

BKW GROUP

Annual Report 2023



We create spaces for life.

 **BKW**

Our contribution

We make a major contribution to achieving a balance between prosperity and the environment by offering solutions for a future worth living.

Title page

Pierre Berger is a farmer and, as a technician, is responsible for monitoring and maintaining the solar and wind power plants at the Swiss Energypark. The pilot region in the Jura with 21,000 residents now produces over 90 percent of its own electricity consumption.



A nine-kilometer cross-country ski trail connects Mont-Soleil with Mont-Crosin. Alongside the wind turbines, you can admire the wooded pastures and forests.

FACTS & FIGURES

In a nutshell

Revenue

in CHF millions

4,598

EBIT

in CHF millions

620

Operating net profit

in CHF millions

432

Investments and acquisitions

in CHF millions

526

Operating cash flow

in CHF millions

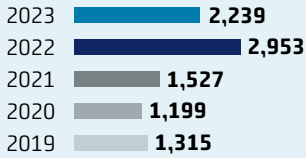
704

Number of employees

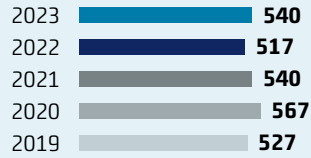
12,000

Five-year comparison

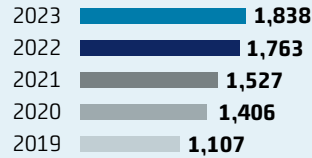
Sales Energy
CHF millions



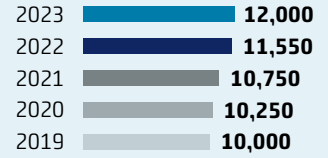
Sales Grid
CHF millions



Sales Services
CHF millions



Employees



Key figures per share

CHF	2019	2020	2021	2022	2023
Par value	2.50	2.50	2.50	2.50	2.50
Share price					
– Year-end price	71.40	99.20	118.60	126.50	149.50
– Year high	75.50	103.20	128.80	136.20	167.40
– Year low	62.20	71.10	94.20	96.70	127.60
Earnings per share ¹	7.42	6.86	5.77	10.43	9.06
Equity per share ¹	65.59	70.05	74.24	77.05	87.44
Market capitalisation in CHF millions	3,768	5,234	6,259	6,677	7,891

1 Attributable to shareholders of BKW AG

Sites and company offices

327

company offices

10

countries

109

production sites



STRATEGY IN A NUTSHELL

BKW's success is based on the three-pillar strategy

BKW is helping to shape social change and supports customers in meeting challenges such as climate change, digital transformation, and urbanization. The three-pillar strategy, Energy, Grid and Services, remains the guarantee of success and underpins BKW's growth path. This integrated business model uniquely positions BKW on the market and prepares it for a holistic energy transition.

MEGATRENDS

Climate change

Climate change cannot be overcome without a global energy transition. Europe and Switzerland aim to be climate-neutral by 2050. Fossil fuels are to be gradually reduced. Buildings and infrastructures should be operated in an energy-efficient manner and constructed in a way that conserves resources.

Digital transformation

Energy supply is becoming increasingly decentralized. Smart power grids are the key to stability and efficiency. Handling data is at the heart of the digital transformation. Automation processes and methods for increasing flexibility help manage the increasing complexity.

Urbanization

According to the UN, the global population will rise to 9.7 billion by 2050, with two-thirds of the population living in urban areas. Urbanization, population growth, and increasing mobility are raising the importance of sustainable urban and infrastructure planning.



bkw.ch/megatrends

STRATEGY

Energy

BKW is actively expanding renewable energies in Switzerland and abroad. It is pursuing a holistic approach along the entire value-added chain: from renewable power production, to its marketing and distribution, and on to efficient utilization of energy in buildings.

Grid

As Switzerland's largest distribution grid operator, BKW is ensuring that electricity continues to flow reliably even in an increasingly decentralized energy world. As an infrastructure operator, BKW is also developing into an integral data expert.

Services

BKW is driving innovation and playing a pioneering role in the digital planning and construction of sustainable buildings and infrastructure. It relies on competence centers for the latest technologies and uses synergies within the company network.



bkw.ch/strategy

MARKETS

Energy

BKW will be investing heavily in renewable energies in Switzerland and Europe in the coming years. The Energy business needs to be considered in an integrated manner, with renewable production, smart distribution grids, efficient trading and sales, and digitally transformed customer solutions.

Buildings

The heating sector accounts for around 50 percent of energy consumption in Switzerland today and is the source of more than 35 percent of carbon emissions. The buildings of the future will be smart and energy efficient, effectively functioning as small power plants.

Infrastructure

Intact infrastructures are essential for the sustainable development of society and the economy. They provide neighborhoods, cities, industrial facilities, public buildings such as train stations with water and energy supplies as well as reliable transport and communication networks.



bkw.ch/markets

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LETTER TO SHAREHOLDERS

Successful BKW consistently drives forward three-pillar strategy

The BKW Group¹ achieved the second-best result in its history in 2023. This primarily thanks to the success in the Energy business area. BKW has intensified its ongoing efficiency program in the Services area. The grid continues to be a stable enabler of the energy transition. BKW will continue to systematically develop its three-pillar strategy with the business areas mentioned above. It wants to continue to grow along the value-added chain from renewable power production to secure distribution and the efficient use of energy.

Dear Shareholders, Ladies and Gentlemen,

The company achieved a strong operating profit and closed the fiscal year with an EBIT of CHF 620 million. This success encourages the Board of Directors and Executive Board to continue investing in the energy future and to focus on the attractive growth markets along the value-added chain – from renewable power production, to smart distribution grids, to the efficient use of energy in buildings, industry and mobility.

Positive overall result

BKW generated a strong operating net profit of CHF 432 million in 2023. At CHF 620 million, EBIT was within the guidance. The Energy business made a particularly strong contribution to this result. The Grid segment's share was solid as usual, while the Services business remained well below expectations due to adjustments and impairments.

Energy business exceeded expectations

Results came in even better than expected in the Energy business. A decisive factor for this success was a very good result in the trading and management areas. As in the previous year, BKW was able to make optimum use of opportunities thanks to its solid liquidity and appropriate risk management. In addition, it successfully expanded its business with Power Purchase Agreements (PPA).

Measures in the Services business

As announced a year ago, BKW has initiated measures to strengthen profitability in the Services

business. As part of this two-year program, it conducted an in-depth review of the service companies. In 2023, this review resulted in one-off items that weighed on profitability.

At the same time, BKW continues to see attractive growth opportunities for its Services business in the infrastructure and buildings markets. In this context, BKW is examining selective acquisitions and divestments in order to focus the portfolio even more strongly on energy efficiency and photovoltaics in the building sector, the expansion of supply infrastructures and e-mobility.

High investments in renewable technologies

As in 2023, BKW intends to continue investing in plants for the production of renewable energies, both in Switzerland and abroad in 2024. BKW has a project pipeline of over CHF 1 billion in Switzerland alone. This includes, among others, the expansion of the Trift and Grimsensee hydroelectric projects, multiple ground-mounted solar plants, as well as the Tramelan and Jeanbrenin wind projects.

BKW also continues to invest over CHF 120 million annually in grid expansion, which is vital to the energy transition with its strong growth in local solar plants. In 2024, as Switzerland's largest distribution grid operator, BKW will also begin the nationwide roll out of smart meters to all customers. By the end of 2028, BKW will install over 400,000 smart electricity meters.

At the same time, BKW is strengthening its sustainability strategy along the SUCCESS frame-

¹ The BKW Group comprises BKW AG and its Group companies. For better readability, the Group will be referred to below as BKW. Where the text relates to BKW AG or BKW Energie AG, this is expressly mentioned.

work. This comprises seven action areas: From the reduction of our own impact on climate change and the careful use of resources, to social aspects in corporate management. For example, in 2023 BKW has set itself the goal of reducing its greenhouse gas emissions in the Energy business to net zero by 2040 and electrifying its vehicle fleet by 2030.

Increase in EBIT guidance

For 2024, BKW expects another above-average result in the Energy business area – also thanks to the electricity prices already secured for the coming years and the further expansion using PPAs. In addition, the measures taken will lead to an improvement in the earnings performance in the Services business. Expectations are complemented by the continued stable earnings in the Grid business. Overall, BKW is assuming annual EBIT guidance of CHF 650 to 750 million for the current 2024 fiscal year, which corresponds to an increase of CHF 100 million compared to the 2023 EBIT guidance.

We would like to take this opportunity to thank everyone who has accompanied us on our successful journey: our customers, suppliers and partners, our shareholders and, above all, our employees, who show their dedication to BKW every day. We look forward to continuing on this successful journey with them all in 2024.

Kind regards,



Roger Baillod
Chairman of
the Board of Directors

Robert Itschner
CEO



Roger Baillod and Robert Itschner in the BKW trading room.

Changes to the Group Executive Board

There were changes to the Group Executive Board of BKW in fiscal year 2023. Sven Behrend took over from Werner Sturm as CEO of Infra Services on May 1. On July 1, Martin Zwysig succeeded Ronald Trächsel as CFO. BKW also adjusted its organizational structure as of November 1: The three managing directors of the Infra Services, Building Solutions, and Engineering service divisions are now part of the Group Executive Board. Stefan Sewckow, as Head of the Energy Markets business, is also new to the Group Executive Board. Corinne Montandon, previously Head of Energy Markets & Group Services, took over as Head of Power Grid. She replaced Roland Küpfer, who came to the end of a successful career and headed into well-deserved retirement.

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

We protect the
natural habitat.

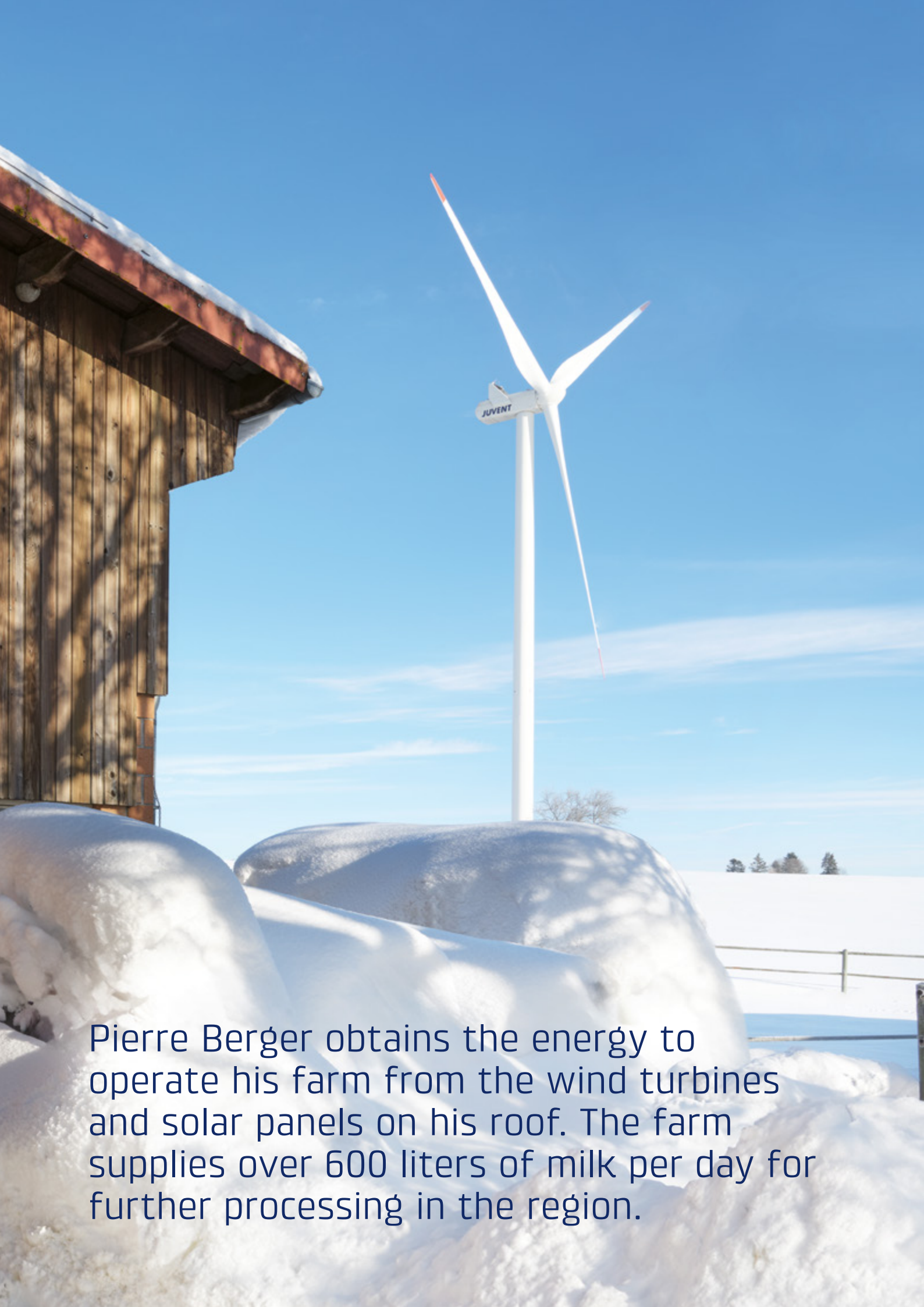


The concentrated power of renewable energy on Mont-Soleil: 4,575 m² photovoltaic surface and 16 wind turbines supply power to over 17,000 households every year. The natural landscape is preserved.



We create
spaces for life.





Pierre Berger obtains the energy to operate his farm from the wind turbines and solar panels on his roof. The farm supplies over 600 liters of milk per day for further processing in the region.

We create
spaces for life.



Pierre Berger enjoys a fondue with two colleagues at the Chalet Mont-Crosin restaurant. Naturally, the cheese comes from the region.



INVESTMENTS IN SOLAR, WIND AND HYDROELECTRIC POWER PLANTS

BKW makes the energy transition possible

BKW will forge ahead with the production of renewable energies – and thus strengthen Switzerland's security of supply in winter too. To that end, it is building alpine solar, wind and hydroelectric power plants. BKW is also expanding its electricity grid to ensure that electricity reaches customers. The right regulatory conditions are also needed.

A very normal winter's day on Mont-Soleil in the Jura mountains: While the Swiss Plateau lies under a thick blanket of fog, up here the sun beats down with full force on the panels of the ground-mounted solar plant. "The system has been producing electricity reliably for more than 30 years," says Pierre Berger, who is responsible for monitoring the installations. "And the panels have hardly lost any of their efficiency during this time." Right next to it, several wind turbines are turning. And around ten kilometers away, the La Goule hydroelectric power plant dams the Doubs, which marks the border between Switzerland and France here. Together, the three plants produce enough electricity to supply around 18,000 households. And not just in summer, but also in winter.

Strengthen Switzerland's security of supply with electricity, especially in winter: To achieve this goal, BKW intends to invest in the construction of solar, wind and hydroelectric power plants. Not only on Mont-Soleil and in Jura, but in numerous places in Switzerland. In 2023, BKW was able to advance important projects – often together with long-standing partners:

- **Solar plants:** In December 2023, BKW presented its solar campaign. These include six ground-mounted solar plants in the Bernese Highlands and on Mont-Soleil, as well as BelpmoosSolar plant at Bern-Belp airport. Combined, all the planned plants could supply over 20,000 households. In addition, BKW connected 5,600 private PV systems in its grid area in 2023, 50% more than in the previous year.
- **Wind turbines:** In November 2023, the Swiss Federal Supreme Court gave the final go-ahead for the Tramelan wind farm. This project had previously been blocked by objections for eight

years. This means BKW can build the planned wind turbines in the Bernese Jura. They will supply power to over 6,000 households.

- **Hydroelectric power plants:** In June 2023, BKW commissioned the Arvigo small hydroelectric plant in the Calanca Valley (GR), and in September 2023 the Augand hydroelectric plant on the Kander river in the Bernese Highlands. Together, they produce electricity for around 9,000 households. In addition, in June 2023, the Grand Council of the Canton of Bern issued Kraftwerke Oberhasli AG, in which BKW holds a 50-percent stake, the concession for the Trift water storage hydroelectric plant. This can produce additional electricity for over 32,000 households.

These projects only make sense if the electricity flows reliably from the production plants to the customers. The grid thus makes the energy transition possible in the first place. As Switzerland's largest distribution grid operator, BKW invested over CHF 120 million in the grid in 2023. Thus ensuring a far above-average availability of 99.996 percent. Or in other words: While the average Swiss household experiences 16 minutes of power outage per year, BKW customers lose power for just 12 minutes.

As pleasing as these developments over the past year are: Unfortunately, BKW cannot make progress with renewable energy generation as quickly as it would like. BKW had to remove additional sites for alpine solar plants from its list because pending objections made it impossible to realize them within the period set by Parliament. The planned Jeanbrenin wind farm in the Bernese Jura has been blocked for years by objections.

20,000

That's how many households can be supplied by the plants planned as part of BKW's solar campaign.

“In 30 years, solar panels have hardly lost any of their efficiency,” says Pierre Berger, who is responsible for monitoring.



