

BKW GROUP

# Invitation to the General Meeting 2022

# 2021



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# Dear Shareholder,

After the COVID-19 pandemic made it necessary to hold the BKW AG General Meeting by proxy and without the presence of shareholders over the last two years, it gives me great pleasure to extend a cordial invitation to you to this year's General Meeting of BKW AG on behalf of the Board of Directors and the Group Executive Board.

**Monday, May 16, 2022**

**Kursaal Bern, Kornhausstrasse 3, 3013 Bern**

**1 pm Doors open**

**2 pm Commencement of the General Meeting**

**4 pm Buffet**

**6 pm End of event**

In 2021, BKW once again achieved a great deal, and we look back on the year with a sense of pride. This allows the Board of Directors to propose to you an increase in the dividend to CHF 2.60. At the same time, 2022 will continue to be characterized by change: After nine successful years, our CEO Suzanne Thoma is stepping down. Our long-time Board of Directors colleague Hartmut Geldmacher also decided not to stand for re-election this year. We are proposing that Mr. Martin à Porta be elected in his place. Mr. Geldmacher's departure is also accompanied by a change in the Remuneration and Nomination Committee: Ms. Rebecca Guntern is proposed for election as a new member. The plan is that I, as Chairman of the Board of Directors, will continue to serve on the Remuneration and Nomination Committee, but that Ms. Rebecca Guntern will lighten my workload by taking over as Chairman of this committee.

This brochure contains the agenda and extracts from the BKW Annual Report 2021 related to specific agenda items. For your convenience, you will find a reference to the relevant document next to each agenda item; it is no longer necessary to search through the Annual Report.

For details of registration and the General Meeting proceedings, please refer to the organizational information at the end of the brochure. We look forward to receiving your registration for the 2022 General Assembly by May 12, 2022. Many thanks.

Kind regards,



Roger Baillod  
Chairman of the Board

# Agenda and Motions Proposed by the Board of Directors

## 1. Approval of the Management Report, the consolidated financial statements, and financial statements for 2021

The Board of Directors proposes that the Management Report (p. 6 et seq.), the consolidated financial statements (p. 21 et seq.), and the financial statements (p. 33 et seq.) for 2021 be approved.

## 2. Advisory vote on the Remuneration Report 2021

The Board of Directors proposes that note be taken of the Remuneration Report 2021 (p. 39 et seq.).

## 3. Granting of discharge to the Board of Directors and the Group Executive Board

The Board of Directors proposes that the members of the Board of Directors and of the Group Executive Board be granted discharge in respect to the 2021 financial year.

## 4. Appropriation of retained earnings 2021

The Board of Directors and the Group Executive Board propose that the retained earnings be appropriated as follows:

CHF	
Dividend of CHF 2.60 per share entitled to receive a dividend <sup>1</sup>	137 206 589
Balance carried forward	254 132 942
<b>Total</b>	<b>391 339 531</b>

<sup>1</sup> Dividends are not paid on treasury shares held by BKW AG. The number of shares that are entitled to receive a dividend at the time of preparation of the financial statements amounts to 52,771,765. The last trading day on which a right to receive dividends is granted is May 17. As of May 18, 2022, the shares will be traded ex-dividend. If all shares had been entitled to receive a dividend, the dividend payment would have amounted to CHF 137,280,000 and the balance carried over would have been CHF 254,059,531.

If the General Meeting approves this proposal for the appropriation of retained earnings, the dividend of CHF 2.60 per share minus 35% withholding tax, that is, CHF 1.69 net per share, will be paid free from expenses on or after May 20, 2022.

## 5. Approval of the maximum remuneration to be paid to members of the Board of Directors and the Group Executive Board during the remuneration period 2022/2023

### a) Remuneration of the Board of Directors

The Board of Directors proposes that the total maximum remuneration payable to the Board of Directors for the year 2022/2023 of CHF 1.4 million be approved.

### b) Remuneration for the Group Executive Board

The Board of Directors proposes that the total maximum remuneration payable to the Group Executive Board for the financial year (calendar year) 2023 of CHF 9.8 million be approved.

## 6. Elections

### a) Board of Directors (cf. profiles on p. 55 et seq.)

In respect to the next legal term of office, that is, until conclusion of the 2023 General Meeting, the Board of Directors proposes:

(I) that the following existing members be individually re-elected to the Board of Directors:

- Kurt Schär
- Roger Baillod
- Carole Ackermann
- Rebecca Guntern
- Petra Denk

(II) that the following new member is elected to the Board of Directors:

- Martin à Porta

### b) Chairman of the Board of Directors

The Board of Directors proposes that Roger Baillod be re-elected as Chairman of the Board of Directors for the next legal term of office, that is, until conclusion of the 2023 General Meeting.

### c) Remuneration and Nomination Committee

The Board of Directors proposes that the following members be individually elected to the Remuneration and Nomination Committee for the next legal term of office, that is, until conclusion of the 2023 General Meeting:

- Roger Baillod
- Andreas Rickenbacher
- Rebecca Guntern

### d) Independent proxy (p. 57)

The Board of Directors proposes the re-election of Andreas Byland, Notary, Bern, as independent proxy for the next legal term of office, that is, until conclusion of the 2023 General Meeting.

### e) Auditors (p. 57)

The Board of Directors proposes that Ernst & Young Ltd be re-appointed as auditors for the 2022 financial year.



The Annual Report can be found online:  
[www.bkw.ch/annualreport21](http://www.bkw.ch/annualreport21)

## LETTER TO SHAREHOLDERS

# A robust BKW has entered the next growth phase

The business model of the BKW Group<sup>1</sup>, with its three pillars of Energy, Grid, and Services, has proven its worth also in the challenging 2021 financial year. The profitable growth of the Services business is particularly encouraging. Due to the distortions on the energy markets, EBIT was slightly lower than a year earlier. Overall, however, the trend in electricity prices supports BKW's growth strategy.

Dear Investors, Ladies and Gentlemen,

BKW increased its revenue by 15 percent to around CHF 3.6 billion in the 2021 financial year. It grew in particular in the Energy and Services business segments, which contribute equivalent amounts to Group sales. In Services, operating profit (EBIT) also increased – even more significantly than revenue. By contrast, EBIT in Energy was lower than in the previous year. This decline is mainly attributable to the extended overhaul of the Leibstadt Nuclear Power Plant (KKL). Because KKL was shut down for a month longer than planned, BKW had to procure the production already sold at very high prices in a very tight energy market. Without this effect, BKW would have slightly exceeded its outlook for the 2021 financial year. As in previous years, Grid made a solid contribution to revenue and EBIT.

The turmoil on the energy markets, particularly around the turn of the year, showed that BKW is equipped to deal with the risks in the energy business. Thanks to its three-pillar strategy and its expanded risk management, BKW is able to cope with such situations. It is well positioned and was able to enter a further growth phase in the current year. It will achieve growth in both its Energy and Services business segments.

BKW has already demonstrated the priorities of this growth strategy: With the acquisition of UMB, it has taken an important step towards bolstering its ICT competencies in a high-margin area. It just expanded its portfolio of renewable production assets with the purchase of six wind farms in France with an installed capacity exceeding 100 MW. High electricity prices will support BKW's growth strategy in the years to come.

Since 2021, BKW has been a participant in the United Nations Global Compact (UNGC). In a "Sustainability Report," BKW will for the first time demonstrate its comprehensive commitment to sustainable development as part of its 2021 annual reporting. The new report explains the company's management approach and the standards and principles it follows in its sustainability work. In addition to the 10 principles of the UNGC, these principles also include the Sustainable Development Goals of the UN Agenda 2030.

The report describes the measures taken by BKW to continuously integrate the principles of the UNGC into the company's business strategy, corporate culture, and daily operations. With figures and specific examples, the report provides a comprehensive overview of BKW's contribution to the UN Sustainable Development Goals in relation to several key themes. BKW also shows which measures and projects it will be tackling in the near future and will publish the progress report annually.

### Clear goals for growth through 2026

BKW outlined its ambitions at the Capital Markets Day held at the end of October 2021. By 2026, its sales are expected to rise to more than CHF 4.5 billion and its EBIT to beyond CHF 700 million. Based on the positive outlook in both the Services and Energy businesses, we expect EBIT to be in the range of CHF 460 to 500 million for the 2022 financial year. Shareholders are also expected to benefit from this: We are proposing to the General Meeting that the dividend be increased by 20 centimes to CHF 2.60 per share.

*"The robust business model, with its three pillars of Energy, Grid, and Services, has proven its worth also in the challenging 2021 financial year."*

<sup>1</sup> The BKW Group comprises BKW AG and its Group companies. In order to make this report easier to read, the Group will be referred to as BKW. Where the text relates to BKW AG or BKW Energie AG, this is expressly mentioned.





The uncertainties relating to economic development caused by the conflict in Ukraine may influence the 2022 result. The risks associated with the conflict for the European energy market have been identified and are being closely monitored. Due to its risk framework and strong financial position, BKW is well positioned to deal with these risks.

We would like to thank everyone who has supported us on our path to success: our customers, suppliers, and partners, our shareholders, and, above all, our employees, who demonstrate dedication to our company every day. In these days, our thoughts and sympathies are also with the people affected by the conflict in Ukraine.

Kind regards,

Roger Baillod  
Chairman of the Board

Dr. Suzanne Thoma  
CEO

#### **Suzanne Thoma steps down as CEO of BKW**

Suzanne Thoma will be leaving BKW in the next few months. She joined BKW in 2010 as Head of the Grid division and member of the Group Executive Board and has been CEO since 2013. We would like to thank Suzanne Thoma for her strong commitment and great contribution to the success of BKW in the past few years. Under her leadership and thanks to a clear and far-sighted strategy, BKW was able to more than compensate for the collapse in electricity prices which continued until 2019. In the process, BKW increased profitability and generated value for all stakeholders, not least by creating numerous highly qualified jobs in Switzerland and abroad. Shareholders benefited from this in the form of continuously rising dividends and quadrupling of the share value. We wish Suzanne Thoma every success as she takes the next step in her career.

Roger Baillod, Chairman of the Board of  
Directors of BKW AG

## REVIEW OF THE 2021 RESULTS

# Continuing growth

In the 2021 financial year, BKW increased its revenue by 15% to CHF 3.6 billion. The growth areas of Energy and Services both contributed significantly to this positive development. As to EBIT, the comparable previous year's figure was not achieved due to the unscheduled extension of the major overhaul of the Leibstadt Nuclear Power Plant. Accordingly, the EBIT contribution of the Energy business segment was lower. By contrast, the Grid (+14%) and Services (+14%) businesses were able to increase their EBIT contributions. At CHF 395 million, EBIT is 9% or CHF 41 million below the comparable result of the previous year. Net profit amounts to CHF 327 million, thus falling short of the comparable result of the previous year by 5%.

**3.6**  
billion CHF in sales  
**+15%**

Pronounced increase in sales in the growth areas of Energy and Services; Grid business remained steady.

All of BKW's business segments were able to increase their revenues in the 2021 financial year. The greatest growth was achieved in the Energy business (+27%), which grew strongly thanks to higher electricity prices and increased production volumes in the thermal sector. With a 9% increase

in sales, the Services business once again performed strongly and continued on its growth path. Due to slightly cooler temperatures, Grid recorded higher throughput volumes and thus 2% higher revenue. Overall, BKW increased its total operating revenue by 15% to around CHF 3.6 billion.

CHF millions	2020	Adjustments <sup>1</sup>	2020 (comparable)	2021	% change
Sales	3,128.6	-38.7	3,089.9	3,554.0	15%
Energy procurement/transport	-790.1		-790.1	-1,214.4	
Operating costs	-1,659.5		-1,659.5	-1,753.8	
<b>EBITDA</b>	<b>679.0</b>	<b>-38.7</b>	<b>640.3</b>	<b>585.8</b>	<b>-9%</b>
Depreciation, amortization and impairment	-243.3		-243.3	-231.3	
Income from associates	39.0		39.0	40.4	
<b>EBIT</b>	<b>474.7</b>	<b>-38.7</b>	<b>436.0</b>	<b>394.9</b>	<b>-9%</b>
Financial result excluding change in value of state funds	-73.8		-73.8	-79.8	
Income taxes excluding change in value of state funds	-51.9	1.0	-50.9	-70.0	
<b>Operating net profit<sup>2</sup></b>	<b>349.0</b>	<b>-37.7</b>	<b>311.3</b>	<b>245.1</b>	<b>-21%</b>
Change in value of state funds net of tax	33.4		33.4	82.3	
<b>Net profit</b>	<b>382.4</b>	<b>-37.7</b>	<b>344.7</b>	<b>327.4</b>	<b>-5%</b>

1 The adjustment in the 2020 revenue figure relates to the one-off compensation payable to BKW by Swissgrid for its expropriation of the transmission grid in 2013, on the basis of an ECom decision.

2 "Operating net profit" corresponds to the net profit before proceeds from the state decommissioning and disposal funds and is more suitable as a measure of operating performance than the reported net profit, since the proceeds from these funds are not operational in nature and BKW has no direct influence on how they are invested.



