0	0.0	-1.4	0.0	-1.4
Total other comprehensive income	**140.8**	**11.8**	**152.6**	**41.1**	**12.9**	**54.0**

Non-controlling interests

Non-controlling interests are shares in Group companies held by third parties. They relate, in particular, to Energiedienst Holding AG, VNG AG, Stadtwerke Düsseldorf AG and Pražská energetika a.s., each with their subsidiaries, EnBW Hohe See GmbH & Co. KG, EnBW Albatros GmbH & Co. KG and EnBW Baltic 2 GmbH & Co. KG.

Financial information for subsidiaries where there is a significant influence without a controlling interest

in € million							2020
	Energiedienst Holding AG	VNG AG	Stadtwerke Düsseldorf AG	Pražská energetika a.s.	EnBW Hohe See GmbH & Co. KG	EnBW Albatros GmbH & Co. KG	EnBW Baltic 2 GmbH & Co. KG
Capital share in % of non-controlling interests	33.3	25.8	45.1	30.2	49.9	49.9	49.9
Annual net profit from non-controlling interests	6.2	3.8	25.4	23.3	108.3	25.1	23.6
Dividends paid from non-controlling interests	7.7	5.6	42.0	19.7	44.4	5.3	49.4
Carrying amount of non-controlling interests	398.5	416.8	360.2	258.4	1,355.5	312.0	583.7
Balance sheet data							
Non-current assets	1,547.9	3,250.3	1,424.5	1,180.6	2,729.2	642.3	1,147.0
Current assets	370.5	3,854.6	505.4	189.2	348.9	84.0	224.6
Non-current liabilities	499.4	1,453.0	787.0	354.2	260.2	80.2	143.3
Current liabilities	240.6	3,910.7	382.8	154.7	35.6	7.9	13.5
Funds from operations (FFO)	98.0	136.9	164.1	150.0	262.4	65.9	182.5
Cash flow from operating activities	134.2	297.6	129.1	151.8	33.6	-8.4	177.2
Earnings data							
Revenue	884.5	5,158.7	1,764.9	794.1	340.6	77.5	226.3
Adjusted EBITDA	99.6	249.8	189.3	172.9	305.7	71.0	191.5
Net profit	18.6	14.7	56.4	77.3	217.1	50.3	47.3
Other income	-8.5	-10.1	13.5	-31.9	0.0	0.0	0.0
Total comprehensive income	10.1	4.6	69.9	45.4	217.1	50.3	47.3

Financial information for subsidiaries where there is a significant influence without a controlling interest

in € million[1]						2019
	Energiedienst Holding AG	VNG AG	Stadtwerke Düsseldorf AG	Pražská energetika a.s.	EnBW Hohe See GmbH & Co. KG	EnBW Baltic 2 S.C.S.
Capital share in % of non-controlling interests	33.3	25.8	45.1	30.2	49.9	49.9
Annual net profit from non-controlling interests	12.1	14.4	30.1	27.6	29.8	47.8
Dividends paid from non-controlling interests	7.5	10.5	45.8	19.8	0.0	34.2
Carrying amount of non-controlling interests	398.8	426.7	370.7	261.9	1,232.6	642.9
Balance sheet data						
Non-current assets	1,582.1	2,913.8	1,432.3	1,212.4	2,576.9	1,286.8
Current assets	346.8	4,362.9	488.1	211.4	136.1	246.8
Non-current liabilities	538.8	1,135.0	762.6	357.7	126.3	148.0
Current liabilities	198.0	4,382.4	377.8	193.5	50.6	13.6
Funds from operations (FFO)	77.9	120.1	121.2	160.8	73.9	176.6
Cash flow from operating activities	54.1	-12.1	121.8	144.8	-115.3	155.3
Earnings data						
Revenue	804.3	5,576.5	1,763.9	902.5	84.3	233.0
Adjusted EBITDA	91.0	184.9	165.9	192.9	75.6	195.1
Net profit	36.3	55.8	66.8	91.5	59.7	95.8
Other income	-23.1	3.5	-20.0	-2.6	0.0	0.0
Total comprehensive income	13.2	59.3	46.8	88.9	59.7	95.8

1 The figures for the previous year have been restated.

(20) Provisions

Provisions disclosed separately according to maturity in the balance sheet are combined in the notes to the financial statements.

in € million			31/12/2020			31/12/2019
	Current	Non-current	Total	Current	Non-current	Total
Provisions for pensions and similar obligations	181.8	8,156.7	8,338.5	174.0	7,481.3	7,655.3
Provisions relating to nuclear power	498.7	4,916.7	5,415.4	571.6	5,292.9	5,864.5
Other provisions	799.2	1,730.0	2,529.2	790.4	1,558.7	2,349.1
Other dismantling obligations	(27.0)	(873.5)	(900.5)	(33.8)	(664.5)	(698.3)
Provisions for onerous contracts	(110.9)	(427.7)	(538.6)	(117.5)	(468.2)	(585.7)
Other electricity and gas provisions	(348.0)	(44.5)	(392.5)	(350.6)	(40.9)	(391.5)
Personnel provisions	(111.4)	(149.0)	(260.4)	(115.7)	(145.3)	(261.0)
Miscellaneous provisions	(201.9)	(235.3)	(437.2)	(172.8)	(239.8)	(412.6)
Total	**1,479.7**	**14,803.4**	**16,283.1**	**1,536.0**	**14,332.9**	**15,868.9**

Provisions for pensions and similar obligations

The provisions for pensions and similar obligations are recorded on the basis of actuarial valuations for the existing commitments for future and current post-employment benefits to current and former employees with a pension entitlement, as well as their surviving dependents. A substantial majority of the employees of the EnBW Group are entitled to pension payments from defined benefit pension plans. There are different post-employment provision schemes, which reflect how long the respective employees have served the company. In the case of employees who have already retired, the schemes in question are mainly final salary-based systems, in which the pension paid is calculated on the basis of the length of service, the rate of increase and the last pensionable income. As of 1 January 2005, this system was decoupled from the adjustments to the statutory pension insurance system as part of a reorganization. The amount of the provisions for pensions and similar obligations accounted for by these final salary-based systems as of 31 December 2020 was €6,893.2 million (previous year: €6,461.4 million). The bulk of the active employees are covered by ongoing salary-based schemes and/or a pension component system in the form of an average salary plan, in which the pension paid consists of annual pension components. For employees who joined the company from 1998 onwards, the pension obligation is based solely on a pension component system. The related provisions amounted to €1,089.1 million (previous year: €895.9 million). In addition, the employees are granted energy-price reductions for the period in which they receive their pensions. Other commitments amounted to €48.6 million (previous year: €46.5 million). These mainly comprise fixed-sum commitments.

The pensioners and those with prospective pension entitlements are distributed as follows among the different post-employment provision schemes:

Number of employees	31/12/2020		31/12/2019	
	Staff with prospective pension entitlements	Pensioners	Staff with prospective pension entitlements	Pensioners
Closed systems dependent on final salary	6,926	13,068	7,289	13,186
Pension component systems	11,373	510	10,136	444
Other commitments	829	627	846	626

The obligations are measured above all on the basis of the length of service and remuneration of the employees. In addition, the company pension scheme includes defined benefit obligations under multi-employer plans using the same measurement basis. The contributions payable to the supplemental pension plan are made as a certain percentage of the respective employee's remuneration that is subject to the supplemental pension plan.

The amount of provisions earmarked for the defined benefit obligations corresponds to the present value of the expected future obligations. The provisions are calculated using actuarial methods. Plan assets were created in accordance with IAS 19.8 and will be used exclusively to cover pension obligations. They are deducted from the pension obligations. They exist in the form of contractual trust arrangements (CTA) in the EnBW Group. A CTA is a legally structured trustee arrangement for the capital cover of direct pension obligations with separated and spun-off assets.

The objective of asset management in this area is to cover the non-current provisions for pensions and similar obligations, as well as the Group's nuclear provisions, within an economically sensible period by means of appropriate financial investments. The investment goals indicated are to be achieved with a minimum of risk. As of 31 December 2020, the dedicated financial assets for pension and nuclear provisions totaled approximately €6.2 billion (previous year: €6.3 billion) and were allocated to a total of nine asset classes. In addition to direct investments, financial investments were bundled within two master funds and the infrastructure funds consolidated in a SICAV (société d'investissement à capital variable, open-ended investment company).

The following premises are taken into account when investments are made:

- Risk-optimized performance in line with the market is targeted.
- The risk was minimized by, for example, the implementation of an intervention line concept, the establishment of issuer limits and minimum ratings for bonds, adherence to a broad diversification of asset classes and further appropriate measures.
- The impact on the balance sheet and the income statement are to be minimized.
- Reducing costs and simplifying administration are also major priorities.

The anticipated development of the cash flows of the post-employment provision schemes is as follows:

in € million	2020	2021–2025[1]	2026–2030[1]	2031–2035[1]	2036–2040[1]	2041–2045[1]	2046–2050[1]	2051–2055[1]
Closed systems dependent on final salary	179.8	190.4	225.1	250.8	249.5	229.5	196.5	155.1
Pension component systems	2.9	3.7	9.4	18.8	30.6	43.4	60.3	76.5
Other commitments	1.5	1.7	1.8	1.8	1.5	1.2	0.9	0.7
Total	**184.2**	**195.9**	**236.3**	**271.4**	**281.6**	**274.1**	**257.7**	**232.3**

1 Average values for five years.

The calculations are based on a duration of 19.2 years (previous year: 18.6 years).

Changes in the underlying parameters for calculating the provisions for pensions and similar obligations would have the following impact on their amounts:

in € million	31/12/2020		31/12/2019	
	Pension component systems	Closed pension systems dependent on final salary	Pension component systems	Closed pension systems dependent on final salary
Discount rate +/- 0.5%	-192.6/229.9	-644.9/738.4	-147.0/177.8	-594.5/679.6
Salary trend +/- 0.5%	33.8/-31.3	194.9/-170.4	25.3/-23.4	154.0/-136.5
Pension trend +/- 0.5%	15.5/-16.9	534.3/-438.0	9.2/-7.5	491.4/-437.0
Life expectancy +/- 1 year	42.3/-42.1	363.9/-355.3	36.2/-35.8	332.0/-325.4

The parameters for the sensitivity analysis were chosen from the point of view of materiality. Their impact on the defined benefit obligation (DBO) was determined separately in each case to prevent interactions. The parameter variation is based on past experience and the long-term planning premises applied within the Group.

The material parameters (average values) for calculating the defined benefit obligations at the Group's domestic companies are shown below:

in %	31/12/2020	31/12/2019
Actuarial interest rate	0.75	1.10
Future expected wage and salary increases	2.70	2.60
Future expected pension increase	1.80	1.90

The following amendment has been made when determining the interest rate for pension provisions: Instead of the Bloomberg Industry Classification System (BICS) that was previously used, the Bloomberg Barclays Classification System (BCLASS) will be used in future as the basis for determining the interest rate in accordance with the RATE:Link methodology. The pension provisions would be approximately €694.9 million higher based on the existing data.

The calculations are based on the 2018 G mortality tables devised by Prof. Dr. Klaus Heubeck.

The expenses for pensions and similar obligations are comprised as follows:

in € million	2020	2019
Current service cost	138.8	115.4
Past service costs	0.0	0.2
Interest income from plan assets	-12.1	-19.6
Interest costs	93.3	132.4
Recording in the income statement	**220.0**	**228.4**
Income from plan assets excluding interest income	-75.0	-97.9
Actuarial gains (-)/losses (+) from changes in demographic assumptions	-0.8	19.0
Actuarial gains (-)/losses (+) from changes in financial assumptions	566.7	976.7
Actuarial gains (-)/losses (+) from experience-based restatements	108.1	130.5
Recording in the statement of comprehensive income	**599.0**	**1,028.3**
Total	**819.0**	**1,256.7**

The development of the pension provisions, categorized by the present value of the defined benefit obligation and the market value of the plan assets, is as follows:

in € million	31/12/2020	31/12/2019
Defined benefit obligation at the beginning of the financial year	8,629.5	7,538.7
Current service cost	138.8	115.4
Interest costs	93.3	132.4
Benefits paid	-276.3	-276.3
Actuarial gains (-)/losses (+)	674.0	1,126.2
Actuarial gains (-)/losses (+) from changes in demographic assumptions	(-0.8)	(19.0)
Actuarial gains (-)/losses (+) from changes in financial assumptions	(566.7)	(976.7)
Actuarial gains (-)/losses (+) from experience-based restatements	(108.1)	(130.5)
Past service costs	0.0	0.2
Changes in the consolidated companies and currency adjustments	3.0	5.4
Reclassifications	26.1	-12.5
Present value of the defined benefit obligation at the end of the financial year	**9,288.4**	**8,629.5**
Fair market value of plan assets at the beginning of the financial year	1,225.7	1,196.6
Interest income	12.1	19.6
Appropriations to (+)/transfers from (-) plan assets [1]	34.6	9.7
Benefits paid	-92.1	-102.6
Income from plan assets excluding interest income	75.0	97.9
Changes in the consolidated companies, currency adjustments and reclassifications	2.2	4.5
Fair market value of plan assets at the end of the financial year	**1,257.5**	**1,225.7**
Surplus cover from benefit entitlements	307.6	251.5
Provisions for pensions and similar obligations	**8,338.5**	**7,655.3**

1 Applies almost exclusively to the employer's contributions.

Payments into the plan assets in the amount of €10.0 million (previous year: €9.7 million) are planned in the subsequent period.

The present value of the defined benefit obligation breaks down as follows by asset-funded and non-asset-funded status:

in € million	31/12/2020	31/12/2019
Funded benefits	1,003.7	1,040.8
Full funding	(986.8)	(1,025.4)
Partial funding	(16.9)	(15.4)
Pension entitlements without asset funding	8,284.7	7,588.7

The present value of the benefit obligations, the fair market value of plan assets and the plan surplus or deficit have developed as follows:

in € million	31/12/2020	31/12/2019
Present value of benefit obligations	9,288.4	8,629.5
Fair market value of plan assets	1,257.5	1,225.7
Plan surplus	307.6	251.5
Plan deficit	8,338.5	7,655.3

The plan assets consist of the following asset classes:

in % [1]	31/12/2020	31/12/2019
Shares	7.1	73.9
Share-based investment funds	31.1	0.0
Fixed-income funds	42.2	2.0
Fixed-income securities	11.7	7.9
Land and buildings	1.9	1.9
Current financial assets	1.2	1.8
Other	4.8	12.5
	100.0	**100.0**

1 The figures for the previous year have been restated.

The plan assets are invested almost entirely within the EU. Country-specific and energy-industry risks associated with the plan assets have been reduced by making changes to the composition of the asset classes. The plan assets do not include any shares of EnBW Group companies or any owner-occupied property. The investment strategy takes into consideration the maturity structure and volume of benefit obligations. The plan assets mainly have market price listings on active markets.

Multi-employer plans

Multi-employer plans, which are defined benefit plans, are accounted for as defined contribution plans because the information required to allocate the obligations and plan assets to the respective participating employer and the corresponding expenses is not provided by the supplemental pension plans. The expenses from defined benefit obligations via multi-employer plans amounted to €16.2 million (previous year: €16.1 million). Appropriations of a similar magnitude are anticipated for the subsequent year. Potential future increases in contributions from obligations that are not fully funded will not have a significant effect on the EnBW Group.

The employer's contributions to statutory pension insurance in 2020 amounted to €116.2 million (previous year: €110.8 million).

Provisions relating to nuclear power

The provisions relating to nuclear power as of 31 December 2020 were formed for the conditioning and proper packaging of radioactive waste, as well as for the decommissioning and dismantling of the nuclear power plants.

The evaluation of the provisions is carried out mainly on the basis of estimates, which for decommissioning and disposal costs are primarily derived from sector-specific appraisals. The provisions are recognized at the discounted settlement amount at the time they originated.

in € million	31/12/2020	31/12/2019
Remaining operation and post-operation	2,099.7	2,271.8
Dismantling including preparation	1,250.4	1,406.6
Treatment of residual material, packaging of radioactive waste	1,669.9	1,799.3
Other	395.3	386.9
Total	**5,415.3**	**5,864.6**

Provisions relating to nuclear power are reported in accordance with section 5 (2) of the Ordinance on the Transparency of Dismantling Provisions and are discounted at a risk-free interest rate of on average 0.00% (previous year: 0.03%). A corresponding rate of increase of costs of 2.4% (previous year: 2.4%) is applied. This results in a net interest (spread) of around -2.4% (previous year: -2.4%), which generally corresponds to the real interest rate. The change in this parameter led overall to an increase in the nuclear power provisions of €5.4 million (previous year: €309.0 million).

A reduction or increase of 0.1 percentage points in the real interest rate would increase the present value of the provisions by €61.8 million (previous year: €45.9 million) or reduce it by €32.5 million (previous year: €41.3 million).

The nominal amount of the provisions (without taking into account the effects of the discount rate and rate of increase of costs) as of 31 December 2020 was €4,456.6 million (previous year: €4,770.1 million).

The provisions for the decommissioning and dismantling of contaminated plants, as well as for fuel rods, are recognized at the discounted settlement amount at the time of commissioning. This is disclosed accordingly under the power plants and depreciated. Changes in estimates due to changes in assumptions concerning the future development of costs were generally recognized without effect on profit or loss by adjusting the appropriate balance sheet items by €4.5 million upwards (previous year: €101.8 million upwards). Changes in estimates relating to decommissioned power plants were recognized through profit or loss.

Decommissioning and dismantling costs are calculated on the basis of the scenario that assumes that the plants will be removed immediately. The provisions are partially offset by receivables amounting to €358.9 million (previous year: €360.4 million), which relate to dismantling obligations for nuclear power plants assumed by a contractual partner in connection with electricity supplies.

Other provisions

The other dismantling obligations mainly relate to wind and hydroelectric power plants, gas storage facilities and grids.

The provisions for onerous contracts concern future obligations from onerous procurement and sales agreements. The obligations mainly relate to the procurement of electricity.

Other electricity provisions primarily relate to obligations from emission allowances.

Personnel provisions primarily concern obligations from phased retirement plans, long-service awards and restructuring measures.

The majority of other non-current provisions have a term of more than five years.

The provisions developed as follows in the reporting year:

Statement of changes in provisions

in € million	As of 01/01/2020	Increases	Reversals	Accretion	Changes recognized in equity	Changes in consolidated companies, currency adjustments, reclassifications	Utilization	As of 31/12/2020
Provisions relating to nuclear power[1]	5,864.5	123.7	130.8	6.8	4.5	-22.3	431.1	5,415.3
Other provisions	2,349.1	661.6	73.9	2.0	208.0	-42.6	575.0	2,529.2
Other dismantling obligations	(698.3)	(3.8)	(0.0)	(1.2)	(208.0)	(1.7)	(12.5)	(900.5)
Provisions for onerous contracts	(585.7)	(70.4)	(9.5)	(0.3)	(0.0)	(-3.6)	(104.6)	(538.7)
Other electricity and gas provisions	(391.5)	(340.0)	(37.1)	(0.0)	(0.0)	(0.6)	(302.6)	(392.4)
Personnel provisions	(261.0)	(104.4)	(4.8)	(0.5)	(0.0)	(-33.0)	(67.7)	(260.4)
Miscellaneous provisions	(412.6)	(143.0)	(22.5)	(0.0)	(0.0)	(-8.3)	(87.6)	(437.2)
Total	**8,213.6**	**785.3**	**204.7**	**8.8**	**212.5**	**-64.9**	**1,006.1**	**7,944.5**

1 Utilization breaks down into decommissioning and dismantling totaling €367.4 million, disposal of spent fuel rods totaling €58.6 million and waste totaling €5.1 million.

(21) Deferred taxes

The deferred taxes on measurement differences compared to the tax accounts break down as follows:

in € million	31/12/2020		31/12/2019	
	Deferred tax assets[1]	Deferred tax liabilities[1]	Deferred tax assets[1]	Deferred tax liabilities[1]
Intangible assets	45.4	331.7	32.1	317.0
Property, plant and equipment	109.1	1,674.8	190.0	1,606.7
Financial assets	32.7	192.1	70.4	270.9
Other assets	166.3	38.3	74.4	31.0
Derivative financial instruments	0.3	149.1	1.9	109.9
Non-current assets	**353.8**	**2,386.0**	**368.8**	**2,335.5**
Inventories	5.7	31.4	64.3	3.2
Financial assets	1.0	3.2	0.0	19.4
Other assets	426.5	908.6	322.1	1,354.4
Current assets	**433.2**	**943.2**	**386.4**	**1,377.0**
Provisions	2,177.9	90.0	1,997.3	76.0
Liabilities and subsidies	369.7	166.0	252.3	148.6
Non-current liabilities	**2,547.6**	**256.0**	**2,249.6**	**224.6**
Provisions	193.5	27.4	199.5	35.3
Liabilities and subsidies	838.1	374.0	1,390.7	335.1
Current liabilities	**1,031.6**	**401.4**	**1,590.2**	**370.4**
Carryforwards of unused tax losses	49.1	0.0	36.5	0.0
Deferred taxes before netting	**4,415.3**	**3,986.6**	**4,631.5**	**4,307.5**
Netting	-3,070.6	-3,070.6	-3,417.5	-3,417.5
Deferred taxes after netting	**1,344.7**	**916.0**	**1,214.0**	**890.0**

1 Deferred tax assets and liabilities prior to netting.

In the 2020 financial year, €3,070.6 million (previous year: €3,417.5 million) in deferred tax assets was netted against deferred tax liabilities. Deferred taxes are netted with each other per consolidated tax group or entity if the conditions to do so have been satisfied.

In the measurement differences compared to the tax accounts, a negative balance from deferred taxes resulting from consolidation of €11.2 million (previous year: €19.0 million negative balance) is taken into account.

In addition, deferred tax assets on measurement differences compared to the tax accounts contain €0.3 million (previous year: €2.1 million) in non-current financial assets, €1,226.6 million (previous year: €1,051.4 million) in non-current provisions and €47.0 million (previous year: €47.9 million) in current liabilities and subsidies that were offset against equity.

The deferred tax liabilities on measurement differences compared to the tax accounts contain €11.2 million (previous year: €7.0 million) in non-current financial assets and €8.7 million (previous year: €5.6 million) in current liabilities and subsidies that were offset against equity.

Deferred tax assets totaling €1,254.0 million (previous year: €1,088.8 million) were offset directly against equity under other comprehensive income as of 31 December 2020.

The deferred tax assets contain an amount of €93.9 million (previous year: €108.4 million) that was formed in connection with risks related to the audit.

In order to evaluate the deferred tax assets from deductible temporary differences in assets and carryforwards of unused tax losses, a tax planning forecast was derived based on the company's multi-year plans and corporate strategy. In this process, it was possible at EnBW and the main Group companies to prove, with sufficient certainty, that there would be adequate taxable income available in the planning horizon used as the basis for the tax planning forecast for the full capitalization of deferred tax assets both from deductible temporary differences in assets and also carryforwards of unused tax losses. Carryforwards of unused tax losses are composed as follows:

in € million	31/12/2020		31/12/2019	
	Corporate income tax	Trade tax	Corporate income tax	Trade tax
Unlimited ability to carry forward the previously unused tax losses for which no deferred tax assets have been recognized in the balance sheet	353.3	408.0	175.1	231.3
Deferred taxes on the non-valued carryforwards of unused tax losses that would theoretically have to be formed	55.9	55.4	27.7	31.4
Unlimited ability to carry forward the existing unused tax losses for which deferred tax assets were formed [1]	89.4	245.0	102.1	138.6

1 Mainly concerns German companies.

Carryforwards of unused tax losses reduced the actual tax burden by €5.7 million (previous year: €21.2 million).

As of the reporting date, deferred tax assets of €39.6 million (previous year: €25.0 million) were recognized for Group companies that suffered losses in the reporting period or the previous period.

The deferred taxes on carryforwards of unused tax losses break down as follows:

in € million	31/12/2020	31/12/2019
Corporate income tax (or comparable foreign tax)	14.8	16.9
Trade tax	34.3	19.6
Total	**49.1**	**36.5**

Presentation of the development of deferred taxes on carryforwards of unused tax losses:

in € million	31/12/2020	31/12/2019
Opening balance	36.5	41.0
Utilization of tax losses	-5.7	-21.2
Correction of unrecognized carryforwards of unused tax losses in previous years (addition)	-1.1	0.0
Origination of tax losses (addition)	18.6	15.6
Change in consolidated companies	0.8	1.1
Closing balance	**49.1**	**36.5**

In the reporting period, there were no deferred taxes on interest amounts carried forward as in the previous year.

No deferred tax liabilities were recognized on temporary differences of €14.4 million (previous year: €14.1 million) because any retained profits from subsidiaries based on the current planning will remain invested on a permanent basis or because it is not likely that these temporary differences will reverse in the foreseeable future.

(22) Liabilities and subsidies

Financial liabilities

Financial liabilities break down as of 31 December 2020 compared to the previous year as follows:

in € million[1]		31/12/2020			31/12/2019	
	Current	Non-current	Total	Current	Non-current	Total
Subordinated bonds	999.4	2,456.0	3,455.4	0.0	2,978.5	2,978.5
Bonds	0.0	3,706.5	3,706.5	0.0	2,724.2	2,724.2
Liabilities to banks	459.1	1,312.8	1,771.9	751.8	1,270.0	2,021.8
Other financial liabilities	34.6	644.8	679.4	78.4	388.0	466.4
Financial liabilities	**1,493.1**	**8,120.1**	**9,613.2**	**830.2**	**7,360.7**	**8,190.9**

1 Please refer to note (25) "Accounting for financial instruments" for more details on the credit and liquidity risk, fair values and undiscounted cash flows by year.

Of the non-current financial liabilities, €3,844.7 million (previous year: €3,512.5 million) have a term of between one year and five years, and €4,275.4 million (previous year: €3,848.2 million) have a term of more than five years.

Overview of the subordinated bonds

Issuer	Issue volume	Carrying amounts	Coupon	Maturity
EnBW AG[1]	€1.000 million	€999.4 million	3.625%	02/04/2076
EnBW AG[2]	€725 million	€722.8 million	3.375%	05/04/2077
EnBW AG[2]	US$ 300 million	€243.9 million	3.003%[3]	05/04/2077
Green bond				
EnBW AG[4]	€500 million	€497.4 million	1.625%	05/08/2079
EnBW AG[5]	€500 million	€497.7 million	1.125%	05/11/2079
EnBW AG[6]	€500 million	€494.2 million	1.875%	29/06/2080
		3.455.4 million		

1 Option for EnBW to redeem every five years after the first coupon date; the earliest possible date is 2 April 2021.
2 Option for EnBW to redeem in the three-month period before 5 April 2022, then on every coupon date.
3 After the swap into euro.
4 Option for EnBW to redeem in the three-month period before 5 August 2027, then on every coupon date.
5 Option for EnBW to redeem in the three-month period before 5 November 2024, then on every coupon date.
6 Option for EnBW to redeem in the three-month period after the first coupon date; the earliest possible date is 29 March 2026.

In June 2020, EnBW issued a green subordinated bond with a volume of €500 million. The bond has a term of 60 years. The issue date was 29 June 2020 and the final repayment date is 29 June 2080. EnBW has both the right to call and redeem the bond in the three-month period before 29 June 2026 and then at every coupon date. The first coupon date for the bond is 29 June 2021. The bond has been given an initial coupon of 1.875%. All outstanding subordinated bonds include early redemption rights for EnBW and are subordinate to all other financial liabilities, although they have equal ranking with each other. EnBW has the option of suspending interest payments. However, these interest payments must be subsequently paid if EnBW pays dividends.

Overview of the senior bonds of EnBW

Issuer	Issue volume	Carrying amounts	Coupon	Maturity
Public bonds				
EnBW International Finance B.V.	CHF 100 million	€92.5 million	2.250%	12/07/2023
EnBW International Finance B.V.	€500 million	€552.7 million[1]	4.875%	16/01/2025
EnBW International Finance B.V.	€500 million	€496.8 million	0.625%	17/04/2025
EnBW International Finance B.V.	€500 million	€498.9 million	2.500%	04/06/2026
EnBW International Finance B.V.	€500 million	€497.9 million	0.250%	19/10/2030
EnBW International Finance B.V.	€600 million	€590.4 million	6.125%	07/07/2039
Green bond				
EnBW International Finance B.V.	€500 million	€496.9 million	1.875%	31/10/2033
Private placements				
EnBW International Finance B.V.	€100 million	€98.6 million	2.875%	13/06/2034
EnBW International Finance B.V.	JPY 20 billion	€158.1 million	5.460%[2]	16/12/2038
EnBW International Finance B.V.	€100 million	€99.3 million	3.080%	16/06/2039
EnBW International Finance B.V.	€75 million	€74.8 million	2.080%	01/08/2044
EnBW International Finance B.V.	€50 million	€49.6 million	2.900%	01/08/2044
		€3.706,5 million		

1 Adjusted for valuation effects from interest-induced hedging transactions.
2 After the swap into euro.

In April 2020, EnBW International Finance B.V. issued a senior bond with a volume of €500 million. The term is five years. The bond has been given a coupon of 0.625%.

In October 2020, EnBW International Finance B.V. issued another senior bond with a volume of €500 million. The term is ten years. The bond has been given a coupon of 0.250%.

Commercial paper program
As of 31 December 2020, no funds were drawn under the commercial paper program set up by EnBW and EnBW International Finance B.V. for short-term financing purposes (as in the previous year).

Liabilities to banks
Liabilities to banks decreased in the 2020 financial year due to scheduled repayments made by EnBW and its subsidiaries. The majority of the outstanding liabilities to banks are bilateral loan agreements.

On 24 June 2020, EnBW concluded a new sustainability-linked syndicated credit line with a bank consortium that has a volume of €1.5 billion and a term of five years until June 2025. The credit line can be extended by a further year after the first and second full year until the end of June 2027 at the latest. The new credit line remained undrawn as of 31 December 2020. It replaces, ahead of schedule, the existing syndicated credit line with a volume of €1.5 billion that expires in July 2021.

In addition, a further €0.9 billion (previous year: €0.7 billion) in bilateral free credit lines was available within the Group. The credit lines are not subject to any restrictions as regards their utilization.

Liabilities to banks are not collateralized with real estate liens nor were they in the previous year. Liabilities to banks to the amount of €279.2 million are collateralized with other types of securities (previous year: €286.7 million). These are mainly allocable to the Valeco Group.