Investments in renewable energy

1 Wind power in Germany
 Number of wind farms: 9
 Number of turbines in operation: 100
 Number of turbines in planning: 10
 Installed capacity: 183.1 MW*
 Power production for number of households: approx. 70,000**

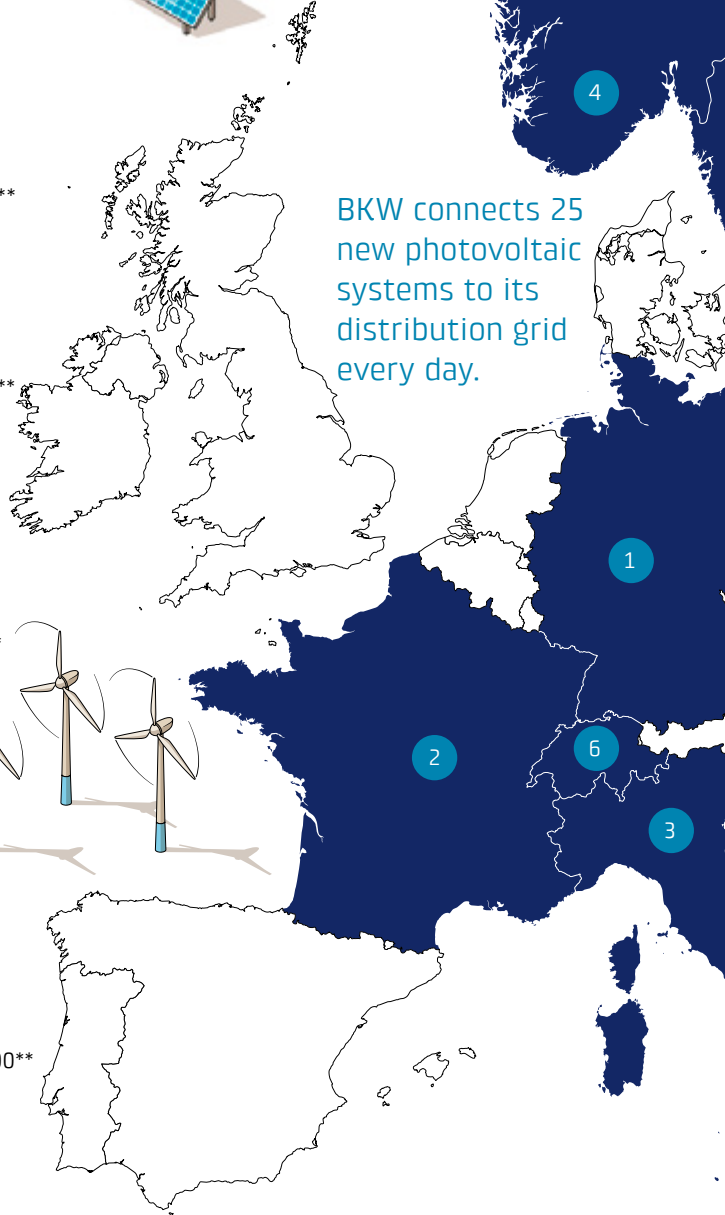
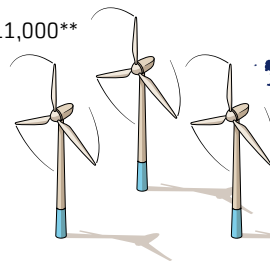
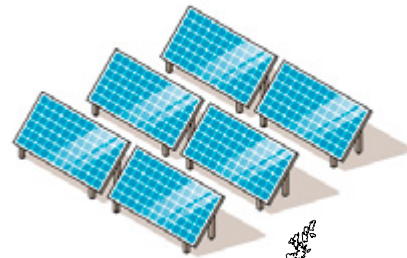
2 Wind power in France
 Number of wind farms: 11
 Number of turbines in operation: 68
 Installed capacity: 168.2
 MW Power production for number of households: approx. 88,000**

3 Wind and solar power in Italy
 Number of wind farms: 11
 Number of turbines in operation: 139
 Number of turbines in planning: 29–31
 Number of solar plants in planning: 2
 Installed capacity: 277.4 MW*
 Power production for number of households: approx. 111,000**

4 Wind power in Norway
 Number of wind farms: 7
 Number of turbines in operation: 46
 Installed capacity: 172.8
 MW Power production for number of households: approx. 132,000**

5 Wind power in Sweden
 Number of wind farms: 3
 Number of turbines in operation: 19
 Installed capacity: 124.7
 MW Power production for number of households: approx. 74,000**

BKW connects 25 new photovoltaic systems to its distribution grid every day.



Together with its network companies and partners, BKW currently operates and is building over 30 wind farms.

2023

BelpmoosSolar ground-mounted solar plant: Bern-Belp Airport and BKW want to build the largest ground-mounted solar plant in Switzerland.

Private photovoltaic systems: Around 5,600 systems with a capacity of 132 MW have been newly connected to the BKW distribution grid.

Three small hydroelectric plants commissioned: Arvigo, Augand and Saas-Grund Wind farms

in Sweden: BKW buys three wind farms in southern Sweden with an installed capacity of 125 MW. The total of 19 turbines were commissioned at the end of 2023.

Trift dam: The Grand Council of the Canton of Bern has issued a concession for the construction of a dam at the Trift Glacier. The project has been delayed by around two years due to complaints filed by environmental organizations.

BKW acquires a wind power project in the southern Italian region of Puglia: The project comprises two wind farms with a forecast combined output of 130 MW.

Construction permit for the Tramelan wind farm is legally binding: BKW can build the "Parc éolien de la Montagne de Tramelan" wind farm in the Bernese Jura, which has been blocked for almost eight years.

BKW's solar campaign: six Alpine solar projects: Adelboden Schwandfäl, MontSol (Saint-Imier), Schattenhalb Tschingel East, Schattenhalb Tschingel West, Grindelwald Gemschberg and Grindelwald Oberjoch. Combined, these projects will have an installed capacity of around 70 MW.

New power purchase agreement with offshore wind farm: Each year, BKW will draw around 200 gigawatt hours of green electricity from the Butendiek wind farm in the German North Sea.

Pending approval and complaint procedures: Raising of the Lake Grimsel dam, Jeanbrenin wind farm

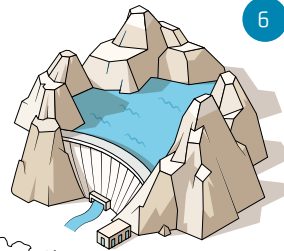
* Excluding planned power plants

** A 4-person household corresponds to 4,500 kilowatt hours.

BKW has a project pipeline of over one billion Swiss francs for the expansion of renewable energies in Switzerland.

5

6



Renewable energies in Switzerland

Wind power

- Number of wind farms: 1
- Number of turbines in operation: 16
- Number of turbines under construction: 6
- Number of turbines in planning: 3
- Installed capacity: 37.2 MW*
- Power production for number of households: approx. 15,500**

Hydroelectric plants

- Number of power plants in operation: 91 (own and equity investments)
- Number of power plants under construction 1
- Number of power plants in planning: 5
- Installed capacity: 1,643 MW*
- Power production for number of households: approx. 835,500**

Solar power

- Number of ground-mounted solar projects: 1
- Number of ground-mounted solar projects under development: 2*
- Installed capacity: up to 35 MW*
- Power production for number of households: approx. 7,500**
- Number of alpine solar plants in planning: 6
- Installed capacity: 70 MW*
- Number of households: over 20,000**
- Number of private photovoltaic systems: 25,000
- Installed capacity: 495 MW
- Number of solar roof systems in the contracting model: over 60 locations, for example, at the Bern-Belp airport terminal

BKW is aiming for net zero in the Energy business by 2040.

2024

Wind farms in Puglia: Construction phase starts in 2024

Wind turbines: Ground-breaking at the Tramelan wind farm

Solar plants: Construction application for several alpine ground-mounted systems

Hydroelectric power plants: Submission of the concession application for the raising of the Lake Grimsel dam

2025

Wind farms in Puglia: Commissioning planned for the end of 2025

Small hydroelectric plant: Soubach commissioned

BelpmoosSolar ground-mounted solar plant: Construction permit aimed for by the end of 2025

2026

BelpmoosSolar ground-mounted solar plant: Target commissionin

Trift dam: Submission of the construction application



More about our energy generation
[bkw.ch/energygeneration](https://www.bkw.ch/energygeneration)

“A Yes on the Electricity Act will help improve the security of electricity supply in Switzerland massively.”

And two complaints were received against the issuance of the concession for the Trift Hydroelectric plant at the end of 2023.

It is therefore even more important that the political conditions in Switzerland enable a faster expansion of renewable energy production in the future. At the forefront of this is the “Yes to the Electricity Act” campaign. Among other things, the amended law prioritizes 16 hydroelectric projects, such as the Trift plant and the raising of the Lake Grimsel dam. The Swiss people will have the last word here. A Yes vote will help to massively improve the security of electricity supply in Switzerland. In addition, the Acceleration bill and the “Grid Express” are also important legislative projects at the federal level.

Despite all the obstacles to the energy transition, BKW has set itself an ambitious target in 2023: By 2040, it wants to produce the energy it supplies such that, on balance, no more CO₂ is emitted - in other words, net zero. In Switzerland alone, BKW has a project pipeline for the expansion of renewables of more than one billion Swiss francs. This is why the company is consistently pushing ahead with its projects in 2024:

- **Solar plants:** Construction application for several alpine ground-mounted solar plants.
- **Wind turbines:** Ground-breaking at the Tramelan wind farm.
- **Hydroelectric power plants:** Submission of the concession application for the raising of the Lake Grimsel dam.

Its numerous projects demonstrate that BKW wants to invest in the construction of plants for the production of renewable energy in Switzerland. And wherever this is possible despite objections and lengthy approval processes. BKW is thus making an important contribution to securing Switzerland's electricity supply - especially in the winter months.

BKW is also investing in the expansion of renewable energy production in Europe. For example, it acquired wind projects in Sweden and Italy in 2023. BKW plans further investments in European wind power in 2024. Because, when it comes to energy policy, Switzerland and other European countries are closely intertwined. BKW therefore also supports the conclusion of an electricity agreement with the EU.

In the meantime, the sun has set on Mont-Soleil; it is getting dark. While the solar plant is no longer supplying electricity, the wind turbines continue turning. More wind turbines will soon be turning in Tramelan, just a few kilometers from here. So that Switzerland will continue to have enough electricity in the future as well – including in the winter.

> CHF 1 billion

BKW has a project pipeline for the expansion of renewables of more than one billion Swiss francs in Switzerland alone.

Mühleberg nuclear power plant without fuel elements

Since September 2023, there are no more fuel elements at the Mühleberg Nuclear Power Plant (KKM). For two years, these elements were transported to the interim storage facility in Würenlingen by special transport. The removal of the last fuel elements reduced radioactivity at the Mühleberg Plant by over 99 percent. With this important milestone, the decommissioning of the Mühleberg Plant is progressing according to plan and within the specified budget. BKW halted power operations at the Mühleberg Plant in 2019. The site should be free of radioactive material by the end of 2030. It will be possible to use the site again starting in 2034.



More information at:
bkw.ch/decommissioning

To achieve its ambitious goal of “Net Zero by 2040”, BKW will continue to push ahead with its projects in 2024.



ENERGY TRADING

Flexibility leading to a secure future for energy

Expanding renewable energies also has an impact on the electricity market. It is becoming ever more important to balance production and consumption over the short term. Why and what role BKW plays in this is explained by Ralf Minnig, Head of Intraday Trading at BKW.



Ralf Minnig, Head of BKW's Intraday Trading

It's Tuesday afternoon in BKW's trading room at the Bern head office. Around 100 employees are involved in energy trading – some of them in three-shift operations, around the clock, seven days a week. The intraday traders sit at their desks, each with as many as six screens showing price curves and figures from various marketplaces. Ralf Minnig, Head of Intraday Trading: "When I first started at BKW sixteen years ago, trading volumes had just started their sharp rise. Right after the turn of the millennium, there was an atmosphere of downright euphoria," he reminisces.

Renewable energies need more flexibility

Decarbonization is changing the energy markets towards a production mix that is increasingly marked by renewable energies. Their contribution depends on the time of day and the season – literally on the wind and weather. The quantity of elec-

tricity being generated by wind, solar and run-of-the-river power plants in real terms and how much customers are consuming only becomes apparent in the short term. This requires flexible, continuous balancing of electricity supply and demand on international short-term markets by the intraday team. "The demand for flexibility to achieve this balance will increase significantly in line with the expansion of renewable energy production facilities. This means that the optimal use of flexible production will continue to increase in importance. This offers BKW, as a market participant, additional opportunities in energy trading, without losing sight of our focus on supply reliability to our customers," says Ralf Minnig.

In principle, BKW's energy trading activities comprise three areas: The management and hedging of electricity production from the Group's own and third-party power plants, the business with cus-

“In conjunction with BKW’s power plants, intraday trading is making an important contribution to reliable electricity supplies, to grid stability and to the energy transition.”

tomized energy solutions and proprietary trading with standard products. This covers the interacting markets for electricity, natural gas, coal, crude oil, Guarantee of Origin certificates and CO₂ certificates and their cross-links to each other.

A general overview of international wholesale markets and many years of experience in optimizing electricity generation facilities in combination with a constant market presence in proprietary trading with standard products form the basis for BKW to continue expanding its trading activities – in flexibility markets, for example.


Providing flexibility as a contribution to supply reliability in Switzerland and Europe

With its integrated market perspective and power plant expertise, BKW is in a good position to be able to increasingly provide flexibility services for short-term balancing of electricity production and consumption. By doing so, BKW is meeting a market need that is rapidly increasing in step with the energy transition. In its marketing of flexibility, BKW can build on established processes and an international team. “We use supplies from our own storage power plants and pool together smaller variable facilities. Flexibility is demanded by pro-

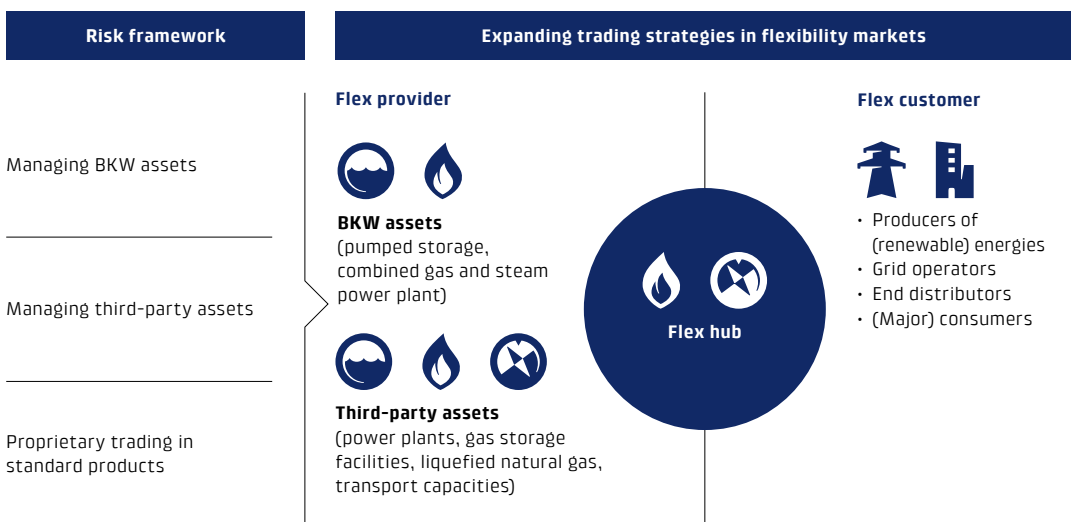
ducers of renewable energies, grid operators as well as energy suppliers and consumers – and at an international level,” explains Ralf Minnig.

Thanks to its central geographical location, BKW is able to offer flexibility services in Switzerland and neighboring countries, and strengthen supply reliability in Europe. BKW is continuing to expand this hub function in trading. An important role is played by intraday trading in this context. “In conjunction with BKW’s power plants, intraday trading is making an important contribution to reliable electricity supplies to customers, to grid stability and to implementing the energy transition,” says Ralf Minnig.

Useful information on BKW’s energy trading
 What is intraday and day-ahead trading? Why does BKW hedge the electricity generation from its own power plants on exchanges? Answers to these and many other questions relating to BKW’s energy trading business can be found in the FAQs at bkw.ch/trading



Growth opportunities thanks to expertise in flex management



REVIEW OF THE ANNUAL RESULTS

Strong results thanks to robust three-pillar strategy

BKW is continually developing and generated revenue of CHF 4.6 billion in the 2023 fiscal year. With operating profit (EBIT) of CHF 620 million, BKW achieved the second-best result in its history. The repeated profitability of the management and trading business compensated for measurement adjustments in the Energy and Services business.

Operating net profit also reached a strong figure of CHF 432 million. Net profit was CHF 488 million and was only 15% below the previous year's record result thanks to the good performance of the Decommissioning and Waste Disposal Funds. At CHF 703 million, operating cash flow generated was maintained at the previous year's exceptionally high level.

BKW continues its steady development and generated a strong result in 2023. Due to the extraordinary and one-off 2022 fiscal year, all key performance indicators show year-on-year declines but are still at historically peak levels. Total operating income was CHF 4.598 billion, around 12% below the previous year. Despite the persistently high prices in the first half of 2023 and the high volatility on the energy markets, revenue in Energy fell by 24%. By contrast, the Grid and Services businesses increased their revenue by 4% each.

Thanks to the continued success of the management and trading business, EBIT came in at CHF 620 million (40% below the previous year's record figure of CHF 1,039 million). The fact that EBIT fell

disproportionately compared to revenue is due to the write-downs on assets and in the Services business. While the EBIT of the Grid business was in line with expectations, Services posted a negative contribution to EBIT. This unsatisfactory result for Services is due to adjustments to project valuations, insufficient operating performance and write-downs on customer bases and trademark rights.

In line with the lower EBIT result, operating net profit was also 39% down from the previous year, but still strong at CHF 432 million. The reported net profit of CHF 488 million is still 15% below the previous year due to the improved fund yield year-on-year (2022: CHF -173 million; 2023: CHF +71 million).

CHF millions	2,022	2023	% change
Sales	5,198.8	4,597.7	-12%
Energy procurement/transport	-1,862.2	-1,450.3	
Operating costs	-2,089.9	-2,194.6	
EBITDA	1,246.7	952.8	-24%
Depreciation, amortization and impairment	-249.7	-381.8	
Income from associates	41.5	49.3	
EBIT	1,038.5	620.3	-40%
Financial result excluding change in value of state funds	-81.9	-99.0	
Income taxes excluding change in value of state funds	-243.7	-89.4	
Operating net profit¹	712.9	431.9	-39%
Change in value of state funds net of tax	-138.4	56.4	
Net profit	574.5	488.3	-15%

1 "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.

The comparable financial result, excluding the performance of the state funds, amounts to CHF -99 million. The positive effects from higher interest on bank balances were more than offset by negative measurement effects on interest rate swaps, higher commitment costs for the syndicated loan and the commitment fees for the federal rescue fund, which BKW must pay jointly and severally.

Income tax expense normalized after the "wind-fall taxes" included in the previous year, with which Italy clawed back additional profits made by energy companies as a result of the Ukraine conflict.

The deposits in state funds achieved a positive performance of 6.1% in the reporting period and thus again clearly exceeded the target return of 2.1%. Compared with the negative fund result in the previous year, the difference at the net profit level is CHF +195 million.

CHF millions	2022	2023	% change
Cash flow from operating activities before utilization of nuclear provisions¹	836.6	811.7	-3%
- Payments for decommissioning and disposal	-106.8	-108.1	
Cash flow from operating activities	729.8	703.7	-4%
Cash flow from investing activities before reimbursement from state funds¹	-522.7	-485.3	
+ Reimbursements from decommissioning and disposal funds	38.8	37.6	
Cash flow from investing activities	-483.9	-447.7	
Cash flow from financing activities	-362.7	-260.9	
Cash and cash equivalents as at 31.12	797.8	771.5	-3%

1 To improve comparability and assist with interpretation, BKW uses the cash flow indicators before the utilization of nuclear provisions and payments for decommissioning and disposal of the Mühleberg Nuclear Plant.

Cash flow from operating activities before utilization of nuclear provisions of CHF 812 million was held close to previous year's extraordinary level. The reported cash flow from operating activities reached CHF 703 million.

