

# 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.

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 Corporation Act (AktG) on 8 December 2021. The current declaration of compliance is part of the Integrated Annual Report ([p. 151 ff.](#)<sup>↗</sup>) and is also published at [www.enbw.com/declaration-of-compliance](http://www.enbw.com/declaration-of-compliance). The remuneration report can be found in a separate report at [www.enbw.com/corporate-governance](http://www.enbw.com/corporate-governance).

The **declarations of compliance from previous years** are published here.

[Online ↗](#)

## Management and supervision

### Board of Management

Further information on the **Board of Management** of EnBW AG can be found on our website.

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As of 31 December 2021, the Board of Management of EnBW AG consisted of five 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," "Human Resources," "Sustainable Generation Infrastructure" and "System Critical Infrastructure." As of 1 June 2021, the prior remit of "Technology" was split into the two new remits headed by Dr. Georg Stamatelopoulos and Dirk Güsewell, who are replacing the outgoing member of the Board of Management Dr. Hans-Josef Zimmer.

The Chief Executive Officer, Dr. Frank Mastiaux, already announced at the end of June 2021 that he will not be seeking a further term of office after the end of his second term in September 2022.

### Allocation of responsibilities at Board of Management level (as of 31/12/2021)

#### Dr. Frank Mastiaux Chairman

- Corporate development, strategy and energy economy
- Transformation (Next Level), IT, Digital Office and information security
- Sales, marketing and operations
- Corporate security
- Sustainability
- Communications / policy
- Decentralized energy services

#### Thomas Kusterer Finance

- Accounting and tax
- Controlling and risk management / ICS
- Risk management for trading
- Digital finance and transformation
- Finance, M&A and Investor Relations
- Purchasing
- Equity investment management
- Performance in growth

#### Colette Rückert-Hennen Human Resources

- HR strategy and transformation
- Law, auditing, compliance and regulatory management
- HR business development and solutions
- Boards and shareholder relationships
- Occupational medicine and health management
- Facility and mobility management

#### Dr. Georg Stamatelopoulos Sustainable Generation Infrastructure

- Generation operations
- Generation portfolio development
- Coordination generation infrastructure
- Trading
- Research and development
- Occupational safety, crisis management and environmental protection

#### Dirk Güsewell System Critical Infrastructure

- DSO<sup>1</sup> electricity / gas
- TSO<sup>2</sup> electricity / gas
- Gas value chain
- Business field development and coordination
- Innovation management
- Critical infrastructure
- Telecommunications

<sup>1</sup> Distribution system operator.

<sup>2</sup> Transmission system operator.

## 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 the Integrated Annual Report under the section on "Corporate bodies" (p. 280 ff. [↗](#)) and the declaration of corporate management (p. 151 ff. [↗](#)), which is also published separately at [www.enbw.com/corporate-governance](http://www.enbw.com/corporate-governance), as well as on our website in the Report of the Supervisory Board.

The full version of the **Report of the Supervisory Board** is published here.

[Online ↗](#)

Further information on the **Annual General Meeting** can be found on our website.

[Online ↗](#)

## 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 the 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.

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 2021 when compared to the previous year.

### Shareholders of EnBW

Shares in %<sup>1</sup>

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

<sup>1</sup> The figures do not add up to 100% due to rounding differences.

Due to the coronavirus pandemic, the ordinary Annual General Meeting on 5 May 2021 was once again held as a virtual event. At the meeting, the shareholders of EnBW AG resolved to distribute a dividend of €1.00 per entitled share. Based on the shares entitled to dividends, this corresponds to a dividend payout of €270.9 million and thus a dividend payout ratio of 40% of the adjusted Group net profit <sup>2</sup> of €682.8 million that is attributable to shareholders. The adjusted Group net profit/loss is the Group net profit/loss adjusted for non-operating effects. The dividends were paid on 10 May 2021.

As a result of the fact that the coronavirus pandemic was still ongoing at the end of 2021, 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 2022 in virtual form on 5 May 2022.