Other financial liabilities

The item “other financial liabilities” primarily includes promissory notes, other loans and other contractual obligations.

Other liabilities and subsidies

Other liabilities and subsidies disclosed separately according to maturity in the balance sheet are combined in the notes to the financial statements.

in € million	31/12/2020	31/12/2019
Non-current liabilities	2,595.1	2,142.7
Current liabilities	8,770.4	8,736.0
Liabilities	**11,365.5**	**10,878.7**
Non-current subsidies	12.5	13.3
Current subsidies	1.7	1.3
Subsidies	**14.2**	**14.6**
Non-current liabilities and subsidies	2,607.6	2,156.0
Current liabilities and subsidies	8,772.1	8,737.3
Liabilities and subsidies	**11,379.7**	**10,893.3**

Other liabilities as of 31 December 2020 break down as follows compared to the previous year:

in € million [1]			31/12/2020			31/12/2019
	Current	Non-current	Total	Current	Non-current	Total
Trade payables	4,053.1	2.1	4,055.2	4,055.1	0.5	4,055.6
of which liabilities to affiliated entities	(41.6)	(1.7)	(43.3)	(52.2)	(0.0)	(52.2)
of which liabilities to other investees and investors	(92.3)	(0.0)	(92.3)	(70.4)	(0.0)	(70.4)
of which liabilities to entities accounted for using the equity method	(131.4)	(0.0)	(131.4)	(110.3)	(0.0)	(110.3)
Other deferred income	34.6	193.0	227.6	24.7	180.8	205.5
Liabilities from derivatives	3,032.8	556.4	3,589.2	3,161.7	301.4	3,463.1
of which without hedges	(2,997.5)	(443.3)	(3,440.8)	(3,124.0)	(259.5)	(3,383.5)
of which cash flow hedge	(35.3)	(113.1)	(148.4)	(35.5)	(41.9)	(77.4)
of which fair value hedge	(0.0)	(0.0)	(0.0)	(2.3)	(0.0)	(2.3)
Income tax liabilities	156.0	127.3	283.3	74.1	81.3	155.4
of which liabilities for audit risks	(1.8)	(127.3)	(129.1)	(1.7)	(81.3)	(83.0)
Contract liabilities	72.0	884.6	956.6	74.5	857.5	932.0
Miscellaneous liabilities	1,421.9	831.8	2,253.7	1,345.9	721.2	2,067.1
of which lease liabilities	(169.1)	(717.3)	(886.4)	(117.4)	(582.2)	(699.6)
of which from other taxes	(178.2)	(0.1)	(178.3)	(160.1)	(0.2)	(160.3)
of which relating to social security	(15.8)	(0.0)	(15.8)	(14.6)	(0.0)	(14.6)
Other liabilities	**8,770.4**	**2,595.2**	**11,365.6**	**8,736.0**	**2,142.7**	**10,878.7**

1 Please refer to note (25) “Accounting for financial instruments” for more details on the credit and liquidity risk, fair values and undiscounted cash flows by year.

Of the non-current other liabilities (excluding deferred income and contract liabilities), €991.6 million (previous year restated: €641.1 million) has a remaining term of between one year and five years, and €525.9 million (previous year restated: €463.2 million) has a remaining term of more than five years.

Trade payables include obligations for outstanding invoices amounting to €889.9 million (previous year: €624.9 million).

Contract liabilities primarily comprise advance payments received for construction cost subsidies and household connection costs. In addition, they include advance payments received for other contracts within the scope of application of IFRS 15.

Other liabilities include construction cost subsidies and other subsidies from private sources totaling €941.9 million (previous year: €901.6 million).

Miscellaneous liabilities mainly concern collateral for over-the-counter trading business (margin calls received) amounting to €205.3 million (previous year: €316.1 million), as well as exchange-based trading business (variation margins) of €154.6 million (previous year: €140.3 million), interest obligations from bonds amounting to €122.5 million (previous year: €116.4 million) and non-controlling interests in fully consolidated partnerships recorded as liabilities to the amount of €103.3 million (previous year: €89.5 million).

Subsidies mainly include investment cost subsidies.

in € million	31/12/2020	31/12/2019
Investment cost subsidies	6.2	6.7
Other subsidies from public authorities	8.1	7.9
Total	**14.3**	**14.6**

(23) Assets held for sale and liabilities directly associated with assets classified as held for sale

Assets held for sale

in € million	31/12/2020	31/12/2019
Property, plant and equipment	31.2	0.9
Other financial assets	3.9	0.0
Total	**35.1**	**0.9**

Liabilities directly associated with assets classified as held for sale

in € million	31/12/2020	31/12/2019
Deferred taxes	2.7	0.0
Other liabilities and subsidies	1.6	0.0
Total	**4.3**	**0.0**

The increase in assets held for sale mainly relates to property, plant and equipment, especially gas distribution plants, that must be relinquished at the beginning of 2021 in accordance with a court judgment. This is allocated to the Grids segment in the segment reporting. In the previous year, the property, plant and equipment held for sale mainly referred to pieces of land with existing buildings held for sale. This was allocated to the Grids segment in the segment reporting.

In the reporting year, other financial assets held for sale comprised investment properties held for sale. This is allocated to the Grids segment in the segment reporting.

The deferred taxes and other liabilities and subsidies associated with assets classified as held for sale in the reporting year related to the distribution plants held for sale.

Other disclosures

(24) Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to the shareholders of EnBW AG by the average number of shares outstanding. This indicator may be diluted by potential shares on account of share options or convertible bonds. As EnBW does not have any potential shares, the basic earnings per share is identical to the diluted earnings per share.

Earnings per share		2020	2019
Earnings from continuing operations	in € million	807.6	904.3
of which profit/loss shares attributable to the shareholders of EnBW AG	in € million	(596.1)	(734.2)
Group net profit	in € million	807.6	904.3
of which profit/loss shares attributable to the shareholders of EnBW AG	in € million	(596.1)	(734.2)
Number of shares outstanding (weighted average)	thousands	270,855	270,855
Earnings per share from continuing operations [1]	in €	2.20	2.71
Earnings per share from Group net profit [1]	in €	2.20	2.71
Dividend per share for the 2019 financial year of EnBW AG	in €	–	0.70
Proposed dividend per share for the EnBW AG 2020 financial year	in €	1.00	–

1 In relation to the profit/loss attributable to the shareholders of EnBW AG.

(25) Accounting for financial instruments

Financial instruments include primary financial instruments and derivatives. On the assets side, primary financial instruments mainly consist of financial assets, trade receivables, other assets, and cash and cash equivalents. On the liabilities side, they consist of financial liabilities, trade payables and other liabilities.

Fair value and carrying amounts of financial instruments by measurement category

The table below shows the fair values and carrying amounts of the financial assets and financial liabilities contained in the individual balance sheet items. If not indicated separately, the fair value is measured recurrently.

31/12/2020		Hierarchy of input data					
in € million	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Measured at amortised cost**	**Not in IFRS 7's field of application**	**Carrying amount**
Financial assets	6,286.4	3,062.4	1,016.8	1,654.3	552.9	658.3	6,944.7
Measured at fair value through profit or loss	(3,872.7)	(1,560.7)	(657.7)	(1,654.3)			(3,872.7)
Measured at fair value in equity	(1,860.8)	(1,501.7)	(359.1)				(1,860.8)
Measured at amortised cost	(552.9)				(552.9)		(552.9)
Trade receivables	5,168.4				5,168.4		5,168.4
Measured at amortised cost	(5,168.4)				(5,168.4)		(5,168.4)
Other assets	4,361.8	2.6	3,795.5		563.7	1,248.3	5,610.1
Measured at fair value through profit or loss	(3,695.3)	(0.8)	(3,694.5)				(3,695.3)
Measured at amortised cost	(534.7)				(534.7)		(534.7)
Derivatives designated as hedging instruments	(102.8)	(1.8)	(101.0)				(102.8)
Lease receivables	(29.0)				(29.0)		(29.0)
Cash and cash equivalents	1,252.7				1,252.7		1,252.7
Measured at amortised cost	(1,252.7)				(1,252.7)		(1,252.7)
Assets held for sale [1]						35.0	35.0
Total assets	**17,069.3**	**3,065.0**	**4,812.3**	**1,654.3**	**7,537.7**	**1,941.6**	**19,010.9**
Financial liabilities [2]	10,770.0				9,613.2		9,613.2
Measured at amortised cost	(10,770.0)				(9,613.2)		(9,613.2)
Trade payables	1,070.4				1,070.4	2,982.7	4,053.1
Measured at amortised cost	(1,070.4)				(1,070.4)		(1,070.4)
Other liabilities and subsidies	5,188.5	0.5	3,588.7		1,599.3	2,138.1	7,326.6
Held for trading	(3,440.8)	(0.5)	(3,440.3)				(3,440.8)
Measured at amortised cost	(712.9)				(712.9)		(712.9)
Derivatives designated as hedging instruments	(148.4)		(148.4)				(148.4)
Lease liabilities	(886.4)				(886.4)		(886.4)
Liabilities directly associated with assets classified as held for sale						4.3	4.3
Total liabilities	**17,028.9**	**0.5**	**3,588.7**	**0.0**	**12,282.9**	**5,125.1**	**20,997.2**

1 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.
2 The fair value of bonds and liabilities to banks must be allocated to hierarchical level 1 (€7,952.6 million) and hierarchical level 2 (€2,817.4 million), respectively.

31/12/2019			Hierarchy of input data				
in € million	Fair value	Level 1	Level 2	Level 3	Measured at amortised cost	Not in IFRS 7's field of application	Carrying amount
Financial assets	6,063.8	2,805.9	1,461.9	1,512.7	283.3	741.7	6,805.5
Measured at fair value through profit or loss	(4,248.6)	(1,580.5)	(1,155.4)	(1,512.7)			(4,248.6)
Measured at fair value in equity	(1,531.9)	(1,225.4)	(306.5)				(1,531.9)
Measured at amortised cost	(283.3)				(283.3)		(283.3)
Trade receivables	4,308.1				4,308.1		4,308.1
Measured at amortised cost	(4,308.1)				(4,308.1)		(4,308.1)
Other assets	4,762.8	5.8	3,808.3		948.7	802.8	5,565.6
Measured at fair value through profit or loss	(3,681.0)	(5.8)	(3,675.2)				(3,681.0)
Measured at amortised cost	(928.0)				(928.0)		(928.0)
Derivatives designated as hedging instruments	(133.1)		(133.1)				(133.1)
Lease receivables	(20.7)				(20.7)		(20.7)
Cash and cash equivalents	1,363.8				1,363.8		1,363.8
Measured at amortised cost	(1,363.8)				(1,363.8)		(1,363.8)
Assets held for sale [1]						0.9	0.9
Total assets	**16,498.5**	**2,811.7**	**5,270.2**	**1,512.7**	**6,903.9**	**1,545.4**	**18,043.9**
Financial liabilities [2]	9,227.6				8,190.9		8,190.9
Measured at amortised cost	(9,227.6)				(8,190.9)		(8,190.9)
Trade payables	844.5				844.5	3,210.6	4,055.1
Measured at amortised cost	(844.5)				(844.5)		(844.5)
Other liabilities and subsidies	5,058.3	6.9	3,456.3		1,595.1	1,779.8	6,838.1
Held for trading	(3,383.5)	(5.0)	(3,378.5)				(3,383.5)
Measured at amortised cost	(895.5)				(895.5)		(895.5)
Derivatives designated as hedging instruments	(79.7)	(1.9)	(77.8)				(79.7)
Lease liabilities	(699.6)				(699.6)		(699.6)
Total liabilities	**15,130.4**	**6.9**	**3,456.3**	**0.0**	**10,630.5**	**4,990.4**	**19,084.1**

1 This refers to a non-recurring measurement of the fair value due to the application of IFRS 5.
2 The fair value of bonds and liabilities to banks must be allocated to hierarchical level 1 (€6,366.9 million) and hierarchical level 2 (€2,860.7 million) respectively.

The calculation of fair values is explained in the section entitled accounting policies. The individual levels of the valuation hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Methods for which all input parameters that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Methods that use input parameters which have a material impact on the recorded fair value and are not based on observable market data

At the end of each reporting period it is determined whether there is any reason to reclassify between the levels of the valuation hierarchy. A reclassification is carried out if the valuation method for measuring fair value is changed and the input factors with significance for the valuation will result in allocation to a different level. Due to the fact that prices quoted by brokers are used, securities with a fair value of €8.8 million (previous year: €11.5 million) were reclassified from Level 1 to Level 2 and securities with a fair value of €19.1 million (previous year: €0.0 million) were reclassified from Level 2 to Level 1 in the 2020 financial year.

The fair value of the assets in the “measured at fair value through profit or loss” measurement category amounts to €7,568.0 million (previous year: €7,929.6 million), of which €1,561.5 million (previous year: €1,586.3 million) is allocated to the first hierarchical level, €4,352.2 million (previous year: €4,830.6 million) to the second hierarchical level and €1,654.3 million (previous year: €1,512.7 million) to the third hierarchical level. The assets in the “measured at fair value in equity” measurement category have a fair value of €1,860.8 million (previous year: €1,531.9 million), of which €1,501.7 million (previous year: €1,225.4 million) is allocated to the first hierarchical level and €359.1 million (previous year: €306.5 million) to the second hierarchical level. Assets in the “measured at amortized cost” measurement category amount to €7,537.7 million (previous year restated: €6,903.9 million).

The fair values of investments in private equity companies are provided by the respective investment companies. The fair value depends on the changes in market value of the respective asset. The most up-to-date fair value available is taken as the basis in each case.

The following table shows the development of the financial instruments to be accounted for at fair value in accordance with Level 3:

in € million	As of 01/01/2020	Changes in consolidated companies, currency adjustments, other	Changes recognized through profit or loss	Changes recognized in equity	Additions	Disposals	As of 31/12/2020
Financial assets	1,512.6	12.7	-22.2	-2.3	214.1	-60.6	1,654.3

The changes recognized through profit or loss of € -22.2 million (previous year: €61.1 million) were recognized in the financial result. In the financial year, gains and losses from Level 3 financial instruments were recognized in the investment result in the amount of €27.7 million (previous year: €69.8 million), of which €28.2 million (previous year: €69.5 million) is accounted for by financial instruments still held on the reporting date. The effect of the price risks associated with the financial instruments measured at fair value in accordance with Level 3 was 10% (previous year: 10%). In the risk scenario in question, the net profit/loss for the year would improve by €165.4 million (previous year: €151.3 million). A decrease of the same amount would have an opposite effect.

Financial liabilities as of 31 December 2020 include bonds with a fair value of €8,306.9 million (previous year: €6,729.5 million) and liabilities to banks with a fair value of €1,783.7 million (previous year: €2,031.7 million).

Disclosures – offsetting financial assets and financial liabilities

The derivative financial instruments are part of standard market netting agreements. Master netting agreements exist with our business partners that were created with banks, in particular, on the basis of ISDA (International Swaps and Derivatives Association) agreements. Transactions concluded as part of commodity transactions are generally subject to EFET (European Federation of Energy Traders) agreements. The netting agreements are included in the calculations of fair value.

The following table contains the financial instruments netted in the balance sheet and those which, irrespective of that, are subject to a legally enforceable netting agreement. These financial instruments are contained in the non-netted amounts. In addition, the non-netted amounts also contain collateral to be furnished in advance for on-exchange transactions.

31/12/2020				Non-netted amounts		
in € million	Gross amounts	Netting	Net amounts accounted for	Master netting agreement	Financial collateral received / paid	Net amount
Trade receivables	3,782.2	-2,353.2	1,429.0	-678.8	0.0	750.2
Other assets	7,231.8	-5,321.5	1,910.3	-638.7	-192.9	1,078.7
Measured at fair value through profit or loss	(6,889.8)	(-4,997.7)	(1,892.1)	(-634.8)	(-192.9)	(1,064.4)
Measured at amortised cost	(252.1)	(-249.4)	(2.7)	(0.0)	(0.0)	(2.7)
Derivatives designated as hedging instruments	(89.9)	(-74.4)	(15.5)	(-3.9)	(0.0)	(11.6)
Trade payables	3,032.0	-2,353.2	678.8	-678.8	0.0	0.0
Other liabilities and subsidies	7,117.2	-5,321.5	1,795.7	-638.7	-380.2	776.8
Held for trading	(6,801.2)	(-5,181.7)	(1,619.5)	(-634.8)	(-377.8)	(606.9)
Measured at amortised cost	(228.1)	(-75.6)	(152.5)	(0.0)	(0.0)	(152.5)
Derivatives designated as hedging instruments	(87.9)	(-64.2)	(23.7)	(-3.9)	(-2.4)	(17.4)

31/12/2019				Non-netted amounts		
in € million [1]	Gross amounts	Netting	Net amounts accounted for	Master netting agreement	Financial collateral received / paid	Net amount
Trade receivables	3,750.1	-2,470.2	1,279.9	-559.2	0.0	720.7
Other assets	7,278.8	-5,583.3	1,695.5	-130.5	-316.1	1,248.9
Measured at fair value through profit or loss	(6,820.7)	(-5,159.4)	(1,661.3)	(-129.5)	(-316.1)	(1,215.7)
Measured at amortised cost	(357.3)	(-357.3)	(0.0)	(0.0)	(0.0)	(0.0)
Derivatives designated as hedging instruments	(100.8)	(-66.6)	(34.2)	(-1.0)	(0.0)	(33.2)
Trade payables	3,293.6	-2,470.2	823.4	-559.2	0.0	264.2
Other liabilities and subsidies	7,037.3	-5,583.3	1,454.0	-130.5	-566.1	757.4
Held for trading	(6,712.0)	(-5,283.6)	(1,428.4)	(-129.5)	(-566.0)	(732.9)
Measured at amortised cost	(157.8)	(-157.8)	(0.0)	(0.0)	(0.0)	(0.0)
Derivatives designated as hedging instruments	(167.5)	(-141.9)	(25.6)	(-1.0)	(-0.1)	(24.5)

1 The figures for the previous year have been restated.

The following net gains / losses were recognized in the income statement:

Net gains or losses by measurement category

in € million [1]	2020	2019
Financial assets and liabilities measured at fair value through profit or loss	4.0	806.2
Financial assets measured at fair value in equity	4.4	17.9
Financial assets measured at amortised cost	-87.7	-89.3

1 The figures for the previous year have been restated.

The presentation of net gains and losses does not include derivatives that are designated as hedging instruments. Stand-alone derivatives are included in the "financial assets and liabilities measured at fair value through profit or loss" category. Please refer to note (8) "Financial result" for information on the total interest income and expenses arising from the financial assets and liabilities measured at fair value in equity and at amortized cost.

The net gain (as in the previous year) posted in the "financial assets and liabilities measured at fair value through profit or loss" measurement category includes gains from marking to market, dividends, and gains on the sale of financial instruments, as well as interest and currency effects.

In the reporting year, the net gain (as in the previous year) in the "financial assets measured at fair value in equity" measurement category was mainly due to loss allowances and gains on the sale of financial instruments.

The net loss (as in the previous year) in the "financial assets measured at amortized cost" measurement category was mainly due to loss allowances and negative currency effects. In the previous year, the net loss was mainly due to loss allowances.

In the 2020 financial year, earnings from changes in the market value of financial assets measured at fair value in equity were recognized in equity with a positive impact of €20.3 million (previous year: €26.6 million). Of the changes in market values posted with no impact on income, €3.0 million (previous year: €13.3 million) was transferred with a positive impact on earnings to the income statement.

The loss allowances on the financial assets in the reporting year are presented under "Default risk" in this note.

Derivative financial instruments and hedging

Derivatives: Both physical and financial options and forward transactions are entered into to hedge risks in the commodity area, while forward transactions are used almost exclusively in the foreign exchange area. In the area of financing, swap transactions are concluded to minimize risks.

All derivatives held for trading are accounted for as assets or liabilities. They are measured at fair value.

Changes in the fair value of derivatives which are neither intended solely for own use nor qualify as cash flow hedges are recorded in the income statement.

Hedge accounting in accordance with IFRS 9 is applied in the finance area mainly for interest rate hedges for non-current liabilities. In the commodity area, fluctuations of future cash flows from planned procurement and sales transactions are hedged. The economic relationship between a hedged transaction and the hedging instrument is determined by the currency, amount or quantity and timing of the relevant cash flows, depending on the risk being hedged. Risks are hedged in their entirety and a 1:1 hedging relationship is used. In order to evaluate the expected effectiveness of the hedge, the hypothetical derivative method and the "dollar offset method" are used. Ineffectiveness in the hedging relationship may occur due to discounting effects.

Cash flow hedges have been entered into particularly in the commodity area to cover price risks from future sales and procurement transactions, to limit the currency risk from liabilities denominated in foreign currency and to limit the risk of interest rate fluctuation of floating-rate liabilities.

The change in the fair value of the hedges used, particularly forward contracts and futures, is, insofar as they are effective, recorded directly in other comprehensive income (measurement of financial instruments at market value) until termination of the hedge. The ineffective portion of the gain or loss on the hedging instrument is immediately recognized in profit or loss.

Date of the reclassification of the result that was directly recognized in equity to the 2020 income statement

in € million	Fair value	2021	2022 – 2025	> 2025
Currency-related cash flow hedges	-88.5	-0.6	-18.9	-69.0
Commodity cash flow hedges	0.8	-1.6	2.4	0.0
Interest-related cash flow hedges	-20.8	-0.7	-1.6	-18.5

Date of the reclassification of the result that was directly recognized in equity to the 2019 income statement

in € million	Fair value	2020	2021 – 2024	> 2024
Currency-related cash flow hedges	-5.8	9.8	17.9	-33.5
Commodity cash flow hedges	-99.5	-34.8	-64.7	0.0
Interest-related cash flow hedges	5.0	0.0	0.2	4.8

As of 31 December 2020, unrealized losses from derivatives amounted to €106.9 million (previous year: €118.5 million). The effective portion of the cash flow hedges was recognized directly in equity with a negative impact of €137.8 million in the reporting period (previous year: €79.4 million positive impact). From the ineffective portion of the cash flow hedges in 2020, there were expenses of €8.2 million (previous year: €2.6 million income) as well as expenses from reclassifications from other comprehensive income in the amount of €116.6 million (previous year: €82.9 million) to the income statement. The reclassifications were made to revenue (increase of €48.0 million, previous year: decrease of €150.5 million), cost of materials (increase of €50.9 million, previous year: decrease of €6.5 million), other operating income (decrease of €85.7 million, previous year restated: increase of €37.3 million) and the financial result (decrease of €28.0 million, previous year: increase of €23.8 million). An amount of €26.2 million (previous year restated: €19.5 million) was reclassified from inventories to other comprehensive income. In the reporting year, this led to an increase in acquisition costs compared to a decrease in the previous year.

In the previous year, the amounts reclassified also included the de-designation of cash flow hedges of €22.3 million. As a result of changes in market prices, the expected highly probable generated volumes of electricity and the expected highly probable requirements for coal were reduced for the 2020 financial year.

As of 31 December 2020, existing hedged transactions that are covered by cash flow hedges with terms of up to around 56 years (previous year: up to 57 years) are included in the area of foreign currencies. In the commodity area, the terms of planned underlying transactions are generally up to four years (as in the previous year).

For optimization purposes, hedging relationships are regularly redesignated as is customary in the industry.

Fair value hedges are entered into above all to hedge fixed-income liabilities against market price risks. Interest rate swaps are used as hedging instruments. With a fair value hedge, both the hedged transaction and the hedging instrument are measured with respect to the hedged risk at fair value through profit or loss. The change in the fair value of hedging instruments of €8.3 million was recognized in the income statement with a negative impact on earnings in the reporting year (previous year: €6.7 million). For hedged liabilities, the fluctuation in market values arising from the hedged risk is also recognized in profit or loss. In the reporting year, the fluctuations in market values totaling €8.3 million that resulted from the underlying transactions were measured through profit or loss with a positive impact on earnings (previous year: €6.7 million).

Contracts that have been concluded to meet the company's expected usage requirements are not recorded in the balance sheet pursuant to the provisions of IFRS 9.

Regular way purchases or sales (spot purchases / sales) of primary financial instruments are generally recognized as of the settlement date at fair value taking into account the transaction costs. Derivative financial assets are recognized as of the trading date. Derivative and primary financial instruments are recognized in the balance sheet when EnBW becomes party to the contract.

Purchases and sales of fuels are made in euros or US dollars.

Counterparty risks are assessed taking into account the period for which the current replacement and selling risk has been calculated. Moreover, these risks are analyzed with reference to the current rating by the rating agencies Moody's and Standard & Poor's. An internal rating procedure is used for trading partners that do not have such an external rating.

The counterparty risk is based on replacement and selling risks resulting from the market value of the item in question with the individual trading partner as of the reporting date. Netting options agreed in master agreements concluded with the trading partner are also taken into account when determining the counterparty risk. If there is a netting agreement, positive and negative market values are netted for each trading partner. Otherwise, only positive market values are taken into consideration.

The following tables present the amounts that relate to items designated as hedging instruments. The nominal volume of the derivatives presented below has not been netted. It represents the sum of all purchase and sale amounts underlying the transactions. The amount of the nominal volume allows conclusions to be drawn about the extent to which derivatives have been used. However, it does not reflect the risk to the Group as the derivative transactions are counterbalanced by hedged transactions that have counter risks. Collateral is deposited or has been provided for derivatives that are traded on the stock exchange.

31/12/2020	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Balance sheet items containing the hedging instrument	Change in the fair value for the reporting period
in € million		Assets	Liabilities		
Cash flow hedges	**2,974.2**	**30.4**	**148.4**		**4.1**
Commodity price risks	1,902.0	20.2	28.9	Other assets / Other liabilities	73.3
Currency risk	943.6	10.2	98.6	Other assets / Other liabilities	-67.7
Interest rate risk	128.6	0.0	20.9	Other liabilities	-1.5
Fair value hedges	**300.0**	**72.4**	**0.0**		**-8.3**
Interest rate risk	300.0	72.4	0.0	Other assets	-8.3

31/12/2019	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Balance sheet items containing the hedging instrument	Change in the fair value for the reporting period
in € million		Assets	Liabilities		
Cash flow hedges	**3,346.0**	**52.3**	**77.4**		**-80.2**
Commodity price risks	2,110.5	22.7	46.5	Other assets/ Other liabilities	-89.6
Currency risk	1,193.2	25.0	30.9	Other assets/ Other liabilities	10.6
Interest rate risk	42.3	4.6	0.0	Other assets	-1.2
Fair value hedges	**569.7**	**80.8**	**2.3**		**-6.7**
Interest rate risk	300.0	80.8	0.0	Other assets	-4.4
Currency risk	269.7	0.0	2.3	Other liabilities	-2.3

The following tables present the amounts that relate to items designated as hedged transactions:

31/12/2020	Carrying amount of the transaction	Change in value of the hedged transaction that is contained in the carrying amount of the recognized transaction	Balance sheet items containing the transaction	Change in the fair value for the reporting period	Cash flow hedge reserve
in € million	Liabilities	Liabilities			
Cash flow hedges [1]	**–**	**–**		**-4.2**	**-105.8**
Commodity price risks	–	–		-72.7	-37.7
Currency risk	–	–		67.0	-60.6
Interest rate risk	–	–		1.5	-7.5
Fair value hedges	**372.3**	**72.3**		**8.3**	**–**
Interest rate risk	372.3	72.3	Financial liabilities	8.3	–

1 The underlying transactions are expected transactions.

31/12/2019	Carrying amount of the transaction	Change in value of the hedged transaction that is contained in the carrying amount of the recognized transaction	Balance sheet items containing the transaction	Change in the fair value for the reporting period	Cash flow hedge reserve
in € million	Liabilities	Liabilities			
Cash flow hedges [1]	**–**	**–**		**79.4**	**-110.8**
Commodity price risks	–	–		86.0	-100.2
Currency risk [2]	–	–		-7.8	-10.6
Interest rate risk	–	–		1.2	0.0
Fair value hedges	**642.0**	**74.6**		**6.7**	**–**
Interest rate risk	372.3	72.3	Financial liabilities	4.4	–
Currency risk [2]	269.7	2.3	Financial liabilities	2.3	–

1 The underlying transactions are expected transactions.
2 The figures for the previous year have been restated.

In the reporting year, the amounts associated with items designated as hedging instruments were as follows:

2020	**Hedging gains or losses in the reporting period recognized under other comprehensive income**	**Ineffectiveness of the hedging relationship recognized in profit or loss**	**Items on the statement of comprehensive income that contain the recognized ineffectiveness**	**Reclassification adjustments included in the income statement [1]**	**Items on the statement of comprehensive income affected by the reclassification**
in € million					
Cash flow hedges	**-137.8**	**-8.2**		**-142.8**	
Commodity price risks	-73.2	-5.2	Other operating expenses	-114.8	Cost of materials/revenue/other operating expenses
Interest rate risk	-17.5	0.0		-3.7	Financial result
Currency risk	-47.1	-3.0	Other operating expenses	-24.3	Financial result

1 Detailed information on the reclassifications with an effect on profit or loss can be found in the information on cash flow hedges.

2019	**Hedging gains or losses in the reporting period recognized under other comprehensive income**	**Ineffectiveness of the hedging relationship recognized in profit or loss**	**Items on the statement of comprehensive income that contain the recognized ineffectiveness**	**Reclassification adjustments included in the income statement [1]**	**Items on the statement of comprehensive income affected by the reclassification**
in € million					
Cash flow hedges	**79.4**	**2.6**		**-82.9**	
Commodity price risks	79.2	2.2	other operating income	-110.4	Cost of materials/revenue/other operating income
Interest rate risk	0.2	0.0		23.8	Financial result
Currency risk	0.0	0.4	other operating income	0.0	Financial result

1 Detailed information on the reclassifications with an effect on profit or loss can be found in the information on cash flow hedges.