Cash and cash equivalents were CHF 26 million below the previous year's figure and remain at a high level of CHF 772 million despite the high capital expenditures. BKW invested around CHF 522 million in fiscal year 2023 (previous year: CHF 621 million). This means that once again the invest-

ments could be financed in full from cash flow generated from operating activities. Two-thirds of the capital spending was invested in growth. In the Energy business, two wind farms in Sweden and a wind farm project in Italy were acquired and further investments were made in small hydroelectric plants and district heating projects. An additional CHF 47 million was invested in the strategic expansion of the power grid in order to meet the increased requirements of the distribution grid as part of the energy

transition. In the Services business, acquisitions were made in the Engineering and Infra Services segments to optimally complement the existing portfolio. A third of the capital expenditures were invested in replacement and maintenance. Of the CHF 169 million, the majority (CHF 88 million) was spent on maintenance and replacement of the distribution grid.

CHF millions	2022	2023	% change
Current assets	3,894.6	2,780.1	-29%
Non-current assets	7,990.6	8,231.4	3%
Current liabilities	3,214.1	2,162.8	-33%
Non-current liabilities	4,291.5	3,801.8	-11%
Shareholders' equity	4,379.6	5,047.0	15%
Balance sheet total	11,885.2	11,011.6	-7%

The energy markets have eased with a positive impact on BKW's balance sheet. The CHF 0.9 billion reduction in the balance sheet total is primarily attributable to the lower market values of energy derivatives and the reduced collateral payments. The post-operational activities and decommissioning of the Mühleberg Nuclear Plant will reduce the balance sheet total. Provisions amounting to CHF 108 million (previous year: CHF 107 million) were again used. CHF 38 million (previous year: CHF 39 million) was recovered from the Decommissioning and Waste Disposal Funds.

Equity increased by CHF 677 million and amounted to CHF 5.0 billion as of the balance sheet date. Reverse effects from hedge accounting strengthen equity, as does the net profit generated. In addition, CHF 163 million was credited directly to equity by the sale of non-controlling interests. The higher dividend payments due to the anniversary dividend and currency losses reduced equity. Combined with the lower total liabilities & equity, the equity ratio increased by 9% to 46% (previous year: 37%).

BKW's financing situation remains very solid. Financial obligations were further reduced by almost CHF 200 million, bringing net debt below CHF 1 billion. With cash and cash equivalents of CHF 772 million the Group has sufficient short-term financial resources at its disposal to remain operationally flexible. In addition, BKW still has an unused syndicated loan of CHF 2 billion.

Dividend increase to CHF 3.40 per share

Based on the net profit adjusted for the performance of the Decommissioning and Waste Disposal Funds, a dividend increase to CHF 3.40 per share will be proposed to the General Meeting. Excluding the anniversary dividend in the previous year, the proposal corresponds to an increase of 21%. The amount of CHF 3.40 per share corresponds to a payout ratio of approximately 42% of adjusted net profit and is thus above the indicated 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. The dividend yield based on the year-end share price is 2.3% (previous year: 3.2%). Together with the higher share price, an attractive total shareholder return of 21.1% was thus achieved in the 2023 fiscal year. BKW's enterprise value continued to rise steadily, reaching CHF 7.9 billion at the end of the year (previous year: CHF 6.7 billion).

CHF	2022	2023	% change
Dividend	2.80	3.40	21%
125-year dividend	1.25	0	
Total shareholder return	9.1%	21.1%	

Outlook

BKW expects operating EBIT in the range of CHF 650 to 750 million for the 2024 fiscal year. The geopolitical uncertainties and the economic developments will continue to shape the European energy markets. The risks 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.

Energy: Energy management and trading result more than compensates for impairment losses on production facilities

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	2022	2023	% change
Electricity sales Switzerland	763.3	918.8	20%
Other electricity sales	1,460.1	1,025.7	-30%
Income from proprietary energy trading	547.2	82.6	-85%
Other electricity sales	150.3	173.0	15%
Other operating income and own work capitalized	32.1	38.9	21%
Total operating income	2,952.9	2,239.0	-24%
Energy procurement	-1,754.1	-1,324.8	-24%
Operating costs	-253.8	-252.3	-1%
EBITDA	945.0	661.9	-30%
Depreciation, amortization and impairment	-60.5	-139.6	
Income from associates	3.7	12.3	
EBIT	888.2	534.6	-40%
Employees	950	959	
Investments	147	276	

The energy business in 2023 continued to be characterized by a volatile market environment and higher electricity prices. Total operating income in the Energy business fell by 24% to CHF 2,239 million.

Electricity sales in Switzerland rose by 20% to CHF 919 million despite the decline in volume at independent customers. This was due to the electricity supply contracts concluded at a high price level with independent customers in previous years. Income from proprietary energy trading declined by 85% compared to the previous year, but with a contribution of CHF 82 million is well above the multi-year average and is mainly due to the persistently volatile market environment in the first half of the year. Other electricity sales declined by 30% or CHF 434 million. This includes the management income from our own electricity position and the lower hedging margins on the wholesale market compared to the previous year, as well as income from the supply of contracted energy (mainly wind) outside Switzerland. System services are also included. This other energy business, including trading in certificates, increased by CHF 23 million due to prices.

The expenses for energy procurement decreased by 24% in line with total operating income. Wind-fall profit clawbacks in Italy were more than offset by more favorable energy procurement from KKL (due to positive fund performance). Depreciation, amortization, and impairment losses increased to CHF 140 million. Whereas in the previous year, high observable prices in the initial front years led to reversals of impairment losses (CHF 33 million), impairment losses of CHF 53 million were recognized again this year.

More renewable energy production

In 2023, BKW produced a total of 9.5 TWh of energy (previous year: 9.1 TWh). Thanks to the wetter weather compared to the very dry previous year, production from hydroelectric and small hydroelectric plants increased by 0.7 TWh (+21%), returning to the level of two years ago at around 4 TWh. Production from wind power increased by 16%, primarily thanks to the purchased systems in France and generally higher winds. Production by nuclear power plants remained stable at 2.1 TWh. Fossil-thermal power plants produced less electricity due to price factors. The Wilhelmshaven coal power plant in particular only produced around 0.4 TWh (-63%).

Grid: Stable earnings contribution and higher investments in renewal and expansion

The Grid business area builds, operates, and maintains BKW's distribution grid. The grid not only transports electricity from power plants to consumers but also measures production and consumption, transforms voltage, monitors and analyzes load flows, integrates decentralized production facilities such as photovoltaic systems and wind turbines and ensures overall a secure, efficient and effective operation of its distribution grid.

CHF millions	2022	2023	% change
Total operating income	516.7	540.1	5%
Energy transport expense	-108.6	-125.9	
Operating costs	-209.5	-212.7	
EBITDA	198.6	201.5	1%
Depreciation, amortization and impairment	-90.6	-91.8	
Income from associates	37.8	37.0	
EBIT	145.8	146.7	1%
Employees	770	802	
Investments	113	138	

Total operating income in the Grid business increased by 4% to CHF 540 million due to the passing on of tariff increases by Swissgrid, despite the lower distribution volumes.

In the previous year, due to lower hydroelectricity production, additional energy volumes were purchased via the Swissgrid transmission system. These additional costs were no longer incurred in 2023 and reduced the tariff-related increase in costs for energy transportation.

EBIT remained stable at CHF 147 million. The undercoverage of grid costs caused by lower transmission volumes can be priced into the tariffs in subsequent years and will therefore again have a positive impact on revenue and EBIT again.

BKW is increasing its investments in its distribution grids from CHF 113 million to CHF 138 million.

Services: Strengthening of profitability and efficiency for future growth

The Services business 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 enable BKW to be a relevant provider of comprehensive services.

CHF millions	2022	2023	% change
Sales	1,762.8	1,837.8	4%
Operating costs	-1,631.2	-1,746.0	
EBITDA	131.6	91.8	-30%
Depreciation, amortization and impairment	-78.3	-132.0	
EBIT	53.3	-40.2	-176%
Employees	9,070	9,520	
Investments	333	75	

Revenue in the Services business increased by 4% to CHF 1,838 million. In addition to inorganic growth, Building Solutions also achieved organic growth in the IT and electrotechnology sectors. The order backlog is excellent, particularly in the public sector in Germany, and forms a solid basis for the coming years.

After a difficult year in 2022, the focus in 2023 was also on operating performance. The measures introduced in the Services business to address structural and procedural issues will not have an impact until subsequent periods.

Profitability at the EBITDA level fell from 7% to 5%. Impairment losses on projects, a poorer operating performance, investments in the build-up of structures, and losses from the disposal/closure of Group companies had a negative impact of around CHF 40 million on EBITDA. Customer bases and brand rights, which are identified and recognized when the companies are acquired, had to be adjusted by around CHF 48 million due to one-off impairment losses. This resulted in a negative EBIT of CHF 40 million.

Group Consolidated Financial Statements

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Consolidated Income Statement

CHF millions	Note	2022	2023
Net sales	7	5,064.5	4,432.7
Own work capitalized		73.4	77.7
Other operating income		60.9	87.3
Total operating income		5,198.8	4,597.7
Energy procurement/transport	8	-1,862.2	-1,450.3
Material and third-party services		-764.2	-822.1
Personnel expenses	9	-1,060.0	-1,087.6
Other operating expenses	10	-265.7	-284.9
Total operating expenses		-3,952.1	-3,644.9
EBITDA		1,246.7	952.8
Depreciation, amortization and impairment	11	-249.7	-381.8
Income from associates	20	41.5	49.3
EBIT		1,038.5	620.3
Financial income	12	19.1	88.8
Financial expenses	12	-274.0	-116.7
EBT		783.6	592.5
Income taxes	13	-209.1	-104.1
Net profit		574.5	488.4
attributable to:			
– BKW shareholders		550.2	478.0
– Non-controlling interests		24.3	10.3
Earnings per share in CHF (basic and diluted)	14	10.43	9.06

Consolidated Statement of Comprehensive Income

CHF millions	Note	2022	2023
Net profit		574.5	488.4
Actuarial gains/losses (Group companies)	26		
– Actuarial gains/losses (–)		14.6	19.5
– Income taxes		–3.5	–4.2
Actuarial gains/losses (associates)	20		
– Actuarial gains/losses (–)		–17.1	12.6
– Income taxes		1.9	–0.9
Financial assets at fair value through other comprehensive income	28		
– Value adjustments		0.0	0.1
Total items that will not be reclassified to income statement, net of tax		–4.1	27.1
Currency translations	28		
– Currency translations		–61.5	–79.6
– Reclassification to the income statement		2.8	0.0
– Income taxes		–2.6	–3.1
Hedging transactions (Group companies)	28		
– Value adjustments		–345.9	190.3
– Reclassification to the income statement		75.8	191.8
– Income taxes		56.5	–78.3
Hedging transactions (associates)	28		
– Value adjustments		9.8	–2.4
Total items that may be reclassified to income statement, net of tax		–265.1	218.6
Other comprehensive income		–269.2	245.7
Comprehensive income		305.3	734.1
attributable to:			
– BKW shareholders		283.2	725.4
– Non-controlling interests		22.1	8.7

Consolidated Balance Sheet

CHF millions	Note	31.12.2022	31.12.2023
Assets			
Cash and cash equivalents	33	797.8	771.5
Trade accounts receivable and other receivables	15	1,423.5	1,041.1
Contract assets	16	225.6	234.7
Current tax receivables		43.1	35.9
Financial assets	19	49.9	155.4
Derivatives	29	992.4	201.3
Inventories	17	211.2	210.5
Prepaid expenses and accrued income	18	151.1	129.7
Total current assets		3,894.6	2,780.1
Financial assets	19	1,189.8	1,172.5
Derivatives	29	97.7	197.1
Credit from employee pension plans	26	36.2	71.6
Investments in associates	20	1,425.2	1,407.3
Property, plant and equipment	21	3,831.9	4,035.1
Intangible assets	22	1,362.6	1,291.4
Deferred tax assets	13	47.2	56.4
Total non-current assets		7,990.6	8,231.4
Total assets		11,885.2	11,011.6
Shareholders' equity and liabilities			
Trade accounts payable and other liabilities	23	858.9	626.3
Contract liabilities	16	134.7	255.7
Current tax liabilities		115.3	197.1
Financial liabilities	24	264.1	317.1
Derivatives	29	1,247.1	295.9
Provisions	25	178.5	154.9
Deferred income and accrued expenses	18	415.5	315.9
Total current liabilities		3,214.1	2,162.8
Financial liabilities	24	1,807.8	1,561.3
Derivatives	29	222.8	6.4
Pension liability	26	60.6	65.1
Other liabilities	27	350.8	372.2
Provisions	25	1,327.5	1,278.5
Deferred tax liabilities	13	522.0	518.2
Total non-current liabilities		4,291.5	3,801.8
Total liabilities		7,505.6	5,964.6
Share capital	28	132.0	132.0
Capital reserves	28	41.3	41.3
Retained earnings	28	4,401.9	4,675.2
Other reserves	28	-506.2	-230.4
Treasury shares	28	-2.1	-2.8
Equity attributable to BKW shareholders		4,066.9	4,615.2
Equity attributable to non-controlling interests		312.7	431.8
Total shareholders' equity		4,379.6	5,047.0
Total shareholders' equity and liabilities		11,885.2	11,011.6

Changes in Consolidated Equity

	Share capital	Capital reserves	Retained earnings	Other reserves	Treasury shares	Attributable to BKW shareholders	Attributable to non-controlling interests	Total
CHF millions								
Equity at 31.12.2021	132.0	41.3	3,987.0	-238.9	-3.5	3,917.9	308.4	4,226.3
Net profit			550.2			550.2	24.3	574.5
Other comprehensive income				-267.0		-267.0	-2.2	-269.2
Comprehensive income			550.2	-267.0		283.2	22.1	305.3
Dividends			-137.2			-137.2	-14.7	-151.9
Transactions in treasury shares			-6.5		1.4	-5.1		-5.1
Share-based payments			6.7			6.7		6.7
Acquisition of non-controlling interests			-2.9	-0.3		-3.2	-3.1	-6.3
Sale of non-controlling interests			0.1			0.1		0.1
Change in liabilities relating to non-controlling interests			4.5			4.5		4.5
Equity at 31.12.2022	132.0	41.3	4,401.9	-506.2	-2.1	4,066.9	312.7	4,379.6
Net profit			478.0			478.0	10.3	488.4
Other comprehensive income				247.3		247.3	-1.6	245.7
Comprehensive income			478.0	247.3		725.4	8.7	734.1
Dividends			-213.8			-213.8	-13.8	-227.6
Distribution on hybrid capital ¹						0.0	-2.1	-2.1
Transactions in treasury shares			-11.0		-0.7	-11.8		-11.8
Share-based payments			11.1			11.1		11.1
Sale of non-controlling interests			9.0	28.4		37.4	125.6	163.1
Contribution to equity from non-controlling interests						0.0	0.6	0.6
Equity at 31.12.2023	132.0	41.3	4,675.2	-230.4	-2.8	4,615.2	431.8	5,047.0

1 refer to note 28.3

Consolidated Cash Flow Statement

CHF millions	Note	2022	2023
Profit before income taxes		783.6	592.5
Financial result	12	254.9	27.9
Adjustment for non-cash transactions	33	51.6	227.1
Change in net working capital (excl. financial assets/liabilities and derivatives)		-154.4	118.2
Income taxes paid		-92.9	-129.5
Other financial expenses/income		-6.2	-24.4
Cash flow from operating activities before utilization of nuclear provisions		836.6	811.7
Utilization of nuclear provisions with a claim to refunds of state funds		-41.3	-44.1
Utilization of nuclear provisions with no claim to refunds of state funds		-65.5	-63.9
Cash flow from operating activities		729.8	703.7
Investments in property, plant and equipment	21	-244.8	-332.7
Disposal of property, plant and equipment		4.9	12.3
Acquisition of Group companies	5/33	-403.6	-148.0
Disposals of Group companies		17.2	2.8
Investments in associates	20	-7.6	-8.3
Disposals of associates	20	18.9	17.3
Refunds of decommissioning and waste disposal funds		38.8	37.6
Investments in other current and non-current financial assets		-58.6	-111.6
Disposals of other current and non-current financial assets		131.6	63.0
Investments in intangible assets	22	-13.6	-21.3
Disposals of intangible assets		0.4	-0.0
Interest received		5.0	13.9
Dividends received		27.5	27.1
Cash flow from investing activities		-483.9	-447.7
Sale/purchase of treasury shares	28	-5.1	-12.0
Acquisition of non-controlling interests		-6.3	-0.0
Sale of non-controlling interests		0.1	195.3
Contribution to capital from non-controlling interests		0.0	0.6
Distribution on hybrid capital ¹		0.0	-2.1
Increase in current and non-current financial liabilities		1,324.0	24.6
Decrease in current and non-current financial liabilities		-1,508.7	-255.7
Increase in other long-term liabilities		23.1	50.9
Decrease in other long-term liabilities		-0.2	0.0
Interest paid		-37.7	-35.0
Dividends paid		-151.9	-227.6
Cash flow from financing activities		-362.7	-260.9
Translation adjustments on cash and cash equivalents		-16.4	-21.4
Net change in cash and cash equivalents		-133.2	-26.3
Cash and cash equivalents at the beginning of the reporting period		931.0	797.8
Cash and cash equivalents at the end of the reporting period	33	797.8	771.5

Notes to the Consolidated Financial Statements

1 Business activities

BKW AG, Bern (CH), along with its Group companies (hereinafter "BKW" or the "BKW Group"), is an international energy and infrastructure company. Its company network and extensive expertise allow it to offer its customers a full range of integrated solutions. The Group plans, builds and operates infrastructure to produce and supply energy to businesses, households and the public sector, and offers digital business models for

renewable energies. The BKW Group portfolio of services includes everything from engineering consultancy and planning for energy, infrastructure, and environmental projects through integrated services in the field of building technology as well as the construction, servicing, and maintenance of energy, telecommunications, transport, and water utility networks.

2 Basis of preparation

2.1 General principles

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. They provide a true and fair view of the financial position, results of operations, and cash flows of BKW. The consolidated financial statements also comply with Swiss company law. The closing date for the consolidated financial statements is December 31. The consolidated financial statements are presented in Swiss francs (CHF).

The consolidated financial statements have been prepared on the historical cost basis. Exceptions are described in the "Accounting policies".

Due to rounding and the presentation in CHF million, it is possible that individual figures in the consolidated financial statements do not add up exactly to the totals shown. All key performance indicators and deviations are calculated on the basis of the underlying amount and the rounded amount presented.

2.2 Adoption of new standards and interpretations

Since January 1, 2023, BKW has applied various amended standards which, apart from the amendment to IAS 12 (see more on this in Note 13), have no material impact on BKW's financial position, results of operations, and cash flows.