### **Energy procurement costs driven by the Leibstadt Nuclear Power Plant overhaul and use of thermal power plants**

Energy procurement/transport costs amounted to CHF 1,214 million, an increase of roughly CHF 400 million compared with the previous year. This increase is due to the higher operating hours of the fuel-burning thermal power plants and the procurement of replacement energy because of the major overhaul of the Leibstadt Nuclear Power Plant.

### **Operating costs under control**

Operating costs in the organic business remained steady (–1%). Lower personnel requirements associated with the decommissioning of the Mühleberg Nuclear Power Plant and further improvements in efficiency in central areas led to a slight reduction in costs of CHF 19 million. However, due to further expansion of the Services business and the corresponding increase in personnel, operating costs rose by CHF 94 million compared to the previous year. Overall, BKW employed around 10,750 people at the end of 2021. Of these, 8,440 people were employed in the Services business, 610 in the Grid business, and 930 in the Energy business. While the Energy and Grid businesses remain relatively stable, the number of employees in Services increased by around 600. The majority of these joined BKW through acquisitions.

### **Solid operating profit negatively impacted by unplanned extension of the Leibstadt Nuclear Power Plant overhaul**

BKW generated an attractive operating profit in 2021, but EBIT was unable to keep pace with the strong growth in sales and fell by 9% to CHF 395 million compared with the comparable figure for the previous year. Last year, EBIT was positively influenced by a one-off payment from

Swissgrid, based on ECom rulings, to a total of CHF 39 million.

While Services (+14%) and Grid (+14%) increased their operating profit disproportionately compared to sales, the Energy business had to accept a decline of CHF 77 million.

This decrease in EBIT was primarily due to the major overhaul at the Leibstadt Nuclear Power Plant. BKW holds a 14.5% stake in this power plant and purchases the energy produced in accordance with this quota. In the year under review, the Leibstadt Nuclear Power Plant carried out a major overhaul, which unexpectedly had to be extended twice. As a result of the two additional extensions, the plant was ultimately shut down for more than a month longer than originally planned. Particularly due to the unplanned extensions, the cost of energy replacements rose massively for BKW, as these had to be made in a very tight energy market at prices of up to 300 euros per MWh. Overall, the major overhaul of the Leibstadt Nuclear Power Plant has a negative impact on BKW's 2021 annual profit of around CHF 70 million. Furthermore, due to turbulences in the energy markets in the fourth quarter, trading was unable to match the excellent results of the previous year.

Excluding the performance of the state funds for decommissioning and waste disposal, net operating profit amounted to CHF 245 million, down 21% from the previous year. The primary driver here was the normalized tax expense compared to the previous year (reversal of deferred taxes due to tax rate reductions). Due to the very good performance of the investments in the decommissioning and waste disposal fund, the net profit of CHF 327 million is only 5% below the comparable figure of the previous year.

**10,750**  
employees

**Funds from operations: solid but below the peak of the previous year**

CHF millions	2020	2021	% change
<b>Funds from operations before utilization of nuclear provisions</b>	<b>781.8</b>	<b>500.1</b>	<b>-36 %</b>
Funds from operations	649.1	377.3	-42 %
<b>Cash flow from operating activities before utilization of nuclear provisions</b>	<b>662.2</b>	<b>136.9</b>	<b>-79 %</b>
- Payments for decommissioning and disposal	-132.7	-122.8	
Cash flow from operating activities	529.5	14.1	-97 %
<b>Cash flow from investing activities before reimbursement from state funds</b>	<b>-274.8</b>	<b>-279.0</b>	
+ Reimbursements from decommissioning and disposal funds	86.5	53.7	
Cash flow from investing activities	-188.3	-225.3	
<b>Cash flow from financing activities</b>	<b>-197.0</b>	<b>328.2</b>	
Liquidity as at 31.12	1,036.0	1,047.0	1 %

The decrease in “Funds from operations before use of nuclear provisions” is driven by higher energy procurement volumes, record-high energy prices in the fourth quarter of 2021, and a sharp increase in volatility on the forward markets.

The primary reason for the low reported cash flow from operating activities of CHF 14 million is to be found in the collateral that had to be deposited with the exchanges due to distortions in the energy markets. BKW's risk and liquidity management proved its worth and the necessary funds were procured and made available in good time. As a result, cash flow from financing activities amounted to CHF 328 million. Liquidity at the end of the year was CHF 1,047 million and thus on a par with the previous year. This means that sufficient reserves are available to counteract distortions in the tight European energy markets. BKW's syndicated loan of CHF 250 million did not have to be drawn down.

The cash drains resulting from the security deposits should return as cash flow in the first half of 2022 when the markets return to normal, and the liquidity raised in the short term should be reduced again during the same period.

BKW invested around CHF 364 million in 2021 (previous year: CHF 250 million). This means that once again the investments could be financed in full from the funds from operations generated. Around two-thirds of the investments were invested in growth. Compared to the previous year, which was dominated by the pandemic, investments in growth more than tripled from CHF 62 million to CHF 212 million. CHF 153 million of this was invested in the Services business, while CHF 59 million was used for the construction of small hydroelectric plants and district heating projects. The remaining third, which amounted to CHF 152 million, was invested in maintenance, with the bulk of the CHF 115 million being used for maintenance and replacement investments in the distribution grid.

**Equity and financing situation provides security and enables operational flexibility**

CHF millions	2020	2021	% change
Current assets	2,191.5	4,354.5	99%
Non-current assets	7,236.6	7,725.6	7%
Current liabilities	1,351.9	4,106.9	204%
Non-current liabilities	4,086.8	3,746.9	-8%
Shareholders' equity	3,989.4	4,226.3	6%
<b>Balance sheet total</b>	<b>9,428.1</b>	<b>12,080.1</b>	<b>28%</b>

Total assets increased by 28% to CHF 12.1 billion compared to the previous year. The increase is mainly due to the valuation of energy derivatives on the reporting date. Due to the short-term price increases for electricity and CO<sub>2</sub> certificates, this is exceptionally high for both purchase and sales contracts. Together with liquidity procurement for the deposit of collateral with energy exchanges, this results in an increase in the balance sheet of CHF 2.7 billion.

Equity increased by CHF 237 million as of the balance sheet date. However, the equity ratio fell to 35.0% (previous year 42.3%) due to the higher balance sheet total.

In January, BKW issued a bond listed on the Swiss SIX Exchange for CHF 200 million with a maturity of 2 years and 8 months to finance its growth strategy. This bond was met with strong interest from investors and was concluded with a 0% coupon. BKW's A rating proved advantageous also for this bond issue.

### Dividend increase to CHF 2.60 per share

Based on net profit adjusted for the performance of the decommissioning and waste disposal funds, a dividend increase of 8% to CHF 2.60 per share will be proposed to the Annual General Meeting. This corresponds to a payout ratio of around 46% of adjusted net profit and thus lies in the middle of the target range of 40% to 50%. Continuous increases in dividends are consistent with BKW's dividend policy and reflect the Group's positive expectations for the future. Based on the year-end share price, the dividend yield is 2.2%, slightly lower than in the previous year (2.4%) due to the sharp rise in the share price in the year under review. Together with the increase in the share price, an attractive total shareholder return of 22% was thus achieved in the 2021 financial year. The BKW market value increased from CHF 5.2 billion to CHF 6.3 billion in 2021.

CHF	2020	2021	% change
Dividend	2.40	2.60	8%
Total shareholder return	42.9%	22.4%	

### Outlook

In its forecast for the 2022 financial year, BKW expects its current growth path to continue and anticipates an operating profit (excluding one-off effects) in the range of CHF 460 to 500 million.

The uncertainties relating to future economic development caused by the conflict in Ukraine may influence the forecasts for 2022. The risks associated with the conflict for the European energy market have been identified and are being closely monitored. Due to its risk framework and strong financial position, BKW is well positioned to deal with these risks.

Its expectations concerning medium-term earnings performance until 2026 remain unchanged from the plans announced on Capital Markets Day in October 2021. BKW expects to continue to grow significantly and profitably in the coming years and to achieve EBIT greater than CHF 700 million in the 2026 financial year.

## Energy: Increase in sales on the EBIT level more than offset by negative effect of the Leibstadt Nuclear Power Plant

The Energy business is consistently geared to the opportunities and challenges of the changing energy market. It comprises the production, sale, and trading of electricity, certificates, and energy-related raw materials. It also includes production-related wind and solar power services.

CHF millions	2020 <sup>1</sup>	2021	% change
<b>Total operating income</b>	<b>1,199.3</b>	<b>1,526.8</b>	<b>27 %</b>
Energy procurement	-695.3	-1,116.8	
Operating costs	-226.2	-217.7	
<b>EBITDA</b>	<b>277.8</b>	<b>192.3</b>	<b>-31 %</b>
Depreciation, amortization and impairment	-76.9	-60.9	
Income from associates	16.2	8.3	
<b>EBIT</b>	<b>217.1</b>	<b>139.7</b>	<b>-36 %</b>
Employees	1,000	930	
Investments	42	73	

<sup>1</sup> Production-related wind and solar services are allocated to the Energy segment starting in 2021. Previously, these business activities were reported in the Services segment. The previous-year figures have been adjusted accordingly. As a result, revenue in 2020 has increased by CHF 24.2 million, while EBIT in 2020 has decreased by CHF 0.7 million.

At CHF 1,527 million, total income from the Energy business was 27% above that of the previous year. The increase is mainly attributable to higher electricity prices compared to the previous year, higher production volumes from thermal power plants, and higher sales volumes. At 2.2 TWh, sales in the basic supply business were on a par with the previous year. Electricity sales to SMEs and industrial customers, for their part, were further expanded in the year under review. The volumes sold through this channel increased by 10% to 5.5 TWh. BKW thus supplied almost 20% of the Swiss free market.

In the reporting year, the energy management and trading result was unable to match the excellent result of the previous year. The exceptional turbulence in the electricity markets, with enormous volatility and a marked increase in electricity prices in the fourth quarter of 2021, was driven by an accumulation of effects. Due to the loss of and falling power generation capacity in Europe, the situation on the electricity market was much more constrained than in the past. The addition of volatile energy production can only partially cover the increasing lack of band energy capacity. As a result, the electricity market is more volatile in its response to macroeconomic events, and more upheaval is to be expected. In the individual annual income statements, this situation leads to economically distorted presenta-

tion of the hedging of energy price risks because a significant accounting mismatch is associated with the valuation of open hedging transactions on the reporting date. Owing to this circumstance, BKW is now applying hedge accounting in accordance with IFRS 9 also to energy transactions, thereby reducing the accounting mismatch caused by the electricity price distortions and enormous volatility. This also increases the economic explanatory power of the consolidated income statement.

Several factors led to higher market volatility in 2021. One of the drivers was strong price fluctuations in emission allowances. In the first months of the year, there was a large amount of uncertainty and speculation surrounding the EU Commission's plans to make the region carbon-neutral by 2050, which subsequently caused EUAs prices to more than double. In the second half of the year, developments in global natural gas markets led to turbulence that was associated with massive upward pressure on (natural gas) prices. Finally, the fourth quarter was characterized by the (lack of) availability of the French nuclear power plants. In mid-December, three reactors with a total capacity of 6 GW were taken offline in France. This drove up electricity prices massively within a few days.

As a result of the exceptional price situation in the European energy markets, thermal power plants were used significantly more than in the previous year. Although the latter resulted in higher sales, it had no effect on EBIT due to the parallel rise in fuel costs. The higher production volumes of the thermal power plants (+900 GWh) were the main reason for the 60% increase in energy procurement costs. Overall, BKW produced around 9 TWh of energy, as in the previous year. Production volumes were down at hydro-power and small hydroelectric plants (–200 GWh) as a result of dry weather, and at wind power plants (–100 GWh) due to generally lower wind levels.

The unscheduled extension of the major overhaul at the Leibstadt Nuclear Power Plant also led to a reduction in production (–600 GWh). This had a negative effect on procurement costs, as the necessary replacement energy had to be procured on the market at unfavorably high prices. On the whole, this had a negative impact on BKW's result of around CHF 70 million.

Operating costs decreased by 4%. Lower personnel requirements due to the decommissioning of the Mühleberg Nuclear Power Plant, and improvements in efficiency were mainly responsible for this reduction.

**EBIT negatively affected by the unplanned extension of the major overhaul at the Leibstadt Nuclear Power Plant**

Operating profit was CHF 140 million, significantly lower than the strong previous year, which was characterized by an excellent trading result. The positive effects of higher hedged electricity prices compared with the previous year and lower operating costs were more than offset in EBIT by the negative effect of the major overhaul of the Leibstadt Nuclear Power Plant. In addition, the energy management and trading business was unable to match the excellent result of the previous year. Although the result was solid, it was significantly lower due to the exceptional price increases.

## Grid: Stable earnings contributions and continued high level of investment in renewal

The Grid business builds, operates, and maintains its own distribution grid. The grid not only transports electricity from power plants to consumers but also measures production and consumption, transforms voltage, monitors, analyzes, and controls load flows, and integrates decentralized production facilities such as photovoltaic systems and wind turbines.