Derivatives used for hedging purposes can be reconciled to other comprehensive income (cash flow hedge) as follows:

in € million [1]	**31/12/2020**	**31/12/2019**	**Change**
Derivatives used in cash flow hedges with a positive fair value	67.4	74.3	-6.9
Derivatives used in cash flow hedges with a negative fair value	175.9	174.6	1.3
	-108.5	**-100.3**	**-8.2**
Deferred tax on change recognized directly in equity in derivatives used in cash flow hedges	27.9	31.7	-3.8
Hedge ineffectiveness	8.2	-2.6	10.8
Cascading effects	-50.1	-21.7	-28.4
Effects realized from hedged transactions [2]	43.1	3.6	39.5
Non-controlling interests	1.0	7.8	-6.8
Cash flow hedge (recognized in equity)	**-78.4**	**-81.5**	**3.1**

1 Before offsetting financial assets and financial liabilities according to IAS 32.
2 Of which €7.1 million (previous year: €9.7 million) will be reclassified to the income statement in the period 2021–2025 (previous year: 2020).

The cascading effects concern the changes in market value of the futures that are part of hedges accumulated until the time of cascading.

In cascading, annual and quarterly futures are settled by other futures instead of in cash.

Counterparty risk Moody`s, S&P and/or internal rating

in € million	31/12/2020		31/12/2019	
	< 1 year	1–5 years	< 1 year	1–5 years
up to A1	583.9	127.4	220.5	40.0
up to A3	300.4	114.8	130.8	62.5
Baa1	322.0	151.6	47.1	44.5
up to Baa3	422.6	185.9	102.5	26.2
below Baa3	43.6	14.6	61.1	11.3
Total	**1,672.5**	**594.3**	**562.0**	**184.5**

Risk management system

As an energy supply company, EnBW is exposed to financial price risks in the currency, interest and commodity areas in the course of its operating activities, investments and financing transactions. In addition, there are credit and liquidity risks. It is company policy to eliminate or limit these risks by systematic risk management.

Exchange rate fluctuations between the euro and other currencies, fluctuation in interest rates on international money and capital markets, as well as fluctuating prices on the markets for electricity, coal, gas and emission allowances are the main price risks for EnBW. The hedging policy used to limit these risks is set forth by the Board of Management and is documented in intercompany guidelines. It also provides for the use of derivatives.

The derivatives used to hedge against financial risks are subject to the assessment criteria defined in the risk management guidelines. These include value-at-risk ratios and position limits and loss limits. The segregation of duties between trading and back-office processing and control is a further key element of our risk management.

The corresponding financial transactions are only concluded with counterparties with excellent credit ratings. Using suitable hedging instruments, it is possible to make use of market opportunities while hedging the risk position.

The risks arising from financial instruments as well as the methods used to assess and manage them have not changed significantly since the previous year.

For further details on EnBW's risk management system, we refer to our explanations given in the risk report contained in the management report.

Default risk

EnBW is exposed to default risks that result from counterparties not fulfilling contractual agreements. EnBW manages its default risks by generally demanding a high credit rating of its counterparties and limiting the default risk with counterparties. The credit ratings of counterparties are continually monitored by EnBW's system for managing credit ratings. Commodity and energy transactions are generally made under master agreements such as EFET, ISDA or IETA.

These master agreements are generally only entered into following careful scrutiny of the counterparty's creditworthiness. Exceptions to this business policy can be made only if it is in the justified interest of the company, e.g., in order to penetrate new markets. In terms of the customer structure, the receivables from individual counterparties are not large enough to give rise to a significant concentration of risk.

Financial investments are only made with counterparties and within the investment limits defined in the treasury guidelines. Compliance with these guidelines is constantly monitored by the internal control system (ICS).

The loss allowances for financial assets measured at fair value in equity and financial assets measured at amortized cost developed as follows:

in € million	Financial assets measured at fair value in equity		Financial assets measured at amortised cost		
	Carrying amount	Expected 12-month credit loss	Carrying amount	Expected 12-month credit loss	Expected credit loss over the term – impaired creditworthiness
As of 01/01/2019	**1,688.9**	**-0.7**	**3,710.6**	**-1.3**	**-34.7**
Net revaluation of the loss allowances	–	–	–	-1.1	5.8
Newly acquired financial assets	–	-0.7	–	-0.3	-2.5
Repaid financial assets	–	0.5	–	-0.5	–
As of 31/12/2019	**1,531.9**	**-0.9**	**2,575.1**	**-3.2**	**-31.4**
Net revaluation of the loss allowances	–	0.2	–	-0.4	-1.2
Newly acquired financial assets	–	-1.9	–	-0.2	-1.0
Repaid financial assets	–	0.0	–	0.6	–
As of 31/12/2020	**1,860.8**	**-2.6**	**2,340.3**	**-3.2**	**-33.7**

The loss allowances for trade receivables developed as follows in the financial year:

Trade receivables			31/12/2020			31/12/2019
in € million	Carrying amount	Loss allowance	Loss rate (weighted average)	Carrying amount	Loss allowance	Loss rate (weighted average)
Not past due	5,003.7	-59.3	1.2%	3,844.0	-56.5	1.4%
Past due	164.7	-123.1		464.1	-91.9	
Due within 3 months	(67.0)	(-5.6)	7.8%	(380.5)	(-40.2)	9.6%
Due in between 3 and 6 months	(19.4)	(-9.7)	33.3%	(12.8)	(-3.8)	22.9%
Due in between 6 months and 1 year	(25.0)	(-13.9)	35.7%	(47.2)	(-13.3)	22.0%
Due in more than 1 year	(53.3)	(-93.8)	63.8%	(23.6)	(-34.6)	59.5%

Please refer to note (12) "Leases" for the loss allowances for lease receivables.

The maximum default risk for financial assets (including derivatives with positive market value) is equivalent to the carrying amounts recognized in the balance sheet. As of 31 December 2020, the maximum default risk amounts to €17.1 billion (previous year: €16.5 billion).

A detailed description of the models can be found in the accounting policies in the section "Impairment of financial assets."

Liquidity risk

Liquidity risks arise for EnBW from the obligation to repay liabilities fully and punctually. The objective of EnBW's cash and liquidity management is to secure the company's solvency at all times.

Cash management determines any cash requirements and inflows on a central basis. By offsetting cash requirements and cash inflows, the number of banking transactions is reduced to a minimum. The netting is carried out by cash pooling. Cash management has implemented standardized processes and systems to manage bank accounts and internal clearing accounts, and perform automated payment transactions.

For liquidity management purposes, a finance plan based on cash flows is prepared centrally. As they arise, finance needs are covered by suitable financial instruments as part of the liquidity management. In addition to ensuring that liquidity is available on a daily basis, EnBW maintains further liquidity reserves of €2.4 billion (previous year: €2.2 billion) which are available at short notice. The amount of liquidity reserves is based on strategic liquidity planning, taking into account defined worst-case parameters. The liquidity reserve is made up of contractually agreed, syndicated and free credit lines with various terms to maturity. In view of the liquidity available and existing credit lines, EnBW does not consider there to be any concentration of risk.

For further details on financial liabilities refer to note (22) "Liabilities and subsidies."

The tables below show future undiscounted cash flows from financial liabilities and derivative financial instruments that affect the future liquidity situation of the EnBW Group.

The analysis includes all contractual obligations as of the reporting date 31 December 2020 that are disclosed in the balance sheet. Interest and redemption payments are taken into consideration for debt instruments issued and liabilities to banks.

The interest payments on fixed-income financial instruments are based on the contractually agreed interest rates. For financial instruments subject to floating interest, the interest rates last fixed prior to 31 December 2020 were used.

Foreign currency financial instruments are translated at the respective spot price as of 31 December 2020.

Where derivatives are concerned, positive or negative market values are generally included, provided they give rise to a net cash outflow. Undiscounted cash flows are determined on the basis of the following conditions:

- Swap transactions are only included in the liquidity analysis if they give rise to a net cash outflow.
- Forward exchange transactions are taken into account provided they give rise to a cash outflow.
- In the case of forward transactions, all calls are taken into account. The future cash flows are equivalent to the quantities measured at the contractually agreed price.
- Futures transactions are not included in the liquidity analysis because they are settled by daily variation margins.

Undiscounted cash flows as of 31/12/2020

in € million	Total	2021	2022	2023	2024	Cash flows > 2024
Non-derivative financial liabilities						
Debt instruments issued	8,695.7	1,200.2	1,112.9	220.3	625.6	5,536.7
Liabilities to banks	1,827.7	465.3	198.3	148.7	387.0	628.4
Other financial liabilities	712.2	40.8	113.7	25.1	18.3	514.4
Trade payables	1,070.4	1,070.4				
Lease liabilities	1,009.4	182.8	149.6	124.4	101.9	450.7
Other financial obligations	473.6	364.8	2.6	2.0	2.0	102.2
Derivative financial assets	24,870.8	17,501.3	5,042.2	1,893.2	388.1	46.0
Derivative financial liabilities	10,518.3	7,233.7	2,259.7	711.2	224.2	89.5
Financial guarantees	276.5	276.5				
Total	**49,454.6**	**28,335.8**	**8,879.0**	**3,124.9**	**1,747.1**	**7,367.8**

Undiscounted cash flows as of 31/12/2019

in € million[1]	Total	2020	2021	2022	2023	Cash flows > 2023
Non-derivative financial liabilities						
Debt instruments issued	7,402.2	256.1	1,199.3	1,112.0	206.3	4,628.5
Liabilities to banks	2,062.5	758.0	118.3	235.8	270.0	680.4
Other financial liabilities	495.0	83.7	38.9	93.9	16.4	262.1
Trade payables	844.5	844.5				
Lease liabilities	815.5	127.1	117.9	109.5	96.9	364.2
Other financial obligations	515.5	417.4	2.5	2.3	2.0	91.2
Derivative financial assets	4,820.0	3,438.1	672.4	586.6	95.5	27.4
Derivative financial liabilities	27,073.2	18,874.4	5,947.3	1,940.2	248.3	63.0
Financial guarantees	291.8	291.8				
Total	**44,320.2**	**25,091.2**	**8,096.6**	**4,080.2**	**935.4**	**6,116.8**

1 The figures for the previous year have been restated.

The increase in the liquidity risk for the derivative financial assets is mainly due to a further increase in the volume of forward transactions. A rising trend in market prices on the commodity markets on the reporting date is the decisive factor for whether these derivatives are classified as financial assets. Because only the derivatives that cause a cash outflow are presented and the netting agreements concluded with numerous trading partners as part of our risk management activities are also omitted, EnBW's actual liquidity risk from derivatives is not revealed directly.

Market price risks

Market price risks can arise from foreign exchange and interest rate risks as well as from commodity and other price risks for shares, share-based investment funds, interest-bearing securities and investments in private equity companies. The price risks are reduced through the implementation of a comprehensive hedging concept and the associated closing of risk positions.

The main foreign currency risks of EnBW result from procurement and hedging of prices for its fuel requirements, gas and oil trading business and liabilities denominated in foreign currency. Other currency risks arise from shares, share-based investment funds, fixed-income securities and investments in private equity companies. The currency risk is hedged with the help of appropriate standardized financial instruments – in the reporting period, forward exchange contracts in particular – on the basis of continuously monitored exchange rate forecasts. Foreign exchange risks are hedged centrally. EnBW principally has exposure to currency risks from US dollars and Swiss francs. The deviation used to derive information on the currency sensitivity is determined on the basis of an annual analysis of the average deviation in the exchange rates.

The net assets tied up at foreign Group entities outside the eurozone, and their related translation risks, are hedged against exchange rate fluctuation only in exceptional cases.

The effects of changes in exchange rates on the net profit / loss for the year and on equity are analyzed below. The analysis was made assuming that all other parameters, such as interest rates, remain unchanged. The analysis includes financial instruments of €2,206.2 million (previous year restated: €1,854.8 million) whose exchange rate exposure might affect equity or the net profit / loss for the year. The information presented in the table shows only the effects on the net profit / loss for the year and on equity in the case of an increase in the exchange rates, a reduction of the same amount would have the opposite effect.

These mainly comprise investments in securities (bonds, shares), private equity investments, hedging instruments from cash flow hedges, stand-alone derivatives, and receivables and liabilities denominated in foreign currency.

Currency risk

in € million[1]			31/12/2020	31/12/2019
Euros against all currencies	+8% (previous year: +5%)	Profit for the year	-41.7	-34.5
	-8% (previous year: -5%)	Equity	-8.5	-9.9
of which euro/US dollar	+8% (previous year: +5%)	Profit for the year	(-49.1)	(-36.1)
	-8% (previous year: -5%)	Equity	(-8.5)	(-6.9)
of which euro/Swiss franc	-8% (previous year: -5%)	Profit for the year	(-7.4)	(-1.6)
	-8% (previous year: -5%)	Equity	(0.0)	(-3.0)

1 The figures for the previous year have been restated.

EnBW uses a multitude of interest-sensitive financial instruments in order to meet the requirements of operational and strategic liquidity management. Interest rate risks only stem from floating-rate instruments.

Interest-induced changes in the market value of interest-bearing securities in the "measured at fair value through profit or loss" and "measured at fair value in equity" measurement categories are presented under other price risks for shares, share-based investment funds, interest-bearing securities and investments in private equity companies.

On the assets side, there is interest exposure from bank balances and on the liabilities side from floating-rate liabilities to banks. In addition, there are interest rate risks from derivatives in the form of swap transactions. EnBW mainly has interest rate risks in the eurozone. The analysis includes financial assets of €1,194.5 million (previous year: €1,441.4 million) and financial liabilities of €1,943.7 million (previous year: €1,926.5 million), whose interest rate exposure might affect equity or the net profit/loss for the year.

The effects of changes in interest rates on the net profit/loss for the year and on equity on the reporting date are analyzed below. The situation on the reporting date for the period is decisive for the quantitative information; the effects for one year on the current reporting period are presented. The analysis was made assuming that all other parameters, such as exchange rates, remain unchanged. The analysis includes only financial instruments whose interest rate exposure might affect equity or the net profit/loss for the year. For analysis purposes, the average change in yield over the last ten years was used.

Interest rate risk

in € million		31/12/2020	31/12/2019
Increase in interest rate +30 basis points (previous year: +40 basis points)	Profit for the year	-1.7	-3.2
of which interest rate derivatives	Profit for the year	(-1.1)	(-0.9)
of which cash at banks with a floating interest rate	Profit for the year	(3.6)	(5.1)
of which primary financial debt with a floating interest rate	Profit for the year	(-4.2)	(-7.4)
Decrease in interest rate -30 basis points (previous year: -40 basis points)	Profit for the year	1.9	3.0
of which interest rate derivatives	Profit for the year	(1.1)	(0.9)
of which cash at banks with a floating interest rate	Profit for the year	(-3.6)	(-5.1)
of which primary financial debt with a floating interest rate	Profit for the year	(4.4)	(7.2)

In the context of our energy trading activities, EnBW enters into energy trading contracts for the purpose of price risk management, optimization of power stations, load equalization and optimization of margins. Trading for own account is only permitted within narrow, clearly defined boundaries.

The price risks mostly arise from the procurement and sale of electricity, the procurement of coal, gas and oil as fuels, and the procurement of emission allowances. Furthermore, EnBW is exposed to price risks from speculative items entered into in own-account trading. The price risks are hedged using appropriate financial instruments on the basis of continuously monitored forecasts of market prices. The hedging instruments used in the reporting period were forwards, futures, swaps and options.

The sensitivity of the measurement of derivatives to the price of electricity, coal, oil, gas and emission allowances is analyzed below. The analysis was made assuming that all other parameters remain unchanged. It includes only derivatives whose changes in market value affect equity or the net profit/loss for the year. These are derivatives that are accounted for as stand-alone derivatives as well as derivatives used as hedging instruments in cash flow hedges. For all commodities, typical volatilities were determined and rounded on the basis of the front year. These volatilities give the percentage rate by which the market price is shifted on the evaluation date. For all commodities, the resulting changes in market prices are multiplied by the sensitivities and aggregated for each commodity.

The analysis does not include any derivatives that are intended for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (own use), and accordingly are not required to be accounted for in accordance with IFRS 9. Our generation and distribution positions are not included in the analysis either.

The sensitivities presented below therefore do not represent the actual economic risks to which the EnBW Group is exposed but rather serve solely to satisfy the disclosure requirements of IFRS 7.

The information presented in the table shows only the negative effects on the net profit/loss for the year and on equity for the given change in prices. An opposite change in prices would have positive effects of the same amount on the net profit/loss for the year and on equity.

Price risks

in € million [1]			31/12/2020	31/12/2019
Electricity	-25% (previous year: +20%)	Profit for the year	-62.0	-8.4
	+25% (previous year: +20%)	Equity	-161.9	-92.6
Coal	-20% (previous year: -25%)	Profit for the year	-17.0	-12.1
	-20% (previous year: -25%)	Equity	-67.0	-85.5
Oil	-30% (previous year: -25%)	Profit for the year	-4.4	-5.0
	-30% (previous year: -25%)	Equity	-2.2	0.0
Gas	-25% (previous year: -25%)	Profit for the year	-31.5	-34.2
	-25% (previous year: -25%)	Equity	0.0	0.0
Emission allowances	-50% (previous year: -45%)	Profit for the year	-89.7	-112.9
	-50% (previous year: -45%)	Equity	-103.3	-150.6

1 The logic of the plus/minus signs has been changed compared to the previous year in order to underline the fact that the presentation relates to price risks.

EnBW has investments in shares, share-based investment funds, fixed-income securities and investments in private equity companies that pose price risks for the company, which include, among other things, currency risk. When selecting securities, the company always attaches particular importance to high marketability and a good credit rating. As of the reporting date of 31 December 2020, shares, share-based investment funds, fixed-income securities and investments in private equity companies totaling €5,607.5 million (previous year: €5,661.1 million) were exposed to market risk.

The effects of price risks from shares, share-based investment funds, interest-bearing securities and investments in private equity companies (real estate, infrastructure and private equity funds) on the net profit/loss for the year and on equity are analyzed below. The analysis was made assuming that all other parameters, such as interest, remain unchanged. The analysis includes financial instruments whose price risks might affect equity or the net profit/loss for the year. The analysis of the market price risk of shares, share-based investment funds and investments in private equity funds was carried out based on historical volatility. A standard deviation was assumed as a realistic scenario. The market risk of fixed-income securities was analyzed by modified duration. Taking into account the changes in interest rates assumed (see interest rate risk) in relation to the fair value of fixed-income securities, results are determined in absolute figures. The premises on which the sensitivity analysis is based are 10% for shares, share-based investment funds and investments in private equity funds (previous year: 10%) and 1% for interest-bearing securities and investments in real estate and infrastructure funds (previous year: 1%).

In the risk scenario in question, the net profit/loss for the year would improve by €151.3 million (previous year restated: €217.8 million). The hypothetical change in profit/loss for the year is primarily due to shares, share-based investment funds and investments in private equity companies. In the risk scenario in question, the equity would increase by €18.6 million (previous year: €15.3 million). Of the hypothetical change in equity, €18.6 million (previous year: €15.3 million) is accounted for by fixed-income securities. The information presented shows only the effects on the net profit/loss for the year and on equity in the case of an increase in the values of shares, share-based investment funds, interest-bearing securities and investments in private equity companies, a reduction of the same amount would have the opposite effect.

(26) Contingent liabilities and other financial commitments

The disclosures on contingent liabilities and other financial commitments relate to nominal values.

Contingent liabilities

After the amended German Atomic Power Act (AtG) and the amended Directive on the Coverage Provisions in the Nuclear Power Industry (AtDeckV) came into force on 27 April 2002, German nuclear power plant operators are required to provide evidence of coverage provision up to a maximum amount of €2.5 billion per case of damage for risks related to nuclear power. Of this provision, €255.6 million is covered by uniform third-party liability insurance. Nuklear Haftpflicht GbR now only provides solidarity coverage in respect of claims relating to officially prescribed evacuation measures ranging from €0.5 million to €15.0 million. In proportion to their shares in the nuclear power plants, Group companies have undertaken to provide the operating companies responsible for the nuclear power plants with sufficient liquidity to enable them to meet their obligations arising from their membership of Nuklear Haftpflicht GbR at any time.

In order to fulfill the subsequent coverage provision amounting to €2,244.4 million per case of damage, EnBW and the other parent companies of the German nuclear power station operators reached a solidarity agreement on 11 July, 27 July, 21 August and 28 August 2001, which was extended with agreements on 25 March, 18 April, 28 April and 1 June 2011, to provide a liable nuclear power station operator with sufficient funding – after exhausting its own possibilities and those of the Group parent companies – to meet its payment obligations in the event of a claim for damages. According to the agreement, EnBW had to bear a 20.450% share of the liability coverage, plus 5.0% for costs to settle any claims for damages, as of 31 December 2020, and has to bear 25.048% from 1 January 2021, as the Isar 1 and Grafenrheinfeld nuclear power plants are no longer included. Sufficient provisions have been made to ensure this liquidity and are taken into account in the liquidity plan.

As of 31 December 2019, the Neckarwestheim 1 and Philippsburg 1 nuclear power plants were no longer included in the solidarity agreement. Due to the removal of all of the fuel rods from the power plants, the coverage provision for the Neckarwestheim 1 nuclear power plant was fixed at €15.0 million and the coverage provision for the Philippsburg 1 nuclear power plant at €15.0 million in 2019.

As of 31 December 2018, the Obrigheim nuclear power plant was no longer included in the previously described solidarity agreement. Due to the removal of all of the fuel rods from the power plant, the coverage provision for the Obrigheim nuclear power plant was fixed at €9.7 million in 2018.

EnBW Energie Baden-Württemberg AG, Kernkraftwerk Obrigheim GmbH and EnBW Kernkraft GmbH are members of the European Mutual Association for Nuclear Insurance (EMANI). Comprehensive property insurance has been taken out with EMANI for all nuclear power plants operated by EnBW, except for the Obrigheim nuclear power plant. In the event that the guarantee fund held by EMANI is exhausted, or if EMANI no longer holds the legally stipulated liquidity, EMANI can demand the payment of an amount up to six times the annual net premium from the members in accordance with its statutes. The annual net premium for all nuclear power plant blocks operated by EnBW is currently €0.698 million, of which €0.150 million is for the KKP nuclear power plant blocks.

In addition, there are other contingent liabilities at the EnBW Group amounting to €268.1 million (previous year: €627.5 million). This amount includes sureties of €254.5 million (previous year: €591.1 million). The decrease in sureties is due to the full consolidation of EnBW Albatros. The amount also includes €11.3 million (previous year: €10.9 million) for pending litigation where no provisions were made because the counterparty is unlikely to win the case. More detailed explanations on important legal risks for which contingent liabilities are reported can be found in the risk report. In addition, various court cases, investigations by authorities or proceedings and other claims are pending against EnBW. The chances of these being successful are, however, remote and they are therefore not reported under contingent liabilities.

Other financial commitments

The EnBW Group has long-term purchase commitments for natural gas, coal and other fossil fuels, as well as for electricity. In addition, there are commitments from long-term agreements for the purchase, conversion, enrichment, production and disposal of uranium. The total volume of these commitments amounts to €25.4 billion (previous year: €29.5 billion), of which €5.8 billion (previous year: €5.2 billion) is due within one year.

Miscellaneous other financial commitments break down as follows:

in € million	31/12/2020			Of which due in	31/12/2019
		< 1 year	1–5 years	> 5 years	
Financial commitments from rent and lease agreements	275.8	60.2	113.1	102.5	159.0
Purchase commitments	925.9	716.2	201.1	8.6	903.6
Investment obligations for intangible assets and property, plant and equipment	2,176.6	668.1	1,368.7	139.8	1,213.8
Financial commitments from corporate acquisitions [1]	657.2	308.4	304.6	44.2	535.5
Other financial commitments	459.8	129.2	202.7	127.9	407.0
Total	**4,495.3**	**1,882.1**	**2,190.2**	**423.0**	**3,218.9**

1 Financial commitments from corporate acquisitions < 1 year include investments held as financial assets amounting to €170.8 million (previous year: €186.7 million).

(27) Significant restrictions

As a result of regulatory and legal requirements, the ability of the Group to transfer assets within the Group is limited to some extent.

In accordance with the German Energy Industry Act (EnWG), independent transmission operators must possess the financial, technical, material and human resources required to operate the transmission grid. For this purpose, the independent transmission operators must be the owner, either directly or through shareholdings, of all of the assets required to operate the transmission grid. As of 31 December 2020, the EnBW Group held a total of €3,468.9 million (previous year: €3,002.9 million) in assets restricted due to these legal regulations.

(28) Audit fees

The fees of the Group auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, which are recorded as an expense, break down as follows:

in € million	2020	2019
Statutory audit	3.6	3.1
Other attestation services	0.6	0.5
Tax advisory services	0.4	0.7
Other services	0.3	0.5
Total	**4.9**	**4.8**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the annual and consolidated financial statements of EnBW AG. In addition, attestation services that are not prescribed by law were provided relating to financial information for the reviews of interim financial statements and to voluntary audits of annual and consolidated financial statements. The audit also included an audit according to MaRisk (German minimum requirements for risk management) in the area of energy trading that is not prescribed by law. Furthermore, other audits specific to the sector of the economy that are not prescribed by law, such as audits according to EEG, KWKG and the Concession Fee Ordinance, were carried out. Attestation services that are not prescribed by law relating to capital market transactions comprised the issuing of four comfort letters. Agreed investigative measures were also carried out.

In connection with matters relating to value added tax and ongoing income taxes, EnBW AG was also provided with tax advice by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. In addition, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft advised us on matters relating to the grids and also on other economic matters.

(29) Exemptions pursuant to section 264 (3) or section 264b HGB

The following German subsidiaries made use of some or all of the exemption provisions of section 264 (3) HGB or section 264b HGB in the 2020 financial year:

Exemptions pursuant to section 264 (3) HGB

- BroadNet Deutschland GmbH, Cologne
- EnBW Betriebs- und Servicegesellschaft mbH, Karlsruhe
- EnBW France GmbH, Stuttgart
- EnBW He Dreiht GmbH, Varel
- EnBW New Ventures GmbH, Karlsruhe
- EnBW Offshore 1 GmbH, Stuttgart
- EnBW Offshore 2 GmbH, Stuttgart
- EnBW Offshore 3 GmbH, Stuttgart
- EnBW Perspektiven GmbH, Karlsruhe
- EnBW REG Beteiligungsgesellschaft mbH, Stuttgart
- EnBW Renewables International GmbH, Stuttgart
- EnBW Rückbauservice GmbH, Stuttgart
- EnBW Telekommunikation GmbH, Karlsruhe
- EnBW Urbane Infrastruktur GmbH, Karlsruhe (formerly EnBW Omega Dreiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe)
- EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe
- Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim
- MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach
- Neckarwerke Stuttgart GmbH, Stuttgart
- Netze BW Wasser GmbH, Stuttgart
- NWS Finanzierung GmbH, Karlsruhe
- NWS REG Beteiligungsgesellschaft mbH, Stuttgart
- Plusnet GmbH, Cologne
- RBS wave GmbH, Stuttgart
- symbiotic services GmbH, Karlsruhe
- TPLUS GmbH, Karlsruhe
- u-plus Umweltservice GmbH, Karlsruhe
- Ventelo GmbH, Cologne

Exemptions pursuant to section 264b HGB

- EnBW City GmbH & Co. KG, Obrigheim
- Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim
- NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim
- Plusnet Infrastruktur GmbH & Co. KG, Cologne

(30) Declaration of compliance with the German Corporate Governance Code

The Board of Management and Supervisory Board of EnBW Energie Baden-Württemberg AG issued the declaration of compliance with the German Corporate Governance Code required by section 161 AktG on 10 December 2020 and made it permanently available to shareholders on the Internet at www.enbw.com/entsprechenserklaerung.

(31) Share deals and shareholdings of key management personnel

The company did not receive any notices in the 2020 financial year about transactions involving EnBW shares, EnBW bonds, emissions allowances or any associated financial instruments concerning persons in managerial positions or those persons closely related to them in accordance with article 19 (1) EU Market Abuse Regulation 596/2014 (MAR).

(32) Notes to the cash flow statement

The cash flow statement is split up into cash flows from operating, investing and financing activities. The balance of the cash flow statement represents the change in cash and cash equivalents during the 2020 financial year amounting to € -138.5 million (previous year: € -1,058.2 million).

Cash and cash equivalents almost exclusively relate to bank deposits, largely in the form of time and day-to-day deposits whose term is less than three months and that are only subject to an immaterial risk of fluctuation in value. In the 2020 financial year, operating cash flow amounted to €1,158.1 million (previous year restated: €559.9 million).

The income tax paid in the reporting year totaled €207.8 million (previous year: €409.1 million).

Other non-cash-relevant expenses and income break down as follows:

in € million	2020	2019
Income from the reversal of construction cost subsidies	-67.1	-66.7
Impairment losses	80.5	93.3
Reversal of impairment losses on property, plant and equipment and intangible assets	-16.9	-4.5
Expense from the reversal of capitalized costs for obtaining contracts	20.5	14.8
Write-ups/write-downs on inventories and valuations of associated derivatives	-42.2	37.2
Other	1.5	-9.3
Total	**-23.7**	**64.8**

In the 2020 financial year, €199.5 million (previous year: €140.5 million) was distributed to third-party shareholders of Group companies.

Capital expenditure on intangible assets and property, plant and equipment includes €132.2 million (previous year: €96.9 million) for intangible assets and €2,045.9 million (previous year restated: €1,703.8 million) for property, plant and equipment. The acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations item includes €89.6 million (previous year: €752.8 million) for fully consolidated companies and €36.9 million (previous year: €382.3 million) for entities accounted for using the equity method.

The purchase prices paid in cash for the acquisition of subsidiaries, entities accounted for using the equity method and interests in joint operations totaled €143.3 million (previous year: €1,212.9 million). In the reporting year, €16.8 million (previous year: €77.8 million) cash and cash equivalents were acquired in the course of share purchases. The cash payments in the reporting period were primarily related to the acquisition of Gas-Union. Intangible assets of €3.4 million, property, plant and equipment of €73.2 million, other non-current assets of €319.1 million, other current assets of €315.7 million, assets held for sale of €99.1 million, non-current liabilities of €286.5 million, current liabilities of €340.2 million and liabilities held for sale of €94.4 million were acquired with the purchase of Gas-Union. The cash payments in the previous year primarily concerned the acquisitions of Valeco and Plusnet. Intangible assets of €108.6 million (restated), property, plant and equipment of €158.8 million (restated), other non-current assets of €288.3 million (restated), other current assets of €25.2 million (restated), non-current liabilities of €205.6 million (restated) and current liabilities of €48.6 million (restated) were acquired with the purchase of Valeco. Intangible assets of €113.3 million (restated), property, plant and equipment of €95.6 million (restated), other non-current assets of €16.4 million (restated), other current assets of €47.3 million (restated), non-current liabilities of €87.6 million (restated) and current liabilities of €72.2 million were acquired with the purchase of Plusnet. In addition, capital increases at entities accounted for using the equity method were also included in both the reporting year and the previous year.