2.3 Future adoption of new standards and interpretations

The following new and amended standards had been published by the balance sheet date but will not be applied until subsequent fiscal years. BKW intends to apply the changes from the date on which they come into force (entry into force for fiscal years beginning on or after the dates in brackets):

- Amendment to IFRS 16 – "Lease Liability in a Sale and Leaseback" (January 1, 2024)
- Amendment to IAS 1 – "Presentation of Liabilities" (January 1, 2024)
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (deferred indefinitely)

No material effects on BKW's consolidated financial statements are expected.

3 Consolidation

3.1 Consolidation principles

Consolidation is based on the closing statements of the individual Group companies drawn up according to uniform measurement and classification principles. Intra-Group balances, transactions, profits and expenses are eliminated in full.

The closing date for all Group companies is December 31. The closing date for some associates differs from that of BKW since these companies close their accounts on September 30 in line with the hydrological year. The closing date for consolidation of these companies is set at September 30. Adjustments are made for material transactions that occur between the closing date of the companies and the closing date of BKW.

3.2 Scope of consolidation

Group companies

Group companies are included in the consolidated financial statements in their entirety starting from the date on which control is acquired. There are no material restrictions on the transfer of funds from subsidiaries to the parent company.

Joint arrangements

Companies over which there is joint control are treated as joint ventures or joint operations. Joint operations are accounted for in the consolidated financial statements by recognizing the Group's share of the assets and liabilities and of the revenues and expenses. The Group's joint ventures are accounted for using the equity method.

Associates

Investments in companies in which BKW is able to exercise significant influence but not overall control are classified as associates and accounted for using the equity method. A significant influence is generally held to be when the Group holds a share of voting rights of between 20% and 50%. Rights agreed to in contract may in some circumstances mean that a significant influence can be exerted even though the share of voting rights is smaller than 20%. This applies in particular in the case of partner plants.

Partner plants comprise companies that build and operate power plants or that manage energy procurement rights as well as plan and operate nuclear storage facilities. The energy produced by partner plants and other services provided in accordance with contractual agreements are purchased at annual cost (including interest on capital). Partner plants are assigned to the Energy business area.

3.3 Foreign currency translation

The reporting currency is the Swiss franc (CHF). BKW recognizes transactions in foreign currencies at the prevailing exchange rates on the transaction date. Exchange rate gains and losses

arising from such transactions and the translation of foreign currency balances on the balance sheet date are recognized in the financial result.

Foreign currency financial statements of Group companies outside Switzerland are translated into Swiss francs according to the following principles:

- Balance sheet, at the prevailing exchange rates on December 31;
- Income statement, at average exchange rates for the reporting year;
- Cash flow, at average exchange rates for the reporting year.

		Closing date 31.12.2022	Closing date 31.12.2023	Average 2022	Average 2023
Eurozone	1 EUR	0.9847	0.9260	1.0046	0.9719
Norway	100 NOK	9.3658	8.2381	9.9539	8.5182
Great Britain	1 GBP	1.1102	1.0655	1.1788	1.1173
United States of America	1 USD	0.9232	0.8380	0.9551	0.8990
Sweden	100 SEK	8.8538	8.3454	9.4592	8.4730

Goodwill and adjustments to fair value made in the allocation of purchase prices to the carrying amounts of identified net assets of companies in foreign currency are carried in the foreign currency.

4 Measurement uncertainties

The preparation of the financial statements in accordance with the applicable accounting standards necessitates the use of estimates and assumptions that affect the reported amounts of assets, provisions, liabilities and contingent liabilities on the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based both on past findings and on the best possible assessment of future developments. Actual results may differ from these estimates. Estimates and assumptions are regularly reviewed, and changes are recognized in the period in which they are identified.

4.1 Impairment of non-financial non-current assets

The recoverable amount calculated for the purposes of impairment testing of non-current, non-financial assets is the higher of the fair value minus costs to sell and value in use (present value of estimated future cash flows). The calculation of the recoverable amount is reliant to a significant extent on estimates of the expected future cash flows from use, long-term growth rates, useful life of assets, and discount rates or estimates of the potential net selling price of the asset. The actual results may differ significantly from these estimates.

4.2 Mühleberg Nuclear Power Plant (KKM)/provisions for nuclear waste disposal

Measurement of the provision for nuclear waste disposal is essential for the purpose of assessing BKW's balance sheet and income statement. Detailed costs for decommissioning nuclear power plants and nuclear waste disposal are jointly calculated by the industry and updated every five years in accordance with the Ordinance

on the Decommissioning and Disposal Funds for Nuclear Power Plants (SEFV). These cost calculations are reviewed by independent cost specialists and the Swiss Federal Nuclear Safety Inspectorate (ENSI). The last scheduled estimate of decommissioning and disposal costs (KS21) took place in 2021. The adjustment was carried out at the request of and in accordance with the strict requirements of the Administrative Commission for the Decommissioning Fund for Nuclear Facilities and Waste Disposal Fund for Nuclear Power Plants (AC STENFO) and in collaboration with swissnuclear. The KS21 estimates the overall costs (referred to as overnight costs) in the baseline variant for the Mühleberg Nuclear Plant to be CHF 3.0 billion. BKW considers it most likely that the "combination repository" (cost-reducing) scenario envisaged in KS21 will be implemented. In addition, BKW takes plant-specific costs (cost-increasing) into account. BKW thus assumes overnight costs of CHF 3.0 billion for the calculation of provisions for nuclear waste disposal. The difference between BKW's estimated overnight costs and the provisions of CHF 1.1 billion recognized as of December 31, 2023, is due on the one hand to costs of around CHF 1.4 million that had already been paid by the end of 2022, and on the other hand to the discounting effect of CHF 0.5 million.

Work in connection with decommissioning is expected to last until 2034. Costs for operations related to the repository and monitoring of stored nuclear materials are expected to be incurred until 2126.

The SEFV, revised in 2019, defines the parameters that are decisive for the determination of contributions. The inflation rate was set at 0.5% and the return on investment at 2.1%.

While BKW is required to make payments to the state funds for decommissioning and waste disposal until 2022, due to KS21 BKW does not expect that further payments will be required for 2022. The final decision on contributions is expected in 2024.

No macroeconomic studies are available for the period up to 2126 to provide parameters for calculation of long-term provisions. For this reason, BKW applies parameters that have been agreed

upon with other nuclear power plant operators for the purposes of decommissioning and disposal. A rate of 1% is applied to long-term inflation, based on the Swiss National Bank's target range of 0–2%. Based on historical actual yields on long-term government bonds, an expected real interest rate of 1.75% has been estimated, leading to a nominal discount rate of 2.75%. Due to the short-term time horizon (until 2027), an inflation rate of 1.40% and a discount rate of 0.90% are applied to the plant-specific provisions.

Changes to cost calculations and the statutory requirements for nuclear waste disposal may have a material effect on the Group's financial position and cash flows. When determining the provisions to be made for decommissioning (expected costs until 2034) and nuclear waste disposal (expected costs until 2126), the parameters for inflation and discount rate are also particularly relevant. In the event of an increase or decrease in the assumptions shown below, provisions as of December 31, 2023 would change as follows (+ increase in provisions / - decrease in provisions):

CHF millions	Inflation + 0.5%	Inflation – 0.5%	Discount rate + 0.5%	Discount rate – 0.5%
Decommissioning	17.9	–16.7	–11.2	12.1
Waste disposal	122.7	–99.1	–87.9	108.8
Total	140.6	–115.8	–99.1	120.9

4.3 Provision for the onerous Wilhelmshaven energy procurement contract

BKW holds a 33% stake in the Wilhelmshaven coal-fired power plant. The partners are contractually obliged to take the energy produced in proportion to their share. Due to the higher estimated production costs compared to the expected electricity market prices, a provision for the obligation to purchase energy had to be recognized in the past.

In January 2020, the German government enacted the Coal Phase-Out Act, which set a timetable for phasing out coal by 2038. BKW assumes that

expected capacity bottlenecks will result in the continued operation of the latest generation of coal-fired power plant, such as Wilhelmshaven, until the end of 2038. The estimate of future income and expenses depends to a large extent on the estimate of future energy prices, the estimate of the production costs of the power plants, and the assumed discount rates. These estimations and assumptions constitute uncertainties and may deviate significantly from the actual results. At the end of 2023, the carrying amount of the investment was CHF 309.1 million and the provision was CHF 194.9 million.

4.4 Fosen wind farm

BKW indirectly holds an 11% stake in six wind farms on the Norwegian peninsula of Fosen through Nordic Wind Power DA. In 2021, the Norwegian Supreme Court issued a ruling on the permits for two wind farms, which together comprise half of all the turbines of Fosen Vind: The permits would violate the Sami's right to maintain their cultural heritage. The operation of the wind farms is not directly affected by the ruling. The responsible Norwegian ministry has confirmed that a new administrative procedure is required, aimed at finding compensatory measures to ensure that the rights of the Sami reindeer herders are guaranteed. In 2023, an agreement was reached with the Sami people as part of the mediation process for the Storheia wind farm. BKW assumes that a solution can also be found for the Roan wind farm and that operation of the plants can continue as planned. However, this assessment is uncertain and it is possible that future decisions will have an impact on BKW's financial position, results of operations, and cash flows.

The carrying amount of the entire equity investment at the end of 2023 was CHF 59.3 million. In addition, there are long-term electricity purchase agreements with which a portion of the planned production volumes from the plants has been secured.

4.5 Pension plans

The pension obligations arising from defined benefit pension plans are calculated based on actuarial assumptions which may not reflect reality and hence may have an impact on BKW's financial position and cash flows. The actuarial assumptions used in the calculation and a corresponding sensitivity analysis are disclosed in Note 26.

4.6 ECom proceedings

The tariffs which BKW is permitted to charge to its customers for grid usage and energy are partly reviewed by the Federal Electricity Commission (ECom). Currently several proceedings are in progress. The main object of the proceedings is to rule on the chargeable capital and operating costs. Decisions issued by the court of last instance may have implications for BKW's future cash flows.

5 Business combinations

Business combinations in 2023

CHF millions	Wind park Sweden	Veneta Energia S.r.l.	Miscellaneous	Total
Cash and cash equivalents	1.1	1.6	3.5	6.2
Trade accounts receivable and other receivables	0.0	1.6	5.0	6.6
Other current assets	0.2	0.1	58.7	59.0
Financial assets	0.0	0.0	0.3	0.3
Property, plant and equipment	108.2	60.2	12.1	180.5
Intangible assets	0.0	0.0	5.2	5.2
Current liabilities	-0.1	0.0	-58.4	-58.5
Financial liabilities	-4.9	0.0	-7.5	-12.4
Provisions	-0.7	-1.4	-4.4	-6.5
Deferred tax liabilities	-4.8	-16.5	-2.4	-23.7
Fair value of acquired net assets	99.0	45.6	12.1	156.7
Goodwill	0.0	0.0	18.3	18.3
Purchase price	99.0	45.6	30.4	175.0
Cash and cash equivalents acquired	-1.1	0.0	-5.1	-6.2
Contingent consideration	0.0	0.0	-5.5	-5.5
Deferred consideration	0.0	-33.0	-1.9	-34.9
Cash outflow	97.9	12.6	17.9	128.4

BKW acquired the companies listed below during the 2023 fiscal year. The values for the transactions listed are provisional, as the purchase price allocations have not been finalized.

Wind farms in Sweden

In the Energy business segment, BKW acquired 100% of three wind farms in Tjörnäs, Skallberget/Utterberget, and Rosenskog, Sweden. The acquisition was concluded in June and included 19 wind turbines. The wind turbines are still under construction and have a planned total capacity of 125 MW.

Transaction costs CHF 0.3 million were incurred.

Had the company already been acquired as of January 1, 2023, the total operating income in the 2023 reporting year would have been unchanged and the net profit CHF 0.2 million higher. Between the consolidation date and December 31, 2023, the acquired company generated total operating income of CHF 1.5 million and a net profit of CHF 0.9 million.

Veneta Energia S.r.l.

In the Energy business segment, BKW acquired 100% of the rights to two wind farm projects in Puglia in July. The projects comprise 31 wind turbines with a planned combined capacity of 130 MW. Construction is scheduled to begin in 2024 and the wind turbines are expected to be commissioned by the end of 2025. This will entail investments of EUR 190 million during the construction phase.

Transaction costs of CHF 0.1 million were incurred.

If the acquisition had already occurred as of January 1, 2023, total operating income for the 2023 reporting year would have been unchanged and the net profit would have been CHF 0.1 million higher. Between the consolidation date and December 31, 2023, the acquired company generated zero total operating income and a net profit of CHF 0.1 million.

Miscellaneous

BKW made a number of other acquisitions during the 2023 fiscal year. Due to the number of acquisitions and their key financial figures, aggregated figures are shown and individual business combinations are not presented separately.

In the Services business segment, Infrastructure Engineering unit, BKW acquired the remaining 50% of the shares in Lindschulte Ingenieurgesellschaft mbH, based in Meppen, Germany, 100% of the shares in Planquadrat Elfers Geskes Krämer Partnerschafts GmbH, headquartered in Darmstadt, Germany, Architektengruppe Schweitzer GmbH, based in Braunschweig, Germany, and ABES Wagner & Partner ZT GmbH, based in Graz, Austria. In the Infra Services segment, BKW acquired 100% of the shares in the ABE Group, headquar-

tered in Barsbüttel, Germany. The transactions resulted in total goodwill of CHF 18.2 million. The goodwill recognized is mainly attributable to the expected future synergies and the acquisition of a qualified workforce. The transaction costs incurred were CHF 0.4 million.

Between the consolidation date and December 31, 2023, the acquired companies generated total operating income of CHF 15.3 million and a loss of CHF 0.9 million.

CHF 6.6 million was paid for contingent consideration and CHF 12.5 million for deferred consideration for acquisitions made in the previous years.

Business combinations in 2022

CHF millions	UMB	Wind park france	Miscellaneous	Total
Cash and cash equivalents	11.6	4.4	9.9	25.9
Trade accounts receivable and other receivables	10.8	2.5	8.3	21.6
Other current assets	14.7	3.3	10.0	28.0
Financial assets	0.8	0.0	0.3	1.1
Property, plant and equipment	25.9	281.7	3.5	311.1
Intangible assets	75.4	0.0	10.9	86.3
Deferred tax assets	0.0	0.0	1.6	1.6
Current liabilities	-26.2	-6.3	-14.0	-46.5
Financial liabilities	-23.4	-169.8	-4.3	-197.5
Provisions	-1.2	-3.2	-1.5	-5.9
Deferred tax liabilities	-8.2	-15.0	-2.1	-25.3
Pension liability	-22.7	0.0	-0.4	-23.1
Other non-current liabilities	0.0	0.0	-0.1	-0.1
Fair value of acquired net assets	57.5	97.6	22.1	177.2
Goodwill	197.6	0.0	43.5	241.1
Purchase price	255.1	97.6	65.6	418.3
Cash and cash equivalents acquired	-11.6	-4.4	-9.9	-25.9
Contingent consideration	0.0	0.0	-15.3	-15.3
Deferred consideration	-5.0	0.0	-3.3	-8.3
Cash outflow	238.5	93.2	37.1	368.8

The values for the transactions conducted in the previous year were provisional since the purchase price allocations had not been finalized. The purchase price allocations are now final. BKW made the following acquisitions in the 2022 fiscal year.

UMB

In the Services area, BKW acquired 100% of the shares in UMB IT AG in February. The UMB Group comprises four companies registered in Cham and a subsidiary in Spain and has been assigned to the Services business. Its range of services includes consulting and implementation services, managed services, infrastructure solutions and trading in third-party hardware and software.

The goodwill recognized is mainly attributable to the expected synergies and the acquisition of a qualified workforce. The transaction costs amounted to CHF 0.8 million.

Had the company already been acquired as of January 1, 2022, the total operating income in the reporting year would have been CHF 12.7 million higher and the net profit CHF 0.3 million higher. Between consolidation date and December 31, 2022, the company generated total operating income of CHF 172.0 million and a net profit of CHF 11.5 million.

Wind farms in France

In the Energy segment, in March BKW acquired 100% of six wind farms in the Somme, France, with a total of 40 wind turbines and an overall installed capacity of 106 MW.

No contingent purchase price liabilities and no goodwill were recognized as of the acquisition date. The transaction costs amounted to CHF 0.8 million.

Had the company already been acquired as of January 1, 2022, the total operating income in the reporting year would have been CHF 6.4 million higher and the net profit CHF 0.3 million higher. Between the consolidation date and December 31, 2022, the company generated total operating income of CHF 14.3 million and a net profit of CHF 1.6 million.

Miscellaneous

In the 2022 fiscal year, BKW made a number of other acquisitions. With the exception of Pantalla Solar (acquisition of 100% of the shares, Energy segment based in Lazio, Italy), all acquired companies are allocated to the Services business. Due to the number of acquisitions and their key financial figures, aggregated figures are shown and individual business combinations are not presented separately.

In the Building Solutions area, BKW acquired 100% of the shares in Equinox Holding SA and Solstis SA in western Switzerland. The latter offers comprehensive solutions for photovoltaic systems, from consulting and installation to maintenance.

In the field of infrastructure engineering, BKW acquired 100% of the shares in Dr. Blasy – Dr. Øverland Ingenieure GmbH, headquartered in Eching am Ammersee, Collignon Architektur und Design GmbH based in Berlin (both in Germany) and Geotechnik Tauchmann GmbH based in Steinhilf, Austria.

In the Infra Services segment, BKW acquired 100% of the shares in Cteam Anlagentechnik GmbH based in Geisenhausen and Elektroanlagen

Dresden-Mitte GmbH based in Dresden (both in Germany).

The transactions resulted in total goodwill of CHF 43.5 million. The goodwill recognized is mainly attributable to the expected future synergies and the acquisition of a qualified workforce. The transaction costs amounted to CHF 0.3 million.

Had the companies already been acquired as of January 1, 2022, total operating income for 2022 would have been CHF 17.8 million higher and the net profit CHF 0.5 million higher. Between the consolidation date and December 31, 2022, the acquired companies generated total operating income of CHF 47.8 million and net profit of CHF 5.5 million.

CHF 27.0 million was paid for contingent consideration and CHF 9.6 million for deferred consideration relating to acquisitions made in the previous years.

Accounting policies

In the course of acquisitions, non-controlling interests are sometimes granted with put options, with BKW receiving call options under the same conditions. When BKW thereby obtains beneficial ownership, the transaction is presented as if the corresponding shares had also been acquired. Otherwise non-controlling interests are reported. Any transaction costs incurred are recognized directly in equity.

Transaction costs incurred in connection with the other acquisitions are recognized under "Other operating expenses."