CHF millions	2020	Adjustments <sup>1</sup>	2020 (comparable)	2021	% change
<b>Sales</b>	<b>566.8</b>	<b>38.7</b>	<b>528.1</b>	<b>539.8</b>	<b>2 %</b>
Energy transport expense	-95.0		-95.0	-98.2	
Operating costs	-192.2		-192.2	-187.1	
<b>EBITDA</b>	<b>279.6</b>	<b>38.7</b>	<b>240.9</b>	<b>254.5</b>	<b>6 %</b>
Depreciation, amortization and impairment	-89.7		-89.7	-88.7	
Income from associates	22.8		22.8	32.1	
<b>EBIT</b>	<b>212.7</b>	<b>38.7</b>	<b>174.0</b>	<b>197.9</b>	<b>14 %</b>
Employees	610			610	
Investments	124			115	

1 The adjustment in 2020 relates to the one-off compensation payable to BKW by Swissgrid for its expropriation of the transmission grid in 2013, on the basis of an EICoM decision.

At CHF 540 million, sales in the Grid business were 2% above the comparable figure for the previous year. The increase is due in particular to temperature-related higher transit volumes. In addition to the comparatively colder temperatures, the easing of the restrictions associated with Covid-19 is also having a positive impact. In 2020, there was a drop in demand due to the industry lockdown in March and April. In the 2021 reporting year, an increase in consumption was again recorded on all grid levels as a result of normalization with regard to the Covid-19 situation.

Expenses for energy transport, including the costs charged by Swissgrid in particular, also increased due to higher transmission volumes. By contrast, operating costs could be reduced slightly thanks to further improvements in efficiency.

The CHF 9 million increase in the result from associates is due to a positive effect from the valuation adjustment relating to the transferred transmission grid facilities which was completed in 2021, as well as to the adjustments to estimates of the Swissgrid result, which BKW makes on each balance sheet date, as it only receives the Swissgrid financial statements after the financial accounts have been completed.

The operating profit increased to CHF 198 million compared to the 2020 comparable EBIT. This is 14% above the previous year, which was affected by the Covid-19 situation and the associated lockdown phase, and at a level that is expectedly stable.

**Continued high level of investment in the ongoing renewal of the distribution grid**

To ensure safe, efficient, and high-performance operation of its distribution grid, BKW invests well over CHF 100 million annually. CHF 115 million was invested in the reporting year. The focus of current investment activity is on grid infrastructure in the Bernese Oberland and in the Seeland region.

Increasing electrification in the transport and heating sectors means greater complexity and higher operating costs for the distribution grid. In a large, interconnected grid region, significant efficiency gains can be achieved through close coordination, standardization, and automation. For this reason, AEK, onyx, and BKW have decided to join forces and jointly operate their distribution grids starting in 2022. The preliminary work associated with this was successfully completed in the year under review.



## Services: on a profitable growth path

The Services business segment comprises BKW Engineering (engineering planning and consulting), BKW Building Solutions (building technology), and BKW Infra Services (services for energy, water, and telecommunications networks and grids). The strong network of specialized companies and their respective competencies enables BKW to be a relevant provider of comprehensive services.

CHF millions	2020 <sup>1</sup>	2021	% change
<b>Sales</b>	<b>1,405.5</b>	<b>1,526.7</b>	<b>9%</b>
Operating costs	-1,265.2	-1,368.4	
<b>EBITDA</b>	<b>140.3</b>	<b>158.3</b>	<b>13%</b>
Depreciation, amortization and impairment	-56.5	-62.8	
<b>EBIT</b>	<b>83.8</b>	<b>95.5</b>	<b>14%</b>
Employees	7,820	8,440	
Investments	63	159	

<sup>1</sup> Starting in 2021, production-related wind and solar services are allocated to the Energy segment, while shared service billing services are allocated to the segment Other. Previously, these business activities were reported in the Services segment. The previous-year figures have been adjusted accordingly. As a result, revenue in 2020 has been reduced by CHF 60 million, EBIT 2020 by CHF 0.5 million. The Services segment thus includes the three competency areas Engineering, Infra Services, and Building Solutions.

The Services business continued to grow in the 2021 financial year. Revenue increased by 9% to CHF 1,527 million, with all three competency areas contributing to this development. The BKW Services network was once again able to position itself very successfully on the market in the new year so that it could increasingly be awarded complex contracts.

BKW Engineering increased its sales by 4% to around CHF 400 million. At BKW Infra Services, revenue also increased by 12% to roughly CHF 400 million, with strong growth in this area primarily driven by organic growth. Growth was driven in particular by LTB's excellent order situation for high-voltage power line construction in Germany. Finally, BKW Building Solutions increased revenue by 9% to around CHF 720 million. In the 2021 financial year, the Automation and IT businesses were significantly expanded through targeted acquisitions.

Compared to sales, EBIT grew disproportionately by 14% to CHF 96 million in the reporting year, whereby the previous year was impacted by the Covid-19 pandemic; accordingly, the result of the Services business was negatively affected. At 6.3%, the margin could also be increased, even compared to the pre-Covid-19 level. Optimized organizational structures and increased harmonization of the administration contributed significantly to this. Excluding M&A and integration costs, the EBIT margin of the Services business is around 8%, well above the market average.

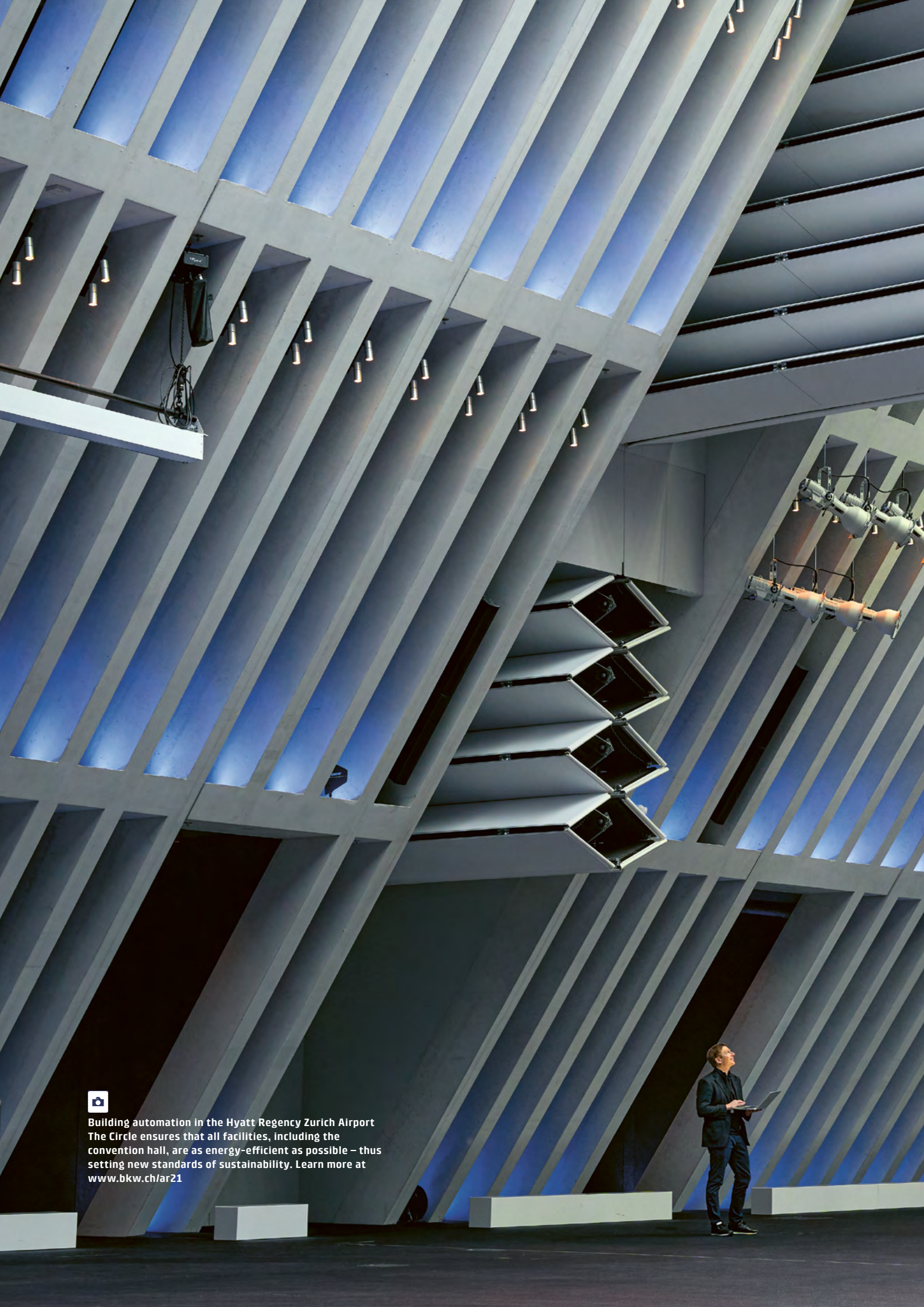
### Targeted expansion of competency network

In the 2021 financial year, BKW further expanded its engineering network in Germany, acquiring various companies such as R&P Ruffert GmbH, whose main focus is on structural design. With the acquisitions made, BKW Engineering is expanding its network expertise and strengthening its competitive position compared to multidisciplinary market leaders.

BKW Infra Services undertook further successful expansion steps during the year under review and strengthened its position in the growing market of railroad engineering. On the one hand, the acquisitions of the Duvoisin-Groux Group and Elbatech AG in western Switzerland significantly expand the Group's presence in French-speaking Switzerland in its existing areas of activity in the energy, transport, and telecommunications fields. On the other hand, it is now active in the growing rail infrastructure market with its overhead power line construction business. Elbatech AG, Switzerland's leading provider of tunnel radio installations, joined the company network. BKW is thus expanding its railroad technology activities into German-speaking Switzerland and is now one of the top three companies in this sector in Switzerland.

In the reporting year, BKW Building Solutions strengthened its expertise in the future-oriented and technology-driven growth field of IT networks and security. In particular, with the UMB Group (signing in December 2021, closing in February 2022), the BKW Building Solutions IT business will be expanded in the direction of becoming an integrated IT provider for customers. Grid consulting, engineering, and integration services will be offered primarily to business customers throughout Switzerland and Europe. In addition, the acquisition of the Aerovent Group has strengthened BKW's position in western Switzerland in terms of ventilation and air-conditioning expertise.





Building automation in the Hyatt Regency Zurich Airport The Circle ensures that all facilities, including the convention hall, are as energy-efficient as possible – thus setting new standards of sustainability. Learn more at [www.bkw.ch/ar21](http://www.bkw.ch/ar21)

BKW GROUP

# Group Consolidated Financial Statements



# Consolidated Income Statement

CHF millions	Note	2020	2021
Net sales	7	2,935.7	3,380.0
Own work capitalized		73.9	75.6
Other operating income		119.0	98.4
<b>Total operating income</b>		<b>3,128.6</b>	<b>3,554.0</b>
Energy procurement/transport	8	-790.1	-1,214.4
Material and third-party services		-570.7	-599.0
Personnel expenses	9	-880.1	-937.5
Other operating expenses	10	-208.7	-217.3
<b>Total operating expenses</b>		<b>-2,449.6</b>	<b>-2,968.2</b>
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>		<b>679.0</b>	<b>585.8</b>
Depreciation, amortization and impairment	11	-243.3	-231.3
Income from associates	20	39.0	40.4
<b>Operating profit (EBIT)</b>		<b>474.7</b>	<b>394.9</b>
Financial income	12	48.5	108.3
Financial expenses	12	-80.5	-83.1
<b>Profit before income taxes (EBT)</b>		<b>442.7</b>	<b>420.1</b>
Income taxes	13	-60.3	-92.7
<b>Net profit</b>		<b>382.4</b>	<b>327.4</b>
attributable to:			
– BKW shareholders		361.7	304.6
– Non-controlling interests		20.7	22.8
Earnings per share in CHF (basic and diluted)	14	6.86	5.77

# Consolidated Statement of Comprehensive Income

CHF millions	Note	2020	2021
<b>Net profit</b>		<b>382.4</b>	<b>327.4</b>
Actuarial gains/losses (Group companies)	26		
– Actuarial gains/losses (–)		4.1	273.4
– Income taxes		–0.4	–58.6
Actuarial gains/losses (associates)	20		
– Actuarial gains/losses (–)		8.0	39.4
– Income taxes		–0.4	–3.4
Financial assets at fair value through other comprehensive income	28		
– Value adjustments		0.1	0.0
<b>Total items that will not be reclassified to income statement, net of tax</b>		<b>11.4</b>	<b>250.8</b>
Currency translations	28		
– Currency translations		–19.0	–35.5
– Reclassification to the income statement		1.0	0.0
Hedging transactions (Group companies)	28		
– Value adjustments		–0.1	–210.9
– Reclassification to the income statement		0.0	0.2
– Income taxes		0.0	44.3
Hedging transactions (associates)	28		
– Value adjustments		–3.1	3.4
<b>Total items that may be reclassified to income statement, net of tax</b>		<b>–21.2</b>	<b>–198.5</b>
<b>Other comprehensive income</b>		<b>–9.8</b>	<b>52.3</b>
<b>Comprehensive income</b>		<b>372.6</b>	<b>379.7</b>
attributable to:			
– BKW shareholders		350.5	349.7
– Non-controlling interests		22.1	30.0