The sale prices from the sale of subsidiaries, entities accounted for using the equity method and interests in joint operations totaled €0.3 million (previous year: €108.5 million). Cash and cash equivalents of €39.9 million (previous year: €40.2 million) were relinquished in the reporting year as a result of the sale of shares. In the reporting period, this resulted mainly from the sale of the shares in Pegasus Energie GmbH. Assets of €53.8 million and liabilities of €92.5 million were derecognized due to the sale. In the previous year, the cash received mainly resulted from the sale of the shares in EMB Energie Mark Brandenburg and Stuttgart Netze Betrieb. Due to the sale of Stuttgart Netze Betrieb, assets held for sale of €80.7 million and liabilities directly associated with assets classified as held for sale of €69.9 million were derecognized. In addition, capital reductions at entities accounted for using the equity method were included.

Cash-relevant net investment in the section “The EnBW Group” of the management report can be reconciled as follows:

in € million[1]	2020	2019
Cash flow from investing activities	-1,978.5	-2,170.0
- Interest and dividends received	-264.5	-286.5
- Cash received/paid for investments in connection with short-term finance planning	18.0	20.9
- Net investments held as financial assets	145.2	17.3
- Net investments in property held as financial assets	-0.6	-4.8
- Net investments in other assets	-53.2	-94.1
- Acquired/relinquished cash	23.1	-37.6
+ Payments for alterations of capital in non-controlling interests	72.4	59.1
+ Cash received/paid for changes in ownership interest without loss of control	207.7	22.6
+ Cash received/paid from participation models	3.5	-8.3
Cash payments for net investments	**-1,826.9**	**-2,481.4**

1 The figures for the previous year have been restated.

The dedicated financial assets contribution of €123.1 million (previous year: €19.2 million) is reported separately for the representation of the retained cash flow in the liquidity analysis in the section “The EnBW Group” of the management report.

Liabilities included in the cash flow from financing activities item in the cash flow statement can be reconciled as follows:

in € million	As of 01/01/2020	Cash-relevant changes	Non-cash-relevant changes					As of 31/12/2020
			Changes in the group of consolidated companies	Currency effects	Addition to leases	Accrued interest	Other changes	
Subordinated bonds	2,978.4	493.6	0.0	-22.5		0.0	5.9	3,455.4
Bonds	2,724.1	996.1	0.0	-5.5		0.0	-8.3	3,706.4
Liabilities to banks	2,021.9	-285.6	32.7	-2.1		5.0	0.0	1,771.9
Other financial liabilities[1]	466.3	-26.1	3.4	-1.1		3.8	233.0	679.3
Financial liabilities[2]	**8,190.7**	**1,178.0**	**36.1**	**-31.2**	**0.0**	**8.8**	**230.6**	**9,613.0**
Other liabilities (interest on bonds)	116.4	-88.5	0.0	0.0		94.6	0.0	122.5
Other liabilities (leases)[3]	699.5	-174.0	7.0	-2.1	339.9	0.0	16.0	886.3
Total	**9,006.6**	**915.5**	**43.1**	**-33.3**	**339.9**	**103.4**	**246.6**	**10,621.8**

1 The other changes to other financial liabilities in the reporting year include €234.8 million from the “EnBW connects” participation model.
2 The cash-relevant changes include €8.8 million from interest payments.
3 The cash-relevant changes include €13.9 million from interest payments.

in € million	As of 01/01/2019	Cash-relevant changes	Non-cash-relevant changes						As of 31/12/2019
			Changes in the group of consolidated companies	Changes in accounting policies	Currency effects	Addition to leases	Accrued interest	Other changes	
Subordinated bonds	1,975.2	993.7	0.0	0.0	5.0		0.0	4.5	2,978.4
Bonds	2,644.2	74.5	1.3	0.0	8.5		0.0	-4.4	2,724.1
Commercial papers	250.0	-250.0	0.0	0.0	0.0		0.0	0.0	0.0
Liabilities to banks	1,482.8	370.0	160.5	0.0	2.0		7.2	-0.6	2,021.9
Other financial liabilities	644.0	-95.5	38.9	-99.8	0.8		9.8	-31.9	466.3
Financial liabilities [1]	**6,996.2**	**1,092.7**	**200.7**	**-99.8**	**16.3**	**0.0**	**17.0**	**-32.4**	**8,190.7**
Other liabilities (interest on bonds)	110.3	-98.8	0.0	0.0	0.0		104.9	0.0	116.4
Other liabilities (leases) [2]	0.0	-120.4	92.3	620.7	0.8	94.0	0.0	12.1	699.5
Total	**7,106.5**	**873.5**	**293.0**	**521.0**	**17.1**	**94.0**	**121.9**	**-20.3**	**9,006.6**

1 The cash-relevant changes include €16.9 million from interest payments.
2 The cash-relevant changes include €12.1 million from interest payments.

For further explanations on the cash flow statement, please refer to the details given in the management report on the financial position of the EnBW Group.

(33) Additional disclosures on capital management

Capital management at EnBW covers both the management of the net debt of €14,406.5 million (previous year: €12,852.4 million) and the management of liabilities and financial assets. Financial assets include non-current securities and loans, as well as current financial assets and cash and cash equivalents. On the liabilities side, capital management covers financial liabilities, as well as provisions for pensions and those relating to nuclear power.

By limiting the adjusted cash-relevant net investment to the level of the adjusted retained cash flow of €1,878.5 million (previous year: €1,485.7 million), measured by the internal financing capability of 102.8% (previous year restated: 90.0%), EnBW controls the level of net financial debt irrespective of the interest rate-related volatility of the pension and nuclear provisions. For further explanations, please refer to the details given in the management report on the liquidity analysis of the EnBW Group. EnBW ensures the timely coverage of the pension and nuclear obligations using an asset liability management model. EnBW uses this cash flow-based model to determine the anticipated effects over the next 30 years, based on appraisals of the pension provisions, as well as appraisals of the nuclear provisions. This model forms the basis for the management of the financial assets that are held to cover the pension and nuclear obligations. It allows simulations of various alternative return and provision scenarios.

The impact that the utilization of the pension and nuclear obligations may have on the operating business is limited to €300.0 million (plus an inflation supplement) a year using an ongoing contribution from the financial assets. If the provisions are fully covered by the financial assets, no further funds will be taken from operating cash flow as part of the model.

EnBW uses a rolling planning horizon of three months for the short-term management of liquidity. EnBW also uses tools that allow forecasts to be made about liquidity requirements beyond the medium-term period.

EnBW has a well-balanced maturity profile for its financial liabilities. The financial policy focuses on ensuring the solvency of the company, limiting financial risks and optimizing capital costs. As of 31 December 2020, the creditworthiness of EnBW was rated by the rating agencies Moody's, Standard and Poor's and Fitch with A3/negative, A-/stable and BBB+/stable, respectively.

(34) Segment reporting

2020 in € million	Sales	Grids	Renewable Energies	Generation and Trading	Other/Consolidation	Total
Revenue						
External revenue	9,964.9	3,657.5	1,044.0	5,019.8	8.1	19,694.3
Internal revenue	757.2	1,353.1	460.4	3,022.7	-5,593.4	0.0
Total revenue	10,722.1	5,010.6	1,504.4	8,042.5	-5,585.3	19,694.3
Earnings indicators						
Adjusted EBITDA	335.0	1,346.6	835.6	442.2	-178.2	2,781.2
EBITDA	206.1	1,311.0	803.9	358.1	-15.8	2,663.3
Adjusted EBIT	184.0	793.2	520.4	116.3	-222.4	1,391.5
EBIT	53.4	668.6	420.7	20.0	-60.0	1,102.7
Income from reversals of impairment losses	0.0	2.6	1.0	13.3	0.0	16.9
Scheduled amortization and depreciation	-151.0	-553.4	-315.3	-325.9	-44.2	-1,389.7
Impairment losses	-1.7	-89.0	-68.0	-12.2	0.0	-170.9
Net profit/loss from entities accounted for using the equity method	2.8	14.4	69.1	9.1	0.0	95.4
Significant non-cash-relevant items	-61.4	-2.1	3.2	7.5	-21.4	-74.2
Assets and liabilities						
Capital employed	1,491.3	10,977.1	7,195.0	1,221.1	3,140.5	24,025.0
of which carrying amount of entities accounted for using the equity method	(95.9)	(450.3)	(267.9)	(154.8)	(0.0)	(968.9)
Capital expenditure on intangible assets and property, plant and equipment	217.4	1,365.2	424.3	117.8	45.0	2,169.7

2019 in € million[1]	Sales	Grids	Renewable Energies	Generation and Trading	Other/Con-solidation	Total
Revenue						
External revenue	9,350.2	3,459.7	653.1	5,969.5	3.2	19,435.7
Internal revenue	769.6	1,359.6	405.0	3,085.0	-5,619.3	0.0
Total revenue	10,119.8	4,819.3	1,058.2	9,054.6	-5,616.1	19,435.7
Earnings indicators						
Adjusted EBITDA	325.9	1,355.3	499.3	426.4	-174.4	2,432.5
EBITDA	275.6	1,275.6	469.2	225.0	-0.2	2,245.2
Adjusted EBIT	210.7	837.5	278.2	-162.9	-218.8	944.7
EBIT	160.4	756.8	236.5	-512.4	-44.6	596.7
Income from reversals of impairment losses	0.3	0.0	0.0	4.2	0.0	4.5
Scheduled amortization and depreciation	-115.3	-517.7	-221.1	-589.4	-44.3	-1,487.8
Impairment losses	-0.0	-1.1	-11.6	-148.0	0.0	-160.7
Net profit/loss from entities accounted for using the equity method	2.0	19.1	1.2	6.5	0.0	28.9
Significant non-cash-relevant items	-22.7	21.5	3.9	48.6	-15.1	36.2
Assets and liabilities						
Capital employed	1,379.4	8,990.7	6,627.1	1,848.3	3,037.9	21,883.4
of which carrying amount of entities accounted for using the equity method	(93.8)	(396.9)	(426.7)	(146.6)	(0.0)	(1,064.0)
Capital expenditure on intangible assets and property, plant and equipment	123.7	1,215.1	166.5	96.3	35.0	1,636.6

1 The figures for the previous year have been restated.

Detailed descriptions of the segments are given in the section "The EnBW Group" of the management report.

Adjusted EBITDA is one of the key internal performance indicators. Adjusted EBITDA is an earnings ratio before the investment and financial results, income taxes and amortization, adjusted for non-operating effects, which accurately reflects the development of results of operations. In the management report, the performance of the segments is explained with the aid of adjusted EBITDA.

Adjusted EBITDA can be reconciled to earnings before taxes (EBT) as follows:

in € million	2020	2019
Adjusted EBITDA	2,781.2	2,432.5
Non-operating EBITDA	-117.9	-187.3
of which income/expenses relating to nuclear power	(43.7)	(-61.9)
of which income from the reversal of other provisions	(38.3)	(48.2)
of which result from disposals	(2.4)	(18.4)
of which reversals of/additions to the provisions for onerous contracts relating to electricity procurement agreements	(-56.8)	(-54.8)
of which income from reversals of impairment losses	(16.9)	(4.5)
of which restructuring	(-53.9)	(-41.0)
of which other non-operating result	(-108.5)	(-100.7)
EBITDA	**2,663.3**	**2,245.2**
Amortization and depreciation	-1,560.6	-1,648.5
Earnings before interest and taxes (EBIT)	**1,102.7**	**596.7**
Investment result	206.9	401.3
Financial result	-307.0	-95.8
Earnings before tax (EBT)	**1,002.6**	**902.2**

The components of non-operating EBITDA can be found in the income statement, in particular, in income to the amount of €227.2 million (previous year: €200.0 million), as well as in expenses to the amount of €345.1 million (previous year: €387.4 million).

Segment reporting is based on internal reporting.

Sales of electricity and gas, energy industry services and energy solutions and activities in the area of energy supply and energy saving contracting, telecommunications and electromobility are summarized in the Sales segment. The Grids segment encompasses the value-added stages of transmission and distribution of electricity and gas. In addition, the expansion of the HVDC connections in the transmission grid, the provision of grid-related services and the supply of water is reported in the Grids segment. Activities in the area of power generation using renewable energies are presented in their own segment. These activities include project development, project planning and the construction and operation of power plants based on renewable energies. The Generation and Trading segment encompasses conventional electricity generation and the trading of gas and electricity, the provision of system services and the operation of reserve power plants for the transmission grids. In addition, the gas midstream business with storage, the dismantling of power plants, district heating and waste management / environmental services are reported in this segment. All activities which cannot be attributed to the separately presented activities of the segments are disclosed together with eliminations between the segments under "Other / Consolidation."

The segment figures have been determined in accordance with the accounting policies used in the consolidated financial statements. Internal revenue shows the level of sales between Group companies. Sales between the segments were made at market prices.

The significant non-cash-relevant items principally comprise expenses from allocations to provisions as well as income from the reversal of construction cost subsidies and household connection costs as well as deferred liabilities.

Capital employed, which we record as segment assets, comprises all assets from the operating business. Non-interest-bearing liabilities – such as trade payables – are deducted.

Capital employed is calculated as follows:

in € million	31/12/2020	31/12/2019
Intangible assets	3,498.5	3,347.4
Property, plant and equipment	19,990.9	18,552.7
Investment properties	27.9	30.3
Investments [1]	1,541.0	1,694.7
Loans	283.7	187.7
Inventories	1,151.1	1,066.1
Trade receivables [2]	4,749.7	3,886.8
Other assets [3]	5,211.3	5,185.2
of which income tax refund claims	(287.5)	(157.5)
of which other tax refund claims	(158.4)	(134.1)
of which derivatives	(3,797.8)	(3,810.1)
of which payments on account	(52.4)	(45.3)
of which prepaid expenses	(153.5)	(139.2)
of which miscellaneous assets	(1,106.8)	(1,230.4)
of which assets held for sale	(35.0)	(0.9)
of which components attributable to net debt	(-380.1)	(-332.3)
Other provisions	-2,529.2	-2,349.1
Trade payables and other liabilities [4]	-10,314.4	-10,027.8
of which trade payables	(-4,011.2)	(-4,001.0)
of which other deferred income	(-227.6)	(-205.4)
of which derivatives	(-3,588.5)	(-3,459.3)
of which income tax liabilities	(-283.3)	(-155.4)
of which contract liabilities	(-956.6)	(-932.0)
of which other liabilities	(-1,263.7)	(-1,277.6)
of which liabilities directly associated with the assets classified as held for sale	(-4.3)	(0.0)
of which components attributable to net debt	(20.8)	(2.9)
Subsidies	-14.2	-14.6
Deferred taxes [5]	428.7	324.0
Capital employed	**24,025.0**	**21,883.4**
Average capital employed [6]	**23,025.6**	**19,315.1**

1 Including entities accounted for using the equity method, shares in affiliated entities and other investments allocable to operating activities.
2 Excluding affiliated entities, excluding receivables associated with nuclear provisions.
3 Excluding net profit from CTA, excluding valuation effects from interest-induced hedging transactions.
4 Excluding affiliated entities, excluding non-controlling interests in fully consolidated partnerships recognized as liabilities.
5 Deferred tax assets and liabilities netted.
6 Average calculation based on the relevant quarterly values for the reporting year and the year-end value for the previous year.

External revenue by region is determined by the location supplied. The EnBW Group did not generate 10% or more of its external revenue with any one external customer as in the previous year.

External revenue by region

in € million [1]	2020	2019
Germany	16,375.5	16,358.4
European currency zone excluding Germany	1,842.6	1,618.2
Rest of Europe	1,475.1	1,458.6
Rest of world	1.0	0.5
	19,694.3	**19,435.6**

1 The figures for the previous year have been restated.

External revenue by product

in € million [1]	2020	2019
Electricity	10,840.4	10,938.8
Gas	7,079.6	7,110.8
Energy and environmental services/other	1,774.3	1,385.9
	19,694.3	**19,435.6**

1 The figures for the previous year have been restated.

Intangible assets and property, plant and equipment by region

in € million	31/12/2020	31/12/2019
Germany	21,010.6	19,374.5
European currency zone excluding Germany	604.6	560.7
Rest of Europe	1,874.1	1,964.9
	23,489.4	**21,900.1**

(35) Related parties (entities)

Related parties include, above all, the Federal State of Baden-Württemberg and Zweckverband Oberschwäbische Elektrizitätswerke (OEW) as indirect major shareholders of EnBW AG. As of 31 December 2020, the Federal State of Baden-Württemberg and its wholly owned subsidiary NECKARPRI GmbH indirectly, and NECKARPRI-Beteiligungsgesellschaft mbH directly held 46.75% of the shares in EnBW AG (unchanged). NECKARPRI-Beteiligungsgesellschaft mbH is a wholly owned subsidiary of NECKARPRI GmbH. OEW indirectly, and its wholly owned subsidiary OEW Energie-Beteiligungs GmbH (OEW GmbH) directly held 46.75% of the shares in EnBW AG (also unchanged). This means that the related parties of EnBW AG include, in particular, the Federal State, NECKARPRI GmbH, OEW, OEW GmbH and entities controlled or jointly controlled by them, or over which they have a significant influence.

The transactions concluded with the Federal State and entities controlled or jointly controlled by it, or over which it has significant influence, essentially relate to supplying public entities such as universities, government authorities, zoos and clinics with electricity, gas and district heating. The revenue from these transactions was immaterial in the reporting period; most of the receivables had been settled as of 31 December 2020. All business transactions with the Federal State were based on customary market terms and conditions. There are no contingent liabilities or financial commitments to the Federal State.

Except for dividends paid, there are no business relations with OEW GmbH or NECKARPRI-Beteiligungsgesellschaft mbH.

Business relations with related parties, which, among others, result from supply and procurement agreements in the electricity and gas sectors, and took place at customary market terms and conditions, are as follows:

in € million	2020		2019	
	Joint ventures accounted for using the equity method	Associated companies accounted for using the equity method	Joint ventures accounted for using the equity method	Associated companies accounted for using the equity method
Income	161.1	197.1	157.4	191.6
Expenses	-116.2	-148.3	-58.0	-166.1
Assets	134.9	42.9	114.5	37.7
Liabilities	14.7	525.0	41.9	393.8
Other obligations	208.0	135.6	684.1	341.6

In business relations with joint ventures accounted for using the equity method, receivables and liabilities are due within one year. The other financial obligations mainly comprise sureties. The decrease is due to the change in the consolidation method for EnBW Albatros.

The business relations with associated companies accounted for using the equity method, including with municipal entities (particularly municipal utilities), mainly exist in the course of ordinary business activity. The receivables and liabilities for the reporting period are predominantly due within one year. There are also provisions for long-term procurement agreements that are regularly adjusted to current market assessments. Other obligations to these entities result primarily from long-term purchase obligations in the electricity sector.

Related parties also include the EnBW Trust e. V., which manages the plan assets for securing pension obligations.

(36) Related parties (individuals)

The EnBW Group has not entered into any significant transactions with individuals that are related parties.

The basic principles of the remuneration system and amount of remuneration for the Board of Management, the Supervisory Board and former members of the Board of Management are presented in the remuneration report, which is part of the combined management report.

Total remuneration paid to the Board of Management for the 2020 financial year amounts to €8.4 million (previous year: €10.4 million). This includes short-term benefits of €5.0 million (previous year: €6.0 million), long-term benefits of €2.1 million (previous year: €3.2 million) and the service and interest costs for defined benefit obligations of €1.3 million (previous year: €1.2 million). As of 1 January 2016, the defined benefit obligations for the serving members of the Board of Management were transferred to the new defined contribution system. The resulting pension contributions are €1.0 million (previous year: €1.0 million). There are defined benefit obligations in accordance with IFRS of €16.6 million for the current members of the Board of Management (previous year: €19.9 million).

Former members of the Board of Management and their surviving dependents received €6.6 million (previous year: €5.2 million), of which €0.8 million (previous year: €0.7 million) to former members of boards of management from formerly independent companies and their surviving dependents. 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), of which €33.8 million (previous year: €32.1 million) to former members of boards of management from formerly independent companies and their surviving dependents.

As in the previous year, no loans or advances to members of the Board of Management existed at the end of the financial year.

The remuneration system of the Supervisory Board is also presented in the remuneration report, which is part of the combined management report. The members of the Supervisory Board will receive total remuneration of €1.5 million (previous year:€1.2 million) for the 2020 financial year. In addition to fixed components, the remuneration includes attendance fees and board remuneration from subsidiaries.

As in the previous year, there were no loans or advances to members of the Supervisory Board in the 2020 financial year.

(37) Additional disclosures

List of shareholdings pursuant to section 313 (2) HGB as of 31 December 2020

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
Sales segment					
Fully consolidated companies					
1	bmp greengas GmbH, Munich	3	100.00	5,697	–
2	BroadNet Deutschland GmbH, Cologne	3	100.00	3,966	–
3	ED GrünSelect GmbH, Rheinfelden		100.00	498	0
4	EnBW Energy Factory GmbH, Stuttgart (formerly Watt Synergia GmbH, Frankfurt am Main)	3	100.00	250	–
5	EnBW Mainfrankenpark GmbH, Dettelbach	3	100.00	3,759	–
6	EnBW Telekommunikation GmbH, Karlsruhe	3	100.00	273,334	–
7	EnBW Urbane Infrastruktur GmbH, Karlsruhe	3	100.00	25	–
8	EnBW Vertriebsbeteiligungen GmbH, Stuttgart		100.00	13,705	-2
9	ESD Energie Service Deutschland GmbH, Offenburg		100.00	5,755	1,010
10	eYello CZ k.s., Prague/Czech Republic	5, 13	100.00	270	0
11	G.EN. Gaz Energia Sp. z o.o., Tarnowo Podgórne/Republic of Poland		100.00	46,172	4,708
12	GasVersorgung Süddeutschland GmbH, Stuttgart	3	100.00	65,000	–
13	Gasversorgung Unterland GmbH, Heilbronn	3	100.00	15,745	–
14	Gemeinschaftsheizkraftwerk Fortuna GmbH, Düsseldorf (formerly energieNRW GmbH, Düsseldorf)	5	100.00	353	80
15	goldgas GmbH, Vienna/Austria		100.00	3,358	1,928
16	goldgas GmbH, Eschborn	3	100.00	23,190	–
17	HEV Hohenloher Energie Versorgung GmbH, Ilshofen	3	100.00	10,219	–
18	Interconnector GmbH, Karlsruhe	3	100.00	25	–
19	NaturEnergie+ Deutschland GmbH, Mühlacker		100.00	2,803	3,856
20	Plusnet GmbH, Cologne	3	100.00	186,930	–
21	Plusnet Infrastruktur GmbH & Co. KG, Cologne		100.00	3,777	0
22	PREservisní, s.r.o., Prague/Czech Republic	5	100.00	1,449	567
23	PREzakaznicka a.s., Prague/Czech Republic	5	100.00	1,355	888
24	RBS wave GmbH, Stuttgart	3	100.00	503	–
25	Sales & Solutions GmbH, Stuttgart	3	100.00	75,618	–
26	SENEC GmbH, Leipzig		100.00	21,526	8,159
27	Ventelo GmbH, Cologne	3	100.00	142,238	–
28	VNG-Erdgascommerz GmbH, Leipzig	3	100.00	162,101	–
29	VOLTCOM spol. s r.o., Prague/Czech Republic	5	100.00	521	427
30	Yello Strom GmbH, Cologne	3	100.00	1,100	–
31	ZEAG Immobilien GmbH & Co. KG, Heilbronn		100.00	3,153	1,172
32	WTT CampusONE GmbH, Ludwigsburg	5	80.00	0	-292
33	Erdgas Südwest GmbH, Karlsruhe		79.00	71,182	2,249
34	NetCom BW GmbH, Ellwangen		74.90	24,171	-278
35	LIV-T GmbH, Munich		72.00	50	-1,387
36	Messerschmid Energiesysteme GmbH, Bonndorf	5	60.00	1,155	300
37	TRITEC AG, Aarberg/ Switzerland		60.00	-626	163
38	SMATRICS mobility+ GmbH, Vienna/Austria		51.00	35	-826
39	winsun AG, Steg-Hohtenn/Switzerland		51.00	200	-499
40	Pražská energetika a.s., Prague/Czech Republic	5, 12	41.40	489,616	102,658
Non-consolidated affiliated entities[14]					
41	010052 Telecom GmbH, Cologne	3, 5	100.00	25	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
42	010088 Telecom GmbH, Cologne	3, 5	100.00	25	–
43	010090 GmbH, Cologne	3, 5	100.00	156	–
44	01012 Telecom GmbH, Cologne	3, 5	100.00	27	–
45	01052 Communication GmbH, Cologne	3, 5	100.00	25	–
46	01098 Telecom GmbH, Cologne	3, 5	100.00	25	–
47	Broadnet Services GmbH, Cologne	3, 5	100.00	25	–
48	F&Q Netzbetriebs GmbH & Co. KG, Cologne	5	100.00	1	21
49	mobility + Beteiligungs GmbH, Karlsruhe (formerly EnBW Omega 112. Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	25	0
50	NatürlichEnergie Swiss NES GmbH, Laufenburg/Switzerland	5	100.00	-330	-34
51	Plusnet Verwaltungs GmbH, Cologne	5	100.00	28	1
52	Q-DSL home GmbH, Cologne	3, 5	100.00	1,293	–
53	Q-Süd Immobilien Verwaltungs GmbH, Heilbronn (formerly EnBW Omega 111. Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	25	0
54	SENEC Cloud s.r.l., Rome/Italy	5	100.00	-18	-52
55	SENEC Italia s.r.l., Rome/Italy	5	100.00	366	-96
56	T & Q Netzbetriebs GmbH & Co. KG, Cologne	5	100.00	0	-195
57	VNG ViertelEnergie GmbH, Leipzig	3, 5	100.00	98	–
58	VNG-Erdgastankstellen GmbH, Leipzig	3, 5	100.00	25	–
59	Yello Solar GmbH, Karlsruhe	5	100.00	-8,549	-4,569
60	ZEAG Immobilien Verwaltungsgesellschaft mbH, Heilbronn	5	100.00	27	2
61	EnBW mobility+ AG & Co. KG, Karlsruhe	11	99.90	–	–
62	BEN Fleet Services GmbH, Karlsruhe	5	85.00	186	-2,262
63	twist mobility GmbH, Stuttgart	11	85.00	–	–
64	fonial GmbH, Cologne	5	74.90	0	-592
65	Senec Australia PTY Ltd., Sorrento/Australia	5, 7	70.00	135	-505
66	Energieversum GmbH & Co. KG, Gütersloh	5, 6	51.41	116	798
67	grünES GmbH, Esslingen am Neckar	5	51.00	350	44
68	Stromvertrieb Backnang Verwaltungs GmbH, Backnang	5	51.00	30	1
69	Energie- und Medienversorgung Sandhofer Straße Verwaltungs GmbH, Mannheim i.L.		50.00	–	–
Entities accounted for using the equity method					
70	MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)	5	24.60	107,944	15,988
Investments[14]					
71	effizienzcloud GmbH, Leipzig	5, 6	74.99	42	-427
72	AutenSys GmbH, Karlsruhe	5	65.00	131	-107
73	backnangstrom GmbH & Co. KG, Backnang	5	51.00	-9	7
74	CleverShuttle Düsseldorf GmbH, Düsseldorf	5	50.00	0	-235
75	my-e-car GmbH, Lörrach	5	50.00	82	41
76	Regionah Energie GmbH, Munderkingen	5	50.00	35	-86
77	Einhorn Energie GmbH & Co. KG, Giengen an der Brenz	5	49.90	708	0
78	Einhorn Energie Verwaltungsgesellschaft mbH, Giengen an der Brenz	5	49.90	34	1
79	iQ-Gesellschaft für integrierte Quartierslösungen mbH, Ravensburg	11	49.90	–	–
80	Stadtwerke Freiberg a.N. GmbH, Freiberg am Neckar	5	49.90	5,896	-808
81	Gasversorgung Pforzheim Land GmbH, Pforzheim	5	49.00	15,398	1,722
82	Sautter PE GmbH, Ellhofen	5	49.00	65	398
83	Silphienergie GmbH, Ostrach	5	40.00	72	-78
84	caplog-x GmbH, Leipzig	5	37.34	2,081	956
85	Visp Infra AG, Visp/Switzerland	11	35.00	–	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
86	Tender365 GmbH, Leipzig	5	33.33	298	-1,021
87	IDR Infrastrukturdienste Raron AG, Raron/Switzerland	5	33.00	244	13
88	espot GmbH, Stuttgart	5	32.60	517	-23
89	Tempus s.r.l., Torri di Quartesolo/Italy	5	30.43	625	1
90	Korbacher Energiezentrum GmbH & Co. KG, Korbach	5	30.00	329	166
91	Gemeinschaft für Energieeffizienz GmbH, Düsseldorf	5	26.40	0	-342
92	BSH GmbH & Co. KG, Bad Königshofen i. Grabfeld	7	25.10	699	959
93	Energieagentur Heilbronn GmbH, Heilbronn	5, 6	25.00	30	-73
94	Stadt- und Überlandwerke GmbH Luckau-Lübbenau, Luckau	5	23.38	31,369	2,697
95	EDSR Energiedienste Staldenried AG, Staldenried/Switzerland	5	20.00	208	12
Grids segment					
Fully consolidated companies					
96	ED Netze GmbH, Rheinfelden	3	100.00	65,165	–
97	EnBW Kommunale Beteiligungen GmbH, Stuttgart	3	100.00	995,226	–
98	EnBW Netze BW Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	1,643,228	–
99	EnBW REG Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	405,649	–
100	EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim		100.00	91,621	11,856
101	FRONTIER TECHNOLOGIES, s.r.o., Prague/Czech Republic	5	100.00	743	105
102	KORMAK Praha a.s., Prague/Czech Republic	5	100.00	1,079	962
103	Netze BW Wasser GmbH, Stuttgart	3	100.00	32,894	–
104	Netze-Gesellschaft Südwest mbH, Karlsruhe	3	100.00	86,139	–
105	Netzgesellschaft Düsseldorf mbH, Düsseldorf	3, 5	100.00	1,000	–
106	Netzgesellschaft Ostwürttemberg DonauRies GmbH, Ellwangen Jagst	3	100.00	15,135	–
107	NHF Netzgesellschaft Heilbronn-Franken mbH, Heilbronn	3	100.00	4,000	–
108	NHL Netzgesellschaft Heilbronner Land GmbH & Co. KG, Heilbronn		100.00	1,524	0
109	NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim		100.00	320,933	70,154
110	NWS REG Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	79,988	–
111	ONTRAS Gastransport GmbH, Leipzig	3	100.00	760,000	–
112	PREdistribuce a.s., Prague/Czech Republic	5	100.00	775,348	56,213
113	PREmereni a.s., Prague/Czech Republic	5	100.00	35,521	9,722
114	PREnetcom, a.s., Prague/Czech Republic	5	100.00	500	375
115	Q-Süd Gewerbe GmbH & Co. KG, Heilbronn	11	100.00	–	–
116	Q-Süd Wohnen GmbH & Co. KG, Heilbronn	11	100.00	–	–
117	terranets bw GmbH, Stuttgart	3	100.00	90,000	–
118	TransnetBW GmbH, Stuttgart	3	100.00	728,141	–
119	TransnetBW SuedLink GmbH & Co. KG, Stuttgart		100.00	321,841	6,832
120	ZEAG Engineering GmbH, Heilbronn		100.00	3,696	182
121	EnBW Ostwürttemberg DonauRies AG, Ellwangen	3	99.74	115,439	–
122	ZEAG Energie AG, Heilbronn		98.66	208,949	13,221
123	Netze BW GmbH, Stuttgart	3	90.97	1,130,861	–
124	Stadtwerke Düsseldorf AG, Düsseldorf	5	54.95	564,754	70,166
125	Stromnetzgesellschaft Heilbronn GmbH & Co. KG, Heilbronn	8	49.90	35,820	1,664
126	Neckar Netze GmbH & Co. KG, Esslingen am Neckar	8	49.00	49,614	5,508
Non-consolidated affiliated entities[14]					
127	Elektrizitätswerk Aach GmbH, Aach	5	100.00	3,494	760
128	Energieversorgung Gaildorf OHG der EnBW Kommunale Beteiligungen GmbH und NWS REG Beteiligungsgesellschaft mbH, Gaildorf	5	100.00	3,748	2,121