Purchase price liabilities

Contingent purchase price liabilities are measured and recognized at fair value on the acquisition date. Subsequent measurements of contingent purchase price liabilities classified as financial instruments are recognized through profit and loss. Those classified as equity instruments are not remeasured.

6 Segment reporting

Segments and segment results are defined on the basis of the management approach. In line with the strategy, BKW's reporting guidelines are structured around the Energy, Grid and Services business segments. The CEO, who has prime decision-making authority, uses the operating profit (EBIT) as the basis for allocating resources and measuring performance.

BKW operates the following three reportable business segments:

- The Energy segment builds, operates and maintains BKW's portfolio of power plants in Switzerland and abroad. It also includes the sale of energy in Switzerland, trading in electricity, certificates and raw materials as well as wind, solar and smart energy services.
- The Grid segment builds, operates and maintains BKW's distribution grid.
- The Services business segment includes engineering planning and consulting for energy,

infrastructure, and environmental projects, integrated services in the field of building technology as well as the construction, servicing, and maintenance of energy, telecommunications, transport, and water utility networks.

The "Miscellaneous" segment covers activities which are centrally managed within the Group; these largely consist of the decommissioning and disposal funds, Group financing, real estate, financial assets and tax. Some of the costs that arise in conjunction with the build-up of business segments (acquisition/integration costs, technology development costs, etc.) are borne centrally.

Segment figures are determined in accordance with the same accounting policies that are applied for the Group-level presentation of consolidated figures. The prices for intercompany transactions (transfer prices) are based on the market price on the transaction date.

Information by business segment

2023 CHF millions	Energy	Grid	Services	Other	Consoli- dation	Total
External revenue	2,218.9	534.2	1,791.9	30.3	22.3	4,597.7
– Net sales	2,183.7	482.6	1,753.3	13.0	0.0	4,432.7
– Own work capitalized	6.7	47.3	0.1	1.2	22.3	77.7
– Other operating income	28.5	4.2	38.5	16.1	0.0	87.3
Internal revenue	20.1	5.9	45.9	183.2	–255.0	0.0
– Net sales	16.5	1.0	45.9	15.9	–79.2	0.0
– Other operating income	3.7	4.8	0.0	167.3	–175.8	0.0
Total operating income	2,239.0	540.1	1,837.8	213.5	–232.7	4,597.7
Total operating expenses	–1,577.1	–338.6	–1,746.0	–213.6	230.3	–3,644.9
Operating profit before depreciation, amortization and impairment (EBITDA)	661.9	201.5	91.8	–0.0	–2.4	952.8
Depreciation, amortization and impairment	–139.6	–91.8	–132.0	–22.5	4.1	–381.8
Income from associates	12.3	37.0			0.0	49.3
Operating profit/loss (EBIT)	534.6	146.7	–40.2	–22.5	1.8	620.3
Financial result						–27.9
Profit/loss before income taxes (EBT)						592.5

In the energy segment impairments of CHF 53.0 million were recognized on wind turbines. The remaining amounts are comprised of current amortization on non-current assets. In addition in

the Services segment impairments of CHF 48.3 million (previous year: CHF 0 million) were created in relation to brands and customer lists. For more information on this, see Notes 11, 21 and 22.

2022 CHF millions	Energy	Grid	Services	Other	Consoli- dation	Total
External revenue	2,923.8	511.1	1,720.4	23.4	20.1	5,198.8
– Net sales	2,895.9	462.7	1,695.0	10.9	0.0	5,064.5
– Own work capitalized	6.9	44.3	0.5	1.6	20.1	73.4
– Other operating income	21.0	4.1	24.9	10.9	0.0	60.9
Internal revenue	29.1	5.6	42.4	173.4	–250.5	0.0
– Net sales	24.9	0.6	40.8	16.2	–82.5	0.0
– Other operating income	4.2	5.0	1.6	157.2	–168.0	0.0
Total operating income	2,952.9	516.7	1,762.8	196.8	–230.4	5,198.8
Total operating expenses	–2,007.9	–318.1	–1,631.2	–223.4	228.5	–3,952.1
Operating profit before depreciation, amortization and impairment (EBITDA)	945.0	198.6	131.6	–26.6	–1.9	1,246.7
Depreciation, amortization and impairment	–60.5	–90.6	–78.3	–24.5	4.2	–249.7
Income from associates	3.7	37.8			0.0	41.5
Operating profit/loss (EBIT)	888.2	145.8	53.3	–51.1	2.3	1,038.5
Financial result						–254.9
Profit/loss before income taxes (EBT)						783.6

Information by country

Net revenue to external customers by country are broken down by the place of delivery for the respective product. Non-current assets cover property, plant and equipment, intangible assets and investments in associates in the respective countries.

CHF millions	Switzerland		Germany		Italy		France		Other countries		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Net sales	2,762.4	2,997.6	1,450.4	965.2	180.5	182.6	326.1	126.4	345.1	160.9	5,064.5	4,432.7
Non-current assets	4,772.6	4,873.3	892.7	832.4	432.1	461.6	366.9	289.5	155.4	277.0	6,619.7	6,733.8

Information on significant customers

There are no transactions with individual external customers that generate revenue accounting for 10% or more of net sales.

7 Net revenue

Net revenue per business segment are broken down as follows between Switzerland and abroad:

CHF millions	Switzerland 2022	Abroad 2022	Switzerland 2023	Abroad 2023
Energy	1,122.4	1,773.5	1,251.1	932.6
Grid	462.7	0.0	482.6	0.0
Services	1,166.4	528.6	1,250.8	502.5
Other	10.9	0.0	12.9	0.0
Total net sales	2,762.4	2,302.1	2,997.4	1,435.1

Of the net revenue, CHF 4,350.1 million or 98% (previous year: CHF 4,103.9 million or 81%) relates to revenue from contracts with custom-

ers in accordance with IFRS 15. In the Energy segment, certain transactions come under the provisions of IFRS 9.

Accounting policies

BKW generates revenue in its three business segments: Energy, Grid and Services.

Energy

Revenues in the Energy business mainly comprises income from the sale of energy to end customers and distribution partners in Switzerland, income from energy trading from the sale of electricity, certificates and raw materials on the wholesale market, income from the direct feed-in of energy from power plants with feed-in tariffs, income from the production of heat as well as wind, solar and other energy-related services.

In the energy sector, so-called "own-use" transactions ("own-use exemption" according to IFRS 9) fall under the provisions of IFRS 15. The revenues from these business activities are generally realized over the period of the agreed service provision. However, as the energy is consumed at the same time as it is delivered, the sale of energy immediately gives rise to a right to payment that corresponds directly to the consideration for the energy delivered. Thus, in these cases, an exemption under IFRS 15 is applied to revenue recognition, and revenue is recognized in the amount that can be invoiced. This income is considered to be realized and is recognized as revenue once delivery has taken place.

Energy trading revenue is based on the purpose of the underlying transaction. Energy transactions are conducted either for the purpose of actively managing the power plant base, or to ensure physical coverage of the energy supply or purchase

contracts. Such management transactions can be broken down into "own-use" and "hedging" transactions. The revenue from own-use transactions falls under the provisions of IFRS 15 and is recognized in revenue at gross at the time of delivery.

Hedging transactions result from extended production portfolio management for the purpose of engaging in additional transactions to hedge BKW's own production. These additional hedging transactions qualify as financial instruments under IFRS 9. Other energy transactions are conducted with the sole intention of achieving a trading margin. Such transactions also qualify under the definition of financial instruments according to IFRS 9.

Energy transactions defined as financial instruments are measured at fair value at the closing date; realized and unrealized gains and losses from these transactions are presented at net as "Income from Energy Hedging" and "Income from Proprietary Energy Trading" (see Note 37.2). The income from such transactions consists of two components: One component consists of recognizing the effectively realized gains or losses of the transactions at settlement. The other component is the recognition of the unrealized measurement gains and losses from the open contracts at a fair value.

Grid

The Grid business segment mostly generates income from charging distribution grid usage fees for the distribution grid. Income from the transmission of energy must be recognized over the

duration of the agreed performance. When energy is transmitted, there is an immediate entitlement to remuneration, which corresponds directly to the value for the energy transmitted. This performance falls under the exemption for revenue recognition in IFRS 15. BKW applies this exemption and recognizes revenue in the amount that may be invoiced. This income is considered to be realized and is recognized as revenue once delivery has taken place.

Fees charged to customers for compensatory feed-in remuneration (KEV) and grid usage fees of third-party grid operators are not recognized as revenue owing to the provisions governing principal-agent relationships, but are shown net against the corresponding energy procurement/transport costs.

Services

In the Services business segment, revenues are generated mainly through the provision of engi-

neering planning and consulting services for energy, infrastructure, and environmental projects, planning and installation services in the field of building technology as well as the construction, servicing, and maintenance of energy, telecommunications, transport, and water utility networks. These are primarily customer-specific construction contracts. Owing to the contractual provisions governing these services, which grant BKW the right to compensation for the performance, revenue is recognized over a specified period. The extent of performance is measured using the cost-to-cost method. The costs incurred in obtaining customer contracts are not capitalized if these costs are amortized within one year.

8 Energy procurement/transport

CHF millions	2022	2023
Cost of energy procurement from third parties and associates	1,765.5	1,318.6
Provision for onerous energy procurement contracts		
– Provisions used	–21.9	–23.0
– Provisions added / released (-)	10.5	28.8
Total energy procurement expenses	1,754.1	1,324.4
Energy transport expenses	108.1	125.9
Total	1,862.2	1,450.3

Expenses for energy transport include expenses for system services and municipal taxes, while expenses for water rates are included in energy procurement costs.

9 Personnel expenses

CHF millions	2022	2023
Salaries and wages	857.1	891.2
Social security contributions and other personnel expenses	202.9	196.4
Total	1,060.0	1,087.6

10 Miscellaneous operating expenses

CHF millions	2022	2023
Charges, levies and other taxes	24.4	19.6
Rent and maintenance of real estate and other property, plant and equipment	28.1	31.2
Miscellaneous operating expenses	213.2	234.0
Total	265.7	284.9

11 Depreciation, amortization, and impairments

CHF millions	2022	2023
Depreciation		
– Property, plant and equipment	228.7	240.5
– Intangible assets	42.6	39.4
Impairment		
– Property, plant and equipment	11.2	53.5
– Intangible assets	0.0	48.3
Reversal of impairments		
– Property, plant and equipment	–32.8	0.0
Total	249.7	381.8

The recognition of impairment losses of CHF 48.3 million (previous year: CHF 0 million) on intangible assets relates to the additional intangible assets (brands, customer lists) identified on acquisition in the Services business area (see Note 22). In the previous year, the Energy business area benefited disproportionately from the high prices in

the following years. This resulted in a reversal of CHF 32.8 million. This year, impairment losses of CHF 53.0 million had to be recognized on the wind turbines, which are attributable to the generally higher interest rate level and the correspondingly higher WACC.

12 Financial result

CHF millions	2022	2023
Interest income	5.6	14.2
Dividend income	0.1	0.7
Value adjustment on state funds	0.0	71.1
Gains from the disposal of financial assets	0.0	0.3
Reversal of impairment of financial assets	0.0	0.2
Value adjustment of financial assets at fair value through profit or loss	11.6	0.0
Other financial income	1.8	2.3
Financial income	19.1	88.8
Interest expenses	–37.5	–36.6
Capitalized borrowing costs	0.0	0.2
Interest on provisions	–36.4	–36.8
Value adjustment on state funds	–173.0	0.0
Value adjustment of financial assets at fair value through profit or loss	0.0	–3.5
Impairment of financial assets	–0.2	0.0
Currency translations	–15.2	–12.8
Other financial expenses	–11.7	–27.1
Financial expenses	–274.0	–116.7
Financial result	–254.9	–27.9

13 Income taxes

CHF millions	2022	2023
Current income taxes	203.6	136.9
Deferred taxes	5.5	-32.9
Total	209.1	104.1

Reconciliation with reported income taxes

CHF millions	2022	2023
Profit/loss before income taxes	783.6	592.5
Tax expenses at anticipated rate of 21.9% (2022: 22.6%)	171.1	120.9
Effects of changes in tax rate	-0.9	-3.3
Participation reduction and non-taxable income	-3.0	-15.9
Use/capitalization of uncanceled tax losses	-1.5	-2.7
Non-tax-deductible expenses	3.8	3.3
Uncanceled or partially canceled tax losses	2.5	1.7
Taxes in respect of previous years	-3.3	-0.7
Write-down/reversal of write-down of participations	0.0	-1.2
Other items	39.9	2.0
Total income taxes	209.1	104.1
Effective tax rate	26.7%	17.6%

On May 23, 2023, the amendment to IAS 12 regarding the temporary exception to the recognition of deferred tax assets and liabilities due to the OECD tax reform was published. BKW is applying the amendments, including the corresponding disclosures, for this fiscal year.

The anticipated tax rate is determined annually as a weighted average (based on the pre-tax earnings of individual Group companies and the applicable local tax rate). The other items include the so-called windfall tax in Italy. Excluding this additional tax, the effective tax rate is 21.8%.

Changes in deferred tax assets/liabilities

CHF millions	2022	2023
Net deferred tax liabilities at 01.01.	-446.9	-474.8
Changes in the scope of consolidation	-23.5	-24.0
Addition/release in the income statement	-5.6	32.9
Taxes on actuarial gains/losses	-3.5	-4.1
Currency translations	4.6	8.2
Net deferred tax liabilities at 31.12.	-474.8	-461.8

Deferred tax assets/liabilities by origin of the temporary difference

CHF millions	31.12.2022		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
Current assets	1.7	-49.5	0.7	-45.8
Financial assets and holdings	1.8	-51.9	3.9	-59.3
Property, plant and equipment	14.0	-332.4	12.2	-337.1
Intangible assets	1.7	-40.3	0.0	-31.4
Current liabilities	10.3	-7.1	14.1	-17.5
Provisions	1.5	-116.3	1.4	-113.9
Other non-current liabilities	45.2	-6.7	50.3	-6.7
Capitalized loss carry-forwards	53.2	0.0	67.5	0.0
Credit/liability for gross deferred taxes	129.4	-604.2	150.0	-611.7
Netting of assets and liabilities	-82.2	82.2	-93.6	93.6
Assets/Liabilities for deferred taxes according to balance sheet	47.2	-522.0	56.4	-518.2

The change in temporary differences resulted in recognition of deferred tax income of CHF 18.5 million (previous year: tax expense of 27.7 million).

No deferred tax liabilities on temporary differences of associates were recognized as of December 31, 2023 (previous year: CHF 1.0 million). No deferred taxes are recognized for Group companies, joint arrangements or partner plants at which a dividend payment is contractually agreed, since BKW is able to help control the reversal of the temporary difference and such a difference is not probable in the foreseeable future. The temporary differences for which no

deferred tax liabilities have been recognized in this respect total CHF 3,863.5 million (previous year: CHF 3,046.2 million).

Tax loss carryforwards

As of December 31, 2023, there were tax loss carryforwards in the amount of CHF 14.5 million (previous year: CHF 7.1 million) for which no deferred tax assets have been recognized. These were not capitalized since their offsetting against future taxable earnings within the permissible tax period is not regarded as probable. The average applicable tax rate on tax loss carryforwards would be 14.3% (previous year: 16.2%).

These loss carryforwards fall due in the following periods:

in CHF millions	31.12.2022	31.12.2023
Expiry within 1 year	0.0	0.0
Expiry within 2 to 5 years	0.9	2.9
Expiry after 5 years	2.9	10.3
Valid indefinitely	3.3	1.3
Total	7.1	14.5

Global minimum taxation

An amendment to IAS 12 in connection with the introduction of global minimum taxation (International Tax Reform - OECD Pillar Two Model Rules) was published on May 23, 2023, and is to be applied retrospectively. The BKW Group applies the temporary mandatory exception to the recognition of deferred taxes resulting from the implementation of the OECD Pillar Two Model Rules that was introduced by this amendment.

Pillar Two Model has been enacted in the affected countries in which the BKW Group operates. The legislation comes into force for the Group's fiscal year beginning on January 1, 2024.

The BKW Group has conducted an analysis of the potential impacts on the Group with respect to Pillar Two income taxes.

This assessment is based on the country-specific reports for 2022 and the latest available informa-

tion on the financial performance of the individual companies in the BKW Group. Based on the assessment conducted, the effective Pillar Two tax rates are above 15% in all countries in which the BKW Group operates. The BKW Group therefore does not anticipate a potential burden from

additional taxes under Pillar Two. However, a final assessment of the impact of the OECD Pillar Two Model Rules on the Group tax rate and the tax burden in 2024 will not be available until in the first half of the 2024 fiscal year.

14 Earnings per share

Undiluted earnings per share are calculated based on the weighted average share capital. There are no circumstances which lead to a dilution of earnings per share.

Earnings per share

	2022	2023
Net profit attributable to BKW shareholders, in CHF millions	550.2	478.0
Number of shares issued (weighted average)	52,800,000	52,800,000
Less treasury shares (weighted average)	-37,004	-28,469
Number of outstanding shares (weighted average)	52,762,996	52,771,531
Earnings per share in CHF	10.43	9.06

15 Trade receivables and other receivables

CHF millions	31.12.2022	31.12.2023
Trade accounts receivable ¹	934.0	848.9
Other financial receivables	450.8	144.8
Other receivables	38.7	47.4
Total	1,423.5	1,041.1

1 Of which, an amount of CHF 737.2 million (previous year: CHF 722.6 million) stems from contracts with customers pursuant to IFRS 15.

The business combinations in the reporting year increased trade receivables by CHF 3.3 million (previous year: CHF 18.7 million).

Other financial receivables include collateral deposited with stock exchanges for the trading of energy derivatives.

The following table shows the aging structure of trade receivables:

CHF millions	31.12.2022			31.12.2023		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Trade accounts receivable	956.6	-22.6	934.0	870.5	-21.6	848.9
of which:						
– not past due	854.4	-2.9	851.5	749.4	-1.6	747.8
– 1 – 30 days past due	54.0	-0.4	53.6	61.3	-1.2	60.1
– 31 – 360 days past due	25.6	-4.6	21.0	41.8	-5.5	36.3
– over 360 days past due	22.6	-14.7	7.9	18.0	-13.3	4.7

Most trade receivables are due for payment between 30 and 60 days.

The allowances for trade receivables, other financial receivables and loans have developed as follows:

CHF millions	Trade receivables	Other financial receivables	Loans
Loss allowances at 31.12.2021	21.8	2.3	8.3
Addition/release	8.7	0.4	
Derecognition of uncollectable receivables	-7.5		
Currency translations	-0.3	-0.1	
Removal from scope of consolidation	-0.1		
Loss allowances at 31.12.2022	22.6	2.6	8.3
Addition/release	1.4	-0.3	
Derecognition of uncollectable receivables	-1.9		
Currency translations	-0.5		
Removal from scope of consolidation		-0.6	
Loss allowances at 31.12.2023	21.6	1.7	8.3

There are no material value adjustments for other financial assets. The other balance sheet

items do not include any material financial assets that are overdue but not impaired.