# Consolidated Balance Sheet

CHF millions	Note	31.12.2020	31.12.2021
<b>Assets</b>			
Cash and cash equivalents	33	825.1	931.0
Trade accounts receivable and other receivables	15	659.4	1,269.7
Contract assets	16	152.2	182.3
Current tax receivables		20.9	29.6
Financial assets	19	210.9	116.0
Derivatives	29	131.1	1,585.4
Inventories	17	66.7	93.0
Prepaid expenses and accrued income	18	125.2	147.5
<b>Total current assets</b>		<b>2,191.5</b>	<b>4,354.5</b>
Financial assets	19	1,294.2	1,406.1
Derivatives	29	12.6	197.4
Investments in associates	20	1,409.1	1,461.7
Property, plant and equipment	21	3,457.5	3,523.3
Intangible assets	22	1,023.2	1,096.5
Deferred tax assets	13	40.0	40.6
<b>Total non-current assets</b>		<b>7,236.6</b>	<b>7,725.6</b>
<b>Total assets</b>		<b>9,428.1</b>	<b>12,080.1</b>
<b>Shareholders' equity and liabilities</b>			
Trade accounts payable and other liabilities	23	532.2	897.4
Contract liabilities	16	85.5	94.3
Current tax liabilities		64.8	51.5
Financial liabilities	24	108.0	862.2
Derivatives	29	178.7	1,769.8
Provisions	25	178.8	152.2
Deferred income and accrued expenses	18	203.9	279.5
<b>Total current liabilities</b>		<b>1,351.9</b>	<b>4,106.9</b>
Financial liabilities	24	1,430.1	1,215.9
Derivatives	29	31.9	285.7
Pension liability	26	257.8	9.1
Other liabilities	27	354.4	349.2
Provisions	25	1,580.1	1,399.5
Deferred tax liabilities	13	432.5	487.5
<b>Total non-current liabilities</b>		<b>4,086.8</b>	<b>3,746.9</b>
<b>Total liabilities</b>		<b>5,438.7</b>	<b>7,853.8</b>
Share capital	28	132.0	132.0
Capital reserves	28	41.3	41.3
Retained earnings	28	3,810.1	3,987.0
Other reserves	28	-284.0	-238.9
Treasury shares	28	-3.7	-3.5
<b>Equity attributable to BKW shareholders</b>		<b>3,695.7</b>	<b>3,917.9</b>
Equity attributable to non-controlling interests		293.7	308.4
<b>Total shareholders' equity</b>		<b>3,989.4</b>	<b>4,226.3</b>
<b>Total shareholders' equity and liabilities</b>		<b>9,428.1</b>	<b>12,080.1</b>



## Changes in Consolidated Equity

CHF millions	Share capital	Capital reserves	Retained earnings	Other reserves	Treasury shares	Attributable to BKW shareholders	Attributable to non-controlling interests	Total
<b>Equity at 31.12.2019</b>	<b>132.0</b>	<b>41.3</b>	<b>3,562.9</b>	<b>-272.8</b>	<b>-1.5</b>	<b>3,461.9</b>	<b>273.3</b>	<b>3,735.2</b>
Net profit			361.7			361.7	20.7	382.4
Other comprehensive income				-11.1		-11.1	1.3	-9.8
<b>Comprehensive income</b>			<b>361.7</b>	<b>-11.1</b>		<b>350.6</b>	<b>22.0</b>	<b>372.6</b>
Dividend			-116.0			-116.0	-9.1	-125.1
Transactions in treasury shares			-5.7		-2.2	-7.9		-7.9
Share-based payments			5.6			5.6		5.6
Acquisition of non-controlling interests			-2.1			-2.1	-1.7	-3.8
Changes in the scope of consolidation						0.0	0.7	0.7
Contribution to equity from non-controlling interests						0.0	8.5	8.5
Change in liabilities relating to non-controlling interests			3.6			3.6		3.6
Sale of financial assets at fair value through other comprehensive income			0.1	-0.1		0.0		0.0
<b>Equity at 31.12.2020</b>	<b>132.0</b>	<b>41.3</b>	<b>3,810.1</b>	<b>-284.0</b>	<b>-3.7</b>	<b>3,695.7</b>	<b>293.7</b>	<b>3,989.4</b>
Net profit			304.6			304.6	22.8	327.4
Other comprehensive income				45.1		45.1	7.2	52.3
<b>Comprehensive income</b>			<b>304.6</b>	<b>45.1</b>		<b>349.7</b>	<b>30.0</b>	<b>379.7</b>
Dividend			-126.6			-126.6	-5.3	-131.9
Transactions in treasury shares			-6.1		0.2	-5.9		-5.9
Share-based payments			7.2			7.2		7.2
Acquisition of non-controlling interests			-3.3			-3.3	-10.1	-13.4
Contribution to equity from non-controlling interests						0.0	0.1	0.1
Change in liabilities relating to non-controlling interests			1.1			1.1		1.1
<b>Equity at 31.12.2021</b>	<b>132.0</b>	<b>41.3</b>	<b>3,987.0</b>	<b>-238.9</b>	<b>-3.5</b>	<b>3,917.9</b>	<b>308.4</b>	<b>4,226.3</b>

# Consolidated Cash Flow Statement

CHF millions	Note	2020	2021
Profit before income taxes		442.7	420.1
Financial result	12	32.0	-25.2
Adjustment for non-cash transactions	33	307.1	105.2
Change in net working capital (excl. financial assets/liabilities and derivatives)		-22.3	-285.9
Income taxes paid		-97.6	-74.2
Other financial expenses/income		0.3	-3.1
<b>Cash flow from operating activities before utilization of nuclear provisions</b>		<b>662.2</b>	<b>136.9</b>
Utilization of nuclear provisions with a claim to refunds of state funds		-58.0	-53.6
Utilization of nuclear provisions with no claim to refunds of state funds		-74.7	-69.2
<b>Cash flow from operating activities</b>		<b>529.5</b>	<b>14.1</b>
Investments in property, plant and equipment	21	-203.6	-229.9
Disposal of property, plant and equipment		4.1	9.5
Acquisition of Group companies	5/33	-57.9	-107.3
Disposals of Group companies		0.3	0.0
Investments in associates	20	-5.1	-14.6
Disposals of associates		26.1	21.0
Payments into decommissioning and waste disposal funds		-30.4	-36.5
Refunds of decommissioning and waste disposal funds		86.5	53.7
Investments in other current and non-current financial assets		-27.5	-156.1
Disposals of other current and non-current financial assets		12.3	226.0
Investments in intangible assets	22	-17.0	-14.5
Disposals of intangible assets		1.1	0.0
Interest received		1.9	1.2
Dividends received		20.9	22.2
<b>Cash flow from investing activities</b>		<b>-188.3</b>	<b>-225.3</b>
Sale/purchase of treasury shares	28	-8.0	-8.8
Acquisition of non-controlling interests		-3.6	-8.9
Contribution to capital from non-controlling interests		6.5	0.1
Increase in current and non-current financial liabilities		20.8	658.6
Decrease in current and non-current financial liabilities		-68.4	-165.2
Increase in other long-term liabilities		15.0	18.6
Decrease in other long-term liabilities		-0.1	0.0
Interest paid		-34.1	-34.3
Dividends paid		-125.1	-131.9
<b>Cash flow from financing activities</b>		<b>-197.0</b>	<b>328.2</b>
Translation adjustments on cash and cash equivalents		-2.6	-11.1
<b>Net change in cash and cash equivalents</b>		<b>141.6</b>	<b>105.9</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>683.5</b>	<b>825.1</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>33</b>	<b>825.1</b>	<b>931.0</b>

# Statutory auditor's report on the audit of the consolidated financial statements



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To the General Meeting of  
BKW AG, Berne

Berne, 10 March 2022

## Statutory auditor's report on the audit of the consolidated financial statements



### Opinion

We have audited the consolidated financial statements of BKW AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, changes in consolidated equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 22 to 96) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.



### **Classification and valuation of energy trading contracts & application of Hedge Accounting**

#### **– Risk**

As disclosed in Note 7 Net Sales and 29 Derivatives, BKW enters into energy supply and purchase contracts with third parties. Depending on the motive for entering into such contracts, they either qualify as own-use transactions or as financial instruments (hedge or trading transaction). The distinction between own-use transaction and financial instrument has a significant impact on the accounting treatment, since own-use transactions are not recognized on the balance sheet. In the income statement those transactions are recorded as energy procurement cost respectively revenue on a gross basis. Financial instruments are recognized at fair value at each balance sheet date. The result is presented on a net basis within revenue. BKW has accounting guidelines for categorizing, measuring and recognizing such contracts.

As disclosed in Note 30, Hedge Accounting, in the reporting year BKW implemented hedge accounting in its energy business. The accurate application has a significant impact on the reported results within the statement of income, the statement of other comprehensive income and the statement of shareholders' equity.

#### **– Our audit response**

Our audit procedures, to confirm that no reclassifications of contracts initially classified as own-use transactions or financial instruments have occurred, and the accounting treatment applied corresponds to the original designation of the contract, is based on control based approach and inquiries of employees in charge. Furthermore, we tested and assessed, on a sample basis, the existing internal controls regarding the reconciliation of the entered contracts. At year end, we have selected a sample and involved our valuation specialists to assess the proper balance sheet recognition of contracts qualifying as financial instruments. Finally, we analyzed the designated hedge accounting transactions by verifying the treatment of ineffectiveness and testing the completeness of the relevant hedge accounting documentation.

Our audit procedures did not lead to any reservations concerning classification and valuation of energy trading contracts or the accurate application of hedge accounting.

### **Valuation of nuclear provision**

#### **– Risk**

On 20 December 2019, the Mühleberg nuclear power plant was decommissioned. BKW is legally required to cover the cost for the ongoing decommissioning of the power plant and the disposal of its nuclear waste. The nuclear provision is due to its significant balance and the various assumptions used, a key element of our audit. As described in Note 25, every five years an updated cost calculation is prepared. The cost study (last time conducted in 2021) is subsequently assessed by the Swiss Federal Nuclear Safety Inspectorate (ENSI). The update of the cost calculation was carried out on behalf of and following the requirements of the Administrative Commission of the Decommissioning Fund for Nuclear Facilities and Waste Disposal Fund for Nuclear Power Plants (AC STENFO) and in cooperation with swissnuclear. In accordance with Note 25, the provisions are adjusted at each balance sheet date based on the updated cost estimate.



– **Our audit response**

To assess the nuclear provision, we gained an understanding of the different assumptions and recorded amounts. We compared those with the calculations and records of BKW. In addition, we agreed the recorded amounts with the latest available cost study. We assessed, based on BKW-internal and -external information, the financial impact and change in estimate. Moreover, we assessed the recorded adjustments, among other things due to the use since the decommissioning.

Our audit procedures did not lead to any reservations concerning valuation of the nuclear provision.

**Valuation of onerous contracts (price curves)**

– **Risk**

BKW holds investments in various associated companies. BKW has commitments to purchase energy at a cost-plus price from its partner power plants. Depending on the cost structure of the partner power plant as well as the current and expected development of prices (electricity price curve), this can result in an onerous contract. BKW does not recognize an impairment on the investment but records a provision under “Onerous contracts energy procurement” in accordance with Note 25. Various assumptions of future developments, which may have a significant impact on the valuation of onerous contracts, need to be made. The provisions for onerous contracts are also material and, as set out above, are based on several assumptions.

– **Our audit response**

WAmong other things, we discussed with management the process for identifying onerous contracts. To assess the calculation and assumptions of onerous contracts, we involved internal valuation specialists. The price curves were compared with external studies.

Our audit procedures did not lead to any reservations concerning the valuation of onerous contracts (price curves).