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
129	Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	25	0
130	Energieversorgung Rheinfelden/Grenzach-Wyhlen Verwaltungs GmbH, Rheinfelden	11	100.00	–	–
131	GDMcom GmbH, Leipzig	3, 5	100.00	5,104	–
132	GEOMAGIC GmbH, Leipzig	5	100.00	3,363	1,147
133	MoviaTec GmbH, Leipzig	5	100.00	176	-361
134	Neckar Netze Verwaltungsgesellschaft mbH, Esslingen am Neckar	5	100.00	125	4
135	Netze Regional GmbH, Stuttgart (formerly Netze BW Omega 1 GmbH, Stuttgart)	5	100.00	25	-4
136	NHL Verwaltungs-GmbH, Heilbronn	5	100.00	24	0
137	OSG ONTRAS Servicegesellschaft mbH, Leipzig	5	100.00	25	0
138	Transnet BW SuedLink Verwaltungsgesellschaft mbH, Stuttgart	5, 13	100.00	23	-1
139	Wärmegesellschaft Heilbronn GmbH, Heilbronn	11	100.00	–	–
140	INFRACON Infrastruktur Service GmbH & Co. KG, Leipzig	5	99.50	2,495	1,779
141	Rieger GmbH & Co. KG, Lichtenstein, Kreis Reutlingen	5	74.28	849	580
142	Rieger Beteiligungs-GmbH, Lichtenstein, Kreis Reutlingen	5	74.24	49	1
143	Elektrizitätswerk Weißenhorn AG, Weißenhorn	5	63.24	3,695	150
144	Netze Pforzheim-Region GmbH & Co. KG, Pforzheim	5	60.00	17,458	1,010
145	Gasnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	5	50.10	3,590	163
146	Gasnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	5	50.10	28	1
147	Netzgesellschaft Elz-Neckar GmbH & Co. KG, Obrigheim	5	50.10	1,192	35
148	Netzgesellschaft Elz-Neckar Verwaltungs GmbH, Obrigheim	5	50.10	33	1
149	Stromnetzgesellschaft Albershausen GmbH & Co. KG, Albershausen	5	50.10	811	24
150	Stromnetzgesellschaft Albershausen Verwaltungs GmbH, Albershausen	5	50.10	31	1
151	Stromnetzgesellschaft Heilbronn Verwaltungs-GmbH, Heilbronn	5	50.10	26	0
152	Stromnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	5	50.10	2,606	152
153	Stromnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	5	50.10	28	1
154	Netze Krauchenwies Verwaltungs-GmbH, Krauchenwies (formerly EnBW Omega 117. Verwaltungsgesellschaft mbH, Karlsruhe)	5	50.00	25	0
Entities accounted for using the equity method					
155	Stadtwerke Esslingen am Neckar GmbH & Co. KG, Esslingen am Neckar	5	49.98	61,066	3,251
156	Pražská energetika Holding a.s., Prague/Czech Republic	5, 9	49.00	269,412	38,510
157	GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. Kommanditgesellschaft, Straelen	5	29.24	76,922	28,524
158	Zweckverband Landeswasserversorgung, Stuttgart	5	27.20	112,751	0
159	Heilbronner Versorgungs GmbH, Heilbronn	4, 5	25.10	51,750	–
160	Stuttgart Netze GmbH, Stuttgart	4, 5, 9	25.10	184,274	–
161	FairEnergie GmbH, Reutlingen	4, 5	24.90	116,166	–
162	Stadtwerke Hilden GmbH, Hilden	3, 4, 5	24.90	17,385	–
163	Energieversorgung Rheinfelden/Grenzach-Wyhlen GmbH & Co. KG, Rheinfelden Baden	11	24.00	–	–
164	Zweckverband Bodensee-Wasserversorgung, Stuttgart	5	20.85	154,578	500
165	Stadtwerke Karlsruhe GmbH, Karlsruhe	4, 5	20.00	184,910	–
Investments[14]					
166	Versorger-Allianz 450 Beteiligungs GmbH & Co. KG, Bonn	11	83.16	–	–
167	Netzgesellschaft Sontheim GmbH & Co. KG, Sontheim an der Brenz	5	74.90	1,795	231
168	Netzgesellschaft Sontheim Verwaltungsgesellschaft mbH, Sontheim an der Brenz	5	74.90	25	0
169	Netzgesellschaft Steinheim GmbH & Co. KG, Steinheim am Albuch	5	74.90	402	63

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
170	Netzgesellschaft Steinheim Verwaltungsgesellschaft mbH, Steinheim am Albuch	5	74.90	25	0
171	Stromnetz Herrenberg Verwaltungsgesellschaft mbH, Herrenberg	5	74.90	33	1
172	Stromnetzgesellschaft Herrenberg mbH & Co. KG, Herrenberg	5	74.90	4,412	547
173	Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim	5	60.00	13,357	-429
174	Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim	5	60.00	31	1
175	Stromnetz Langenau GmbH & Co. KG, Langenau	5	50.10	2,591	87
176	Stromnetz Langenau Verwaltungs-GmbH, Langenau	5	50.10	35	1
177	e.wa riss GmbH & Co. KG, Biberach	5	50.00	32,457	4,029
178	e.wa riss Verwaltungsgesellschaft mbH, Biberach	5	50.00	51	0
179	Fränkische Wasser Service GmbH, Crailsheim	5	50.00	45	7
180	Netze Krauchenwies GmbH & Co. KG, Krauchenwies	11	50.00	–	–
181	Niederrheinisch-Bergisches Gemeinschaftswasserwerk GmbH, Düsseldorf	5	50.00	3,115	98
182	Ostalbwasser Ost GmbH, Ellwangen	5	50.00	45	6
183	Ostalbwasser Service GmbH, Aalen	5	50.00	30	5
184	Ostalbwasser West GmbH, Schwäbisch Gmünd	5	50.00	46	5
185	regioaqua Gesellschaft für Wasser und Abwasser mbH, Rheinfelden	5	50.00	98	17
186	Stadtwerke Schramberg GmbH & Co. KG, Schramberg	5	50.00	16,214	2,164
187	Stadtwerke Schramberg Verwaltungsgesellschaft mbH, Schramberg	5	50.00	42	2
188	Stromnetzgesellschaft Hechingen GmbH & Co. KG, Hechingen	5, 6	50.00	1,765	221
189	Stromnetzgesellschaft Hechingen Verwaltungs GmbH, Hechingen	5, 6	50.00	25	0
190	Wasserübernahme Neuss-Wahlscheid GmbH, Neuss	5	50.00	432	13
191	Stadtwerke Emmendingen GmbH, Emmendingen	5	49.90	18,706	725
192	Stromnetz Blaubeuren GmbH, Blaubeuren	5	49.90	2,725	147
193	Stadtwerke Esslingen-Verwaltungsgesellschaft mbH, Esslingen am Neckar	5	49.80	45	1
194	Energie Sachsenheim GmbH & Co. KG, Sachsenheim	5	49.00	4,567	63
195	Energie Sachsenheim Verwaltungs-GmbH, Sachsenheim	5	49.00	35	2
196	Gemeindewerke Bodanrück GmbH & Co. KG, Allensbach	5	49.00	4,727	185
197	Gemeindewerke Bodanrück Verwaltungs-GmbH, Allensbach	5	49.00	29	1
198	LEO Energie GmbH & Co. KG, Leonberg	5	49.00	8,715	260
199	Netzgesellschaft Marbach GmbH & Co. KG, Marbach am Neckar	5	49.00	2,213	99
200	Rems-Murr Telekommunikation GmbH, Waiblingen	5	49.00	3,991	-9
201	Stadtwerke Backnang GmbH, Backnang	4, 5	49.00	14,215	–
202	Stadtwerke Bad Wildbad GmbH & Co. KG, Bad Wildbad	5	49.00	6,655	718
203	Stadtwerke Bad Wildbad Verwaltungs-GmbH, Bad Wildbad	5	49.00	44	1
204	Stadtwerke Eppingen GmbH & Co. KG, Eppingen	5	49.00	7,885	189
205	Energie Calw GmbH, Calw	4, 5	48.82	15,301	–
206	Stadtwerke Münsingen GmbH, Münsingen	5	45.00	6,623	742
207	Stadtwerke Böblingen GmbH & Co. KG, Böblingen	5	41.10	33,804	109
208	Stadtwerke Böblingen Verwaltungs GmbH, Böblingen	5	41.10	6	0
209	Energieversorgung Südbaar GmbH & Co. KG, Blumberg	5	40.00	7,279	1,387
210	SUEnergie GmbH & Co. KG, Süßen	5	40.00	2,193	60
211	SUEnergie Verwaltungs GmbH, Süßen	5	40.00	33	1
212	Stadtwerke Weinheim GmbH, Weinheim	5	39.32	29,651	2,802
213	Energieversorgung Rottenburg am Neckar GmbH, Rottenburg am Neckar	4, 5	38.00	7,160	–
214	EVG Grächen AG, Grächen/Switzerland	5	35.00	4,829	100

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
215	EVN Energieversorgung Nikolai AG, St. Niklaus/Switzerland	5, 7	35.00	1,641	102
216	EVR Energieversorgung Raron AG, Raron/Switzerland	5, 7	35.00	911	82
217	EVWR Energiedienste Visp - Westlich Raron AG, Visp/Switzerland	5	35.00	4,442	364
218	Valgrid SA, Sion/Switzerland	5	35.00	21,802	1,814
219	VED Visp Energie Dienste AG, Visp/Switzerland	5, 7	35.00	3,548	360
220	Seeallianz GmbH & Co. KG, Markdorf	5	33.00	7,057	409
221	Taubernetze GmbH & Co. KG, Tauberbischofsheim	5	33.00	1,901	71
222	Taubernetze Verwaltungs-GmbH, Tauberbischofsheim	5	33.00	27	1
223	ErmstalEnergie Dettingen an der Erms GmbH & Co. KG, Dettingen an der Erms	5	32.60	3,852	345
224	Versorgungsbetriebe Dettingen an der Erms Verwaltungs-GmbH, Dettingen an der Erms	5	32.60	31	1
225	eneREGIO GmbH, Muggensturm	5	32.00	9,429	634
226	Regionalnetze Linzgau GmbH, Pfullendorf	4, 5	31.64	6,462	–
227	Elektrizitätswerk Mittelbaden AG & Co. KG, Lahr	5	31.00	62,338	10,542
228	Elektrizitätswerk Mittelbaden Verwaltungsaktiengesellschaft, Lahr	5	31.00	144	7
229	Stadtwerke Bad Herrenalb GmbH, Bad Herrenalb	5	30.00	10,626	-972
230	Energie- und Wasserversorgung Bruchsal GmbH, Bruchsal	4, 5	27.41	23,002	–
231	Stadtwerke Bad Säckingen GmbH, Bad Säckingen	3, 5	26.30	8,673	–
232	tktVivax GmbH, Backnang	5, 7	25.21	520	-314
233	Albwerk GmbH & Co. KG, Geislingen an der Steige	5	25.10	21,494	5,906
234	Albwerk Verwaltungsgesellschaft mbH, Geislingen an der Steige	5	25.10	78	3
235	Energie Kirchheim unter Teck GmbH & Co. KG, Kirchheim unter Teck	5	25.10	9,818	359
236	Energie Kirchheim unter Teck Verwaltungs-GmbH, Kirchheim unter Teck	5	25.10	31	1
237	Energieversorgung Immenstaad GmbH & Co. KG, Immenstaad am Bodensee	5	25.10	873	27
238	Energieversorgung Strohgäu GmbH & Co. KG, Gerlingen	5	25.10	8,627	532
239	Energieversorgung Strohgäu Verwaltungs GmbH, Gerlingen	5	25.10	27	1
240	Filderstadt Netze GmbH, Filderstadt	5	25.10	79	-8
241	Gasnetzgesellschaft Schorndorf GmbH & Co. KG, Schorndorf	5	25.10	4,338	242
242	Gasnetzgesellschaft Winnenden mbH, Winnenden	4, 5	25.10	2,275	–
243	Gasnetzverwaltungsgesellschaft Schorndorf GmbH, Schorndorf	5	25.10	33	1
244	Gemeindewerke Brühl GmbH & Co. KG, Brühl	5	25.10	1,260	32
245	Gemeindewerke Brühl Verwaltungs-GmbH, Brühl	5	25.10	32	1
246	Gemeindewerke Plüderhausen GmbH, Plüderhausen	5	25.10	1,646	30
247	Infrastrukturgesellschaft Plochingen GmbH & Co. KG, Plochingen	5	25.10	3,160	184
248	Netzgesellschaft Besigheim GmbH & Co. KG, Besigheim	5	25.10	4,718	236
249	Netzgesellschaft Besigheim Verwaltungs GmbH, Besigheim	5	25.10	32	1
250	Netzgesellschaft Leinfelden-Echterdingen GmbH, Leinfelden-Echterdingen	5	25.10	10,176	441
251	Netzgesellschaft Salach GmbH & Co. KG, Salach	5	25.10	3,579	58
252	Netzgesellschaft Salach Verwaltungs GmbH, Salach	5	25.10	31	1
253	Netzgesellschaft Schwetzingen GmbH & Co. KG, Schwetzingen	5	25.10	2,136	100
254	Netzgesellschaft Schwetzingen Verwaltungs GmbH, Schwetzingen	5	25.10	29	1
255	Netzgesellschaft Vaihingen GmbH & Co. KG, Vaihingen an der Enz	5	25.10	7,908	447
256	Netzgesellschaft Vaihingen Verwaltungs-GmbH, Vaihingen an der Enz	5	25.10	31	1
257	Stadtwerke Ellwangen GmbH, Ellwangen	4, 5	25.10	9,152	–
258	Stadtwerke Giengen GmbH, Giengen	5	25.10	13,723	1,001
259	Stadtwerke Schwäbisch Gmünd GmbH, Schwäbisch Gmünd	4, 5	25.10	30,751	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
260	Stadtwerke Stockach GmbH, Stockach	5	25.10	12,331	1,109
261	Stadtwerke Weinstadt Energieversorgung GmbH, Weinstadt	4, 5	25.10	6,553	–
262	Stadtwerke Wiesloch - Strom - GmbH & Co. KG, Wiesloch	5	25.10	2,374	129
263	Stromgesellschaft March GmbH & Co. KG, March	5	25.10	861	29
264	Stromnetzgesellschaft Ebersbach GmbH & Co. KG, Ebersbach an der Fils	5	25.10	3,435	124
265	Stromnetzgesellschaft Ebersbach Verwaltungs GmbH, Ebersbach an der Fils	5	25.10	32	1
266	Stromnetzgesellschaft Östlicher Schurwald GmbH & Co. KG, Rechberghausen	5	25.10	2,976	151
267	Stromnetzgesellschaft Östlicher Schurwald Verwaltungs GmbH, Rechberghausen	5	25.10	30	1
268	Technische Werke Schussental GmbH & Co. KG, Ravensburg	5	25.10	54,946	4,820
269	Technische Werke Schussental Verwaltungsgesellschaft mbH, Ravensburg	5	25.10	26	-3
270	Stromversorgung Sulz am Neckar GmbH, Sulz am Neckar	5	24.90	4,456	507
271	Netzeigentumsgesellschaft Rheinstetten GmbH & Co. KG, Rheinstetten	5	24.50	4,603	155
272	Stadtwerke Schopfheim GmbH, Schopfheim	5	24.50	174	-14
273	Stadtwerke Wehr GmbH & Co. KG, Wehr	5	24.50	2,556	165
274	Stadtwerke Wehr Verwaltungs-GmbH, Wehr	5	24.50	22	1
275	Energieversorgung Oberes Wiesental GmbH, Todtnau	5	24.00	4,160	273
276	Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen	5	24.00	918	56
277	ENRW Energieversorgung Rottweil GmbH & Co. KG, Rottweil	5	20.00	28,976	2,545
278	ENRW Verwaltungs-GmbH, Rottweil	5	20.00	14	1
279	GASPOOL Balancing Services GmbH, Berlin	5	20.00	2,515	-2,194
280	Stadtwerke Sindelfingen GmbH, Sindelfingen	5	20.00	41,855	3,647
Renewable Energies segment					
Fully consolidated companies					
281	Aletsch AG, Mörel/Switzerland		100.00	22,531	0
282	BALANCE Erneuerbare Energien GmbH, Leipzig	3	100.00	31,615	–
283	Barre Energie SARL, Montpellier/France		100.00	-16	-5
284	Biogas Produktion Altmark GmbH, Hohenberg-Krusemark		100.00	23,020	-1,004
285	Bliekevare Nät AB, Falkenberg/Sweden		100.00	66	0
286	Cambert Énergie SARL, Montpellier/France		100.00	107	346
287	Centrale Photovoltaïque de Saint Quentin la Tour SAS, Montpellier/France		100.00	27	-119
288	Centrale Solaire des Terres Rouges SARL, Montpellier/France		100.00	-811	-155
289	Centrale Solaire du Sycala SARL, Montpellier/France		100.00	1	957
290	Centrale Solaire du Tea Fleury-Merogis SARL, Montpellier/France		100.00	-6	-384
291	Centrale Solaire EMA Solar SARL, Montpellier/France		100.00	-135	28
292	Centrales Solaires de l'Isle sur la Sorgue SAS, Montpellier/France		100.00	-90	-100
293	Connected Wind Services A/S, Balle/Denmark		100.00	1,471	-2,321
294	Connected Wind Services Danmark A/S, Balle/Denmark	5	100.00	1,283	74
295	Connected Wind Services Deutschland GmbH, Rantrum	5	100.00	1,101	-573
296	Connected Wind Services Refurbishment A/S, Balle/Denmark	5	100.00	-114	-1,192
297	Couffrau Energie SARL, Montpellier/France		100.00	-352	228
298	Deves Énergie SARL, Montpellier/France		100.00	-164	647
299	EnAlpin AG, Visp/Switzerland		100.00	185,489	7,531
300	EnBW Biogas GmbH, Stuttgart	3	100.00	52	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
301	EnBW France GmbH, Stuttgart	3	100.00	605,747	–
302	EnBW He Dreiht GmbH, Varel	3	100.00	26,016	–
303	EnBW Holding A.S., Gümüssuyu-Istanbul/Turkey		100.00	232,869	-436
304	EnBW NAG-Beteiligungsgesellschaft mbH, Stuttgart		100.00	23	0
305	EnBW Offshore 1 GmbH, Stuttgart	3	100.00	28,737	–
306	EnBW Offshore 2 GmbH, Stuttgart	3	100.00	690,453	–
307	EnBW Offshore 3 GmbH, Stuttgart	3	100.00	799,436	–
308	EnBW Offshore Service Denmark ApS, Balle/Dänemark (formerly EnBW DanemarkApS, Balle)	5	100.00	8	-1
309	EnBW Offshore Service GmbH, Klausdorf	3	100.00	3,725	–
310	EnBW Renewables International GmbH, Stuttgart	3	100.00	83,909	–
311	EnBW Solar GmbH, Stuttgart	3	100.00	94,051	–
312	EnBW Solarpark Tuningen GmbH, Stuttgart	3	100.00	3,680	–
313	EnBW Solarpark Weesow-Willmersdorf GmbH, Stuttgart		100.00	93,134	-882
314	EnBW Sverige AB, Falkenberg/Sweden		100.00	83,423	6,402
315	EnBW Wind Onshore 1 GmbH, Stuttgart	3	100.00	25	–
316	EnBW Wind Onshore Instandhaltungs GmbH, Karlsruhe	3	100.00	14,415	–
317	EnBW WindInvest GmbH & Co. KG, Stuttgart	11	100.00	–	–
318	EnBW Windkraftprojekte GmbH, Stuttgart		100.00	15,314	-31,412
319	EnBW Windpark Eisenach II GmbH, Stuttgart		100.00	21,804	1,118
320	EnBW Windpark Hemme GmbH, Stuttgart (formerly Windpark Rot am See Infrastruktur GmbH, Stuttgart)		100.00	195	-133
321	EnBW Windpark Prötzel GmbH, Stuttgart		100.00	4,004	-783
322	Energiedienst AG, Rheinfelden		100.00	188,139	13,144
323	Ferme Éolienne de la Bessière SARL, Montpellier/France		100.00	-2,775	617
324	Ferme Éolienne de Puech de Cambert SARL, Montpellier/France		100.00	-478	994
325	Ferme Éolienne de Puech de l'Homme SARL, Montpellier/France		100.00	110	1,062
326	Grünwerke GmbH, Düsseldorf	3, 5	100.00	38,400	–
327	Kraftwerk Lötschen AG, Steg/Switzerland		100.00	26,616	0
328	La Société des Monts de Lacaune SAS, Montpellier/France		100.00	546	880
329	Langenburg Infrastruktur GmbH, Stuttgart		100.00	9,412	-5
330	Le Val Energie SARL, Montpellier/France		100.00	362	-219
331	Leipziger Biogasgesellschaft mbH, Leipzig		100.00	942	25
332	Parc Éolien de la Vallée de Belleuse SARL, Montpellier/France		100.00	-153	351
333	Parc Éolien du Mont de Maisnil SARL, Montpellier/France		100.00	-296	149
334	PRE FVE Svetlik s.r.o., Leitnowitz/Czech Republic	5	100.00	6,296	1,013
335	PRE VTE Částkov s.r.o., Prague/Czech Republic	5	100.00	-185	-897
336	Röbergsfjället Nät AB, Falkenberg/Sweden		100.00	9	0
337	Socpe de Champs Perdus SARL, Montpellier/France		100.00	-910	205
338	SOLARINVEST - GREEN ENERGY s.r.o., Prague/Czech Republic	5	100.00	-41	-71
339	Svenska Connected Wind Services AB, Falkenberg/Sweden	5	100.00	314	-391
340	Valeco Ingénierie SAS, Montpellier/France		100.00	25,656	3,041
341	Valeco O&M SAS, Montpellier/France		100.00	593	761
342	Valeco SAS, Montpellier/France		100.00	71,077	5,029
343	Winding We North a. s., Prague/Czech Republic	5	100.00	237	-1
344	Windpark "Auf der Weißen Trisch" GmbH, Zweibrücken		100.00	664	238
345	Windpark Breitenbach GmbH, Düsseldorf		100.00	25	-111
346	Windpark Niederlinxweiler GmbH & Co. KG, Leinfelden-Echterdingen		100.00	704	639

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
347	Windpark Obhausen/Nemsdorf GmbH & Co. KG, Stuttgart		100.00	1,852	1,550
348	Windpark Rot am See GmbH, Ellwangen Jagst	3	100.00	25	–
349	EE Bürgerenergie Braunsbach GmbH & Co. KG, Braunsbach		99.99	7,600	6
350	EE BürgerEnergie Forchtenberg GmbH & Co. KG, Forchtenberg		99.99	1,500	35
351	BürgerEnergie Königheim GmbH & Co. KG, Königheim		99.97	3,000	181
352	Valeco Solar SARL, Montpellier/France		95.20	1	637
353	EE BürgerEnergie Möckmühl GmbH & Co. KG, Möckmühl		95.17	1,575	20
354	EE BürgerEnergie Jagsthausen GmbH & Co. KG, Jagsthausen		95.11	4,625	115
355	Bürgerenergie Widdern GmbH & Co. KG, Widdern		95.07	7,580	185
356	EE BürgerEnergie Boxberg GmbH & Co. KG, Boxberg		87.24	14,900	1,093
357	EE Bürgerenergie Hardthausen GmbH & Co. KG, Hardthausen am Kocher		83.07	12,170	304
358	Neckar Aktiengesellschaft, Stuttgart		82.20	10,179	4,549
359	JatroSolutions GmbH, Stuttgart		75.30	485	-1,188
360	Geothermie-Gesellschaft Bruchsal GmbH, Bruchsal		74.90	1,123	-252
361	Saint Laurent Solar SAS, Montpellier/France		72.02	518	1,066
362	Energiedienst Holding AG, Laufenburg/Switzerland	10	66.67	959,528	30,714
363	EE Bürgerenergie Ilshofen GmbH & Co. KG, Ilshofen		65.21	3,650	238
364	Centrale Solaire de la Durance SARL, Montpellier/France		65.00	225	249
365	Parc Éolien de Bel Air SAS, Montpellier/France		63.40	-271	293
366	EnBW Windpark Aalen-Waldhausen GmbH, Stuttgart		59.00	27,610	135
367	Rheinkraftwerk Neuhausen AG, Neuhausen/Switzerland		56.00	1,140	50
368	EnBW Solarpark Ingoldingen GmbH, Stuttgart (formerly EnBW Omega 110. Verwaltungsgesellschaft mbH, Stuttgart)		55.00	4,082	58
369	Erneuerbare Energien Neckarwestheim GmbH & Co. KG, Neckarwestheim		52.80	1,050	31
370	Centrale Solaire de Saint Mamet SARL, Montpellier/France		51.00	-606	-67
371	Solarpark Berghülen GmbH, Stuttgart		51.00	2,699	16
372	Solarpark Leutkirch GmbH & Co. KG, Leutkirch im Allgäu		51.00	8,116	688
373	Solarpark Riedlingen-Zwiefaltendorf GmbH, Stuttgart		51.00	5,107	62
374	EnBW Baltic 1 GmbH & Co. KG, Stuttgart		50.32	40,052	10,430
375	EnBW Albatros GmbH & Co. KG, Biberach an der Riß		50.11	475,782	54,001
376	EnBW Hohe See GmbH & Co. KG, Biberach an der Riß		50.11	1,926,939	235,321
377	EnBW Baltic 2 GmbH & Co. KG, Biberach an der Riß		50.10	1,103,578	85,371
378	EnBW Windpark Buchholz III GmbH, Stuttgart		50.10	21,803	99
379	Windenergie Tautschbuch GmbH, Riedlingen		50.10	622	0
380	EnBW Onshore Portfolio GmbH, Stuttgart		50.02	85,547	3,343
381	Energie Renouvelable du Languedoc SARL, Montpellier/France		50.00	-483	-1,107
382	Joncels Energie SARL, Montpellier/France		50.00	-881	-1,422
Joint operations					
383	Rheinkraftwerk Iffezheim GmbH, Iffezheim	9	50.00	92,673	3,045
384	Rhonewerke AG, Ernen/Switzerland	5, 9	30.00	26,534	0
Non-consolidated affiliated entities[14]					
385	BALANCE Bio-Erdgas Schwedt GmbH, Schwedt/Oder (formerly GASAG Bio-Erdgas Schwedt GmbH, Schwedt/Oder)	5	100.00	7	2
386	BALANCE Management GmbH, Leipzig	5	100.00	19	-1
387	Biogas Trelder Berg 1 GmbH, Buchholz	3, 5	100.00	1,125	–
388	Biogas Trelder Berg 2 GmbH, Buchholz	3, 5	100.00	525	–
389	Biogas Trelder Berg 3 GmbH, Buchholz	3, 5	100.00	525	–