Accounting policies

Depending on the amount, trade receivables are subjected to an individual impairment assessment and, if necessary, individual write-downs are made. In the case of energy trading, trade receivables, probabilities of default are calculated on the basis of externally or internally calculated counterparty ratings and corresponding impairments are recognized for expected losses occurring within the next 12 months. The simplified

impairment model is applied to the remaining trade receivables. Assets are assessed here on the basis of being in arrears and grouped into various categories. Different impairment rates for the expected losses over the entire remaining term are allocated to these groups based on historical values.

16 Contract assets and contract liabilities

Assets and liabilities from customer orders as of December 31, 2023, include a valuation allowance of CHF 0.2 million (previous year: CHF 0.1 million) for expected defaults on receivables in accordance with the provisions of IFRS 9.

Recognized revenue from contract liabilities included at the beginning of the reporting period were CHF 104.2 million (previous year: CHF 80.4 million).

CHF millions	2022	2023
Expected future income from existing contracts	1,582.6	1,948.2
thereof:		
– expected within the next 12 months	1,064.3	1,114.3
– expected after 12 months	518.3	834.0

Accounting policies

Contract assets exist in connection with the provision of engineering planning and consulting services for energy, infrastructure and environmental projects, planning and installation services in the field of building technology, and the construction, servicing and maintenance of energy, telecommunications, transport and water networks. These are primarily customer-specific construction contracts for which a right to consideration exists for goods or services that are transferred to the customer. If consideration is received before goods or services are transferred to the customer, a contract liability is recognized.

BKW evaluates the extent of performance for the purposes of valuing customer orders. The extent of performance is measured using the cost-to-cost method. Customer orders are assessed for credit risk and measured using the simplified impairment model under IFRS 9. A provision is recognized for the full amount of impending losses.

17 Inventories

CHF millions	31.12.2022	31.12.2023
Goods and materials	115.1	140.8
Valuation adjustment on goods and materials	-2.4	-1.9
Certificates (proprietary trading)	19.6	18.0
Certificates (own use)	79.2	53.6
Valuation adjustment on certificates (own use)	-0.3	0.0
Total	211.2	210.5

Accounting policies

Stock material and gas inventories

The costs of raw and auxiliary materials are measured at the weighted moving average. Semi-finished and finished products include the directly assignable costs and a share of production overheads. Stock materials with an unsatisfactory turnover are written off in full or in part. Gas inventories are stated at cost less any necessary write-downs.

Emission rights and green certificates

The net liability method is used for emission rights held under national or international emissions allowance schemes for the purpose of compliance with carbon emission allowances. These emission rights are recognized at the lower of cost or net realizable value. A provision is recognized as soon as the carbon output exceeds the emission allowances originally allocated and still held. The value of the emission rights and certificates is realized when they are sold or returned to the authorities as compensation for emissions.

Green certificates certify the generation of electricity from renewable energies and can be sold separately from the delivery of electricity. Income from green certificates from BKW's own production is accrued at the time the energy is produced based on the expected proceeds from the sale. Purchased green certificates are recognized at cost.

For transactions in emission rights and certificates conducted with the sole intention of achieving a trading margin, BKW applies the brokerage exemption for traders in raw materials and commodities. Under the exemption, these transactions can be recognized at fair value less selling expenses. Changes in value as of the balance sheet date as well as realized purchases and sales are recognized in income and presented at net in the income statement. Transactions in derivatives on emission rights which are conducted with the intention of achieving a trading margin are treated in the same way as energy trading derivatives (see Note 29).

18 Prepaid expenses and deferred income

CHF millions	31.12.2022	31.12.2023
Financial accruals	117.4	101.9
Other prepaid expenses and accrued income	33.7	27.8
Total prepaid expenses and accrued income	151.1	129.7
Financial accruals	321.3	262.4
Other deferred income and accrued expenses	94.2	53.5
Total deferred income and accrued expenses	415.5	315.9

Revenue not yet invoiced and billed as well as advance payments made are recognized under deferred income. In the case of financial accruals and deferrals, a general impairment is recognized

in accordance with the simplified impairment model pursuant to IFRS 9.

19 Financial investments

CHF millions	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Loans	Term deposits	Interest in state funds	Other non-current assets	Total
At 31.12.2022	7.2	0.1	30.4	1.2	1,163.0	37.8	1,239.7
Changes in the scope of consolidation						0.3	0.3
Additions	7.5	50.0	7.9	51.0		3.4	119.8
Disposals	-0.2		-9.4	-51.2	-37.6	-2.4	-100.8
Currency translations			-0.7	-0.1		-0.2	-0.9
Value adjustment in the income statement		-0.4	0.1		71.1	-1.2	69.6
Reversal of impairment				0.2			0.2
At 31.12.2023	14.4	49.8	28.4	1.1	1,196.5	37.7	1,327.9
of which:							
– Current financial assets		49.8	11.1	0.5	94.0		155.4
– Non-current financial assets	14.4		17.3	0.6	1,102.5	37.7	1,172.5
of which:							
– Financial assets according to IAS 32 and IFRS 9	14.4	49.8	28.4	1.1		37.7	131.4
– Other assets					1,196.5	0.0	1,196.5

The state funds are managed by the federal government. BKW has no access to the assets under management.

CHF millions	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Loans	Term deposits	Interest in state funds	Other non-current assets	Total
At 31.12.2021	7.3	0.1	49.5	51.6	1,374.8	38.8	1,522.1
Changes in the scope of consolidation			0.5			0.9	1.4
Additions	0.3		6.9			30.1	37.3
Disposals	-0.4		-26.0	-50.1	-38.8	-30.7	-146.0
Currency translations			-0.7	-0.1		-0.5	-1.3
Value adjustment in the income statement			0.2		-173.0	-0.8	-173.6
Impairment				-0.2			-0.2
At 31.12.2022	7.2	0.1	30.4	1.2	1,163.0	37.8	1,239.7
of which:							
– Current financial assets		0.1	10.0	0.6	39.2		49.9
– Non-current financial assets	7.2		20.4	0.6	1,123.8	37.8	1,189.8
of which:							
– Financial assets according to IAS 32 and IFRS 9	7.2	0.1	30.4	1.2		37.8	76.7
– Other assets					1,163.0		1,163.0

In November 2016, BKW sold a Swissgrid convertible loan totaling CHF 97.2 million to Credit Suisse.

The loan was sold without the associated conversion right. When certain conditions are met,

Swissgrid can or must convert the loan into equity, and BKW is obligated to acquire the resulting share of Swissgrid's equity. Thus, although BKW sold the loan, it entered into a directly linked obligation at the same time. The loan could therefore not be derecognized. The loan was fully paid off by the end of fiscal year 2022.

Accounting policies

Financial assets include equity investments, securities, loans, term deposits and other financial assets. Interests in state funds that are not recognized in accordance with the provisions of IFRIC 5 and do not therefore fall under the scope of IAS 32, IFRS 7 or IFRS 9 are also included in financial assets.

Financial assets are recognized and derecognized on the trade date.

Exchange-listed securities that constitute part of a portfolio of financial instruments, that are jointly managed and that are regularly purchased

and sold are categorized as "Assets at fair value through profit or loss" and presented under current assets. Other holdings and securities are allocated to the "Financial assets at fair value through other comprehensive income" category and reported under non-current assets. Term deposits, loans and other financial assets are measured at amortized cost. Pursuant to IFRS 9, probabilities of default are calculated for time deposits and loans based on externally or internally determined counterparty ratings, and corresponding write-downs are recognized for losses expected to occur within the next 12 months.

Operators of nuclear power plants are required by law to make annual payments to state funds (Federal Decommissioning and Waste Disposal Funds). Future costs for disposal and decommissioning are paid to the operators from these state funds according to the statutory requirements. Such payments are regarded as reimbursements and are capitalized as shares in state funds pursuant to IFRIC 5. Changes in fund valuations are recognized through profit and loss in the financial result.

20 Shareholdings in associates

CHF millions	Total
At 31.12.2021	1,461.7
Additions	7.6
Disposals	-18.9
Dividends	-27.3
Pro rata income	41.5
Currency translations	-34.0
Actuarial gains/losses	-15.2
Hedging transactions	9.8
At 31.12.2022	1,425.2
Additions	8.3
Disposals	-23.3
Dividends	-26.5
Pro rata income	49.3
Currency translations	-34.9
Actuarial gains/losses	11.7
Hedging transactions	-2.4
At 31.12.2023	1,407.3

The additions in the 2023 fiscal year relate to acquisitions of additional shares in Swissgrid AG amounting to CHF 8.3 million (previous year: CHF 7.6 million).

The disposals show capital reductions at Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG of CHF 17.3 million (previous year: CHF 18.9 million) and at Electricité de la Lienne of CHF 6.0 million (conversion into loans).

Pro rata key figures for associates as of 12/31/2023

The table below gives the pro rata key figures for associates by segment. In addition, the Energy business is subdivided by type of power plant.

BKW share CHF millions	Hydro	Nuclear	Fossil-fuel	New renewable energy	Other	Total Energy	Grid	Total
Current assets	34.2	105.8	46.8	22.0	8.3	217.1	287.8	504.9
Non-current assets	982.2	777.4	340.8	146.1	28.1	2,274.6	1,406.5	3,681.1
Current liabilities	-186.6	-51.2	-24.2	-15.3	-3.8	-281.1	-326.8	-607.9
Non-current liabilities	-533.7	-685.6	-14.0	-77.4	-16.9	-1,327.6	-843.2	-2,170.8
Shareholders' equity	296.1	146.4	349.4	75.4	15.7	883.0	524.3	1,407.3
Income	204.8	129.3	159.9	25.9	15.7	535.6	696.6	1,232.2
Expenses	-198.4	-124.3	-159.0	-26.0	-15.6	-523.3	-659.6	-1,182.9
Net profit/loss	6.4	5.0	0.9	-0.1	0.1	12.3	37.0	49.3
Other comprehensive income	3.6	2.7	0.0	-2.4	0.0	3.9	5.3	9.2
Comprehensive income	10.0	7.7	0.9	-2.5	0.1	16.2	42.3	58.5

All associates are measured using the equity method.

Of the total pro rata assets and liabilities, CHF 1,771.9 million (previous year: CHF 1,429.5 million) is attributable to net financial debt (financial liabilities less cash and cash equivalents and current financial assets).

Associates in the Energy segment are, in particular, partner plants. For these, BKW is obligated to pay the annual costs due on its share (including interest and repayment of borrowed funds).

Energy produced by partner plants is billed to shareholders on the basis of existing agreements – irrespective of the current market prices – at the cost of production. Provisions for onerous energy procurement contracts are established if the cost of production is above the future expected market price due to the contractual obligation to pay energy production costs. Based on the obligation of the shareholders to pay production costs, the recoverability of the holdings in partner plants measured at the proportional equity value is taken as a given.

The pro rata annual costs to BKW for the purchase of energy in 2023 amounted to CHF 531.1 million (previous year: CHF 810.5 million). These are included in the energy procurement costs. The operating costs charged by nuclear storage facilities amounted to CHF 14.1 million in 2023 (previous year: CHF 14.0 million) and are reported under cost of materials and third-party services. Of the total pro rata assets and liabilities of the partner plants, CHF 703.1 million (previous year: CHF 758.3 million) is attributable to net financial debt.

Pro rata key figures for associates as of 12/31/2022

The table below gives the pro rata key figures for associates by segment. In addition, the Energy business is subdivided by type of power plant.

BKW share CHF millions	Hydro	Nuclear	Fossil-fuel	New renewable energy	Other	Total Energy	Grid	Total
Current assets	30.1	88.6	114.4	23.2	7.8	264.1	231.6	495.7
Non-current assets	978.5	758.4	380.9	175.1	28.2	2,321.1	1,120.9	3,442.0
Current liabilities	-141.6	-42.0	-92.0	-20.6	-3.7	-299.9	-182.1	-482.0
Non-current liabilities	-569.8	-663.2	-14.9	-87.4	-16.7	-1,352.0	-678.5	-2,030.5
Shareholders' equity	297.2	141.8	388.4	90.3	15.6	933.3	491.9	1,425.2
Income	159.0	187.5	292.5	34.3	11.2	684.5	377.2	1,061.7
Expenses	-151.2	-184.8	-303.4	-30.5	-10.8	-680.7	-339.5	-1,020.2
Net profit/loss	7.8	2.7	-10.9	3.8	0.4	3.8	37.7	41.5
Other comprehensive income	-4.1	-6.7	0.0	9.8	0.0	-1.0	-4.4	-5.4
Comprehensive income	3.7	-4.0	-10.9	13.6	0.4	2.8	33.3	36.1

Key figures for major associates

The table below gives the key figures for the major associates. The holdings Onyx Kraftwerk Wilhelmshaven and Kraftwerke Oberhasli are part of the Energy business. The interest in Swissgrid is assigned to the Grid business.

100% key figures CHF millions	Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG		Kraftwerke Oberhasli AG		Swissgrid AG	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Current assets	222.7	30.2	20.1	21.6	621.4	760.4
Non-current assets	1,096.0	977.1	777.0	803.4	3,008.1	3,716.4
Current liabilities	-219.3	-32.9	-87.6	-154.6	-490.4	-866.9
Non-current liabilities	-40.2	-37.8	-480.3	-430.3	-1,831.9	-2,238.4
Shareholders' equity	1,059.2	936.6	229.2	240.1	1,307.2	1,371.5
Shareholding in % as at 31.12.	33.0%	33.0%	50.0%	50.0%	37.0%	37.7%
Goodwill	0.0	0.0	0.0	0.0	5.6	5.6
Reported carrying amount of the investment	349.5	309.1	114.6	120.1	489.5	522.0
Income	255.8	129.3	145.3	175.1	1,030.1	1,849.8
Expenses	-287.7	-138.3	-138.7	-167.7	-927.3	-1,751.6
Net profit/loss	-31.9	-9.0	6.6	7.4	102.8	98.2
Other comprehensive income	0.0	0.0	1.0	3.6	-12.2	14.3
Comprehensive income	-31.9	-9.0	7.6	11.0	90.6	112.5
Recognized proportionate result from associates	-10.5	-3.0	3.3	3.7	37.5	36.9
Dividend received	0.0	0.0	0.0	0.0	19.4	18.0

The reported figures are provisional and come from the respective companies, with the exception of Swissgrid, which is listed with bonds on the SIX Swiss Exchange. BKW has no final figures for Swissgrid. The key figures as of December 31 and the income statement including the net profit are estimated by BKW on the basis of Swissgrid's business reports from the previous year, as well as relevant press releases issued in the current fiscal year and reconciled to IFRS.

Deviations from Swissgrid's actual figures are recognized through profit or loss in the following year.

Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG is a limited partnership under German law. In companies with this legal form, the effective share of profit and capital of the partners may differ from their share of the investment.

21 Property, plant and equipment

CHF millions	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Construction in progress	Right-of-Use Assets	Total
Gross values at 31.12.2022	2,835.9	3,591.0	263.9	365.4	288.2	431.0	7,775.4
Changes in the scope of consolidation				3.2	163.4	11.0	177.6
Additions	0.2	8.8	0.5	38.8	284.3	34.3	367.1
Disposals	-206.0	-8.8	-1.4	-18.2	-0.2	-20.8	-255.3
Reclassifications	241.6	97.6	10.6	31.9	-383.1	1.3	0.0
Contract adjustments						24.8	24.8
Currency translations	-75.7		-0.8	-4.2	-3.8	-16.3	-100.9
Gross values at 31.12.2023	2,796.0	3,688.7	272.8	416.9	348.8	465.5	7,988.6
Accumulated depreciation and impairments at 31.12.2022	1,613.0	1,775.3	139.5	231.0	0.7	184.0	3,943.5
Changes in the scope of consolidation				-0.8		-0.6	-1.4
Depreciation	66.9	79.2	6.5	32.9		55.1	240.5
Impairment	47.9				0.1	5.5	53.5
Disposals	-205.8	-8.7	-0.9	-15.3	-0.1	-13.8	-244.7
Currency translations	-28.2		-0.1	-1.9		-7.6	-37.8
Accumulated depreciation and impairments at 31.12.2023	1,493.8	1,845.8	144.9	245.8	0.6	222.6	3,953.5
Net values at 31.12.2023	1,302.2	1,843.0	127.9	171.1	348.2	242.8	4,035.1
- thereof pledged for liabilities	12.1		2.8				14.9

The change in the gross values in the scope of consolidation relates to business combinations amounting to CHF 180.5 million (see Note 5) and disposals of companies amounting to CHF -2.9 million.

The additions to right-of-use assets from leases of CHF 34.3 million are non-cash items.

Borrowing costs of CHF 0.1 million were capitalized in the reporting year (previous year: CHF 0.1 million). In the year under review, compensation of CHF 4.4 million for property, plant and equipment which was impaired, lost or decommissioned was recognized through profit and loss (previous year: CHF 1.0 million).

The property, plant and equipment of the Mühleberg Nuclear Plant which is being dismantled and was fully written-down at the end of 2019, will no longer be reported separately but under the

power plant facilities. As of December 31, 2023, the gross value of these investments was still CHF 287.3 million (previous year: CHF 492.9 million) and the net value CHF 0 (previous year: CHF 0).

Impairment

For the impairment test of the assets recognized in the balance sheet, the carrying amount was compared with the realizable value of the corresponding cash-generating units. The realizable value corresponds to the value in use. The calculations were based on the basis of estimated cash flows from the business plans of the individual investments over their operating period. The calculation was based on a WACC (before tax of 8.0 – 9.2%). The impairment test led to an impairment requirement on wind turbines of CHF 53 million on the balance sheet date.

The following table contains information on the right-of-use assets under leases (see Note 32) per asset class.