**Other information in the annual report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibility of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is 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, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are 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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



### Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Rico Fehr  
Licensed audit expert  
(Auditor in charge)

Philippe Wenger  
Licensed audit expert

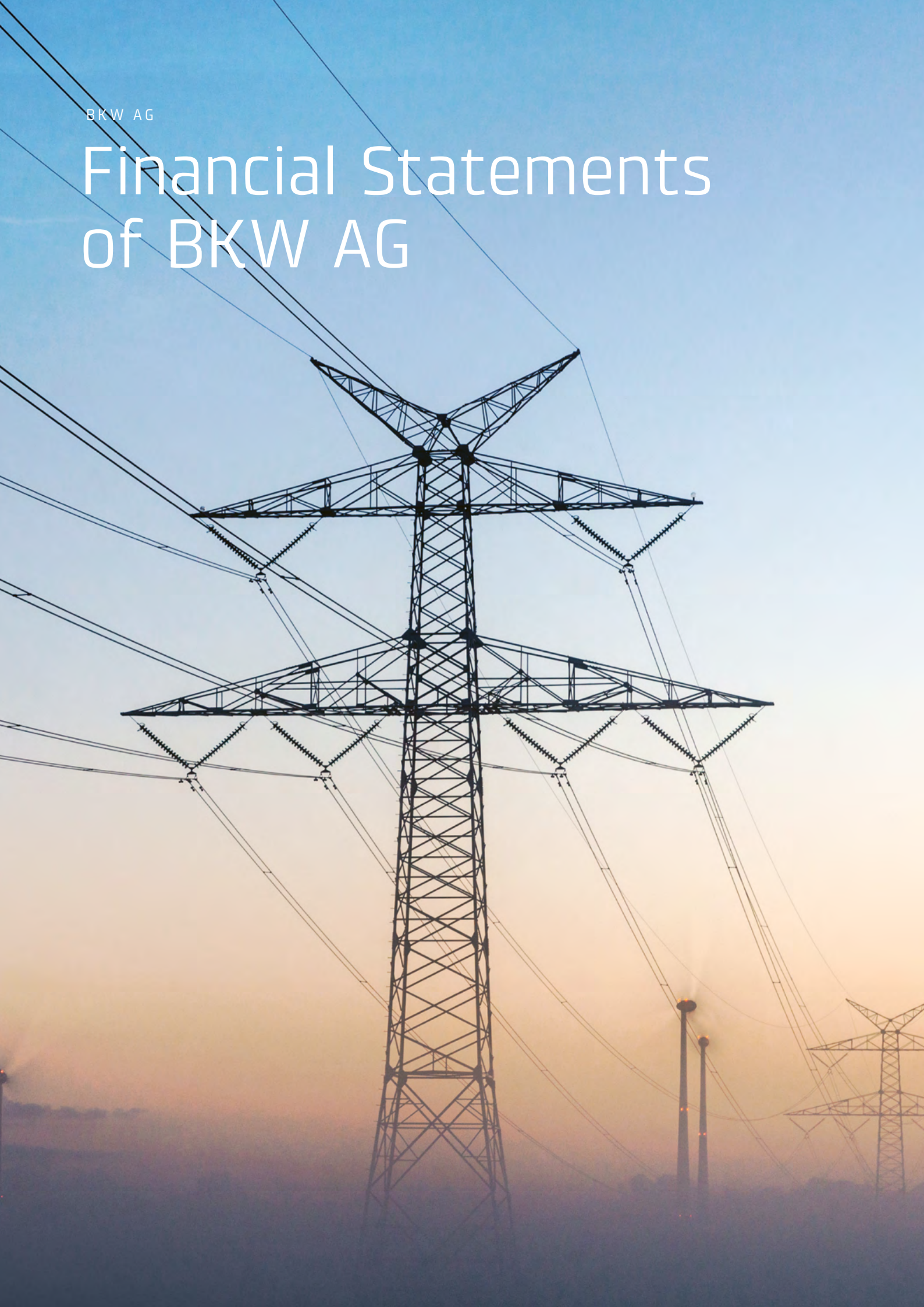


BKW systematically focuses on innovation and technology. For the first time, a traction current project of German Railways is being planned using the digital method Building Information Modeling (BIM). Learn more at [www.bkw.ch/ar21](http://www.bkw.ch/ar21)



BKW AG

# Financial Statements of BKW AG



# Income Statement

<b>CHF millions</b>	2020	2021
Dividend income	133.1	137.9
Financial income	29.4	29.0
Other operating income	1.0	1.3
<b>Total earnings</b>	<b>163.5</b>	<b>168.2</b>
Interest expense	-28.6	-28.4
Other financial expenses	-0.9	-0.8
Other operating expenses	-5.4	-6.3
Direct taxes	-1.8	-1.0
<b>Total expenses</b>	<b>-36.7</b>	<b>-36.5</b>
<b>Net profit</b>	<b>126.8</b>	<b>131.7</b>

# Balance Sheet

CHF millions	31.12.2020	31.12.2021
<b>Assets</b>		
Cash and cash equivalents	6.7	14.8
Receivables		
– from third parties	0.3	0.8
– from subsidiaries	200.9	748.3
Prepaid expenses and accrued income	2.4	2.7
<b>Total current assets</b>	<b>210.3</b>	<b>766.6</b>
Loans		
	1,184.1	1,456.7
Other financial assets		
– from third parties	6.6	5.6
Investments	1,489.8	1,675.1
<b>Total non-current assets</b>	<b>2,680.5</b>	<b>3,137.4</b>
<b>Total assets</b>	<b>2,890.8</b>	<b>3,904.0</b>
<b>Liabilities</b>		
Trade accounts payable		
– to third parties	0.1	0.1
– to subsidiaries	1.1	0.0
Current interest-bearing liabilities		
– Bonds	0.0	200.0
– Loans payable	0.0	548.3
– to subsidiaries	0.0	472.7
Other current liabilities		
– to third parties	0.3	0.9
Deferred income and accrued expenses	8.4	8.7
<b>Total current liabilities</b>	<b>9.9</b>	<b>1,230.7</b>
Non-current interest-bearing liabilities		
– Bonds	900.0	700.0
– Loans payable	283.9	272.3
<b>Total non-current liabilities</b>	<b>1,183.9</b>	<b>972.3</b>
<b>Total liabilities</b>	<b>1,193.8</b>	<b>2,203.0</b>
Share capital	132.0	132.0
Statutory capital reserves		
– Reserves from capital contributions	26.1	26.1
Statutory retained earnings		
– Statutory retained earnings	1,153.7	1,155.0
– Reserve for treasury shares	1.3	0.0
Voluntary retained earnings		
– Profit carried forward	259.5	259.6
– Net profit	126.8	131.7
Unappropriated retained earnings	386.3	391.3
Treasury shares	–2.4	–3.4
<b>Total shareholders' equity</b>	<b>1,697.0</b>	<b>1,701.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,890.8</b>	<b>3,904.0</b>

# Report of the statutory auditor on the financial statements



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To the General Meeting of  
BKW AG, Berne

Berne, 10 March 2022

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of BKW AG, which comprise the income statement, balance sheet and notes to the financial statements (pages 104 to 108), for the year ended 31 December 2021.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.



### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Rico Fehr  
Licensed audit expert  
(Auditor in charge)

Philippe Wenger  
Licensed audit expert



An electrical grid that is reliable and strong is the backbone of modern society. BKW Power Grid uses the possibilities offered by digitalization to plan, build, and operate BKW's electricity grid in line with requirements. Learn more at [www.bkw.ch/ar21](http://www.bkw.ch/ar21)

ANNUAL REPORT 2021

# Remuneration Report



## REMUNERATION REPORT

# Remuneration system safeguards the success of the company



Dear Shareholders,  
Dear Sir/Madam,

This Remuneration Report explains the principles, programs, and governance framework for remuneration of the Board of Directors and Group Executive Board members at BKW. It contains detailed information about the remuneration paid to the Board of Directors and the Group Executive Board in the 2021 financial year.

While BKW was again able to increase its revenue strongly by 15% in the 2021 financial year and successfully continue its trajectory of growth, the ambitious targets for the key profit figures were not fully achieved. The latter is due to the negative one-off effect of the unplanned extensions of the major overhaul of the Leibstadt Nuclear Power Plant. Without this effect, the targets would have been exceeded. All businesses – Energy, Grid, and Services – contributed to revenue growth and together increased BKW's

market value by an additional 20%. The Remuneration Report explains the impact of these results on the variable remuneration of members of the Group Executive Board in the reporting year.

As already stated in the 2020 Remuneration Report, the Board of Directors has revised the remuneration system for the Group Executive Board. The short-term variable component in cash (bonus) is now weighted more heavily, and net operating profit and the relative return on BKW shares have been introduced as new performance indicators. In addition, the allocation of blocked shares is now no longer based on the average share price during 2014 and 2015 but instead on the basis of the average share price during the two years prior to the allocation. The adjusted remuneration system continues to aim to support the long-term success of the company and ensure that the interests of management are in line with those of BKW and its shareholders.



Additional details of the remuneration system are described in this report.

In recent years, the remuneration of the Group Executive Board has gradually been aligned with market levels, against the backdrop of BKW's very strong development in recent years: At the end of 2021, it will have generated sales of CHF 3,554 million with a workforce of around 10,750 employees. This development has also been accompanied by a significant increase in the value of the company.

At the 2022 Annual General Meeting, we will submit this Remuneration Report to you for your approval by way of a consultative vote. You will see that the remuneration paid to the Board of Directors and the Group Executive Board is within the maximum remuneration approved by the Annual General Meeting.

They will also cast a binding vote on the maximum total amount of remuneration for the Board of Directors for the coming period until the next General Meeting, as well as on the maximum total amount of remuneration for the Group Executive Board for the 2023 financial year. Both amounts remain unchanged from the previous year.

On behalf of the Board of Directors, I thank you for your support.

Kind regards,



Roger Baillod  
Chairman of the Board

## 1. BKW's remuneration policy

BKW's remuneration policy, as defined by the Board of Directors, is derived directly from BKW's strategy and is aimed in particular at promoting the long-term interests of the company. It is based on the principles described below.

### Board of Directors (BD)

In order to strengthen the independence of the members of the Board of Directors in their supervisory activities, they receive only fixed remuneration and attendance fees in cash. In addition, they have the opportunity to acquire a limited number of shares in the company on preferential terms.

### Group Executive Board (GEB)

The remuneration system is designed to recruit and retain the most suitable individuals to serve in key functions on a long-term basis. It is also designed to align the interests of the top management with the interests of the company and its shareholders with the aim of sustainably increasing the value of the company. The remuneration system is based on the following principles:

<b>Rewarding performance</b>	<b>Market and internal fairness</b>
<b>Continuity and stability</b>	<b>Simplicity</b>

#### Rewarding performance

The remuneration of the Group Executive Board is linked to the success of the company and its share price, relative to a broad benchmark.

#### Continuity and stability

BKW's remuneration system is geared towards both continuity and stability. A significant portion of remuneration is paid in the form of restricted shares in order to link the interests of the Executive Board with those of the company and its shareholders. It is also designed to ensure that

no excessive risks are taken and to reinforce the focus on long-term growth. This means the remuneration system has less leverage than other models of listed companies.

#### Market and internal fairness

BKW strives for market-oriented remuneration across all functions, regardless of gender, age, nationality, or other demographic characteristics. Remuneration is based on competence and responsibility as well as on performance with a focus on strategy implementation and the company's results. In order to ensure that overall remuneration is in line with the market and performance, BKW regularly reviews the salary bands of the individual professional groups to make sure they are in line with the market median. In 2021, salary equality analyses were also carried out for all major Swiss Group companies. This revealed that all of the companies examined comply with the requirements of the Gender Equality Act.

#### Simplicity

The remuneration system is designed to be simple and transparent.

Within the scope of this remuneration policy, BKW regularly reviews its remuneration system for the Board of Directors and Group Executive Board at intervals of two to four years. In 2019, BKW commissioned HCM International AG, a specialist consulting firm, to review the remuneration system for the Group Executive Board. This company had not been commissioned to carry out any other work for BKW. No external consultants were commissioned to advise on remuneration issues in the year under review.

The results of the analysis were used by the Board of Directors to instigate changes to the remuneration system starting in 2021. With a view to reviewing the remuneration system, a market comparison of the level of remuneration paid to the Group Executive Board was carried out simultaneously. In order to take BKW's specific position into account, the remuneration was subjected to a representative comparison.

The relevant market for recruiting talent for BKW is made up largely of listed industrial companies of similar size and complexity. Accordingly, listed Swiss industrial companies (excluding the high-salary financial and pharmaceutical sectors) with comparable market capitalization and sales figures were taken into account.

The peer group included the following companies: ams, Bucher Industries, Clariant, Conzzeta, Daetwyler, dormakaba, Fraport, Geberit, Georg Fischer, Givaudan, Landis + Gyr, Lonza, Implenia, OC Oerlikon, SIG Combibloc, Schmolz + Bickenbach (today: Swiss Steel Group), Sonova, Straumann, Sulzer, Swisscom, Tecan and VAT Group.

## 2. Setting remuneration: organization and responsibilities

The broad outlines of the remuneration system, as well as the corporate bodies involved in the determination of the compensation, are defined in Art. 24 to 29 of the articles of incorporation. These are available on the BKW website at [www.bkw.ch/statutes](http://www.bkw.ch/statutes) and include the following:

- Remuneration Committee (Articles 24 and 25)
- Voting on remuneration (Articles 26, 27, and 28)
- Remuneration of the Board of Directors (Article 27)
- Remuneration of the Executive Board and additional amounts for new members (Article 28)
- Contracts with members of the Board of Directors and the Group Executive Board (Article 29)

The table below shows how the responsibilities and competencies are divided between the General Meeting (GM), the Board of Directors (BD), and the Remuneration and Nomination Committee (RNC).