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
390	Biosphärenwindpark Schwäbische Alb GmbH, Stuttgart	5	100.00	152	-4
391	CarbonBW (Thailand) Ltd., Bangkok/Thailand	5	100.00	11,776	1,451
392	Centernach Énergie SARL, Montpellier/France	5	100.00	-810	-54
393	Centrale Photovoltaïque des Coteaux de la Braye SARL, Montpellier/France	5	100.00	-9	-2
394	Centrale Photovoltaïque Agroénergie SARL, Montpellier/France	5	100.00	-8	-3
395	Centrale Photovoltaïque de Bionne SARL, Montpellier/France	5	100.00	-13	-2
396	Centrale Photovoltaïque de Castelle SARL, Montpellier/France	5	100.00	0	0
397	Centrale Photovoltaïque de la demi-lune SARL, Montpellier/France	5	100.00	0	0
398	Centrale Photovoltaïque de la Forêt Baignollais SARL, Montpellier/France	5	100.00	-8	-2
399	Centrale Photovoltaïque de la ZA de Gaudet SARL, Montpellier/France	5	100.00	-14	-6
400	Centrale Photovoltaïque de Labastide SARL, Montpellier/France	5	100.00	-8	-3
401	Centrale Photovoltaïque de Pavailler SARL, Montpellier/France	5	100.00	-8	-2
402	Centrale Photovoltaïque de Sirius SARL, Montpellier/France	5	100.00	-9	-3
403	Centrale Photovoltaïque des Gravières SARL, Montpellier/France	5	100.00	-42	-2
404	Centrale Photovoltaïque du Perche Ornais SARL, Montpellier/France	5	100.00	-11	-5
405	Centrale Photovoltaïque Pont du Casse SARL, Montpellier/France	5	100.00	139	-361
406	Centrale Photovoltaïque Retour sur l'Isle SARL, Montpellier/France	5	100.00	-4	-3
407	Centrale Sol. de la Foret au Maitre SAS, Montpellier/France	11	100.00	–	–
408	Centrale Solaire d'Aguessac SARL, Montpellier/France	5	100.00	-9	-6
409	Centrale Solaire d'Algosud SARL, Montpellier/France	5	100.00	-2	-2
410	Centrale Solaire d'Exideuil SARL, Montpellier/France	5	100.00	-24	-7
411	Centrale Solaire d'Odin SARL, Montpellier/France	5	100.00	0	0
412	Centrale Solaire de Beauce SARL, Montpellier/Frankreich (formerly Centrale Photovoltaïque des Quatre Vents SARL, Montpellier/France)	5	100.00	-11	-4
413	Centrale Solaire de Biltagarbi SARL, Montpellier/Frankreich	5	100.00	-243	-15
414	Centrale Solaire de Bors de Montmoreau SARL, Montpellier/France	5	100.00	-19	-2
415	Centrale Solaire de Cap Delta SARL, Montpellier/France	5	100.00	-3	-1
416	Centrale Solaire de Carré Sud SARL, Montpellier/France	5	100.00	-44	-48
417	Centrale Solaire de Catreille SARL, Montpellier/France	5	100.00	-6	-5
418	Centrale Solaire de Châteauperouse SARL, Montpellier/France	5	100.00	-4	-1
419	Centrale Solaire de Châteauvert SARL, Montpellier/France	5	100.00	-55	-6
420	Centrale Solaire de Clave SARL, Montpellier/Frankreich (formerly Centrale Solaire des Crouzilloux SARL, Montpellier/France)	5	100.00	-16	-2
421	Centrale Solaire de Colombiers SARL, Montpellier/France	5	100.00	-123	-1
422	Centrale Solaire de Coste Cuyère SARL, Montpellier/France	5	100.00	-13	-13
423	Centrale Solaire de Josse SARL, Montpellier/France	5	100.00	-3	-1
424	Centrale Solaire de la Fourchale SAS, Montpellier/France	11	100.00	–	–
425	Centrale Solaire de la Tastère SARL, Montpellier/France	5	100.00	0	0
426	Centrale Solaire de Leyritz-Moncassin SAS, Montpellier/France	11	100.00	–	–
427	Centrale Solaire de Lunel SARL, Montpellier/France	5	100.00	-487	109
428	Centrale Solaire de MAGNAC-LAVAL SAS, Montpellier/France	11	100.00	–	–
429	Centrale Solaire de Maine SARL, Montpellier/France	5	100.00	-17	-2
430	Centrale Solaire de Marignac SARL, Montpellier/France	5	100.00	-8	-2
431	Centrale Solaire de Montegut SARL, Montpellier/France	5	100.00	-19	-5
432	Centrale Solaire de Nohanent SARL, Montpellier/France	5	100.00	0	-1
433	Centrale Solaire de Peregrine SARL, Montpellier/France	5	100.00	-6	-2

		Footnote	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
434	Centrale Solaire de Roubian SARL, Montpellier/France	5	100.00	-5	-6
435	Centrale Solaire de Saint Leger de Balson SARL, Montpellier/France	5	100.00	-17	-2
436	Centrale Solaire de Saumejan SAS, Montpellier/France	11	100.00	–	–
437	Centrale Solaire de Severac SARL, Montpellier/France	5	100.00	-27	-11
438	Centrale Solaire de Til Chatel 2 SARL, Montpellier/France	11	100.00	–	–
439	Centrale Solaire de Til Chatel SARL, Montpellier/France	5	100.00	-9	-2
440	Centrale Solaire des Calottes SARL, Montpellier/France	5	100.00	-2	-1
441	Centrale Solaire des Coëvrons SARL, Montpellier/France	5	100.00	-11	-4
442	Centrale Solaire des Moulins Lodevois SARL, Montpellier/France	5	100.00	-3	-2
443	Centrale Solaire du Bois Comte SARL, Montpellier/France	11	100.00	–	–
444	Centrale Solaire du Caussanel SARL, Montpellier/France	5	100.00	0	0
445	Centrale Solaire du Lido SARL, Montpellier/France	5	100.00	-24	-2
446	Centrale Solaire du Tertre SAS, Montpellier/France	11	100.00	–	–
447	Centrale Solaire EuroPrimeur SARL, Montpellier/France	5	100.00	0	0
448	Centrale Solaire Gesim Beau Ciel SARL, Montpellier/France	5	100.00	-3	-1
449	Centrale Solaire la Charme SARL, Montpellier/France (formerly Centrale Solaire de Massane SARL, Montpellier/France)	5	100.00	-1	-1
450	Centrale Solaire la Vidalle SARL, Montpellier/France	5	100.00	-3	-2
451	Centrale Solaires des Oceans SAS, Montpellier/France	11	100.00	–	–
452	Centrales Solaires d'Hyperion SARL, Montpellier/France	5	100.00	-8	-2
453	Centrales Solaires de Iouanacera SARL, Montpellier/France	5	100.00	-3	-1
454	Centrales Solaires de Quirinus SARL, Montpellier/France	5	100.00	21	-2
455	Centrales Solaires de Salles-la-Source SARL, Montpellier/France	5	100.00	-3	-1
456	Centrales Solaires de Terreneuve SARL, Montpellier/France (formerly Centrales Solaires d'Hemera SARL, Montpellier/France)	5	100.00	-3	-3
457	Centrales Solaires du Languedoc SARL, Montpellier/France	5	100.00	102	91
458	Connected Wind Services France SAS, Dijon/France	5	100.00	-204	-254
459	EnBW Albatros Management GmbH, Biberach an der Riß	5	100.00	27	1
460	EnBW Asia Pacific Ltd, Taipei/Taiwan	5	100.00	-249	-1,859
461	EnBW Baltic 1 Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	26	1
462	EnBW Baltic 2 Management GmbH, Biberach an der Riß	5	100.00	20	-4
463	EnBW Baltic Windpark Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	34	1
464	EnBW Bürgerbeteiligung Wind 1 GmbH, Stuttgart	3, 5	100.00	25	–
465	EnBW France SAS, Boulogne-Billancourt/France	11	100.00	–	–
466	EnBW Hohe See Management GmbH, Biberach an der Riß	5	100.00	28	1
467	EnBW Holm Vind AB, Falkenberg/Sweden	11	100.00	–	–
468	EnBW North America Inc., Wilmington, Delaware/USA	5	100.00	5,996	-3,387
469	EnBW Solar Verwaltungsgesellschaft mbH, Stuttgart (formerly EnBW Omega 116. Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	25	0
470	EnBW Solarpark Alttrebbin GmbH & Co. KG, Stuttgart	11	100.00	–	–
471	EnBW Solarpark Gickelfeld GmbH & Co. KG, Stuttgart	11	100.00	–	–
472	EnBW Solarpark Gottesgabe GmbH, Stuttgart	5	100.00	1,369	-3
473	EnBW Wind Onshore Portfolio 2019 GmbH, Stuttgart	5	100.00	24	0
474	EnBW Wind Onshore Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	40	0
475	EnBW Wind op Zee B.V., Amsterdam/The Netherlands		100.00	–	–
476	EnBW WindInvest Management GmbH, Stuttgart (formerly EnBW Omega Hundertste Verwaltungsgesellschaft mbH, Stuttgart)	5	100.00	24	0
477	EnBW Windpark Kleinliebringen GmbH, Stuttgart	5	100.00	18	-5
478	Ferme Éolienne Beaucamps-le-Jeune SARL, Montpellier/France	11	100.00	–	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
479	Ferme Éolienne de Donzère SARL, Montpellier/France	5	100.00	526	10
480	Ferme Éolienne de la Ferrière-de-Flée SARL, Montpellier/France	5	100.00	0	0
481	Ferme Éolienne de la Vallée de Valenne SARL, Montpellier/France	5	100.00	1	0
482	Ferme Éolienne de Plo d'Amoures SAS, Montpellier/France	5	100.00	-327	-27
483	Ferme Éolienne de Saint Jean de Pourcharesse SARL, Montpellier/France	5	100.00	-16	-2
484	Ferme Éolienne de Thalis SAS, Montpellier/France	5	100.00	-110	-14
485	Gramentes Énergie SAS, Montpellier/France	5	100.00	-262	-210
486	Grünwerke Verwaltungs GmbH, Düsseldorf	5	100.00	41	3
487	Mistral SAS, Aix-en-Provence/France	5	100.00	10	0
488	Mélagues Energie SAS, Montpellier/France	5	100.00	-203	-18
489	NatürlichEnergie EMH GmbH, Platten	5	100.00	123	-574
490	NatürlichSonne Trogen GmbH & Co. KG, Monzelfeld	5	100.00	344	34
491	NatürlichSonne Trogen Verwaltungs GmbH, Ettlingen	5	100.00	21	-1
492	Parc Éolien d'Amfreville-les-Champs SARL, Montpellier/France	5	100.00	794	-206
493	Parc Éolien d'Argillières SARL, Montpellier/France	5	100.00	-25	-13
494	Parc Éolien d'Hilvern SARL, Montpellier/France	5	100.00	294	-206
495	Parc Éolien de Barbezières-Lupsault SARL, Montpellier/France	5	100.00	-9	-4
496	Parc Éolien de Bornay 2 SARL, Montpellier/France	5	100.00	-20	-3
497	Parc Éolien de Bornay SARL, Montpellier/France	5	100.00	-21	-3
498	Parc Éolien de Boussais SARL, Montpellier/France	5	100.00	171	-329
499	Parc Éolien de Breuillac SARL, Montpellier/France	5	100.00	-19	-9
500	Parc Éolien de Champ Serpette SARL, Montpellier/France	5	100.00	-8	-2
501	Parc Éolien de Champs Perdus 2 SARL, Montpellier/France	5	100.00	-12	-9
502	Parc Éolien de Chan des Planasses SARL, Montpellier/France	5	100.00	-6	-2
503	Parc Éolien de Chasseneuil SARL, Montpellier/France	5	100.00	-56	-36
504	Parc Éolien de Combaynart SARL, Montpellier/France	5	100.00	0	0
505	Parc Éolien de Keranflech SARL, Montpellier/France	5	100.00	0	0
506	Parc Éolien de Kerimard SARL, Montpellier/France	5	100.00	0	0
507	Parc Éolien de l'Epinette SARL, Montpellier/France	5	100.00	-9	-6
508	Parc Éolien de la Bussière SARL, Montpellier/France	5	100.00	-43	-37
509	Parc Éolien de la Cote du Moulin SARL, Montpellier/France	11	100.00	–	–
510	Parc Éolien de la Cressionnière SARL, Montpellier/France	5	100.00	-2	-2
511	Parc Éolien de la Fougère SARL, Montpellier/France	5	100.00	-46	-29
512	Parc Éolien de la Haute Charmoie SARL, Montpellier/France	5	100.00	-8	-2
513	Parc Éolien de la Lanques-sur-Rognon SARL, Montpellier/France (formerly Parc Éolien de Causses et Rivières SARL, Montpellier/France)	5	100.00	-8	-3
514	Parc Éolien de la Naulerie SARL, Montpellier/France	11	100.00	–	–
515	Parc Éolien de la Pezille SARL, Montpellier/France	5	100.00	328	-172
516	Parc Éolien de la Queille SARL, Montpellier/France	11	100.00	–	–
517	Parc Éolien de la Roche SARL, Montpellier/France	5	100.00	-1	-1
518	Parc Éolien de la Vallée Berlure SARL, Montpellier/France	5	100.00	-6	-3
519	Parc Éolien de la Vingeanne SARL, Montpellier/France	5	100.00	-8	-2
520	Parc Éolien de le Quesnel SARL, Montpellier/France	5	100.00	-19	-13
521	Parc Éolien de Lupsault SARL, Montpellier/France	5	100.00	1	0
522	Parc Éolien de l´Etourneau SARL, Montpellier/France (formerly Parc Éolien de Broquièrs SARL, Montpellier/France)	5	100.00	-5	-3
523	Parc Éolien de Mandres la Cote SARL, Montpellier/France (formerly Parc Éolien des Renouillères SARL, Montpellier/France)	5	100.00	-8	-2

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
524	Parc Éolien de Marendeuil SARL, Montpellier/France	5	100.00	-28	-3
525	Parc Éolien de Monsures SARL, Montpellier/France	5	100.00	-39	-18
526	Parc Éolien de Mouterre-Silly SARL, Montpellier/France	5	100.00	328	-172
527	Parc Éolien de Nongée SARL, Montpellier/France	5	100.00	-8	-3
528	Parc Éolien de Noroy SARL, Montpellier/France	5	100.00	-9	-2
529	Parc Éolien de Picoud SARL, Montpellier/France	5	100.00	243	-757
530	Parc Éolien de Pistole SARL, Montpellier/France	5	100.00	-7	-2
531	Parc Éolien de Prinquies SARL, Montpellier/France	5	100.00	-80	-38
532	Parc Éolien de Pugny SARL, Montpellier/France	11	100.00	–	–
533	Parc Éolien de Ravery SARL, Montpellier/France	5	100.00	0	0
534	Parc Éolien de Revelles SARL, Montpellier/France	5	100.00	-29	-4
535	Parc Éolien de Ribemont SARL, Montpellier/France	5	100.00	-5	-2
536	Parc Éolien de Saint-Fraigne SARL, Montpellier/France	5	100.00	1	0
537	Parc Éolien de Saint-Ygeaux SARL, Montpellier/France	5	100.00	0	0
538	Parc Éolien de Sery-les-Mezières SARL, Montpellier/France	5	100.00	1	0
539	Parc Éolien de Severac d'Aveyron SARL, Montpellier/France	5	100.00	-5	-2
540	Parc Éolien de Thennes SARL, Montpellier/France	5	100.00	-12	-10
541	Parc Éolien de Vellexon SARL, Montpellier/France	5	100.00	-8	-3
542	Parc Éolien de Vervant et Lea SARL, Montpellier/France	5	100.00	-16	-7
543	Parc Éolien de Warlus SARL, Montpellier/France	5	100.00	-35	-2
544	Parc Éolien des Bouiges SARL, Montpellier/France	5	100.00	-59	-24
545	Parc Éolien des Brandes de l'Ozon Sud SARL, Montpellier/France	5	100.00	-14	-3
546	Parc Éolien des Bruyères SARL, Montpellier/France	5	100.00	385	-115
547	Parc Éolien des Ecoulottes SARL, Montpellier/France	5	100.00	-68	-9
548	Parc Éolien des Gaudines SARL, Montpellier/France	5	100.00	-8	-2
549	Parc Éolien des Gours SARL, Montpellier/France	5	100.00	1	0
550	Parc Éolien des Hauts Poirièrs SARL, Montpellier/France	11	100.00	–	–
551	Parc Éolien des Moussières SARL, Montpellier/France	5	100.00	-9	-2
552	Parc Éolien des Navarros SARL, Montpellier/France	5	100.00	-13	-4
553	Parc Éolien des Quatre Chemins SARL, Montpellier/France	5	100.00	-9	-3
554	Parc Éolien des Rapailles SARL, Montpellier/France	5	100.00	-9	-2
555	Parc Éolien des Rieux SARL, Montpellier/France	5	100.00	335	-165
556	Parc Éolien des Saules SARL, Montpellier/France	5	100.00	-8	-4
557	Parc Éolien des Terres de Caumont SARL, Montpellier/France	5	100.00	-8	-3
558	Parc Éolien du Bel Essart SARL, Montpellier/France	5	100.00	-14	-2
559	Parc Éolien du Bois de la Motte SARL, Montpellier/France	5	100.00	503	-497
560	Parc Éolien du Bois du Piné SARL, Montpellier/France	5	100.00	128	-372
561	Parc Éolien du Commandeur SARL, Montpellier/France	5	100.00	-212	-712
562	Parc Éolien du Fresnay SARL, Montpellier/France	5	100.00	1	0
563	Parc Éolien du Frestoy SARL, Montpellier/France	5	100.00	-4	-2
564	Parc Éolien du Houarn SARL, Montpellier/France	5	100.00	-8	-2
565	Parc Éolien du Houssais SARL, Montpellier/France	5	100.00	1	0
566	Parc Éolien du Mercorbon SARL, Montpellier/France	5	100.00	-9	-2
567	Parc Éolien du Mont de l'Echelle SARL, Montpellier/France	5	100.00	-16	-11
568	Parc Éolien du Moulin a Vent SARL, Montpellier/France	11	100.00	–	–
569	Parc Éolien du Puy Peret SARL, Montpellier/France	5	100.00	-45	-8
570	Parc Éolien du Vallon de Sancey SARL, Montpellier/France	5	100.00	-31	-11

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
571	Sepe de la Gare SAS, Montpellier/France	5	100.00	-5	178
572	SP XIV GmbH & Co. KG, Cottbus	5	100.00	6	-8
573	SP XV GmbH & Co. KG, Cottbus	5	100.00	5	-8
574	Valeco Energía México S.A. de C.V., Mexico City/Mexico	5	100.00	-129	-129
575	Valeco Sea Pte. Ltd., Singapore/Singapore	5	100.00	-7	-14
576	Valeco Énergie Québec Inc., Montréal/Canada	5	100.00	-690	263
577	ZEAG Erneuerbare Energien GmbH, Heilbronn	5	100.00	43	18
578	JATROSELECT-Paraguay Sociedad de Responsabilidad Limitada, Volendam/Paraguay	5	99.98	235	0
579	EE Bürgerenergie Bühlerzell GmbH & Co. KG, Bühlerzell	5	99.00	63	-9
580	EE Bürgerenergie Frankenhardt GmbH & Co. KG, Frankenhardt	5	99.00	75	-3
581	EE Bürgerenergie Hardheim GmbH & Co. KG, Hardheim	5	99.00	59	-13
582	EE Bürgerenergie Höpfingen GmbH & Co. KG, Höpfingen	5	99.00	64	-11
583	EE BürgerEnergie Krautheim GmbH & Co. KG, Krautheim	5	99.00	1	-16
584	EE BürgerEnergie Neudenau GmbH & Co. KG, Neudenau	5	99.00	68	-3
585	EE BürgerEnergie Roigheim GmbH & Co. KG, Roigheim	11	99.00	–	–
586	EE Bürgerenergie Sulzbach-Laufen GmbH & Co. KG, Sulzbach-Laufen	5	99.00	77	-3
587	Erneuerbare Energien Tauberbischofsheim GmbH & Co. KG, Tauberbischofsheim	11	98.00	–	–
588	Holzkraft Plus GmbH i.L., Düsseldorf		90.00	–	–
589	Parc Éolien de Brebières SAS, Montpellier/France	5	87.86	1	0
590	EnPV GmbH, Karlsruhe	5	71.30	91	-138
591	JatroGreen S.A.R.L., Antananarivo/Madagaskar	5	70.00	234	17
592	Powderis SARL, Montpellier/France	5	70.00	-853	-272
593	Labruguière Énergies SAS, Montpellier/France	5	63.00	617	745
594	Hydro Léman SARL, Montpellier/France	5	57.00	-7	-3
595	Alb-Windkraft Verwaltungs GmbH, Geislingen an der Steige	5	51.00	67	9
596	Solarpark Leutkirch Verwaltungsgesellschaft mbH, Leutkirch im Allgäu	5	51.00	27	1
597	Kemberg Windpark Management GmbH & Co. Betriebsgesellschaft KG, Düsseldorf	5	33.33	1,264	78
Entities accounted for using the equity method					
598	Valeco Ren SAS, Montpellier/France	9	51.00	-2,337	-590
599	Borusan EnBW Enerji yatırımları ve Üretim Anonim Şirketi, Istanbul/Turkey	5, 9	50.00	232,659	-11,794
600	Elektrizitätswerk Rheinau AG, Rheinau/Switzerland	5, 7	50.00	21,847	789
601	Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen	5	37.80	60,502	6,121
602	KW Ackersand I AG, Stalden/Switzerland	5	25.00	1,930	0
Investments[14]					
603	Netzanschlussgesellschaft Windparks Ostercappeln/Bohmte mbH, Kirchdorf	5	66.66	25	11
604	biogasNRW GmbH i.L., Düsseldorf		50.00	–	–
605	Centrale Electrique Rhénane de Gambsheim SA, Gambsheim/France	5	50.00	9,487	0
606	Centrale Solaire Lac Bedorede SAS, Montpellier/France	11	50.00	–	–
607	Holding de la Montagne Noire SARL, Montpellier/France	5	50.00	-584	-438
608	Kraftwerk Aegina A.G., Obergoms/Switzerland	5, 7	50.00	12,632	0
609	Kraftwerk Reckingen AG, Reckingen	5	50.00	3	72
610	Parc Éolien des Quintefeuilles SAS, Montpellier/France	5	50.00	-17	-18
611	Parc Éolien Vallée de l'Escrebieux SAS, Montpellier/France	5	50.00	1	0

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
612	Rheinkraftwerk Säckingen AG, Bad Säckingen	5	50.00	8,104	300
613	SwissAlpin SolarTech AG i.L., Visp/Switzerland		50.00	–	–
614	Wasserkraftwerk Hausen GbR, Hausen im Wiesental	5, 13	50.00	395	-92
615	WKM Wasserkraftwerke Maulburg GmbH, Maulburg	5	50.00	498	13
616	KW Jungbach AG, St. Niklaus/Switzerland	5	49.00	4,073	315
617	Projektentwicklung Waldeck-Frankenberg GmbH & Co. KG, Korbach	5	49.00	303	-90
618	Projektentwicklung Waldeck-Frankenberg Verwaltungs GmbH, Korbach	5	49.00	26	1
619	Centrale Solaire de la Petite Vicomté SAS, Montpellier/France	5	44.00	-252	-252
620	Obere Donau Kraftwerke AG, Munich	5	40.00	3,180	0
621	Segalasses Énergie SARL, Toulouse/France	5	40.00	2,012	1,687
622	TWKW Trinkwasserkraftwerke Niedergesteln AG, Niedergesteln/ Switzerland	5	40.00	1,835	151
623	Kraftwerk Ryburg-Schwörstadt AG, Rheinfelden/Switzerland	5, 7	38.00	35,959	1,645
624	Parc Éolien de Montelu SAS, Montpellier/France	5	34.00	-32	-2
625	Parc Éolien des Gassouillis SAS, Montpellier/France	5	34.00	-47	-17
626	GEIE Exploitation Miniere de la Chaleur, Kutzenhausen/France	5, 13	33.33	0	-515
627	Windpark Hemme Infrastrukturgesellschaft GmbH & Co. KG, Walddorfhäslach	5	33.33	0	-1
628	Windpark Prützke II GmbH & Co. KG, Düsseldorf	5	33.33	1,399	34
629	KWT Kraftwerke Törbel-Moosalp AG, Törbel/Switzerland	5	30.00	929	44
630	Baltic Windpark Beteiligungen GmbH & Co. KG, Stuttgart	5	29.17	26,677	4,889
631	Kraftwerke Gougra AG, Sierre/Switzerland	5	27.50	53,698	1,419
632	EE Bürgerenergie Heilbronn GmbH & Co. KG, Heilbronn	5	26.00	1,000	84
633	Parc Éolien de Lavacquerié SAS, Montpellier/France	5	26.00	-189	-153
634	Windpark Lindtorf GmbH, Rheine	5	26.00	3,751	267
635	Alb-Windkraft GmbH & Co. KG, Geislingen an der Steige	5	25.50	605	695
636	Haiding One International Investment Co., Ltd., Taipei/Taiwan	7	25.00	334	-215
637	Haiding Three International Investment Co., Ltd., Taipei/Taiwan	7	25.00	334	-215
638	Haiding Two International Investment Co., Ltd., Taipei/Taiwan	7	25.00	192	-220
639	ANOG Anergienetz Obergoms AG, Obergoms/Switzerland	5	24.50	200	11
640	KWOG Kraftwerke Obergoms AG, Obergoms/Switzerland	5	24.10	12,585	492
641	Ferme Éolienne de Muratel SAS, Montpellier/France	5	20.00	174	499
642	Kooperation Erneuerbare Energien im Landkreis Rottweil GmbH, Schramberg	5	20.00	77	-9
643	Montagnol Energie SAS, Montpellier/France	5	20.00	-1,402	742
644	Tauriac Energie SAS, Montpellier/France	5	20.00	-2,751	348
645	Wasserkraftwerk Pfinztal GmbH & Co. KG, Pfinztal	5	20.00	218	-11
646	Éolienne de Murasson SARL, Montpellier/France	5	20.00	141	110
Generation and Trading segment					
Fully consolidated companies					
647	AWISTA Logistik GmbH, Düsseldorf	3, 5	100.00	3,025	–
648	EnBW Biomasse GmbH, Karlsruhe		100.00	2,298	286
649	EnBW Etzel Speicher GmbH, Karlsruhe	3	100.00	825	–
650	EnBW Grundstücksverwaltung Rheinhafen GmbH, Karlsruhe		100.00	2,423	39
651	EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart	3	100.00	297,640	–
652	EnBW Rückbauservice GmbH, Stuttgart	3	100.00	25	–
653	ENERGIEUNION GmbH, Schwerin	3	100.00	6,223	–
654	Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim	3	100.00	1,377	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
655	HANDEN Sp. z o.o., Warsaw/Republic of Poland		100.00	57,233	-4,017
656	Heizkraftwerk Stuttgart GmbH, Stuttgart		100.00	5,129	0
657	Kernkraftwerk Obrigheim GmbH, Obrigheim	3	100.00	51,130	–
658	MSE Mobile Schlammentwässerungs GmbH, Karlsbad-Ittersbach	3	100.00	1,171	–
659	TAE Thermische Abfallentsorgung Ansbach GmbH, Ansbach		100.00	59,010	208
660	TPLUS GmbH, Karlsruhe	3	100.00	18,162	–
661	TWS Kernkraft GmbH, Gemmrigheim	3	100.00	149,297	–
662	u-plus Umweltservice GmbH, Karlsruhe	3	100.00	99,979	–
663	VNG Austria GmbH, Gleisdorf/Austria		100.00	5,686	269
664	VNG Energie Czech s.r.o., Prague/Czech Republic	6	100.00	1,823	709
665	VNG Gasspeicher GmbH, Leipzig	3	100.00	21,311	–
666	VNG Handel & Vertrieb GmbH, Leipzig	3	100.00	37,840	–
667	VNG Italia S.r.l., Bologna/Italy		100.00	47,320	1,504
668	EnBW Kernkraft GmbH, Obrigheim	3	99.80	10,000	–
669	Südwestdeutsche Nuklear-Entsorgungsgesellschaft mbH, Stuttgart		86.49	11,474	4,023
670	SPIGAS S.r.l., La Spezia/Italy		80.00	31,448	3,638
671	Zentraldeponie Hubbelrath GmbH, Düsseldorf		76.00	6,136	1,309
672	VNG AG, Leipzig		74.21	876,593	30,105
673	AWISTA Gesellschaft für Abfallwirtschaft und Stadtreinigung mbH, Düsseldorf	5	51.00	51,773	21,246
674	KNG Kraftwerks- und Netzgesellschaft mbH, Rostock		50.40	537	8
Joint operations					
675	Friedeburger Speicherbetriebsgesellschaft mbH "Crystal", Friedeburg	9	50.00	86,518	461
Non-consolidated affiliated entities[14]					
676	EnBW Abfall und Ressourcen Pirmasens GmbH, Stuttart (formerly EnBW Omega 118. Verwaltungsges. mbH, Karlsruhe)	5	100.00	25	0
677	EnBW Umweltdienstleistungen GmbH, Stuttgart (formerly EnBW Omega Siebenundneunzigste Verwaltungsgesellschaft mbH, Stuttgart)	5	100.00	25	–
678	EnergieFinanz GmbH, Schwerin	5	100.00	990	2
679	EZG Operations GmbH, Stuttgart	5	100.00	372	96
680	P² Plant & Pipeline Engineering GmbH, Essen	5	100.00	1,108	126
681	Nahwärme Düsseldorf GmbH, Düsseldorf	5	66.00	2,697	302
Entities accounted for using the equity method					
682	Erdgasspeicher Peissen GmbH, Halle (Saale)	5, 9	50.00	106,990	-1,570
683	Fernwärme Ulm GmbH, Ulm	5, 7, 9	50.00	36,076	4,027
684	Schluchseewerk Aktiengesellschaft, Laufenburg (Baden)	5	50.00	67,766	2,809
685	REMONDIS Rhein-Wupper GmbH & Co. KG, Düsseldorf	5	49.00	14,101	7,624
686	Grosskraftwerk Mannheim AG, Mannheim	5	32.00	134,082	6,647
Investments[14]					
687	EnergyIncore GmbH, Schwerin	5, 6	50.00	65	15
688	KDM Kompostierungs- und Vermarktungsgesellschaft für Stadt Düsseldorf/Kreis Mettmann mbH, Ratingen	5	50.00	2,325	93
689	Kraftwerksbatterie Heilbronn GmbH, Stuttgart	5	50.00	4,481	-305
690	MIOGAS & LUCE S.r.l., Rozzano/Italy	5	50.00	12,124	2,163
691	Powerment GmbH & Co. KG, Ettlingen	5	50.00	3,862	1,674
692	RheinWerke GmbH, Düsseldorf	5	50.00	4,407	-107
693	MOWA Mobile Waschanlagen GmbH, Neunkirchen-Seelscheid	5	49.00	284	252
694	REMONDIS Rhein-Wupper Verwaltungs GmbH, Düsseldorf	5	49.00	39	0
695	HWM Holzwärme Müllheim GmbH, Müllheim	5	45.00	424	-60