CHF millions	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Total
Gross values at 31.12.2022	110.7	7.5	262.9	49.9	431.0
Changes in the scope of consolidation			10.9	0.1	11.0
Additions		1.0	19.2	14.1	34.3
Disposals			-13.9	-6.9	-20.8
Reclassifications	0.2		1.1		1.3
Contract adjustments			24.5	0.3	24.8
Currency translations	-6.6		-8.7	-1.0	-16.3
Gross values at 31.12.2023	104.3	8.5	296.0	56.6	465.5
Accumulated depreciation and impairments at 31.12.2022	62.8	5.1	95.5	20.6	184.0
Changes in the scope of consolidation			-0.4	-0.1	-0.6
Depreciation	4.1	1.1	34.5	15.4	55.1
Impairment	5.5				5.5
Disposals			-7.1	-6.7	-13.8
Currency translations	-4.2		-2.9	-0.5	-7.6
Accumulated depreciation and impairments at 31.12.2023	68.1	6.2	119.5	28.7	222.6
Net values at 31.12.2023	36.2	2.2	176.5	27.9	242.8
– of which land lease for wind parks			49.2		49.2

CHF millions	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Construction in progress	Right-of-Use Assets	Total
Gross values at 31.12.2021	2,813.2	3,503.0	261.8	343.4	234.8	394.1	7,550.3
Changes in the scope of consolidation	262.6			-1.9	-0.3	38.5	298.9
Additions	0.1	7.1	0.6	26.5	210.5	16.5	261.3
Disposals	-205.7	-37.0	-0.2	-13.1		-8.3	-264.3
Reclassifications	23.0	117.9	2.3	13.1	-156.5	0.2	0.0
Contract adjustments						2.2	2.2
Currency translations	-57.3		-0.6	-2.6	-0.3	-12.2	-73.0
Gross values at 31.12.2022	2,835.9	3,591.0	263.9	365.4	288.2	431.0	7,775.4
Accumulated depreciation and impairments at 31.12.2021	1,787.9	1,733.2	133.5	216.8	0.7	154.9	4,027.0
Changes in the scope of consolidation	-0.9			-2.5		-1.5	-4.9
Depreciation	63.5	77.7	6.1	30.0		51.4	228.7
Impairment	11.2						11.2
Disposals	-205.4	-35.6		-12.3		-6.9	-260.2
Reversal of impairment	-23.9					-8.9	-32.8
Currency translations	-19.4		-0.1	-1.0		-5.0	25.5
Accumulated depreciation and impairments at 31.12.2022	1,613.0	1,775.3	139.5	231.0	0.7	184.0	3,943.5
Net values at 31.12.2022	1,222.9	1,815.7	124.4	134.4	287.5	247.0	3,831.9
– thereof pledged for liabilities	13.7		3.0	0.1			16.8

The change in the gross values in the scope of consolidation included CHF 311.1 million in additions from business combinations (see Note 5) and

CHF –12.2 million in disposals of companies. The additions of right-of-use assets from leases of CHF 16.5 million were non-cash items.

The following table contains information from the previous year on the right-of-use assets from leases by asset class.

CHF millions	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Total
Gross values at 31.12.2021	116.1	8.4	235.9	33.7	394.1
Changes in the scope of consolidation			21.3	17.2	38.5
Additions			13.8	2.7	16.5
Disposals		-0.6	-4.8	-2.9	-8.3
Reclassifications			0.2		0.2
Contract adjustments		-0.3	2.1	0.4	2.2
Currency translations	-5.4		-5.6	-1.2	-12.2
Gross values at 31.12.2022	110.7	7.5	262.9	49.9	431.0
Accumulated depreciation and impairments at 31.12.2021	71.0	4.5	69.2	10.2	154.9
Changes in the scope of consolidation			-1.5		-1.5
Depreciation	3.9	1.2	33.1	13.2	51.4
Disposals		-0.6	-3.8	-2.5	-6.9
Reversal of impairment	-8.9				-8.9
Reclassifications					0.0
Currency translations	-3.2		-1.5	-0.3	-5.0
Accumulated depreciation and impairments at 31.12.2022	62.8	5.1	95.5	20.6	184.0
Net values at 31.12.2022	47.9	2.4	167.4	29.3	247.0
– of which land lease for wind parks			47.6		47.6

Accounting policies

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Depreciation is taken on a straight-line basis over the expected useful life of the assets. Property, plant and equipment dependent on concessions that are revertible without compensation are depreciated over no longer than the expected term of the concession.

Present values of estimated decommissioning and disposal costs are capitalized together with the acquisition or manufacturing costs (see also Note 25).

For long-term investment projects, the interest on borrowed capital during the construction phase is capitalized. Land is measured at cost.

The estimated useful lives of property, plant and equipment lie in the ranges shown below and remain unchanged compared with the previous year:

Buildings	50 years
Power plants	12 to 80 years
Distribution grid	20 to 60 years
IT systems	10 to 30 years
Operating facilities and vehicles	3 to 20 years

22 Intangible assets

CHF millions	Rights of use	Goodwill	Other	Total
Gross values at 31.12.2022	167.6	1,184.8	462.5	1,814.9
Changes in the scope of consolidation		16.5	4.0	20.5
Additions from acquisitions	6.8		6.5	13.4
Additions from internally generated intangible assets			7.9	7.9
Disposals			-38.9	-38.9
Currency translations	-4.6	-23.2	-5.6	-33.5
Gross values at 31.12.2023	169.7	1,178.1	436.3	1,784.2
Accumulated depreciation and impairments at 31.12.2022	129.8	93.6	228.9	452.3
Changes in the scope of consolidation			-0.5	-0.5
Depreciation	2.4		37.0	39.4
Impairment			48.3	48.3
Disposals	-0.1		-38.8	-38.9
Currency translations	-4.5		-3.2	-7.8
Accumulated depreciation and impairments at 31.12.2023	127.8	93.6	271.4	492.8
Net values at 31.12.2023	42.0	1,084.5	164.9	1,291.4

CHF 23.5 million of the change in the gross values in the scope of consolidation relates to business combinations (previous year: CHF 327.4 million) and CHF -3.0 million (previous year: CHF -11.4 million) relates to disposals of companies.

Other intangible assets include brands and customer lists recognized from acquisitions.

Brands

The other intangible assets include brands with an indefinite useful life recognized from acquisitions of CHF 58.0 million (previous year: CHF 67.8 million). Recognized brands were tested for impairment by comparing the carrying amount with the fair value of the corresponding cash-generating unit. The calculations were based on estimated cash flows, long-term growth rates of 1–2% and WACC (before tax) of 8.6–11.5%. Impairment testing of the recognized brands resulted in an impairment requirement of CHF 9.7 million.

Customer lists

Other intangible assets include customer lists amounting to CHF 61.6 million (previous year: CHF 116.9 million). Recognized customer lists were tested for impairment by comparing the carrying amount with the fair value of the corresponding cash-generating unit. A long-term growth rate of 1% and a (pre-tax) WACC of 8.6 to 13.8% was used in the calculation. Impairment testing of the recognized customer lists resulted in an impairment requirement of CHF 38.6 million as of the balance sheet date. This is due to lower customer revenues (core customers) in the corresponding cash-generating units in comparison to the time of acquisition.

CHF millions	Rights of use	Goodwill	Other	Total
Gross values at 31.12.2021	170.4	967.7	381.2	1,519.3
Changes in the scope of consolidation		235.6	80.4	316.0
Additions from acquisitions	1.0		8.6	9.6
Additions from internally generated intangible assets			4.0	4.0
Disposals			-7.0	-7.0
Currency translations	-3.8	-18.5	-4.7	-27.0
Gross values at 31.12.2022	167.6	1,184.8	462.5	1,814.9
Accumulated depreciation and impairments at 31.12.2021	131.3	93.6	197.9	422.8
Changes in the scope of consolidation			-3.1	-3.1
Depreciation	2.2	0.0	40.4	42.6
Disposals			-4.3	-4.3
Currency translations	-3.7		-2.0	-5.7
Accumulated depreciation and impairments at 31.12.2022	129.8	93.6	228.9	452.3
Net values at 31.12.2022	37.8	1,091.2	233.6	1,362.6

On the balance sheet date, goodwill was allocated to the following cash-generating units:

CHF millions	31.12.2022	31.12.2023
Energy	159.3	155.3
Services	931.9	929.2
Total	1,091.2	1,084.5

Recognized goodwill was tested for impairment by comparing the carrying amount with the realizable value of the cash-generating units. The realizable value corresponds to the value in use. The calculations were made on the basis of estimated cash flows from business projections

approved by the Board of Directors over a period of four years. Cash flows beyond this period were extrapolated using an estimated growth rate. The impairment test on recognized goodwill did not identify any need for impairment.

The value in use is measured on the basis of the following material assumptions:

%	WACC (before tax)		WACC (after tax)		Long-term growth rate	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Energy	7.8	7.1	6.1	5.6	1.0	1.0
Services	9.8	9.1	7.7	7.2	1.0	1.0

The sensitivity analyses conducted show that with an increase of WACC of 0.5% or a reduction of the sustainably achieved margin of 0.5%, the

headroom of the cash-generating unit of Services would be used up.

Accounting policies

Intangible assets include right-of-use assets, contractual or legal rights acquired as a result of acquisitions, brands, as well as software and goodwill.

brands in the future. For this reason, the brands have an indefinite useful life and are tested annually for their recoverability. In the reporting year, there was no need for impairment.

Brands with an indefinite life

Brands include assets acquired and recognized as part of corporate mergers with national and international appeal. They are long-standing brand names with no expiration date, resulting in high revenues and generating cash flow. BKW intends to continue to maintain and use these

Right-of-use assets

Right-of-use assets comprise contractually agreed one-off compensation to a contractual partner for the use of its operating installations as well as licenses for the construction and operation of BKW's own installations.

Intangible assets are amortized over their useful life, or at most the contract period, using the straight-line method. Goodwill is not amortized but allocated to the relevant cash-generating units and subjected to annual impairment tests, or if there are indications of impairment.

Right of use

Licenses	60 to 80 years
Energy procurement rights	36 to 60 years
Installation utilization rights	7 to 50 years
Transit right	25 to 60 years

Other

Software	3 to 8 years
Customer lists, technologies	4 to 10 years
Brands	indefinite

23 Trade payables and other liabilities

CHF millions	31.12.2022	31.12.2023
Trade accounts payable	491.1	389.0
Other financial liabilities	295.5	154.4
Other liabilities	65.5	72.7
Pension plans	6.8	10.2
Total	858.9	626.3

The other financial liabilities comprise non-interest bearing obligations that entail an outflow of financial resources. This includes the purchase price liabilities from acquisitions.

The table on financing activities in Note 24 also presents the movements for these items.

24 Financial liabilities

Financial liabilities comprise interest-bearing financial obligations, namely bonds, loans and leasing liabilities. Bonds and loans are measured

at amortized cost using the effective interest method. Lease liabilities are recognized in accordance with IFRS 16.

CHF millions	31.12.2022	31.12.2023
Bonds	1,187.9	1,191.0
Registered bonds	250.6	236.4
Lease liabilities	207.1	209.1
Bank liabilities	346.0	169.7
Other financial liabilities	80.3	72.2
Total	2,071.9	1,878.5
of which:		
– Current financial liabilities	264.1	317.1
– Non-current financial liabilities	1,807.8	1,561.3

CHF millions	31.12.2022	Financing cash flows	Currency translations	Changes in fair values	Other	31.12.2023
Current financial liabilities	264.1	-223.4	-3.3	0.0	279.7	317.1
– Bonds	0.0				199.9	199.9
– Lease liabilities	49.7	-55.2	-1.4		58.7	51.8
– Bank liabilities	180.1	-161.0	-0.8		-0.6	17.7
– Other financial liabilities	34.3	-7.2	-1.1		21.7	47.7
Contingent considerations	17.4		-0.5		-5.1	11.8
Non-current financial liabilities	1,807.8	-7.7	-27.7	2.4	-213.4	1,561.4
– Bonds	1,187.9	0.0		2.4	-199.2	991.1
– Registered bonds	250.5	-0.1	-15.0		0.9	236.3
– Lease liabilities	157.4	0.0	-5.4		5.3	157.3
– Bank liabilities	166.0	-7.5	-7.3		1.1	152.3
– Other financial liabilities	46.0	-0.1	0.0		-21.5	24.4
Other non-current liabilities	324.1	50.9	-1.7		-18.3	355.0
Contingent considerations	26.7		-0.3		-9.8	16.6
Total liabilities from financing activities	2,440.1	-180.2	-33.5	2.4	33.1	2,261.9

Due to changes in the scope of consolidation, liabilities from financing activities increased by

CHF 14.8 million in the reporting year (previous year: CHF 189.8 million).

CHF millions	31.12.2021	Financing cash flows	Currency translations	Changes in fair values	Other	31.12.2022
Current financial liabilities	862.2	-486.9	-2.4	0.0	-108.8	264.1
– Bonds	199.9				-199.9	0.0
– Lease liabilities	43.2	-52.5	-0.9		60.1	49.9
– Bank liabilities	453.9	-304.2	-0.4		30.8	180.1
– Other financial liabilities	165.2	-130.2	-1.1		0.2	34.1
Contingent considerations	26.4				-9.0	17.4
Non-current financial liabilities	1,215.9	302.2	-19.7	-5.7	315.1	1,807.8
– Bonds	693.1	299.9		-5.7	200.6	1,187.9
– Registered bonds	272.3	-10.4	-12.3		0.9	250.5
– Lease liabilities	164.5	0.0	-4.1		-3.0	157.4
– Bank liabilities	48.5	4.4	-3.3		116.4	166.0
– Other financial liabilities	37.5	8.3	0.0		0.2	46.0
Other non-current liabilities	320.4	23.0	-0.8		-18.4	324.1
Contingent considerations	28.8				-2.1	26.7
Total liabilities from financing activities	2,453.7	-161.7	-22.9	-5.7	176.7	2,440.1

25 Provisions

CHF millions	Nuclear waste disposal	Onerous contracts	Other provisions	Total
At 31.12.2022	1,228.4	201.6	76.0	1,506.0
Changes in the scope of consolidation			6.6	6.6
Provisions added	19.7	50.9	17.1	87.7
Interest	31.5	4.5	0.8	36.8
Provisions used	-108.1	-38.2	-7.7	-154.0
Provisions released	-30.0	-14.0	-3.4	-47.3
Currency translations			-2.4	-2.4
At 31.12.2023	1,141.6	204.8	87.0	1,433.4
of which:				
– Current provisions	96.1	32.8	26.0	154.9
– Non-current provisions	1,045.5	172.0	61.0	1,278.5

CHF millions	Nuclear waste disposal	Onerous contracts	Other provisions	Total
At 31.12.2021	1,303.2	192.4	56.1	1,551.7
Changes in the scope of consolidation			5.5	5.5
Provisions added		41.5	24.6	66.1
Interest	31.1	4.5	0.8	36.4
Provisions used	-106.8	-21.9	-3.4	-132.1
Provisions released		-14.9	-5.9	-20.8
Change in estimate for nuclear disposal	0.9			0.9
Currency translations			-1.7	-1.7
At 31.12.2022	1,228.4	201.6	76.0	1,506.0
of which:				
– Current provisions	115.7	40.0	22.8	178.5
– Non-current provisions	1,112.7	161.6	53.2	1,327.5

Nuclear waste disposal

As of December 31, 2023, the provision for nuclear waste disposal was comprised as follows:

- CHF 445.1 million (previous year: CHF 549.8 million) is provided for the decommissioning of the nuclear power plant. This covers the costs of the post-operational phase after shutdown, as well as the costs of dismantling and disposing of the plant and rehabilitation of the surrounding area. Payments are anticipated to continue until conclusion of the decommissioning activities, anticipated in 2034. The costs for

disposal of decommissioning waste will be incurred until all of this waste has been put into the storage facility for weak to medium-active nuclear waste, probably in 2061.

In the reporting year, provisions for decommissioning and post-operational activities amounting to CHF 87.5 million (previous year: CHF 84.5 million) were utilized. Of that amount, CHF 35.6 million (previous year: CHF 19.0 million) related to costs with reimbursement claims to the state funds.

- An additional CHF 696.4 million (previous year: CHF 678.6 million) is earmarked for the disposal of spent fuel elements and radioactive waste outside of power plant site. These payments will continue until the final repository for high-level waste is closed, probably in 2126.
- Provisions for disposal to CHF 20.6 million (previous year: CHF 22.4 million) were utilized in the reporting year. Of that amount, CHF 20.6 million (previous year: CHF 22.4 million) related to costs with reimbursement claims to the state funds.

In 2021, the 5-yearly cost estimate for nuclear decommissioning and disposal of the Mühleberg Nuclear Plant was updated (KS21). The update was carried out on behalf of and in accordance with the requirements of the Decommissioning Fund for Nuclear Facilities and Disposal Fund for Nuclear Power Plants (STENFO) and in collaboration with swissnuclear.

As the owner of the Mühleberg Nuclear Plant, BKW is required by law to decommission the plant after the operating phase ended on December 20, 2019 and to dispose of the nuclear waste. A provision is recognized for the present value of the estimated costs for decommissioning and disposal and unwound annually. The following assumptions were made for calculating the provisions for decommissioning and waste disposal, which remained unchanged from the previous year:

- An average inflation rate of 1.0% is assumed;
- A discount rate of 2.75% has been taken into account.

For the short-term plant-specific provisions (until 2027), an adjustment must be made to the discount and inflation rates due to the changed interest rate environment in 2023 and inflation outlook:

- An average inflation rate of 1.4% (previous year: 1.7%) is used;
- A discount rate of 0.9% (previous year: 1.2%) is assumed.

Since 2019, the assumptions made are not based on the parameters defined in the Decommission-

ing and Waste Disposal Fund Ordinance (SEFV), as BKW does not consider them to be relevant. Instead, BKW applies its own estimates (see Note 4.2 for an explanation).

In principle, BKW has to make payments to the state funds for decommissioning and waste disposal until 2022, although, based on KS21, BKW does not expect that further payment will be necessary for 2022. The final assessment of contributions is expected in 2024. The funds reimburse operators for decommissioning and waste disposal payments after plants have been decommissioned. In the year under review, BKW received reimbursements from the funds in the amount of CHF 37.5 million (previous year: CHF 38.8 million). Shares in governmental funds are included in the financial assets (see Note 19).

Onerous contracts

Provisions for onerous contracts relate mainly to energy procurement contracts and cover future energy purchases from partner plants at production costs that are expected to exceed the achievable selling prices. The provisions relate to the energy procurement contract from the Wilhelmshaven fossil-thermal power plant in Germany. In the reporting year, provisions were increased by a net CHF 38.8 million based on updated expectations for future production volumes and electricity price developments (previous year: net increase of CHF 19.1 million).

The outflow of resources of the provisions results from the acceptance of the electricity produced at production cost over a period of ten years. Provisions for onerous contracts also include provisions for impending losses on customer contracts. The outflow of resources from these provisions is mainly expected in the following two years.

Other provisions

Other provisions include warranty obligations, personnel-related obligations, payments arising from legal disputes that are considered likely as well as various smaller operating obligations. The outflow of resources from these provisions is mainly expected over the next three years. In addition, provisions are made for the dismantling and demolition of power plant facilities and for

restoration of the surrounding area. These costs will be incurred at the end of the useful life of the respective power plants; the outflow of resources is expected within the next 20 to 25 years.

Accounting policies

BKW has non-controlling interests in power generation companies where it has an obligation to purchase the energy produced at production cost.

Provisions are recognized for energy purchasing obligations at production costs that exceed the expected selling prices that can be realized in the future. The calculations are made using the discounted cash flow method.