### Overview of responsibilities and activities

Object	RNC	BD	GM	RNC activities in the year under review 2021		
				February	September	November
Maximum total amount of remuneration of the Board of Directors and the Group Executive Board	PS <sup>1</sup>	S <sup>2</sup>	R <sup>3</sup>	●		
Additional amount for the remuneration of new members of the Group Executive Board <sup>4</sup>	R <sup>4, 5</sup>			n/a	n/a	n/a
BKW remuneration policy and system	PS	R			●	
Remuneration principles and system for the Board of Directors and Group Executive Board	PS	R				●
Performance criteria for remuneration of the CEO and the members of the Group Executive Board	R <sup>5</sup>					●
Individual remuneration of the Board of Directors	PS	R <sup>6</sup>				●
CEO performance assessment and individual remuneration	R <sup>5, 6</sup>			●		
Performance assessment and individual remuneration of the members of the Group Executive Committee (excluding the CEO)	R <sup>4, 5, 6</sup>			●		
Remuneration Report	PS	R	CV <sup>7</sup>	●		
Principles governing the selection of candidates for election or re-election to the Board of Directors	PS	R			●	●
Election, dismissal, and succession planning for members of the Board of Directors and the Group Executive Board	PS	R			●	●

1 PS means preparation and submission to the Board of Directors

2 S means submission to the General Meeting

3 R means ratification

4 CEO's proposal

5 Within the scope of the articles of incorporation

6 Within the scope of the maximum total amount approved by the General Meeting

7 CV means consultative vote

### Remuneration and Nomination Committee

In accordance with Art. 25 of the Articles of incorporation, the Remuneration and Nomination Committee deals at the highest corporate level with the remuneration strategy as well as with the corporate objectives and performance criteria in connection with the remuneration of the Group Executive Board. In addition, it is also responsible for drawing up the criteria for the selection of candidates for the Board of Directors and the Group Executive Board. The Committee consists of three members and is composed of the following:

Roger Baillod	Chairman of the Board of Directors, Chairman
Hartmut Geldmacher	Deputy Chairman of the Board of Directors, Member
Andreas Rickenbacher	Member of the Board of Directors, Member

The Board of Directors is currently considering splitting the Remuneration and Nomination Committee into a Remuneration and Personnel Committee and, as the need arises, ad hoc Nomination Committees. In this context, the composition of the committees would also be reorganized. In particular, it is envisaged that the Chairman of the Board should no longer simultaneously be the chair of the Remuneration and Human Resources Committees.

As required, executives may be invited to attend meetings of the Remuneration and Nomination Committee. However, no executives are to be present when their own performance or remuneration is discussed or determined as the case may be.

At meetings of the Board of Directors, the Chairman of the Remuneration and Nomination Committee reports to the Board of Directors on the committee's activities and decisions; in urgent cases, information may also be provided between meetings. The minutes of the meetings of the Remuneration and Nomination Committee are made available to the entire Board of Directors.

In 2021, the Committee dealt in its three ordinary meetings with, among other things, the recurring agenda items listed in the table above. In addition, at nine extraordinary meetings and video-conferences, it dealt with succession planning for

the Board of Directors and the Group Executive Board as well as with remuneration issues concerning the BD and the CEO. All members of the committee attended all of its meetings.

At the beginning of 2021, the Board of Directors set up a temporary Nomination Committee to deal with the recruitment of a new Board member to replace Roger Baillod, who had been nominated as Chairman. This committee consisted of Urs Gasche, Roger Baillod, and Hartmut Geldmacher. The temporary Nomination Committee dealt with the election procedure at three meetings in January and February 2021.

Due to the announcement of the retirement of the CEO in the course of 2022, the Board of Directors set up a second temporary Nomination Committee in December 2021. This is composed of Roger Baillod, Andreas Rickenbacher, and Rebecca Guntern and is responsible for finding and proposing suitable candidates for the position of CEO. This second temporary Nomination Committee held two meetings in 2021.

### Shareholder involvement

Binding votes on the maximum total amounts of remuneration for the Board of Directors and the Group Executive Board, as well as a consultative vote on the Remuneration Report, were taken at the Annual General Meetings on May 15, 2020, and May 7, 2021. The overall amount for the remuneration of the Board of Directors relates to the period from the current General Meeting to the next General Meeting. By contrast, the overall amount of remuneration of the Group Executive Board relates to the full financial year following the General Meeting.

At the 2021 General Meeting, shareholders approved the total amounts for the remuneration of the Group Executive Board with around 93% in favor and those of the Board of Directors with 97% in favor (AGM 2020: GEB 95% and BD 97%), while approval of the 2020 Remuneration Report at the 2021 AGM was lower with 84% in favor (Remuneration Report 2019 at AGM 2020: 84%). BKW took this result as an opportunity to enter into a dialogue with shareholders in order to clarify their concerns regarding the remuneration policy and plans. This dialogue resulted in the following:

- Shareholders would welcome the introduction of performance indicators for the allocation of restricted shares. The Remuneration and Nomination Committee had intensively discussed the design of this remuneration element and decided that such shares would continue to be granted with a three-year vesting period and no future performance condition. The reason for this decision lies in BKW's remuneration policy: On the one hand, the aim is to establish a link between corporate performance, shareholder interests, and remuneration. At the same time, however, the remuneration system is designed to take into account the fact that individual parts of BKW operate in a regulated environment and are therefore excluded from short- and long-term profit maximization. Furthermore, due to the long-term nature of investments in the Energy and Grid business, false and excessively large short-term incentives should also be avoided through the remuneration structure: The investment horizon for production and grid facilities is at least 30 years or longer. It is therefore justified to design the remuneration system more conservatively with less short-term leverage and to encourage a long-term commitment of the Group Executive Board to the company. However, the performance component is indicated by the development of the share price, as the shares are subject to a three-year vesting period and the Executive Board is thus rewarded for a rise in share price. To avoid false incentives, there is no additional leverage.
- Shareholders also expressed the view that the remuneration of BKW's Group Executive Board is high compared with other companies in which the public sector holds a majority stake. While BKW is a listed company, it also has a majority public-sector shareholder. Despite this, the role of the Canton of Berne is limited to its shareholder position with all its opportunities, risks, and rights. There is neither a legal nor an agreed performance mandate of the Canton of Berne for BKW, nor does the latter have any deficit guarantee from the public sector. The relevant market for the recruitment of talent for BKW consists largely of listed industrial companies of similar size and complexity and not of companies owned by the public sector. Consequently, BKW's remuneration policy must be aligned with listed companies in Switzerland whose remuneration practices differ significantly from those of public companies. The level of remuneration has gradually been brought in line with the going market rate over the past few years. BKW has undergone significant changes during its strategic transformation, generating CHF 3,554 million in revenue and a stock market value of CHF 6.3 billion at the end of 2021 with 10,750 employees. Over the last few years, the overall remuneration of the Group Executive Board has been adjusted accordingly. Despite this, the total remuneration of the members of the Group Executive Board remains below the market median of the peer companies.
- Shareholders expect part of the remuneration of the Group Executive Board to be linked to sustainability targets. BKW publishes a sustainability report as part of its annual report. The key figures and targets on which this report is based will continue to evolve in the coming years. Based on the mature sustainability system, the Board of Directors will examine the possibility of integrating sustainability targets into the remuneration of the Group Executive Board in due course.

## 3. Remuneration of the Board of Directors

### 3.1 Remuneration elements for the Board of Directors

BKW's remuneration system is designed in particular to ensure the independence of the Board of Directors in its oversight of the Group Executive Board. For this reason, fixed remuneration elements are at the forefront for the Board of Directors – no performance or success-related component is paid to the Board of Directors.

#### a) Fixed payment (base salary)

The base salary of the Board of Directors includes a fixed Board member fee. The amount of the fee depends on the particular role (Chairman, Deputy Chairman, member), as well as the memberships and roles pertaining to Board committees.

Role	Gross remuneration (p.a.)
Chairman of the Board of Directors	CHF 336 000
Deputy Chairman of the Board of Directors	CHF 62 400
Member of the Board of Directors	CHF 48 000
Committee Chairman	CHF 12 000

If there is a significant but temporary increase in workload compared to previous years, the Board of Directors may agree to an additional payment of no more than 20% of the fee.

#### b) Attendance fee

A fixed attendance fee of CHF 2,400 is paid for each instance of attendance at a Board or committee meeting. The Chairman of the Board of Directors did not receive any attendance fees until March 2021. As of March 2021, the Chairman will be compensated for attendance at committee meetings but will continue not to be compensated for meetings of the Board of Directors.

#### c) Share-based remuneration

Once a year, members of the Board of Directors have the opportunity to invest in the share capital of BKW on preferential terms. Subject to any exceptional situation, the maximum number of discounted shares is 600. The discount is equal to 30% of the average share price over the last quarter of the previous financial year.

Participation in the share purchase program for members of the Board of Directors provides an incentive for a sustainable increase in the

value of the company and links their interests more closely to those of the shareholders. The shares acquired are subject to a three-year blocking period with regard to their sale.

#### d) Social security contributions (other remuneration)

This remuneration includes social security contributions paid by BKW as well as any withholding taxes. Members of the Board of Directors are not insured by the BKW pension fund.

#### e) Contracts

Fixed-term or permanent mandate agreements may be concluded with members of the Board of Directors (Art. 29 of the articles of incorporation); only annual election to the Board of Directors by the General Meeting of Shareholders is crucial for the effectiveness of the mandate. No employment contracts exist between BKW and the members of the Board of Directors. The members of the Board of Directors are independent, and their rights and obligations are governed by the standards of company law and the provisions of the articles of incorporation, regulations, and mandate agreements.

The Board of Directors is currently looking into a simplification of its remuneration system with the aim of dispensing with attendance fees and adjusting the fixed fees instead.

### 3.2 Remuneration paid in 2021

Remuneration paid to the Board of Directors is reported in the financial year in which it is recorded on the financial statements. The remuneration paid to members of the Board of Directors for the financial years 2021 and 2020 is shown below. For individual members of the Board, payment is made in full or in part to the respective employer.

The fixed remuneration and the approaches to attendance fees remained constant in the 2021 financial year. The attendance fee paid depends on the number of meetings attended by the member of the Board of Directors. The Chairman is not paid an attendance fee for ordinary Board meetings but has been paid an attendance fee for committee meetings since March 2021. For the additional expenses and the numerous extraordinary meetings in conjunction with the revision of the remuneration system and the new appointments to the Board of Directors in 2020, the Board of Directors retrospectively approved an additional remuneration of CHF 51.5 thousand for Urs Gasche, who did not receive any attendance fees for this purpose. This is included in the

remuneration table. The share-based remuneration includes the noncash benefit of the discounted purchase of BKW shares. In 2021, each member of the Board of Directors was offered the opportunity to purchase 600 BKW shares (2020: 600 shares) at a preferential price of CHF 67.45 per share (2020: CHF 50.45). The underlying market value at the closing price on the first day of the reference period (i.e., on March 17, 2021) was CHF 108 (2020: CHF 73.50) per share. Due to the various changes on the Board of Directors and the imminent departure of the CEO, the number of meetings in the reporting year remained similar to the previous year. The total remuneration paid to the members of the Board of Directors in 2021 thus remained constant.

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#### Remuneration of members of the Board of Directors in 2021

CHF thousands		Fixed remuneration	Attendance fee	Share-based remuneration <sup>1</sup>	Total remuneration	Social security contributions	Total
Roger Baillod	Member/Chairman since 05/2021	252	36	13	301	2	303
Hartmut Geldmacher	Deputy Chairman	62	43	13	118	56 <sup>2</sup>	174
Dr. Carole Ackermann	Member	56	24	13	93	2	95
Prof. Dr. Petra Denk	Member since 05/2021	32	14	0	46	0	46
Urs Gasche	Chairman until 05/2021	192 <sup>3</sup>	0	13	205	23	228
Rebecca Guntern	Member	48	14	13	75	12	87
Andreas Rickenbacher	Member	48	43	13	104	16	120
Kurt Schär	Member	48	24	13	85	2	87
<b>Total</b>		<b>738</b>	<b>198</b>	<b>91</b>	<b>1,027</b>	<b>113</b>	<b>1,140</b>

1 The share-based payments correspond to the difference between the taxable market value (closing price on the first day of the reference period less 16.038%) and the purchase price under the share purchase programme (average price in Q4 of the previous year less 30%).

2 Includes withholding tax in addition to social security contributions.

3 Includes remuneration of CHF 51.5 thousand approved by the Board of Directors in term of office 2021/2022 for additional expenses and numerous extraordinary meetings in conjunction with the revision of the remuneration system and new appointments. The Chairman of the Board of Directors was not entitled to any attendance fees in 2020.

**Remuneration of members of the Board of Directors in 2020**

CHF thousands		Fixed remuneration	Attendance fee	Share-based remuneration <sup>1</sup>	Total remuneration	Social security contributions	Total
Urs Gasche	Chairman	336	0	7	343	44	387
Hartmut Geldmacher	Deputy Chairman	62	79	7	148	73 <sup>2</sup>	221
Dr. Carole Ackermann	Member	48	31	7	86	1	87
Roger Bailod	Member	60	29	7	96	1	97
Rebecca Guntern	Member	48	22	7	77	12	89
Andreas Rickenbacher	Member	48	72	1	121	19	140
Kurt Schär	Member	48	36	7	91	1	92
<b>Total</b>		<b>650</b>	<b>269</b>	<b>43</b>	<b>962</b>	<b>151</b>	<b>1,113</b>

1 The share-based payments correspond to the difference between the taxable market value (closing price on the first day of the reference period) and the purchase price under the share purchase programme.