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
696	Fernwärme Zürich AG, Zürich/Switzerland	5	40.00	5,435	3,290
697	Untergrundspeicher- und Geotechnologie-Systeme Gesellschaft mit beschränkter Haftung, Mittenwalde	5	40.00	7,615	66
698	SPIGAS CLIENTI S.r.L., Milan/Italy	5, 7	35.00	522	402
699	Nuovenergie S.p.A., Milan/Italy	5	30.00	2,403	499
700	Beteiligungsgesellschaft der EVU an der Kerntechnischen Hilfsdienst GmbH - GbR, Karlsruhe	5, 13	24.24	0	0
701	CANARBINO S.p.A., Milan/Italy	5, 7	20.00	62,499	9,601
Other					
Fully consolidated companies					
702	ED Immobilien GmbH & Co. KG, Rheinfelden		100.00	0	213
703	ED Immobilien Verwaltungsgesellschaft mbH, Rheinfelden		100.00	32	0
704	ED Kommunal GmbH, Rheinfelden		100.00	37,524	1,332
705	EnBW Betriebs- und Servicegesellschaft mbH, Karlsruhe (formerly E-City Immobilienverwaltungs GmbH, Karlsruhe)	3	100.00	25	–
706	EnBW City GmbH & Co. KG, Obrigheim		100.00	8,885	9,258
707	EnBW Immobilienbeteiligungen GmbH, Karlsruhe		100.00	492,120	4,885
708	EnBW International Finance B.V., Amsterdam/The Netherlands		100.00	315,153	17,869
709	EnBW New Ventures GmbH, Karlsruhe	3	100.00	34,054	–
710	EnBW Perspektiven GmbH, Karlsruhe	3	100.00	1,500	–
711	Facilma Grundbesitzmanagement und -service GmbH & Co. Besitz KG, Obrigheim		100.00	199,595	11,020
712	Gas-Union GmbH, Frankfurt am Main	7, 10	100.00	31,997	-81,248
713	Neckarwerke Stuttgart GmbH, Stuttgart	3	100.00	1,880,237	–
714	NWS Finanzierung GmbH, Karlsruhe	3	100.00	1,237,605	–
715	symbiotic services GmbH, Karlsruhe	3	100.00	25	–
716	MURVA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald	5	95.00	-788	918
717	EnBW VersicherungsVermittlung GmbH, Stuttgart		51.00	51	4,060
Non-consolidated affiliated entities[14]					
718	EnBW Bürgerbeteiligung Solar 1 GmbH, Stuttgart	3, 5	100.00	25	–
719	EnBW Omega 103. Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
720	EnBW Omega 104. Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
721	EnBW Omega 105. Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
722	EnBW Omega 107. Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	–
723	EnBW Omega 108. Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	–
724	EnBW Omega 114. Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	25	0
725	EnBW Omega 115. Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	25	0
726	EnBW Omega 119. Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	25	0
727	EnBW Omega 120. Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	25	0
728	EnBW Omega Achtundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
729	EnBW Omega Dreiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	5	100.00	24	0
730	EnBW Omega Fünfundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart	3, 5	100.00	25	–
731	EnBW Omega Fünfundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
732	EnBW Omega Neunundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
733	EnBW Omega Sechsundachtzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–

		Foot-note	Capital share[1] (in %)	Equity[2] (in T€)	Earnings[2] (in T€)
734	EnBW Omega Vierundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe	3, 5	100.00	25	–
735	EnBW Real Estate GmbH, Obrigheim		100.00	122	8
736	EnBW Senergi Immobilien GmbH, Karlsruhe	5	100.00	74	0
737	EnBW vernetzt Beteiligungsgesellschaft mbH, Stuttgart (formerly EnBW Omega Zweiundneunzigste Verwaltungsgesellschaft mbH, Karlsruhe)	5	100.00	24	0
738	KMS Verwaltungsgesellschaft mbH, Stuttgart	5	100.00	44	0
739	MGMTree GmbH, Leipzig	5	100.00	116	9
740	Rheintal PE GmbH & Co. KG, Bad Homburg v. d. Höhe	5	100.00	45,491	1,217
741	SSG Verwaltungsgesellschaft mbH i.L., Kornwestheim		100.00	–	–
742	VNG Innovation Consult GmbH, Leipzig	5	100.00	35	-10
743	VNG Innovation GmbH, Leipzig	3, 5	100.00	2,651	–
744	GDiesel Technology GmbH, Leipzig	11	60.00	–	–
Investments[14]					
745	UnigestionFLEX SCS SICAV RAIF, Luxembourg/Luxembourg	5	100.00	251,483	-340
746	WP Global Germany Private Equity L.P., Wilmington, Delaware/USA	5, 13	100.00	167,105	24,493
747	Sirius EcoTech Fonds Düsseldorf GmbH & Co. KG, Düsseldorf	5	78.15	3,945	-2,068
748	eserv GmbH & Co. KG, Frankfurt am Main	5	50.00	58	18
749	eserv Verwaltungsgesellschaft mbH, Frankfurt am Main	5	50.00	32	1
750	DZ-4 GmbH, Hamburg	5	39.55	95	-3,043
751	regiodata GmbH, Lörrach	5	35.00	1,271	706
752	EFR Europäische Funk-Rundsteuerung GmbH, Munich	5	25.10	4,654	3,236
753	GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen	5	23.39	70	2
754	vialytics GmbH, Stuttgart	5	20.00	-856	-614

1 Shares of the respective parent company calculated in accordance with section 313 (2) HGB (as of 31/12/2020).
2 In the case of separate entities, the figures stem from financial statements prepared pursuant to local principles and do not show the contributions of each entity to the consolidated financial statements.
3 Profit and loss transfer agreement and/or domination agreement and/or loss assumption agreement.
4 Profit and loss transfer agreement with third parties.
5 Previous year's figures.
6 Preliminary figures.
7 Divergent financial year.
8 Control due to contractual agreement.
9 Joint control pursuant to IFRS 11.
10 Before taking treasury shares of the company into account.
11 New company, annual financial statements not yet available.
12 Other shareholdings included due to contractual control arrangements.
13 Companies whose shareholder with unlimited liability is a company that is included in the consolidated financial statements.
14 Includes non-consolidated affiliated entities and other investments that are not fully consolidated or accounted for using the equity method because of their minor importance. They are recognized instead at their acquisition costs.

(38) Disclosures concerning concessions

Concession agreements in the areas of electricity, gas, district heating and water are in place between the individual entities in the EnBW Group and the municipalities. The majority of the concession agreements have a term of 20 years. There are obligations governed by law to connect to the supply networks. Under the concession agreements, the EnBW Group is obliged to provide and maintain the facilities required to satisfy general supply needs. In addition, it is required to pay a concession fee to the municipalities. Upon expiry of a concession agreement, the facilities must be returned or transferred to the municipalities or successor network operator in return for reasonable compensation, unless the concession agreement is extended.

(39) Significant events after the reporting date

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. Due to a significant increase in EEG payments in the 2020 financial year, the balance on the EEG bank account stood at €-629.3 million on 31 December 2020 (31 December 2019: €288.5 million).

In February 2021, EnBW and its partner BP had its bid for two neighboring sites in the Irish Sea accepted in an auction for the issuing of offshore wind rights. EnBW plans to construct two offshore wind farms with a total output of three gigawatts with its partner. Environmental audits and approval processes still need to be completed before a final investment decision can be taken.

EnBW was a joint signatory of the public law contract between the German government and the power plant operators on 10 February 2021 for the phasing out of brown coal. The contract means that the EnBW Group's only brown coal power plant – Block S at the Lippendorf power plant – will be decommissioned without compensation by the end of 2035 at the latest. There is no effect on the balance sheet due to the signing of this contract.

On 15 February 2021, EnBW exercised the call option on the subordinated bond from 2014 with a volume of €1 billion and will repay it at its principal amount plus interest accrued at the earliest possible date on 2 April 2021.

On 22 February 2021, two senior bonds with a total volume of €1 billion were issued.

EnBW has sold the 49.9% shareholding in Onshore Windgesellschaft EnBW WindInvest GmbH & Co. KG that was held by its subsidiary EnBW Windkraftprojekte GmbH to Commerz Real AG. The purchase contract was signed on 22 February 2021. Following approval from the antitrust authorities, the shares will be handed over to Commerz Real in the first half of 2021.

The German government invited the operators of the German nuclear power plants to participate in discussions at short notice in February 2021 to reach agreement on two open issues relating to the legal framework governing the phasing out of nuclear power that was passed in 2011. In this context, there is a possibility that EnBW will receive financial compensation following the phasing out of nuclear energy in accordance with section 7e Atomic Energy Act (AtG) for investments made based on the expectation of an extension to the service lives of the power plants, which was almost fully invalidated by the political decision to phase out nuclear power in 2011. 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 anticipate an impact on the net assets, financial position and results of operations of the EnBW Group in the mid to high double-digit million euro range.

Karlsruhe, 8 March 2021

EnBW Energie Baden-Württemberg AG

Dr. Mastiaux Kusterer

Rückert-Hennen Dr. Zimmer

Auditor's report

To EnBW Energie Baden-Württemberg AG

Report on the audit of the consolidated financial statements and the combined management report

Audit opinions

We have audited the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, and its subsidiaries (the Group) – which comprise the income statement, the statement of comprehensive income for the financial year from 1 January to 31 December 2020, the balance sheet as of 31 December 2020, the cash flow statement and the statement of changes in equity for the financial year from 1 January to 31 December 2020 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the Group management report of EnBW Energie Baden-Württemberg AG that has been combined with the management report of the company for the financial year from 1 January to 31 December 2020. The sections of the Group management report stated in the annex to the auditor's report and the information about the company outside of the Annual Report that can be found there, which is referred to in the Group management report, were not included within the scope of the audit.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets and financial position of the Group as of 31 December 2020, and of its results of operations for the financial year from 1 January to 31 December 2020, and
- the accompanying combined management report as a whole provides an accurate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the sections of the Group management report that are stated in the annex to the auditor's report and were not included within the scope of the audit.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU-APrVO") and in compliance with German generally accepted standards for financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of any Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) letter f) EU-APrVO, we declare that we have not provided non-audit services prohibited under article 5 (1) EU-APrVO. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The matters that we consider to be key audit matters are described below:

1. Evaluation of the cash-generating unit EnBW power plants

Reasons for being designated a key audit matter

We classified the evaluation of the cash-generating unit EnBW power plants as a key audit matter because the determination of the recoverable amount is highly dependent on the assessment of future cash flows and in our view poses an increased risk of incorrect accounting with respect, in particular, to the adjustment to assumptions for the short, medium and long-term planning forecasts. The discretionary assumptions include, in particular, the projected cash flows based on pricing assumptions for fuel, CO_2 allowances and electricity, the discount rates used and the determination of the remaining service lives of the coal power plants, which are especially influenced by the recommendations made by the commission on "Growth, Structural Change and Employment" ("Coal Commission"), the draft government bill to reduce and phase-out coal-based power generation (Coal Phase-out Act) and the current energy policy conditions. The assessments made by management with respect to the phase-out path for coal power plants have a significant influence on the evaluation.

Audit approach

As part of our audit, we analyzed the evaluation process, the evaluation model including the associated parameters and the accounting principles used to determine the recoverable amount for the cash-generating unit EnBW power plants. The short and medium-term pricing assumptions are derived from liquidity markets, contracts for forward transactions and current market data. We evaluated these pricing forecasts made on the basis of the budget prepared by the Board of Management and approved by the Supervisory Board, as well as the medium-term plans prepared by the Board of Management and acknowledged by the Supervisory Board. In addition, we assessed the plausibility of the derived pricing assumptions based on our own valuation analyses using market data. The long-term price assumptions are derived using different scenarios, whereby the key parameters are the achievement of certain climate protection targets and the development of prices for gas, coal, oil and CO_2 allowances. These assumptions have a significant influence on the relative profitability of the individual generation capacities in the different scenarios.

An economic market model is used to derive the assumptions for electricity prices. We discussed the key assumptions, scenarios and their weighting with those responsible for planning and analyzed them based on external market assessments and a comparison with earlier financial years. We also involved our own energy market specialists in the process for evaluating the pricing assumptions. Other influencing factors are the planned costs for the power plants, which we evaluated as part of the audit by, among other things, questioning those responsible for planning and comparing the planned costs with the revision plans. To assess the remaining service lives of the coal power plants, we tested the approach and interpretation of management to the phase-out path taking into account the current energy policy conditions. In addition, we assessed the influence of the remaining service lives on the valuations. We investigated the process for determining other key valuation assumptions such as the discount rate and the market price premium with the support of our own valuation specialists on the basis of an analysis of market indicators. Furthermore, we tested the accuracy of the calculations in the valuation model.

Our audit procedures did not raise any objections with respect to the evaluation of the cash-generating unit EnBW power plants.

Reference to related information

For information on the accounting policies and methods used to evaluate the cash-generating unit EnBW power plants, please refer to the information in the notes to the consolidated financial statements in section "Significant accounting policies / Property, plant and equipment" and section "Exercise of judgment and estimates when applying accounting policies," which explain the key judgments made when evaluating the power plants.

2. Energy trading business accounting

Reasons for being designated a key audit matter

The energy trading business unit at EnBW secures central access to the relevant markets (forward markets, spot and intraday markets and balancing energy markets) along the value added chain for electricity, gas, fuels and emission allowances and sells the electricity generated by the renewable energy and conventional power plants. The product portfolio comprises physical and financial trading products on various stock exchanges and the over-the-counter market for electricity, gas, coal, freight, oil, LNG and CO_2 allowances, as well as structured contracts (such as long-term electricity procurement agreements) and gas storage. The continuous expansion of the product types and time horizon for business is a component of the energy trading strategy. Energy trading contracts are concluded for the purpose of price risk management, optimization of power plants, load equalization and optimization of margins. Proprietary trading is only permitted within narrow, clearly defined limits. Another key objective of energy trading is risk management. In particular, this includes the identification, analysis, evaluation, control, monitoring and reporting of market and credit risks, as well as operational risks. We have classified energy trading as a key audit matter because the complexity of accounting for and valuating certain energy trading transactions as derivatives according to IFRS 9 or as executory contracts according to IAS 37 is subject to uncertainties and a degree of discretionary judgment. The large trading volume and high volatility on the energy trading markets in the reporting year could lead to an increased risk of incorrect accounting. In addition, the risk management manual was amended in the reporting year.

The contracts concluded by the energy trading business unit are derivative financial instruments, leases or contracts for the purchase or sale of non-financial items (executory contracts). In accordance with IFRS 9, derivative financial instruments are either measured at fair value through profit or loss or accounted for as executory contracts due to the future receipt or delivery of the underlying contractual object as part of the company's expected purchase, sale or usage requirements (own use exemption). This distinction at an accounting level is made for energy trading transactions that are to be settled physically using the risk management system and accounting portfolios (book structure), which are monitored on a regular basis. The transactions accounted for as derivative financial instruments are entered into as hedges in some cases to hedge price risks from future sales and procurement transactions.

In the commodity area, the terms of planned underlying transactions are generally up to four years. Leases are accounted for according to IFRS 16. Executory contracts must be regularly assessed according to IAS 37 to determine whether they are onerous contracts.

The valuation of standard products is based on forward market prices (stock markets, broker platforms), while the valuation of complex contracts is carried out using evaluation models. This applies regardless of whether the contracts are accounted for in the category "measured at fair value through profit or loss" or whether they are considered executory contracts for which a provision for onerous contracts may have to be recognized.

Audit approach

As part of our audit, we analyzed the propriety of the trading organization and evaluated the appropriateness of the internal control system across all trading processes. We also used the results of our voluntary audit according to MaRisk for the evaluation. In particular, we assessed the structure and execution of trading transactions, the issuing and verification of incoming and outgoing invoices and the calculation of invoicing amounts from individual transactions and, where relevant, their netting.

Furthermore, we tested the organization of the structures and processes as well as the risk management and risk controlling processes including the trading systems used. In the process, we also assessed whether the segregation of functions was observed and evaluated the procedures and controls relating to the energy trading business. As part of the audit on the effectiveness of the internal control system in the energy trading business unit, we assessed the established controls on a random basis. In addition, we evaluated the detailed internal guidelines and recommendations with respect to risk management and the supervision measures and compared them with the risk management manual. The existence and completeness of financial instruments was assessed using control-based, analytical and substantial audit procedures.

To assess proper accounting for transactions that are to be settled physically, which do not come under the scope of IFRS 9 in accordance with the own use exemption, we examined the implemented processes and required supporting documentation. Furthermore, we evaluated whether there were any onerous contracts on the reporting date for which it was necessary to form provisions for onerous contracts according to IAS 37.

As part of a change to the book structure, gas storage transactions are now allocated to a portfolio that is measured at fair value through profit or loss according to IFRS 9. We assessed the reallocation of the transactions and the accounting logic and tested whether they are properly accounted for. We also tested whether hedges that are used to hedge price risks from future sales and procurement transactions had been properly allocated.

In order to assess the propriety of the measurement of financial instruments according to IFRS 13, we reevaluated standard trading products and currency derivatives on a random basis. We checked observable input parameters against information available externally. In the case of non-observable input parameters, we assessed their appropriateness based on the documented assumptions and expectations. Our internal valuation experts analyzed and checked the consistency of the complex valuation models.

Our audit procedures did not raise any objections with respect to the energy trading business accounting.

Reference to related information

For information on the accounting policies and methods used for energy trading business accounting, please refer to the information in the notes to the consolidated financial statements in section "Significant accounting policies/Derivatives" and section "Exercise of judgment and estimates when applying accounting policies" which explain the key judgments made in accounting for and evaluating derivatives and executory contracts. Information on energy trading and its impact on the consolidated financial statements can be found in note (25) "Accounting for financial instruments."

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. Management and the Supervisory Board are responsible for the declaration of compliance with the German Corporate Governance Code pursuant to section 161 AktG, which is part of the declaration of corporate management. Furthermore, management is responsible for other information. Other information comprises the components of the Annual Report listed in the annex.

Our opinions on the consolidated financial statements and on the combined management report do not cover this other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our findings from the audit, or
- otherwise appears to be materially misstated.

Responsibility of management and the Supervisory Board for the consolidated financial statements and combined management report

Management is responsible for the preparation of the consolidated financial statements, which comply, in all material respects, with IFRS, as adopted by the EU, and the additional German legal requirements applicable under section 315e (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, management is responsible for such internal controls as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. In addition, management is responsible for disclosing, as applicable, matters related to the going concern. Furthermore, management is responsible for using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Moreover, management is also responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for such arrangements and measures (systems) as management deems necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the assertions made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and combined management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position as well as being consistent, in all material respects, with the consolidated financial statements as well as the findings of our audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and EU-APrVO under consideration of the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions;
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides;
- perform audit procedures on the forward-looking information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the forward-looking information, and evaluate the proper derivation of the forward-looking information from these assumptions. We do not express a separate opinion on the forward-looking information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on assurance in accordance with section 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and combined management report prepared for publication purposes

Audit opinion

We have performed assurance work in accordance with section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the Group management report (hereinafter also referred to as "ESEF documents") contained in the enclosed electronic file EnBW_AG_KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format, and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this audit opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and the Group management report" above.

Basis for the audit opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned electronic file in accordance with section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW EPS 410). Accordingly, our responsibilities in this respect are described further in the section "Group auditor's responsibilities for the audit of the ESEF documents." Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

Responsibility of management and the Supervisory Board for the ESEF documents

Management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for tagging of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

In addition, management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB for the electronic reporting format.

Management is also responsible for the submission of the ESEF documents together with the auditor's report and the enclosed audited consolidated financial statements and audited Group management report as well as other documents to be published to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions;
- obtain an understanding of internal control systems relevant to the assurance of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended on the reporting date, on the technical specification for this file;
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report;
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to article 10 EU-APrVO

We were elected as Group auditor by the Annual General Meeting on 17 July 2020. We were commissioned by the audit committee of the Supervisory Board on 7 December 2020. We have been the auditor of EnBW Energie Baden-Württemberg AG unchanged since the 2019 financial year.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to article 11 EU-APrVO (audit report).

Responsible auditor

The auditor responsible for the audit is Prof. Dr. Steffen Kuhn.

Stuttgart, 8 March 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert German Public Auditor	Prof. Dr. Kuhn German Public Auditor

Annex to the auditor's report:

1. Sections of the management report not included within the scope of the audit

The following sections of the management report, which are part of the "Other information," were not included within the scope of the audit:

- The declaration of corporate management made available to the public on the website stated in the management report.
- The declaration of the legal representatives according to section 297 (2) sentence 4 HGB, which is part of the management report.

2. Additional other information

In addition, "Other information" includes other sections intended for the Annual Report, a version of which we received before issuing this auditor's report, especially the sections:

- "Performance indicators of the EnBW Group"
- "EnBW 2020 strategy successfully concluded"
- "Acting today for tomorrow"
- "The Board of Management"
- "Letter to shareholders"
- "Report of the Supervisory Board (condensed)"
- "About this report"
- "Declaration of corporate management including the corporate governance report"
- "The Supervisory Board"
- "Offices held by members of the Board of Management"
- "Other offices held by members of the Supervisory Board"
- "Multi-year overview"
- "Facing the pandemic together,"

but not the consolidated financial statements, the information in the Group management report included within the scope of the audit or our associated auditor's report.

3. Information about the company outside of the Annual Report that is referred to in the management report

Alongside the cross reference to the "Sections of the Group management report not included within the scope of the audit" stated under number 1, the Group management report contains other cross references to websites of the Group. The information available via the latter cross references is not part of the Annual Report.

Corporate bodies

The Supervisory Board

Members

- **Lutz Feldmann, Bochum**
  Independent business consultant
  Chairman
- **Dietrich Herd, Philippsburg**
  Chairman of the Group works council for the EnBW Group as well as Chairman of the central works council for the "generation sector" and Chairman of the Philippsburg nuclear power plant works council for the "generation sector" of EnBW Energie Baden-Württemberg AG, Karlsruhe
  Deputy Chairman
- **Achim Binder, Stuttgart**
  Deputy Chairman of the Group works council for the EnBW Group, Chairman of the central works council "grids sector" of EnBW Energie Baden-Württemberg AG and Chairman of the regional service works council of Netze BW GmbH, Stuttgart
- **Dr. Dietrich Birk, Göppingen**
  Managing Director of the Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA), Regional Association for Baden-Württemberg
- **Stefanie Bürkle, Sigmaringen**
  District Administrator of the Sigmaringen district
- **Stefan Paul Hamm, Gerlingen**
  Union Secretary/Head of the Department for Utilities and Waste Management, ver.di Baden-Württemberg
- **Volker Hüsgen, Essen**
  Works council since 1 January 2020
  Member of the Group works council for the EnBW Group (until 12 November 2020) and first Deputy Chairman of the Supervisory Board at Stadtwerke Düsseldorf AG (until 3 November 2020)
- **Michaela Kräutter, Stutensee**
  Union Secretary for Utilities and Waste Management and State Union Secretary for Employees, ver.di Central Baden/North Black Forest district
- **Thomas Landsbek, Wangen im Allgäu**
  Member of the Group works council for the EnBW Group as well as Chairman of the central works council for the "market sector" and Chairman of the Stuttgart works council for the "market sector" of EnBW Energie Baden-Württemberg AG, Karlsruhe
- **Dr. Hubert Lienhard, Heidenheim an der Brenz**
  Supervisory Board
- **Marika Lulay, Heppenheim**
  Chairwoman of the Managing Directors (CEO) and member of the Board of Directors at GFT Technologies SE, Stuttgart
- **Dr. Wolf-Rüdiger Michel, Rottweil**
  District Administrator of the Rottweil district
- **Dr. Nadine Müller, Berlin**
  Head of the Department for Innovation and Good Work at ver.di Central Administration, Berlin (since 1 June 2020)
- **Gunda Röstel, Flöha**
  Commercial Director of Stadtentwässerung Dresden GmbH and Authorized Officer of Gelsenwasser AG
- **Jürgen Schäfer, Bissingen**
  Member of the Group works council for the EnBW Group and Deputy Chairman of the works council for TransnetBW GmbH, Stuttgart
- **Harald Sievers, Ravensburg**
  District Administrator of the Ravensburg district
- **Edith Sitzmann MdL, Freiburg**
  Minister for Finance of the Federal State of Baden-Württemberg and member of the State Parliament of Baden-Württemberg
- **Ulrike Weindel, Karlsruhe**
  Member of the Group works council for the EnBW Group as well as Chairwoman of the central works council for the "functional units" and Chairwoman of the Karlsruhe works council for the "functional units" of EnBW Energie Baden-Württemberg AG, Karlsruhe
- **Lothar Wölfle, Friedrichshafen**
  District Administrator of the Lake Constance district
- **Dr. Bernd-Michael Zinow, Karlsruhe**
  Head of the functional unit Legal Services, Auditing, Compliance and Regulation (General Counsel) at EnBW Energie Baden-Württemberg AG, Karlsruhe
- **Marianne Kugler-Wendt, Heilbronn**
  Retiree (until 31 May 2020)

Status
- **Active member**
- **Inactive member**

As of 8 March 2021

Further information is available at:
www.enbw.com/supervisory-board

Committees

Personnel committee

- Lutz Feldmann
  Chairman

- Achim Binder
- Stefan Paul Hamm
- Dietrich Herd
- Edith Sitzmann
- Lothar Wölfle

Audit committee

- Gunda Röstel
  Chairwoman

- Stefanie Bürkle
- Volker Hüsgen
- Michaela Kräutter (since 1 June 2020)
- Thomas Landsbek
- Dr. Hubert Lienhard
- Dr. Wolf-Rüdiger Michel
- Ulrike Weindel

- Marianne Kugler-Wendt (until 31 May 2020)

Ad hoc committee (since 7 June 2010)

- Dr. Bernd-Michael Zinow
  Chairman

- Dietrich Herd
- Gunda Röstel
- Harald Sievers

Finance and investment committee

- Lutz Feldmann
  Chairman

- Achim Binder
- Dr. Dietrich Birk
- Stefan Paul Hamm
- Dietrich Herd
- Edith Sitzmann
- Lothar Wölfle
- Dr. Bernd-Michael Zinow

Nomination committee

- Lutz Feldmann
  Chairman

- Dr. Dietrich Birk
- Dr. Wolf-Rüdiger Michel
- Gunda Röstel
- Edith Sitzmann
- Lothar Wölfle

Mediation committee (committee pursuant to section 27 (3) German Co-determination Act (MitbestG))

- Lutz Feldmann
  Chairman

- Dietrich Herd
- Thomas Landsbek
- Edith Sitzmann

Digitalization committee (since 1 January 2019)

- Dr. Hubert Lienhard
  Chairman

- Marika Lulay
- Dr. Nadine Müller (since 1 June 2020)
- Jürgen Schäfer
- Harald Sievers
- Ulrike Weindel

- Michaela Kräutter (until 31 May 2020)

Status
- Active member
- Inactive member

As of 8 March 2021

Further information is available at:
www.enbw.com/supervisory-board

Offices held by members of the Board of Management

> **Dr. Frank Mastiaux**
- Alstom S. A. (since 8 July 2020)

> **Thomas Kusterer**
- Energiedienst AG (Chairman) (since 28 April 2020)
- Netze BW GmbH
- VNG AG (Chairman)

- Energiedienst Holding AG (President of the Administrative Board) (since 28 April 2020)

> **Colette Rückert-Hennen**
- EnBW Kernkraft GmbH (Chairwoman)

- Pražská energetika a.s. (Deputy Chairwoman) (since 25 June 2020)

> **Dr. Hans-Josef Zimmer**
- Stadtwerke Düsseldorf AG (Chairman)
- EnBW Kernkraft GmbH
- Netze BW GmbH (Chairman)
- terranets bw GmbH (Chairman)
- TransnetBW GmbH (Chairman)

- Vorarlberger Illwerke AG

Status
> **Active member**
> **Inactive member**

Disclosures of office holders pursuant to section 285 No. 10 German Commercial Code (HGB), C.12 German Corporate Governance Code (DCGK)
- Membership in other statutory supervisory boards
- Membership in comparable domestic and foreign control bodies of business enterprises

Further information is available at: www.enbw.com/board-of-management

As of 8 March 2021

Other offices held by members of the Supervisory Board

> **Lutz Feldmann**
- Villa Claudius gGmbH (Chairman)
- Thyssen'sche Handelsgesellschaft mbH

> **Dietrich Herd**
- EnBW Kernkraft GmbH

> **Achim Binder**
- Netze BW GmbH

> **Dr. Dietrich Birk**
- SRH Holding (SdbR)

> **Stefanie Bürkle**
- SWEG Südwestdeutsche Landesverkehrs-AG

- Hohenzollerische Landesbank Kreissparkasse Sigmaringen, Anstalt des öffentlichen Rechts (Chairwoman)
- Flugplatz Mengen Hohentengen GmbH (Chairwoman)
- SRH Kliniken Landkreis Sigmaringen GmbH (Chairwoman)
- Sparkassenverband Baden-Württemberg, Anstalt des öffentlichen Rechts
- Verkehrsverbund Neckar-Alb-Donau GmbH (naldo) (Chairwoman)
- Wirtschaftsförderungs- und Standortmarketinggesellschaft Landkreis Sigmaringen mbH (Chairwoman)
- Zweckverband Oberschwäbische Elektrizitätswerke (Deputy Chairwoman)
- Zweckverband Thermische Abfallverwertung Donautal (TAD) (Deputy Chairwoman)

> **Stefan Paul Hamm**
- Netze BW GmbH

> **Volker Hüsgen**
- AWISTA GmbH (until 18 November 2020)
- Netzgesellschaft Düsseldorf mbH (until 10 December 2020)
- Stadtwerke Düsseldorf AG (until 3 November 2020)

- RheinWerke GmbH

> **Michaela Kräutter**
- EnBW Kernkraft GmbH (since 1 June 2020)
- Netze BW GmbH

> **Thomas Landsbek**
- BürgerEnergiegenossenschaft Region Wangen im Allgäu eG

- EnBW mobility+ AG & Co. KG (since 1 November 2020)
- Gemeindewerke Bodanrück GmbH & Co. KG

> **Dr. Hubert Lienhard**
- Heraeus Holding GmbH
- Siemens Energy AG (since 1 October 2020)
- SMS Group GmbH
- Voith GmbH & Co. KGaA
- Voith Management GmbH

- Heitkamp & Thumann KG
- Siemens Gas and Power Management GmbH (since 1 October 2020)