## Compliance and data protection

### Compliance management systems

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-specific 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 and thus the compliance department focus on the prevention, detection and sanctioning of corruption, the prevention of violations against competition and antitrust laws, and the prevention of money laundering in those companies directly integrated into the CMS. In the reporting year, there were 23 (previous year: 30) companies directly integrated into the CMS from a compliance perspective. The CMS is regularly examined and updated both internally and externally.

The companies that are only indirectly integrated into the CMS – VNG, Stadtwerke Düsseldorf (SWD), ZEAG, Energiedienst (ED) and Pražská energetika (PRE) as well as the ITOs (Independent Transmission Operator) <sup>9</sup> TransnetBW and terranets bw – operate their own independent compliance systems. They integrate the companies in which they hold a participating interest into their preventative measures.

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.

### Compliance activities in the reporting year

The reporting year was still characterized by the coronavirus pandemic, which meant that most employees were working from home. The preventative activities related to compliance were largely held in online formats. In 2021, we held training in sensitive areas in accordance with our plans for the year. Training courses for employees in purchasing were the main focus across the Group. New employees at EnBW are obligated to complete an e-learning course on corruption prevention. All of the indirectly integrated companies held training courses to increase awareness among employees. The companies used either the available **in-person or online training courses**. The number of participants fell in comparison to the previous year by 13.9%.

#### Number of participants in compliance training events <sup>1</sup>

	2021 <sup>2</sup>	2020 <sup>2</sup>	2019	2018	2017
Sensitive areas	716	839	904	746	363
New management personnel/employees	355	369	229	182	158
Management personnel	34	75	52	13	441
<b>Total</b>	<b>1,105</b>	<b>1,283</b>	<b>1,185</b>	<b>941</b>	<b>962</b>

<sup>1</sup> At EnBW AG and directly integrated companies.

<sup>2</sup> Live online training courses and hybrid training courses due to the coronavirus.

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. In 2021, they were carried out using a risk-based selection process at those companies directly integrated into the CMS.

The **advisory services** offered by the EnBW compliance department are available to all subsidiaries and represent another key element of prevention. They were also utilized in 2021. These services include a compliance hotline, which can be reached in person, either by e-mail or telephone. In 2021, the hotline received around 930 inquiries. Key issues included 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 carried out. 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 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, ZEAG, VNG, terranets bw and TransnetBW have also established a whistleblower system.

In the reporting year, there were four breaches at directly integrated companies. There was one compliance breach at SWD in the reporting year. No cases of corruption were reported.

We faced neither antitrust law penalty procedures nor third-party antitrust lawsuits in the 2021 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<sub>2</sub> allowance trading <sup>9</sup> also continued throughout 2021. It is not possible to say at the present time when these proceedings will end.

### Data protection

In view of the increasing digitalization of our business activities, data protection plays an important role. Our efforts to bring more and more digitalization to the Group in order to both simplify internal processes and also develop new business models are closely accompanied by the data protection department. It supports the specialist areas with advice at an early stage and regular training to raise awareness, thus working to guarantee that the rights of the data subject are respected. Regular reports are submitted to the Board of Management and supervisory bodies to ensure transparency and control. We set a standard for the processing of personal data by using internal data protection guidelines within the Group that define objectives, the principles for the processing of the data and the procedures themselves. We also have an established reporting system for reporting any data protection breaches. A network of decentralized data protection managers supports compliance with the legal and internal Group regulations. This network regularly receives information, advice and training from the central data protection department. To ensure that data flows within the Group remain transparent, an interdisciplinary body meets three times a year to discuss the framework conditions relating to data protection law, information security issues, and any activities dealing with data and digitalization.

In sensitive areas of the company, digital learning activities and online/in-person training courses are used to raise the awareness of employees in relation to this theme. We also offer special e-training courses and educational campaigns for areas of the company that work particularly closely with personal data.