2 Includes withholding tax in addition to social security contributions.

### 3.3 Compliance with the maximum overall remuneration approved by the General Meeting for the term of office 2020/2021

The General Meeting ratifies the maximum total amount of remuneration of the Board of Directors for the term of office, that is, from the General Meeting (each May) until the next General Meeting (the following April). By contrast, this Remuneration Report is based on the financial year; the amount disclosed in this report has therefore been adjusted to a period of eight months (May to December 2021).

The 2021 General Meeting approved a total amount of CHF 1,400 thousand for remuneration to the Board of Directors for the 2021/2022 term of office. Up to December 31, 2021, payments to members of the Board of Directors amounted to CHF 730 thousand. The additional remuneration to be paid in 2022 (January to April 2022), which is not yet known at the time of preparing this report, will remain within the scope of the total amount approved by the General Meeting. At the

General Meeting 2022, the entire remuneration period (General Meeting 2021 to General Meeting 2022) will be reported.

Regarding the previous reporting period 2020/2021, the General Meeting 2020 approved a maximum total remuneration of CHF 1,200 thousand. This limit was not exceeded with the actual overall remuneration paid during the reporting year amounting to CHF 1,161 thousand.

### 3.4 Payments to former members of the Board of Directors and related parties

No payments were made to former members of the Board of Directors during the reporting year. There were also no payments to parties related to members of the Board of Directors.

### 3.5 Loans and credits

No loans or credits were granted to members of the Board of Directors during the financial year. No loans or credit were owed at the end of the reporting year.

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## 4. Remuneration of the Group Executive Board

### 4.1 Remuneration elements for the Group Executive Board

The remuneration system for the Group Executive Board is designed to create incentives to ensure the long-term positive development of BKW. For this reason, the remuneration includes a substantial fixed base salary, short-term variable remuneration in cash, and a long-term profit-sharing component in the form of restricted shares.

#### Remuneration elements for the Group Executive Board

	Instrument	Purpose	Influencing factors	Performance targets
<b>Annual base salary</b>	Monthly cash remuneration	Employee recruitment/retention	Position, market-level remuneration, qualifications, and experience	
<b>Short-term variable remuneration</b>	Annual variable remuneration in cash	Performance-related remuneration	Annual performance	<ul style="list-style-type: none"> <li>– Net operating profit</li> <li>– Relative return on shares</li> <li>– Strategic repositioning of the Energy business</li> </ul>
<b>Remuneration in restricted shares</b>	Shares with a three-year blocking period	Long-term employee retention in line with shareholder interests	Share price	
<b>Pension contributions and social security contributions</b>	Pension and insurance benefits in kind	Protection against risks of employee recruitment and retention	Market-level practice and position	

#### a) Fixed annual base salary

The base salary provides compensation for the role held within the organization. This takes into account the range and depth of responsibility, experience, and influence on the success of the company. The base salary is paid in cash.

#### b) Short-term variable remuneration

The short-term variable remuneration (or Short-Term Incentive Plan, STI) takes into account the achievement of the goals set by the Remuneration and Nomination Committee for the Group Executive Board and the CEO.

The target value of the short-term variable remuneration is 30% of the base salary.

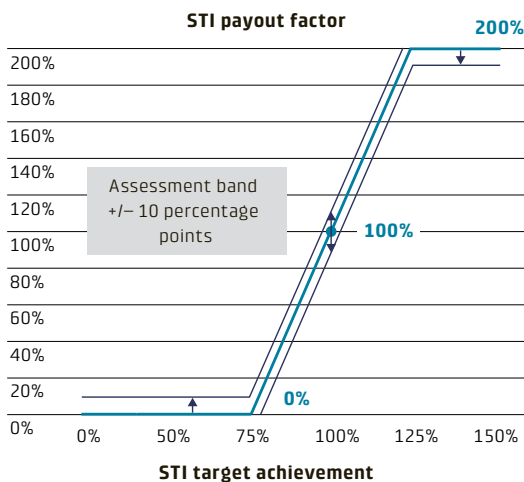
The STI is now determined on the basis of budgeted net operating profit and relative share returns. Net operating profit is calculated in a way that excludes the performance of investments in decommissioning and waste disposal funds, as these are managed by the funds' management commission and are therefore not under the control of BKW's Group Executive Board. The relative return on shares was rolled out as a new

performance indicator, first to align the interests of management even more closely with those of shareholders and secondly to take account of BKW's relative performance compared to peer companies grouped together in the SMCI index. In this context, net operating profit is weighted at 75% and relative share returns at 25%.

The payout factor (based on the target bonus) ranges from 0 to 200%. Target achievement of up to 75% corresponds to a payout factor of zero. If 125% of the target is achieved, the payout factor is 200%. In the target range of 75 to 125%, the payout factor changes on a linear basis. Whatever the case, the maximum amount of the STI is 200% of the target bonus, that is, 60% of the base salary. Accordingly, a target achievement of more than 125% does not result in a higher payout than the maximum amount of 200% of the target bonus.

Furthermore, the Remuneration and Nomination Committee has the right to adjust the payout factor calculated on the basis of the quantitative targets within the range of –10 to +10 percentage points. This adjustment is based on the

assessment of qualitative targets and may, in exceptional cases, differ for individual members of the Group Executive Board. The qualitative target for 2021 is based in particular on the strategic repositioning of the Energy business in the volatile European energy markets.



At the request of the Remuneration and Nomination Committee, the Board of Directors may reduce or cancel the payment in an exceptional situation, irrespective of the achievement of the target. Such an exceptional situation may arise in particular if the company's existence is threatened, and for this reason the distribution of dividends and/or any profit sharing to the entitled employees is to be waived. In this case, there is no legal entitlement to the short-term variable remuneration.

The short-term variable remuneration is paid out in cash in the calendar year following the year for which it is awarded.

### c) Remuneration in restricted shares

Remuneration in restricted shares (Long-Term Incentive Plan, LTI) is aimed at securing long-term success and is directly linked to the opportunities and risks associated with the share price performance. Because of the extremely positive trend in the share price in recent years, it has become a central element of the overall remuneration of the Group Executive Board. The allocated shares are subject to a blocking period of three years.

Except for in exceptional situations, the long-term incentive in restricted shares amounts to 30% of the base salary for the current financial year for the members of the Group Executive Board. It is calculated in Swiss francs in a first step and subsequently remunerated in the form of restricted shares in BKW AG.

The allocated amount is converted into shares on the basis of the average price of shares in BKW over the last two financial years prior to the allocation date.

The shares are allocated annually, in each case in the first quarter of the calendar year following the year for which the shares are awarded. The shares are transferred to the plan participants after the Board of Directors has decided on the distribution of a dividend. Entitlement to a share allocation exists only if the Board of Directors decides to propose to the Shareholders' General Meeting the distribution of a dividend from the profit of the reporting year. If, for economic reasons, no dividend is to be distributed, the entitlement to a share allocation for the year in question lapses completely.

Upon termination of employment, the blocking periods of the shares continue in force in accordance with the plan

### d) Social security contributions, pension contributions, and additional benefits in kind

The Members of the Group Executive Board are covered by the regular pension scheme set up for all employees. Pension benefits include employer contributions to social security and pension fund. Since 2019, the BKW pension fund has operated a defined contribution pension scheme in accordance with the provisions of the Occupational Pensions Act (BVG). The pension scheme covers annual income up to CHF 860,400 with age-dependent contribution rates (including half of the short-term variable cash remuneration) which are paid by the company and the employee in accordance with the rules that apply for all employees.

The Group Executive Board is entitled to a fixed expenses payment in line with the expenses guideline that has been approved by the tax authority and applied to all members of the management. In addition, all Group Executive Board members have the same entitlement to a long-service bonus as other employees in accordance with the general regulations. Beyond this, the Group Executive Board has no entitlement to any other benefits in kind.

#### e) Contracts

In accordance with Art. 29 of the articles of incorporation, contracts between BKW and members of the Group Executive Board may only be concluded for a maximum period of one year or with a maximum notice period of 12 months.

The employment contracts of the members of the Group Executive Board have been drafted in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations. In the reporting period, all members of the Group Executive Board had permanent employment contracts with a notice period of six months. Members of the Group Executive Board are not entitled to any contractual severance payments, special change-of-control provisions, or non-competition payments.

#### f) Special rules for the remuneration of the CEO

For the CEO, a special arrangement was made in 2020 for a transitional period that will also apply to 2021 as well as 2022 on a pro-rata basis. For 2021, the remuneration structure for the CEO is as follows:

- Fixed annual base salary (gross): CHF 918,918;
- Short-term variable remuneration: CHF 491,000;
- Share allocation under the long-term incentive plan: CHF 273,499.

The CEO will step down in the course of 2022. Remuneration of the CEO's successor will be based on the regular remuneration system, and no transitional arrangements will apply.

## 4.2 Remuneration paid in 2021

Remuneration paid to the Group Executive Board is reported in the financial year in which it is recorded on the financial statements. Compared to the 2020 financial year, the total remuneration of the Group Executive Board increased by 5.1%, while the CEO's remuneration decreased by 2.5%. These increases can be attributed to the following change in the individual remuneration elements:

#### Base salary

In 2021, the base salary for the CEO remained unchanged. As part of the adjustment of the employment contracts of the other GEB to the new salary system, an extraordinary adjustment of the base salary was decided, which amounted to a total of 22%.

#### Short-term variable remuneration

With a net operating profit of CHF 245 million, the target was partially achieved, resulting in a payout factor of 86% for this component. With an equity return of +32.7%, the SMCI average of 14.2% was significantly exceeded, resulting in a payout factor for this component of 200%. The payout factor calculated for the total short-term variable remuneration was therefore 114%. The Remuneration and Nomination Committee has the right to adjust the calculated payout factor above based on the achievement of qualitative targets in the range of –10 to +10 percentage points. The qualitative target for 2021 was the strategic repositioning of the Energy business in the volatile European energy markets. The energy strategy, revised from the ground up and adapted to the new reality of the European markets, was presented to and approved by the Board of Directors. It is in part the basis for BKW's growth strategy, which was presented on Capital Markets Day on October 28, 2021. Accordingly, the Remuneration and Nomination Committee decided to increase the calculated payout factor by 5%.

This resulted in a payout of the short-term variable remuneration of 119% of the target value.

AUDITED

**Long-term variable remuneration**

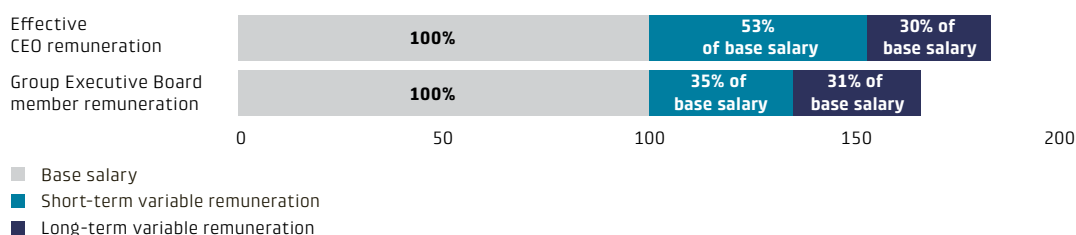
The entire Group Executive Board (incl. the CEO) was granted 10,881 shares (2020: 21,065). The CEO received 2,808 shares with a three-year blocking period in accordance with special transitional arrangements (2020: 3,465). The value of these shares allocated under the LTI as shown in the table below is around 36% lower than in the previous year. This is primarily due to the change

in the procedure for calculating the number of shares allocated under the new remuneration system introduced last year.

**Ratio of fixed to variable remuneration**

In 2021, the variable remuneration amounted to 83% of the base salary for the CEO and an average of 66% for the other members of the Group Executive Board.

AUDITED

**Remuneration (gross) of the members of the Group Executive Board and of the highest-paid member in 2021**

CHF thousands	Dr. Suzanne Thoma CEO 2021	Group Executive Board <sup>1</sup> (including CEO) 2021
Fixed base salaries	919	3,463
Short-term variable remuneration	491	1,389
Long-term profit sharing (share-based payments) <sup>2</sup>	273	1,065
Pension and insurance benefits in kind <sup>3</sup>	200	813
<b>Total</b>	<b>1,883</b>	<b>6,730</b>

1 The Group Executive Board consisted of five members throughout the financial year. Antje Kanngiesser continued to be employed by BKW until the end of February but no longer took part in Group Executive Board meetings. Their first two months of remuneration is included in the remuneration shown above.