> **Marika Lulay**
- Wüstenrot & Württembergische AG
- GFT Technologies SE

> **Dr. Wolf-Rüdiger Michel**
- Kreisbaugenossenschaft Rottweil e. G. (Chairman)
- SV SparkassenVersicherung Holding AG (since 3 April 2020)

- Komm.ONE, Anstalt des öffentlichen Rechts (formerly ITEOS)
- Kreissparkasse Rottweil, Anstalt des öffentlichen Rechts (Chairman)
- Schwarzwald Tourismus GmbH
- SMF Schwarzwald Musikfestival GmbH
- Sparkassen-Beteiligungen Baden-Württemberg GmbH
- Sparkassenverband Baden-Württemberg, Körperschaft des öffentlichen Rechts
- Wirtschaftsförderungsgesellschaft Schwarzwald-Baar-Heuberg mbH
- Zweckverband Bauernmuseum Horb/Sulz
- Zweckverband Oberschwäbische Elektrizitätswerke (Deputy Chairman)
- Zweckverband Ringzug Schwarzwald-Baar-Heuberg
- Zweckverband RBB Restmüllheizkraftwerk Böblingen (Deputy Chairman)
- ZTN-Süd Warthausen

> **Dr. Nadine Müller**

Status
> **Active member**
> **Inactive member**

Disclosures of office holders pursuant to section 285 No. 10 German Commercial Code (HGB), C.12 German Corporate Governance Code (DCGK)
- Membership in other statutory supervisory boards
- Membership in comparable domestic and foreign control bodies of business enterprises

As of 8 March 2021

Further information is available at:
www.enbw.com/supervisory-board

> Gunda Röstel
- Universitätsklinikum Carl Gustav Carus Dresden an der Technischen Universität Dresden, Anstalt des öffentlichen Rechts (Deputy Chairwoman)
- VNG AG
- Netze BW GmbH

- Hochschulrat der Technischen Universität Dresden, Körperschaft des öffentlichen Rechts (Chairwoman)
- Stadtwerke Burg GmbH

> Jürgen Schäfer

> Harald Sievers
- Oberschwabenklinik gGmbH (Chairman)
- SV SparkassenVersicherung Lebensversicherung AG

- Gesellschaft für Wirtschafts- und Innovationsförderung Landkreis Ravensburg mbH (WiR) (Chairman)
- Ravensburger Entsorgungsanlagengesellschaft mbH (REAG) (Chairman)
- Bodensee-Oberschwaben Verkehrsverbund GmbH (Deputy Chairman)
- Bodensee-Oberschwaben-Bahn VerwaltungsGmbH
- Kreissparkasse Ravensburg (Chairman of the Administrative Board)
- Zweckverband Oberschwäbische Elektrizitätswerke

> Edith Sitzmann
- Landesbank Baden-Württemberg, Anstalt des öffentlichen Rechts (Deputy Chairwoman)
- Landeskreditbank Baden-Württemberg, Förderbank, Anstalt des öffentlichen Rechts (Chairwoman of the Administrative Board)
- Kreditanstalt für Wiederaufbau, Anstalt des öffentlichen Rechts

- Baden-Württemberg Stiftung gGmbH

> Ulrike Weindel

> Lothar Wölfle
- Abfallwirtschaftsgesellschaft der Landkreise Bodenseekreis und Konstanz (Chairman)
- Bodensee-Oberschwaben Verkehrsverbund GmbH
- Bodensee-Oberschwaben-Bahn Verkehrsgesellschaft mbH (Chairman)
- Sparkasse Bodensee (Deputy Chairman)
- Zweckverband Oberschwäbische Elektrizitätswerke (Chairman)
- Zweckverband Breitband Bodensee (Deputy Chairman)
- Wirtschaftsförderungsgesellschaft Bodenseekreis GmbH (Chairman)
- Regionales Innovations- und Technologietransfer Zentrum GmbH (RITZ) (Deputy Chairman)

> Dr. Bernd-Michael Zinow
- TransnetBW GmbH
- VNG AG

- Transnet BW SuedLink GmbH & Co. KG (since 19 March 2020)

> Marianne Kugler-Wendt
- EnBW Kernkraft GmbH (until 31 May 2020)

- Heilbronn Marketing GmbH
- Heilbronner Versorgungs GmbH
- Rundfunkrat SWR (since 1 January 2020)
- Stadtwerke Heilbronn GmbH
- Stadtwerke Weinsberg GmbH (since 1 January 2020)

Status
- > Active member
- > Inactive member

Disclosures of office holders pursuant to section 285 No. 10 German Commercial Code (HGB), C.12 German Corporate Governance Code (DCGK)
- Membership in other statutory supervisory boards
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As of 8 March 2021

Service

Rear cover pages:

Glossary

A

Adjusted earnings figures
Adjusted earnings figures are operational earnings figures that are adjusted for non-operating effects. They include, among other, things, adjusted EBIT and adjusted Group net profit/loss.

Adjusted EBITDA
The operating profitability of companies is often measured based on adjusted EBITDA (earnings before interest, taxes, depreciation and amortization). It describes earnings before the investment and financial results, income taxes and amortization, adjusted for non-operating effects. The key performance indicator adjusted EBITDA is the central earnings indicator for EnBW.

Asset liability management (ALM) model
A model for asset liability and cash flow management. A cash flow-based model is used to determine the effects of the pension and nuclear provisions on the balance sheet, income statement and cash flow statement over the next 30 years. This ensures that the Group can cover its long-term pension and nuclear provisions within an economically viable time period using corresponding financial investments (so-called > dedicated financial assets).

Asset management
A financial asset management system facilitates the active management of investments that are used to cover pension and nuclear provisions. The central focus of this activity is to generate appropriate returns while taking into account the risks incurred.

B

Base
Base load product. The constant base level of supply/demand over a period of time.

Broadband
EnBW supports local authorities and municipal associations with tasks ranging from broadband planning and the installation of the infrastructure through to operation, as well as with the associated end-customer business (Internet, telephone and television).

Bundle
Product bundling (bundle offer) describes offering multiple products or services together in one package. Customers receive an appropriate add-on in addition to their purchase.

C

Capital employed
Capital employed comprises all assets from the operating business. At EnBW, it primarily comprises property, plant and equipment in the form of power plants or grids. Non-interest-bearing liabilities – such as trade payables – are deducted.

Cash pooling
Daily pooling of the cash or cash equivalents of one or multiple companies within a Group with the target of concentrating and transparently depicting them at the level of the parent company in order to optimize the interest result.

CER (Certified Emission Reduction)
Certified emission reductions from Clean Development Mechanism (CDM) projects. Pursuant to the Kyoto protocol, investors in industrialized countries earn these in developing countries with CDM emission reduction projects. 1 CER corresponds to 1 t CO_2. CERs can be used by companies to meet the obligation to return allowances under the European emissions trading system.

Charging infrastructure for electromobility
A charging location can have one or more charging stations, which in turn can have up to three charging points. The actual charging capacity is dependent on how quickly an e-car can charge. EnBW operates the largest quick-charging network in Germany with charging capacities of up to 300 kW. Depending on the e-car, drivers can charge their cars with enough electricity to travel 100 km in just five minutes. There are four different types of electrical connectors for charging electric cars: For charging with alternating current (AC), there is the standard Type 2 connector which charges at up to 22 kW and – less commonly – the Schuko connector at up to 3.6 kW. The European standard for quick charging with direct current (DC) is the CCS connector, which provides up to 50 kW. E-cars can also use a CCS connector to charge at high-power charging points at up to 350 kW. In addition, the standard quick-charging CHAdeMO connector from Asia is also commonly used and can charge at up to 50 kW.

Clean dark spread (CDS)
The difference between the electricity price and the generation costs for a typical coal power station, which is calculated using the coal price, CO_2 allowance price and the degree of efficiency of the power station.

CO_2 allowances
CO_2 allowances have been traded on the Leipzig electricity exchange since 2005. If a company purchases a CO_2 allowance, it is entitled to emit 1 t CO_2 .

Coal Commission
The Commission on Growth, Structural Change and Employment (commonly known as the Coal Commission) was appointed by the German government to present recommendations on, among other things, the themes of climate protection, safeguarding jobs and economic aspects related to the phase-out of coal generated power. The Coal Phase-out Act was passed in July 2020.

Commercial paper (CP) program
The CP program is a flexible financing instrument and serves to issue unsecured bonds on the money market for the purpose of short-term financing.

Coverage ratio
This shows the proportion of the Group's pension and nuclear provisions that is covered by the financial assets in the > dedicated financial assets.

D

Debt Issuance Program (DIP)
The DIP, also known as EMTN (Euro Medium Term Notes), is a standardized documentation platform for raising debt through the issuing of medium and long-term bonds on the capital market.

Debt repayment potential
This key performance indicator describes the > retained cash flow in relation to the > net debt and is the most significant performance indicator of the Group's ability to repay its debts internally. It will replace the > internal financing capability from 2021.

Dedicated financial assets
Dedicated financial assets are cash and cash equivalents and financial assets that are held to cover the pension and nuclear obligations.

Derivatives
Financial instruments whose price or market rate is derived from its underlying asset.

District development
District development deals with smart and sustainable urban planning, as well as connecting up, constructing and operating modern residential districts. It comprises urban infrastructure themes such as energy, grids, e-mobility, digital networking, safety and smart services.

E

EBIT
EBIT stands for earnings before interest and taxes.

EBITDA
EBITDA stands for earnings before interest, taxes, depreciation and amortization.

EBT
EBT stands for earnings before taxes.

EEG cost allocations
Cost allocations under the EEG (Renewable Energies Act) are charged by the transmission system operators (TSO). On the one hand, the cost allocations cover the difference between the income generated by the transmission system operators from selling the electricity from renewable energies (RE) plants and the expenses incurred by the transmission system operators for the fixed feed-in remuneration and market premium payments to direct marketers of RE plants, while on the other hand, they also cover the costs of implementing the EEG. More than half of the electricity price for household customers today consists of taxes, duties and cost allocations. The EEG cost allocations account for the largest share.

Energy saving contracting
The cross-discipline optimization of building technology together with building operation based on cooperation in partnership. Investments in renovations or efficiency enhancement measures are financed through energy cost-savings.

Energy supply contracting
The outsourcing, for a specific period and for a specific area, of tasks relating to energy optimization or utility energy supplies to a third party.

EPEX
The European Power Exchange (EPEX SPOT SE) is a stock exchange for the short-term wholesale trading of electricity in Germany, France, Austria, Switzerland and Luxembourg.

EU Green Deal
The EU Green Deal is a package of measures from the European Union with the primary aim of making the EU climate neutral by 2050 and which contains staggered measures to achieve this goal.

EUA (European Allowances)
EU emission allowance. An EUA entitles a company to emit 1 t CO_2. Each EU state allocates its supply of EUAs (1 EUA = 1 t CO_2) to its national companies either free of charge or via auctions.

EU taxonomy
In light of global warming, European countries have committed themselves to do more for climate protection. Both the Paris Agreement from 2015 and the European Green Deal view sustainable investment as an important starting point. The European Commission is currently working on the sustainable finance taxonomy – a central tool in this regard. It should make classifying EU-wide economic activities based on their sustainability easier in future. During the first stage, the taxonomy will place a special focus on climate targets. There are plans to expand it beyond various environmental targets to also cover social aspects and good corporate management.

F

Financial Asset Management
> Asset-Management

Forward market
Market on which the supply and procurement of electricity, fuel and CO_2 allowances are traded for a future period. Usual periods include weeks, months, quarters and years. Settlement can be either physical or financial. The forward market has the primary function of acting as a price hedge.

Funds from operations (FFO)
FFO is the cash-relevant earnings from operating activities that is available to the company for investments, the distribution of dividends and the repayment of debt.

G

Green bonds
Green bonds are issued exclusively to finance climate-friendly projects. The proceeds are invested in sustainable environmental and climate protection projects.

Greenhouse gas emissions
The increase in the concentration of various greenhouse gases, especially carbon dioxide (CO_2), increases the greenhouse effect and leads to global warming, which itself has many consequences. Alongside carbon dioxide, other greenhouse gases include methane, nitrous oxide, fluorinated hydrocarbons, sulfur hexafluoride and nitrogen trifluoride.

H

Hedging
Hedging is a structured approach for securing against financial risks through financial transactions. Hedging involves engaging in countertrade transactions to offset a transaction or an existing position. This is usually carried out in the form of futures contracts.

HVDC
High-voltage DC transmission lines (HVDC) are used to transport electrical energy over large distances. The transmission lines use direct current for transportation as the transmission losses are lower.

I

Independent Transmission Operator (ITO)
The "Independent Transmission Operators" must fulfill the European unbundling regulations for greater liberalization of the electricity and natural gas markets. The aim is to increase competition on the European energy market. An important prerequisite here is that the transmission grids are made available to all market participants as a neutral platform in a non-discriminatory way.

Internal financing capability
The key performance indicator internal financing capability describes the > adjusted retained cash flow in relation to the > net (cash) investment and is the most significant performance indicator in the period from 2017 to 2020 of the Group's ability to finance its activities internally.

Intraday trading
Intraday trading of electricity is carried out on both the > EPEX SPOT in Paris and the OTC (Over-the-Counter) market, i.e., via contracts negotiated off-exchange between electricity purchasers and sellers. It describes the continuous purchase and sale of electricity that is delivered on the same day. Therefore, it is also described as short-term wholesale electricity trading.

Investment-grade rating
An investment-grade rating exists if a credit rating of at least Baa3 (Moody's) or BBB- (Standard & Poor's) has been issued.

N

Net financial debt
Net financial debt comprises the financial liabilities (including finance leases) taken on by the company less cash and cash equivalents and financial assets that are available to the company for its operating business. Financial liabilities are adjusted for valuation effects from interest-induced hedging transactions and for the portion of equity for the hybrid bonds.

Net (cash) investment and adjusted net (cash) investment
Net (cash) investment describes the overall cash-relevant investment less the overall cash-relevant divestitures in the financial year. In the 2019 financial year, the adjusted net (cash) investment was adjusted to take account of accelerated growth investment, which has already been paid for the EnBW 2025 growth strategy.

Net debt
Net debt comprises > net financial debt and the > net debt relating to pension and nuclear obligations.

Net debt relating to pension and nuclear obligations
Net debt relating to pension and nuclear obligations comprises the provisions for pensions and similar obligations and provisions relating to nuclear power. These provisions are netted against receivables relating to the dismantling of nuclear power plants and the > dedicated financial assets.

Network Development Plan Electricity (NDP Electricity)
This plan describes the measures that need to be deployed over the next 10 and 20 years to expand and restructure the German land-based high-voltage grid to ensure the secure operation of the network. These measures make a significant contribution to the integration of rapidly growing renewable energies and thus also to the Energiewende. The NDP Electricity is prepared jointly by the four German transmission system operators every two years (since 2016), before being submitted to the German Federal Network Agency (BNetzA) as the responsible regulator.

Network Development Plan Gas (NDP Gas)
In the NDP Gas, German gas transmission system operators calculate the transportation capacities that they will require in the future. The plan is prepared every two years in close cooperation with the German Federal Network Agency (BNetzA) and in consultation with relevant market participants.

Non-operating figures
The non-operating figures include effects that cannot be predicted or cannot be directly influenced by EnBW and as such are not relevant to the ongoing management of the company. They include, among other things, non-operating EBIT and non-operating Group net profit/loss.

Nuclear fuel rod tax
This tax was imposed from 2011 to 2016 at a rate of €145/g of nuclear fuel employed. However, it was declared unconstitutional on 7 June 2017 and also repaid to all energy supply companies in 2017.

P

Pari passu clause
A pari passu clause (Latin "pari passu" = on equal footing) is an obligation in financial agreements (for example, in bond agreements or loan agreements). The debtor/issuer obligates themselves during the term of the uncollateralized financial liability (for example, bond or loan) to the principle of equality, meaning future uncollateralized financial liabilities will not be given precedence over the existing financial liability.

R

Retained cash flow and adjusted retained cash flow
The retained cash flow is decisive for the > internal financing capability of EnBW. After covering ongoing costs and dividend payments, it is available to the company for investment without the need to raise additional debt. The adjusted retained cash flow is the retained cash flow adjusted to take into account the extraordinary effect of the reimbursement of the > nuclear fuel rod tax in 2017. In the 2018 financial year, the reimbursed funds were used for the repayment of debt and for strategic investments. We plan to distribute the remaining amount on a straight-line basis in the period 2019 to 2020, also for the purpose of strategic investment. Accordingly, this will lead to an increase in the adjusted retained cash flow over the period 2018 to 2020.

ROCE

ROCE is the return on capital employed in a company. The key performance indicator ROCE describes the relationship between adjusted EBIT including the adjusted investment result and the average capital employed and is thus the central value-oriented performance indicator of EnBW for assessing the return on capital employed in the relevant financial year.

S

Sector coupling

Sector coupling is the networking of electricity, heating, mobility and industrial processes for the purpose of lowering carbon dioxide emissions. As sector coupling offers synergy effects in the integration of high proportions of renewable energies, it is viewed as a key concept for the Energiewende and the development of energy systems using 100% renewable energies. There is a general consensus that sector coupling is necessary for the implementation of the Energiewende and the achievement of climate protection targets.

Smart grid

The smart electricity grid: a communication and control network that monitors and optimizes the operation of its interconnected elements – from electricity generators, storage systems, consumers of electricity and network operating equipment in energy transmission and distribution grids. The aim is to optimize the supply of energy by operating the system efficiently, reliably and cost-effectively.

Special technical equipment for grids

Special technical equipment for grids are generation plants that will secure the electricity supply in the event of grid-related supply bottlenecks after the last nuclear power plants have been shut down.

Spot market

Market on which electricity supply and procurement quantities are offered and requested for the following day.

System services

The complete set of services required to ensure the quality of electricity supplies: provision of operating reserves, maintaining frequency stability, maintaining voltage levels, re-establishing supply, management services.

T

TCFD (Task Force on Climate-related Financial Disclosures)

The Task Force on Climate-related Financial Disclosures (TCFD) has developed recommendations for the climate-related opportunity and risk reporting by companies. Companies are encouraged to disclose climate-related information – in the four key areas of Governance, Strategy, Risk Management and Metrics and Targets – where such information is considered material for the company. EnBW is represented on the international task force appointed by the G20 through its Chief Financial Officer Thomas Kusterer (www.fsb-tcfd.org).

Multi-year overview

Financial and strategic performance indicators

EnBW Group		2020	2019	2018	2017	2016
Earnings						
External revenue[2]	in € million	19,694	19,436	20,815	21,974	19,368
TOP Adjusted EBITDA	in € million	2,781	2,433	2,158	2,113	1,939
EBITDA	in € million	2,663	2,245	2,090	3,752	731
Adjusted EBIT	in € million	1,392	945	958	999	1,025
EBIT	in € million	1,103	597	876	2,504	-1,663
Adjusted Group net profit/loss[1]	in € million	683	787	438	793	–
Group net profit/loss[1]	in € million	596	734	334	2,054	-1,797
EnBW share price as of 31/12	in €	56.00	50.50	29.20	28.78	19.69
Earnings per share from Group net profit/loss[1]	in €	2.20	2.71	1.23	7.58	-6.64
Dividend per share/dividend payout ratio[3,4]	in €/in %	1.00/40	0.70/40	0.65/40	0.50/17	–/–
Balance sheet						
Non-current assets	in € million	30,644	29,321	24,643	24,878	23,382
Total assets	in € million	45,965	43,288	39,609	38,785	38,535
Equity	in € million	7,769	7,445	6,273	5,863	3,216
Equity ratio	in %	16.9	17.2	15.8	15.1	8.3
Net debt	in € million	14,407	12,852	9,587	8,418	10,046
Net financial debt	in € million	7,232	6,022	3,738	2,918	3,654
Cash flow						
Retained cash flow	in € million	1,639	1,241	999	3,050	950
TOP Internal financing capability[2]	in %	102.8	90.0	92.2	111.9	72.1
Net cash investment[2]	in € million	1,827	2,481	1,300	1,367	1,317
Profitability						
TOP Return on capital employed (ROCE)	in %	6.3	5.2	6.5	7.3	7.8
Weighted average cost of capital before tax	in %	5.2	5.2	6.3	6.3	6.9
Average capital employed	in € million	23,026	19,315	16,053	15,120	13,761
Value added	in € million	253	0	32	151	124
Sales						
Electricity	in billion kWh	107	153	137	122	115
Gas[2]	in billion kWh	442	362	329	250	139
Sales						
TOP Adjusted EBITDA[2]	in € million	335	326	268	330	250
External revenue[2]	in € million	9,965	9,350	7,348	7,354	7,771
Grids						
TOP Adjusted EBITDA[2]	in € million	1,347	1,355	1,177	1,046	1,004
External revenue	in € million	3,657	3,460	3,215	7,472	6,644
Renewable Energies						
TOP Adjusted EBITDA[2]	in € million	836	499	298	332	295
External revenue	in € million	1,044	653	478	508	511
Generation and Trading						
TOP Adjusted EBITDA[2]	in € million	442	426	431	377	337
External revenue[2]	in € million	5,020	5,970	9,768	6,631	4,434

1 In relation to the profit/loss attributable to the shareholders of EnBW AG.
2 The figures for the 2019 financial year have been restated.
3 For 2020, subject to approval from the ordinary Annual General Meeting on 05/05/2021.
4 Adjusted for the valuation effects of IFRS 9 in 2019.

Non-financial performance indicators

		2020	2019	2018	2017	2016
Customers and society goal dimension						
TOP Reputation Index		55.5	52.8	51.3	52.1	50.0
TOP EnBW/Yello Customer Satisfaction Index[1]		132/159	116/157	120/152	143/161	132/150
TOP SAIDI (electricity) in min./year		15	15	17	19	16

Non-financial performance indicators

		2020	2019	2018	2017	2016
Environment goal dimension						
TOP Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE	in GW/in %	4.9/39.0	4.4/31.8	3.7/27.9	3.4/25.8	3.1/23.1
TOP CO_2 intensity excluding nuclear generation[2]	in g/kWh	372	419	553	556	577
CO_2 intensity including nuclear generation[2, 3]	in g/kWh	268	235	340	362	347
Own electricity generation[4]	in GWh	36,629	47,807	53,492	50,194	52,795
Total final energy consumption[5]	in GWh	2,799	2,929	3,252	3,254	2,784
Proportion of RE in final energy consumption[6]	in %	54.6	53.2	51.1	48.8	47.9
Direct CO_2 emissions (Scope 1)	in million t CO_2eq	9.6	10.8	16.6	16.7	16.3
Indirect CO_2 emissions (Scope 2)	in million t CO_2eq	0.8	0.9	1.0	1.2	1.1
Upstream indirect CO_2 emissions (Scope 3)[7]	in million t CO_2eq	6.9	6.0	3.3	2.1	2.0
Downstream indirect CO_2 emissions (Scope 3)[8]	in million t CO_2eq	42.6	36.0	13.6	21.6	10.5
CO_2 emissions avoided[9]	in million t CO_2eq	8.9	7.9	6.9	6.3	6.8
SO_2 intensity of own electricity generation[4, 10]	in mg/kWh	172	105	184	193	160
NO_x intensity of own electricity generation[4, 10]	in mg/kWh	198	133	211	230	219
Carbon monoxide (CO) intensity of own electricity generation[11]	in mg/kWh	12	–	–	–	–
Particulate matter (total) intensity of own electricity generation[11]	in mg/kWh	2	–	–	–	–
Extracted water[12]	in million m³	972	1,661	1,999	2,021	2,064
Water consumption[13]	in million m³	34	40	54	43	44
Total waste	in t	653,273	691,115	649,062	719,570	714,432
Hazardous waste	in t	69,539	60,429	64,154	59,701	63,025
Non-hazardous waste	in t	583,734	630,686	584,909	659,869	651,407
Recycling rate	in %	94	96	96	96	97
Radioactive waste	in g/kWh	0.0008	0.0012	0.0010	0.0009	0.0011
Coverage ISO 14001 or EMAS[14]	in %	74.8	75.5	76.9	76.7	78.7
Coverage ISO 50001[14]	in %	47.8	47.2	46.5	45.9	45.7
Employees goal dimension						
TOP People Engagement Index (PEI)[15]		83	–	–	–	–
TOP LTIF for companies controlled by the Group[16, 17]/LTIF overall[17, 18]		2.1/3.6	2.1/3.8	2.3/3.6	3.0/–	3.9/–
Number of employees as of 31/12		24,655	23,293	21,775	21,352	20,409
Number of full-time equivalents[19]		23,078	21,843	20,379	19,939	18,923
Number of employees in Germany	in %	89.9	89.7	90.1	89.7	90.8
Number of employees abroad	in %	10.1	10.3	9.9	10.3	9.2
Employees covered by collective bargaining agreement	in %	87.6	88.6	90.8	90.3	93.4
Number of deaths after work accidents		0	1	1	1	1
Sickness ratio	in %	4.3	4.9	5.1	5.0	4.8
Proportion of women in the overall workforce	in %	27.0	26.8	26.4	26.2	25.4
Proportion of women in management positions	in %	17.2	17.4	15.3	15.2	12.5
Employee turnover ratio[20]	in %	5.9	6.3	6.5	7.0	5.2
Time spent on further training and education per employee	in days	6.8	5.3	5.6	5.0	6.9

1 EnBW has been working together with a new market research company since 2017, earlier values are only comparable to a limited extent.
2 Includes redispatch deployment.
3 The performance indicator will be reported until nuclear energy is finally phased out in 2022.
4 Includes long-term procurement agreements and partly owned power plants.
5 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.
6 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.
7 Includes upstream procurement of fuel for energy generation (coal, gas, uranium, oil) for the procurement of B2C and B2B gas sales and business trips.
8 Includes CO_2 emissions from the consumption of purchased electricity volumes (if not included in Scope 1) and the consumption of gas by customers.
9 Through the expansion of renewable energies, energy efficiency projects at the sites of customers/partners and the generation and sale of biogas.
10 Excluding nuclear generation.
11 Variations in the group of consolidated companies (excluding GKM, Fernwärme Ulm and contracting plants). The performance indicator was reported for the first time in 2020. There are no values available for the comparative periods 2016 to 2019.
12 Total extracted water from surface/river water, well/ground water and drinking water. Does not include water for the drinking water supply. The figure for the previous year has been restated.
13 Includes evaporation and wastewater.
14 Measured in % of employees.
15 Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered (except ITOs)). The performance indicator was reported for the first time in 2020. No figures are available for the comparative periods 2016 to 2019.
16 Except for companies in the area of waste management.
17 LTIF indicates how many LTI occurred per one million working hours performed. Variations in the group of consolidated companies (all companies with more than 100 employees are generally considered, excluding agency workers and contractors).
18 There are no values available for this performance indicator for the comparative periods 2016 to 2017.
19 Converted into full-time equivalents.
20 There are no mass redundancies included in the stated figures. There have been no compulsory redundancies at EnBW during this period.

Important notes

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Contact
General
Phone: 0800 1020030 (only within Germany)
E-mail: kontakt@enbw.com
Internet: www.enbw.com

Investor Relations
E-mail: investor.relations@enbw-ir.com
Internet: www.enbw.com/investors

www.twitter.com/enbw

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The complete consolidated financial statements prepared by EnBW Energie Baden-Württemberg AG and audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and the management report, which is combined with the Group management report, will be published in the German Federal Gazette ("Bundesanzeiger") together with the unqualified audit opinion. The necessary documents will be submitted to the German Federal Gazette ("Bundesanzeiger") by 30 April 2020 at the latest.

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This report contains forward-looking statements which are based on current assumptions, plans, estimates and forecasts made by the management of EnBW. Forward-looking statements of this kind are therefore only valid at the time they were first published. Forward-looking statements are indicated by the context, but may also be identified by the use of the words "can," "will," "should," "plans," "intends," "expects," "thinks," "estimates," "forecasts," "potential," "continued" and similar expressions.

By nature, forward-looking statements are subject to risks and uncertainties that cannot be controlled or accurately predicted by EnBW. Actual events, future results, the financial position, development or performance of EnBW and the companies of the EnBW Group may therefore diverge considerably from the forward-looking statements made in this report. Therefore, it cannot be guaranteed nor can any liability otherwise be assumed that these forward-looking statements will prove complete, correct or precise, or that expected and forecast results will actually occur in the future.

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Financial calendar 2021

25 March 2021

Publication of the
Integrated Annual Report 2020

5 May 2021

Virtual Annual General Meeting 2021

10 May 2021

Publication of the Quarterly Statement
January to March 2021

29 July 2021

Publication of the Six-Monthly Financial Report
January to June 2021

12 November 2021

Publication of the Quarterly Statement
January to September 2021

Facing the pandemic together

As an operator of critical infrastructure, our task during the coronavirus pandemic is to guarantee the supply of energy at all times while protecting the health of our employees. We have coped well with the crisis so far and have seen only moderate economic impact in 2020. We needed to bring in measures in various different areas to help us through the pandemic. Here, we introduce you to some of them.

Occupational safety

- Engaging a task force of 17 members from various working environments within the company to evaluate the current situation and develop measures
- 90% of employees who are able to work from home are doing so using almost exclusively digital communication
- Hygiene concepts for on-site employees, e.g., in power plants
- Masks for all employees
- Comprehensive measures to ensure and maintain social distancing in buildings, etc.
- Various initiatives such as meditation breaks, virtual sports programs, chats for home schooling

3,250,000

masks were provided for employees.

Colleagues donated vacation time to others with challenging care requirements.

Security of supply

- Physical segregation of teams, e.g., in power plants and for grid operation
- Field technicians: driving to job site alone and, if necessary, using protective clothing
- Issuing contracts to service providers to avoid short-time work and secure their capacities for after the pandemic
- Development of phased contingency plans for different types of emergency

The reliable supply of electricity, gas, water and heating to our customers was not at risk at any time.

Communicative challenges

18,000 videoconferences daily (before coronavirus: 1,000)

- Virtual Annual General Meeting
- Online employee meetings
- Online and hybrid trade fairs and customer events
- Setting up our own film studio for providing virtual employee information and for management meetings

Social responsibility

- Donations, local and regional aid campaigns
- Restoring all connections to cut-off electricity and gas supplies
- Support for the book trade in Baden-Württemberg
- Donating masks to medical facilities

EnBW Energie
Baden-Württemberg AG

Durlacher Allee 93
76131 Karlsruhe
www.enbw.com