2 The share-based remuneration is shown at its tax value.

3 Pension contributions correspond to the contributions paid during the reporting year.

AUDITED

**Remuneration (gross) of the members of the Group Executive Board and of the highest-paid member in 2020**

CHF thousands	Dr. Suzanne Thoma CEO 2020	Group Executive Board <sup>1</sup> (including CEO) 2020
Fixed base salaries	919	2,998
Short-term variable remuneration	441	856
Long-term profit sharing (share-based payments) <sup>2</sup>	273	1,662
Pension and insurance benefits in kind <sup>3</sup>	299	890
<b>Total</b>	<b>1,932</b>	<b>6,406</b>

1 The Group Executive Board consisted of five members throughout the financial year.

2 The share-based remuneration is shown at its tax value.

3 Other benefits in kind consist of a payment for the CEO's service anniversary amounting to CHF 38 thousand. Pension contributions correspond to the contributions paid during the reporting year.

#### **4.3 Compliance with the maximum overall remuneration for the 2021 financial year ratified by the General Meeting**

In summary, the remuneration paid fully complies with the maximum amount of CHF 8,800 thousand for remuneration to the Group Executive Board for the 2021 financial year approved by the 2020 Annual General Meeting.

#### **4.4 Payments to former members of the Board of Directors and related parties**

No payments were made to former members of the Board of Directors in the reporting year. There were also no payments to parties related to members of the Board of Directors.

#### **4.5 Loans and credits to members of the Group Executive Board**

No loans were granted to members of the Group Executive Board during the financial year. No loans were outstanding at the end of the reporting year.

## **5. Shareholdings**

The shares held by members of the Board of Directors and the Group Executive Board of BKW and their associates as of December 31, 2021 and 2020, can be found in the Notes to the Financial Statements on page 108.

As of December 31, 2021, the company's equity burn rate was 0.282% (2020: 0.246%). The equity burn rate is defined as the number of shares allocated in 2021 by all BKW participation programs divided by the total number of outstanding shares. In 2021, 148,764 shares were allocated (2020: 129,750).

# Report of the statutory auditor on the remuneration report



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Fax: +41 58 286 68 18  
www.ey.com/ch

To the General Meeting of  
BKW AG, Berne

Berne, 10 March 2022

## Report of the statutory auditor on the remuneration report

We have audited the remuneration report of BKW AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the marked places on pages 190 to 196 of the remuneration report.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of BKW AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Rico Fehr  
Licensed audit expert  
(Auditor in charge)

Philippe Wenger  
Licensed audit expert

# Profiles of Candidates to the Board of Directors

## Roger Baillod (1958, CH)

**Business economist FH, certified accountant**

### Professional background, career

**Since 2017** Professional board member and management consultant

**1996–2016** Chief Financial Officer (until 09/2016) and Member of the Group Executive Board of Bucher Industries AG in Niederweningen, Zurich (until 12/2016)

### Significant mandates

- Member of the Board of Rieter Holding AG, Winterthur
- Member of the Board of Klingelberg AG, Zurich
- Deputy Chair of the Board of Directors of Ed. Geistlich Söhne AG für chemische Industrie, Schlieren, and member of the Board of Directors of the subsidiary Geistlich Pharma AG, Wolhusen

## Carole Ackermann (1970, CH, A)

**Dr. oec. HSG**

### Professional background, career

**Since 2007** CEO and co-founder Diamondscull AG, Zug

**2004–2007** Member of the Executive Board Ionbond AG, Olten, CEO Ionbond China

**1999–2004** Director Saurer Group AG, Arbon

### Significant mandates

- Member of the Board of BVZ Holding AG, Zermatt
- Member of the Board of Allianz Suisse Insurance Company Ltd, Wallisellen
- Member of the Board of Allianz Suisse Life Insurance Company Ltd, Wallisellen
- Member of the Board of BNP Paribas (Switzerland) SA, Genf
- President of the Foundation Board and the Board of Directors of the École hôtelière de Lausanne (EHL)
- Senior Lecturer BWL/Integration Project at the University of St. Gallen

## Petra Denk (1972, D)

**Professor of Energy and Business Administration, Prof. Dr.**

### Professional background, career

**Since 2012** Managing Director of the Institute for Systemic Energy Consulting GmbH at the University of Applied Sciences Landshut

**Since 2009** Professorship for Energy and Business Administration

**2001–2009** E.ON Energie AG, various positions, most recently Head of Portfolio Development International

### Significant mandates

- Member of the Supervisory Board of Aixtron SE, Herzogenrath
- Member of the Supervisory Board and Chairman of the Technology Committee of Pfisterer AG, Winterbach

## Rebecca Guntern Flückiger (1972, CH)

**Swiss Federal Diploma in Pharmacy, University of Basel, Bachelor of Business Administration**

### Professional background, career

**Since 2020** Head of Europe and Member of the Executive Committee, Sandoz

**2018–2019** Head of Cluster Europe, Sandoz Pharmaceuticals AG

**2015–2018** Head of Cluster BACH, Sandoz Pharmaceuticals AG

**2013–2015** Head of Strategy Accounts & Commercial Excellence WEMEA, Sandoz Pharmaceuticals AG

**2011–2013** Country Head of Spain & Cyprus, Sandoz Pharmaceuticals AG

**2008–2011** Country Head of Switzerland, Sandoz Pharmaceuticals AG

### Significant mandates

- Member of the Board of Directors of various Sandoz country subsidiaries in Europe

**Kurt Schär (1965, CH)**

**Radio/TV electronics engineer, marketing planner, and board training for the Swiss Board School**

**Professional background, career**

**Since 2014** Owner Sunnsite Management AG, Board of Directors mandates

**2001–2014** CEO Biketec AG, Flyer electric bicycle, Huttwil

**Significant mandates**

- Member of the Board of IE Engineering Group AG, Zurich
- Member of the Board of Boss Info Holding AG, Farnern

**Martin à Porta (1970, CH)**

**Dipl. Ing. ETHZ**

**Professional background, career**

**Since 2019** Owner of APM Trans4mation AG, Zug

**2016–2019** CEO Pöyry Plc. Finland

**2012–2015** CEO Siemens Building Technologies Europe, Zug

**2010–2012** CEO Siemens Qatar

**Significant mandates**

**Since 2021** Member of the Board of Directors of Stantec Inc., Edmonton (CA)

**Since 2020** Member of the Board of Directors of UPM-Kymmene Corporation, Helsinki (FI)

## Profile of the Board Member appointed by the Canton of Bern

According to article 19 of the articles of incorporation, the Canton of Bern is entitled to appoint two members of the Board of Directors. The Canton of Bern has decided to only nominate one representative to the Board of Directors.

**Andreas Rickenbacher (1968, CH)**

**Lic. rer. pol., Business Economist**

**Professional background, career**

**Since 2016** Board of Directors, entrepreneur, management consultant

**2016–2018** Cantonal representative on the Board of Directors of Swissgrid AG

**2006–2016** State Council of the Canton of Berne, Director of Economic Affairs (until June 2016); Cantonal representative on the Board of Directors of Bern Building Insurance (GVB) (2006–2010, ex officio)

**2004–2006** Owner of Rickenbacher Projekte GmbH (consulting in marketing and communication; board of directors mandates)

**Significant mandates**

- Member of the Board of Bernexpo AG, Bern
- Member of the Board of Aebi Schmidt Holding AG, Frauenfeld
- Member of the Board of HRS Holding AG as well as various subsidiaries (Group structure), Frauenfeld
- Deputy Chair of the Switzerland Innovation Foundation, Bern
- President of the Association Int. Lauberhorn Races Wengen, Lauterbrunnen



# Independent Proxy and Auditor

## Independent proxy

Shareholders who do not attend the General Meeting may choose to be represented by the independent proxy, whom they may provide with voting instructions.

The independent proxy shall be elected annually by the General Meeting for a term of office that will run until the end of the next General Meeting. The Board of Directors proposes that the General Meeting elects Mr. Andreas Byland, Notary as the independent proxy until the General Meeting 2023; Mr. Byland is already acting as independent proxy at the current General Meeting. Mr. Andreas Byland has been working as a patented notary in a law firm in Bern since 1981. He meets the statutory requirements for independence in accordance with Article 8 of the Ordinance against Excessive Compensation (VegüV).

## Auditors

BKW AG is a publicly listed company subject to a regular audit requirement. An independent, state-supervised audit firm must check that:

1. the annual financial statements and consolidated financial statements comply with the law, the Articles of Association and the adopted accounting standards;
2. the motions of the Board of Directors to the General Meeting regarding the appropriations of retained earnings comply with the law and the Articles of Association;
3. internal controls exist.

The Board of Directors proposes that Ernst & Young Ltd be reappointed as auditor. Ernst & Young Ltd is an international auditing firm which is subject to state supervision and fulfils the statutory requirements for independence.

# Organisational Information

## Attendance and voting rights

Shareholders entered in the company share register by 5 p.m. CEST on April 29, 2022 are authorised to attend and vote at the General Meeting (cf. Article 4 of the Articles of incorporation). The share register will remain closed for any transfer of company shares from 5 p.m. on April 29, up to and including May 16, 2022.

## Registration and admission to the General Meeting

Shareholders entered in the share register may request admission passes to the General Meeting using the registration form enclosed with this invitation before May 12, 2022. A stamped addressed envelope is enclosed.

Shareholders may also register online at [www.bkw.ch/gvmanager](http://www.bkw.ch/gvmanager) (see Shareholders' portal).

Admission passes and voting materials will be sent out between May 2, and May 13, 2022 only to shareholders who have registered for the General Meeting. Any admission passes that have already been issued shall become invalid if the associated shares are sold before the General Meeting and the sale of these shares is recorded in the share register.

## Representation

Shareholders with voting rights may be represented at the General Meeting by another shareholder with voting rights or by the independent proxy, Mr. Andreas Byland, Notary, Bundesgasse 26, 3001 Bern.

Proxy instructions may be issued in one of two ways:

- **In writing:** Please complete and sign the enclosed registration form to assign your instructions to one of the aforementioned proxy holders. Proxy instructions received by May 12, 2022 are guaranteed to be dealt with in sufficient time. A prepaid return envelope is enclosed.
- **Electronically:** Shareholders may also award their proxy to one of the aforementioned representatives before 11.59 p.m. on May 12, 2022. In addition, when awarding your proxy to the independent proxy (Notary Andreas Byland, Bundesgasse 26, 3001 Bern) you may also issue voting instructions (see Shareholders' portal).

## Shareholders' portal

Shareholders may order admission passes, issue voting instructions to the independent proxy or award a proxy to another shareholder with voting rights on the Internet. The Shareholders' portal also provides access to the BKW Annual Report via download and allows shareholders to notify changes of address.

Please see below for instructions: Visit the website [www.bkw.ch/gvmanager](http://www.bkw.ch/gvmanager)

- Log in to the electronic portal «GVMANAGER Live by DEVIGUS» using your access code. The code can be found in the top section of the enclosed registration form (please be aware that the code is case-sensitive).
- The following options are available: Order an admission pass OR issue a proxy and/or voting instructions.
- Your code is only valid for one login: It will expire automatically when you click the «Submit» button to order an admission pass or issue voting instructions. While you remain logged in to the portal, you may change your voting instructions as required. If you order an admission pass, you no longer have the option of issuing voting instructions.
- The portal will close at 11.59 p.m. on May 12, 2022.

#### **Information on proceedings at the General Meeting**

All are requested to enter their names on the list of speakers at the podium before the meeting commences, and to submit any questions beforehand in writing (to BKW AG, InvestorRelations, Viktoriaplatz 2, 3013 Bern or investor.relations@bkw.ch). This will help ensure the orderly organisation of the meeting.

Voting devices for participating in electronic voting are available at the validation desk. Shareholders who leave the meeting before the end will be asked to return their voting materials, the electronic voting device, headphones for translations and loop systems to the validation desk.

#### **BKW Annual Report**

The BKW Annual Report consists of:

- Management Report
- Financial Report
- Corporate Governance
- Remuneration Report
- Sustainability Report

The BKW Annual Report 2021 is available online at [www.bkw.ch/annualreport21](http://www.bkw.ch/annualreport21).

#### **Language**

The General Meeting will be conducted in German. Simultaneous translation will be offered in French.

Hearing aid users will be provided with an additional loop system to transmit the simultaneous translation directly into the hearing aid.

# Arrival


## Kursaal Bern, Kornhausstrasse 3, 3013 Bern

### Arriving by public transport

From the Bern main railway station, take the number 9 tram in the direction of Wankdorf Bahnhof until reaching the Kursaal stop. The tram runs every 10 minutes and the journey takes around 5 minutes.

### Tickets

This invitation will entitle the bearer to travel on Monday, May 16, 2022 in the Libero zones 100 and 101 (return ticket, 2nd class)

**(2) (V) (SPEZ) (12) **

### Arriving by car

- Motorway exit «Bern-Wankdorf»
  - Straight ahead, following signs for «Zentrum» (Centre) on Papiermühlestrasse
  - Take the right-hand lane and at the third intersection turn right into Viktoriastrasse (Hotel Allegro/Kursaal are signposted)
  - At Viktoriaplatz turn left into Kornhausstrasse
  - The Kursaal is located on the right-hand side
- (GPS: 46.9527915 °N/7.4481958 °E)**

As car parking at the Kursaal Bern is limited, we recommend that you use public transportation.

## Map to General Meeting