Provisions recognized at present value are unwound to financial expense.

26 Pension plans

Pension funds are regulated by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). This stipulates that pension funds are managed by independent, legally autonomous bodies. Employees and their surviving dependents are insured against the economic consequences of old age, disability and death under the pension plans. All actuarial risks are borne by the pension fund. Pension plans are financed by contributions and returns on assets. The affiliated companies and the insured persons pay contributions to the pension fund as a percentage of the insured salary of the insured persons. The Board of Trustees is responsible for investment of the pension assets.

BKW employees in Switzerland are insured with the BKW Pension Fund and other autonomous pension funds whose pension plans meet the IAS 19 criteria for defined benefit plans. Some employees abroad are also insured under IAS 19 defined benefit plans. Reports are prepared annually by independent pension experts in accordance with IAS 19 based on the projected unit credit method.

BKW Pension Fund

A majority of the BKW Group employees working in Switzerland are insured with the Pension Fund of the Bernische Kraftwerke (BKW Pension Fund). The BKW Pension Fund is set up as a foundation under private law whose pension plan corresponds to a defined contribution plan in accordance with Swiss law. The governing body of the BKW Pension Fund Foundation is the Board of Trustees which is composed of an equal number of employee and employer representatives. The benefits payable by the BKW Pension Fund are

set out in pension fund regulations. These are determined by the Board of Trustees. The Board of Trustees delegates the management of the Foundation's business to a management team. The Foundation is subject to the supervisory authority of the Canton of Bern.

The pension assets are invested in a broadly diversified manner in Switzerland and abroad within the framework of the legal provisions and the guidelines issued by the Board of Trustees. The assets are invested in such a way as to ensure the security and appropriate return on investments, a balanced distribution of risks and the coverage of foreseeable cash requirements. The occupational pension plan auditor prepares the annual actuarial balance sheet and reviews the financial and actuarial situation of the BKW Pension Fund. The unaudited actuarial funding ratio of the BKW Pension Fund in accordance with the BVG as of December 31, 2023 is 111.2% (previous year: 106.5%) based on a technical discount rate of 1.50% (previous year: 1.50%). In the event of a shortfall in cover under the BVG, suitable restructuring measures (for example, increasing the ordinary contributions or levying restructuring contributions) must be taken by the Board of Trustees in consultation with the occupational benefits expert. The employer's contribution must be at least equal to the sum of the employees' contributions.

As of December 31, 2023, BKW reported a surplus pursuant to IAS 19. The asset ceiling in accordance with IAS 19 applies in 2022 and 2023 as the present value of the future service cost is lower than the present value of future contributions to be made.

26.1 Pension liabilities recognized in the balance sheet

CHF millions	31.12.2022	31.12.2023
Present value of defined benefit obligations	-2,078.1	-2,229.7
Fair value of plan assets	2,226.9	2,343.6
Adjustment due to asset ceiling	-173.3	-107.4
Net pension liability recorded in the balance sheet	-24.4	6.5
of which amount disclosed as credit	36.2	71.6
of which amount disclosed as liability	-60.6	-65.1

26.2 Pension plan costs according to IAS 19

CHF millions	2022	2023
Current service cost (employer)	50.8	41.3
Past service cost (employer)	-0.0	-10.3
Interest expenses on defined benefit obligation	6.8	40.1
Interest income from plan assets	-6.8	-44.1
Administration costs excluding costs for management of plan assets	1.2	0.9
Interest on effect of asset ceiling	0.0	3.8
Pension plan expenses	52.0	31.8

26.3 Remeasurement of pension liabilities

CHF millions	2022	2023
Actuarial gains/losses		
– Change in financial assumptions	-440.5	141.0
– Adjustments based on experience	29.5	-12.1
Return on plan assets (excluding interest based on discount rate)	223.1	-79.2
Change in effect of asset ceiling excluding interest expense (+) / income (-)	173.30	-69.25
Total revaluation reported in other comprehensive income	-14.6	-19.5

26.4 Change in the present value of pension obligations

CHF millions	2022	2023
Present value of defined benefit obligation at 01.01.	2,420.4	2,078.1
Interest expenses on defined benefit obligation	6.8	40.1
Current service cost (employer)	50.8	41.3
Contributions paid/benefits paid out	-114.7	-84.5
Employee contributions	32.3	35.2
Past service cost (employer)	-0.0	-10.3
Business combination	92.8	-3.6
Administration costs (excluding asset management costs)	1.2	0.9
Actuarial gains/losses	-411.6	132.5
Present value of defined benefit obligations at 31.12.	2,078.1	2,229.7

Active employees have a share of CHF 1,363.8 million in the pension obligation as of the balance sheet date (previous year: CHF 1,266.0 million).

As of the balance sheet date, the pensioners' share in the benefit obligations was CHF 866.1 million (previous year: CHF 812.1 million).

26.5 Development of fair value of plan assets

CHF millions	2022	2023
Fair value of plan assets at 01.01.	2,411.3	2,226.9
Interest income from plan assets	6.8	44.1
Employer contributions	41.0	44.8
Employee contributions	32.6	35.5
Contributions paid/benefits paid out	-114.8	-84.5
Business combination	73.0	-2.4
Return on plan assets (excluding interest based on discount rate)	-223.1	79.2
Fair value of plan assets at 31.12.	2,226.9	2,343.6

26.6 Development of the effects of the asset ceiling

CHF millions	2022	2023
Adjustment to asset ceiling at 1.01.	0	-173.3
Change in effect of asset ceiling excl. interest expense/income	-173.3	69.7
Interest on effect of asset ceiling	0	-3.8
Adjustment to asset ceiling at 31.12.	-173.3	-107.4

26.7 Investment structure of plan assets

CHF millions	31.12.2022	%	31.12.2023	%
Cash and cash equivalents	35.8	1.6	43.2	1.8
Equity instruments	752.2	33.8	785.0	33.5
Debt instruments	700.3	31.4	740.7	31.6
Other instruments	242.1	10.9	249.2	10.6
Properties	496.5	22.3	525.5	22.4
Total plan assets	2,226.9	100.0	2,343.6	100.0
– thereof own transferrable financial instruments	6.0		7.1	
– thereof properties used by BKW	13.6		15.3	

The equity instruments include investments in shares and are generally quoted in an active market at their market price. As a proportion of total assets, Swiss equities accounted for 14.4% at the end of the reporting period (previous year: 15.5%) and foreign equities made up 20.5% (previous year: 19.9%). In Switzerland and abroad, equity investments are made through direct investments (using external asset managers) as well as investment foundations and funds.

Measured against total assets, as of December 31, 2023, 18.4% (previous year: 18.4%) of debt instruments consisted of Swiss bonds, 8.9% (previous year: 9.0%) were foreign bonds with foreign currency hedging, and 4.9% (previous year: 5.1%) were mortgage loans and mortgage bonds. The bonds and mortgage bonds are quoted in an

active market at their market price, whereas the mortgage loans do not have a market price quotation in an active market.

The other instruments are essentially quoted in an active market at their market price.

In relation to total assets as of December 31, 2023, 14.8% (previous year: 14.8%) of real estate was invested in properties (direct investments in Switzerland) and 9.1% (previous year: 8.9%) in real estate funds listed on an active market (almost half of which are foreign properties).

The effective return from the plan assets was 5.5% in the year under review (previous year: –9.0%).

26.8 Actuarial assumptions

	Switzerland 2022	Germany 2022	Switzerland 2023	Germany 2023
Discount rate	2.20%	3.68%	1.50%	3.15%
Expected rate of future salary increases	1.00%	2.75%	1.00%	3.00%
Expected rate of future pension increases	0.00%	1.75%	0.00%	2.00%
Mortality table	BVG 2020 GT	Heubeck 2018 G	BVG 2020 GT	Heubeck 2018 G

The weighted average duration of the employee benefit obligation was 11.3 years (previous year: 11.7 years).

Sensitivity of the key actuarial assumptions

The discount rate, wage development, pension development and life expectancy are considered as key actuarial assumptions, they are therefore subject to a sensitivity analysis. The pension obligation will change as follows if the assumptions are increased or decreased as shown below:

31.12.2023 CHF millions	Defined benefit obligation	
	Increase	Decrease
Discount rate (0.25% change)	-67.6	71.2
Salary increase (0.25% change)	5.0	-5.7
Changes in pensions (+0.25% change)	55.2	-
Life expectancy (1 year change)	62.9	-64.9

31.12.2022 CHF millions	Defined benefit obligation	
	Increase	Decrease
Discount rate (0.25% change)	-61.1	63.6
Salary increase (0.25% change)	5.5	-6.8
Changes in pensions (+0.25% change)	48.8	-
Life expectancy (1 year change)	54.4	-55.7

The sensitivity analysis was conducted based on a method that extrapolates the impact on the pension obligation from changes in the above assumptions at the end of the reporting period.

26.9 Estimate of contributions for the subsequent period

CHF millions	2022	2023
Expected employer contributions	50.9	54.8
Expected employee contributions	40.6	43.6

27 Other non-current liabilities

CHF millions	31.12.2022	31.12.2023
Assigned rights of use	320.5	323.7
Other non-current financial liabilities	30.1	16.9
Other non-current liabilities	0.2	31.7
Total	350.8	372.2

The assigned right-of-use assets are contributions paid by third parties for transit rights to transmission facilities, plant usage rights and grid-cost contributions (connection contributions). They are recognized at the nominal amount of the cash inflow received, less reversals recognized in profit or loss. The liability is amortized on a straight-line basis over the useful life of the asset up to a maximum of the contractual term of the assigned right.

28 Share capital and reserves

28.1 Share capital

BKW AG's issued and fully paid-in share capital amounts to CHF 132.0 million and consists of 52,800,000 registered shares at a nominal amount of CHF 2.50 each.

Major shareholders

As of December 31, to the best knowledge of BKW, the following shareholders held more than 3% of the shares:

	31.12.2022	31.12.2023
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	> 3%	> 3%

Transactions with treasury shares

	Number	Carrying amount CHF millions	Cash-relevant proportion CHF millions
31.12.2021	28,235	3.5	8.8
Purchases	337,898	38.5	38.5
Sales	-349,569	-39.9	-33.4
31.12.2022	16,564	2.1	5.1
Purchases	314,505	44.3	44.3
Sales	-312,390	-43.6	-32.3
31.12.2023	18,679	2.8	12.0

28.2 Reserves

Capital reserves

Capital reserves include the reserves paid in by shareholders.

Retained earnings

Retained earnings consist of legal and statutory reserves (excluding capital reserves), undistributed profits from previous years and gains and losses on the sale of treasury shares.

Treasury shares

BKW shares held by BKW or its Group companies are deducted from equity at cost. As of December 31, 2023, 18,679 shares (previous year: 16,564) were held by BKW AG and its Group companies.

28.3 Accounting principle for hybrid capital

BKW sold a 49% stake in BKW Renewables Partners AG to third-party investors. As part of the transaction, a loan was granted to the company at the start of the current period. BKW Renewables Partners AG has sole decision-making authority as to whether and how interest and any repayments will be made. Consequently, the financial instrument is classified as an equity instrument under IAS 32, and interest payments, as well as distributions and repayments are shown as equity transactions in the consolidated statement of changes in equity.

Other reserves (allocable to BKW shareholders)

CHF millions	Currency translations	Valuation reserve of financial assets measured at fair value	Cash Flow Hedging	Actuarial gains/losses	Total
At 31.12.2021	-398.1	-0.1	-169.1	328.4	-238.9
Currency translations					
– Currency translations	-61.5				-61.5
– Reclassification to the income statement	2.8				2.8
– Acquisition of non-controlling interests	-0.3				-0.3
Hedging transactions (Group companies)					
– Value adjustments			-345.9		-345.9
– Reclassification to the income statement			75.8		75.8
Hedging transactions (Associates)					
– Value adjustments			9.8		9.8
Actuarial gains/losses					
– of Group companies				14.6	14.6
– of associates				-14.0	-14.0
Income taxes	-2.6		56.5	-2.5	51.4
At 31.12.2022	-459.7	-0.1	-372.9	326.5	-506.2
Currency translations					
– Currency translations	-75.4				-75.4
– Sale of non-controlling interests	28.4				28.4
Financial assets at fair value through other comprehensive income					
– Value adjustments		0.1			0.1
Hedging transactions (Group companies)					
– Value adjustments			190.3		190.3
– Reclassification to the income statement			191.8		191.8
Hedging transactions (Associates)					
– Value adjustments			-2.4		-2.4
Actuarial gains/losses					
– of Group companies				19.5	19.5
– of associates				9.6	9.6
Income taxes	-3.1		-78.3	-4.6	-86.1
At 31.12.2023	-509.9	0.0	-71.6	351.0	-230.4

Currency translation

The currency translation reserve contains the currency differences from the translation of financial statements in foreign currencies of foreign Group companies and associates.

It also includes the unrealized changes in the value of financial instruments used to hedge net investments in a foreign operation (net investment hedge) to the amount of the effective portion of the hedge, as well as the realized gains

and losses from closed hedges provided that the underlying hedged item was not yet recognized in profit or loss.

Valuation reserve of financial assets measured at fair value through other comprehensive income

Changes in the value of financial assets measured at fair value through other comprehensive income are recognized in this valuation reserve until they are realized. On the disposal date of these finan-

cial assets, the valuation reserve is reclassified to retained earnings.

Cash flow hedging

The hedging reserve comprises the unrealized changes in the value of financial instruments used to hedge cash flows (cash flow hedges).

Actuarial gains/losses

The reserve for actuarial gains and losses includes the effect of periodic actuarial recalculations of pension plan assets/liabilities.

28.4 Capital management

BKW aims to increase and secure the value of the company on a sustainable basis. BKW's capital management aim is to ensure the Group's long-term capital market and financing capability by maintaining a contractual balance sheet structure that is compatible with the defined target rating, and to manage the potential impact of changes in the value of the overall financial and risk portfolio within narrow limits. BKW aims to pay a consistent dividend based on a payout ratio of 40 to 50% of net profit adjusted for one-off items. BKW's financial resources primarily serve the core business and secure the entrepreneurial scope of action in accordance with the requirements of the Group strategy. There were no changes in capital management during the 2023 fiscal year.

29 Derivatives

The following table contains information on the replacement values and contract volumes of derivative financial instruments from energy trading transactions and from interest rate and currency hedges that were open on the balance sheet date. Derivatives that qualify as hedging instruments according to IFRS 9 and are treated in accordance with the provisions of hedge accounting are disclosed separately.

CHF millions	Positive replacement value		Negative replacement value		Contract volume	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Energy derivatives	1,068.8	282.1	967.8	94.4	3,801.6	2,367.8
Interest rate swaps	8.3	3.2	0.8	1.0	25.0	32.5
Currency forward contracts	3.1	10.4	0.4	0.0	1,130.9	505.2
Hedge accounting						
– Energy derivatives	10.0	102.7	489.9	201.5	1,035.8	1,177.8
– Interest rate swaps			10.1	5.5	0.0	0.0
– Currency forward contracts			1.0	0.0	47.6	0.0
Total	1,090.1	398.4	1,469.9	302.4	6,040.8	4,083.3
of which:						
– Current derivatives	992.4	201.3	1,247.1	296.0		
– Non-current derivatives	97.7	197.1	222.8	6.4		

Accounting policies

Derivatives are recognized in the balance sheet at fair value as positive replacement values (receivables) or negative replacement values (liabilities). The contract volume corresponds to the underlying security or contract quantity of the underlying derivative financial instrument.

Energy derivatives

BKW trades in contracts in the form of forwards with fixed and flexible profiles, options and futures with electricity, gas, oil, coal and certificates as underlying assets. Contracts concluded with the sole intention of achieving a trading margin, as well as hedging transactions resulting from the expanded management activities of the production portfolio, are treated as financial instruments and designated as energy derivatives.

Transactions open at the balance sheet date are recognized at fair value. BKW's receivables from its counterparties are recognized as positive replacement values under assets (Derivatives) in

the balance sheet, while liabilities are recognized as negative replacement values under liabilities (Derivatives) in the balance sheet. The positive replacement values correspond to the costs BKW would incur to replace all transactions with a value in favor of BKW if all relevant counterparties were to become insolvent at the same time and the transactions could be replaced immediately. The negative replacement values correspond to the costs that counterparties would incur to replace all transactions with a value in their favor if BKW could no longer meet its obligations. Current transactions with positive or negative replacement values are netted if the corresponding contractual regulations provide for this and offsetting is legally permitted and intended.

Realized and unrealized gains and losses from energy derivatives are recorded as income from proprietary energy trading or as income from energy hedges as applicable within net sales.

30 Hedge accounting

Financial instruments may be used to hedge fluctuations in the fair value of a recognized asset or liability (fair value hedge), to hedge cash flows (cash flow hedge) and to hedge net investments in a foreign operation (net investment hedge). This is done in accordance with existing hedging and credit risk policy guidelines.

Realized and unrealized changes in value from financial instruments that economically serve to

hedge exchange rate and interest rate risks from current business activities in accordance with Group guidelines, but that do not qualify as hedging transactions, are recognized in the income statement in the financial result.

The following open hedging transactions existed as of December 31, 2023:

30.1 Energy price risk

The risks from energy price fluctuations of BKW's electricity generation position are hedged. Some fixed-price contracts accounted for as energy derivatives and settled at gross have been designated as hedging instruments in cash flow hedges since the 2021 fiscal year in accordance with BKW's risk management policy. The hedged item is the highly probable future energy sale. The economic relationship between the underlying

and hedging transaction is based on the fact that the key parameters of the underlying and hedging transaction, such as maturity, contract value and currency, are identical. A hedging ratio of 1:1 is applied. This hedging relationship resulted in ineffectiveness in the reporting year of CHF -11.6 million (previous year: 1.5), which required recognition through profit and loss.

The following table shows the effects of energy hedges on financial positions:

CHF millions	31.12.2022	31.12.2023
Hedged item		
Nominal amount, net	27.3	58.9
Change in value used for calculating hedge effectiveness	382.1	-177.3
Hedging instrument		
Contract volume, net	-27.3	-58.9
Carrying amount asset	10.0	102.7
Carrying amount liability	-489.9	-201.5
Line item in the balance sheet	Derivatives	Derivatives
Change in fair value for calculating hedge effectiveness	-343.4	200.9
Change in the value of the hedging instrument recognized in equity	-344.9	189.3
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Net sales	Net sales
Amount reclassified from the hedge reserve to profit or loss due to the realization of the hedged item	75.8	191.8
Line item in profit or loss affected by the reclassification of the hedge reserve	Net sales	Net sales
Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied	213.6	102.5

The following table shows the date of the contract value of the hedging instrument and the average price of the hedging instrument:

	Maturity		
	2024	2025	2026
Commodity contracts – purchases			
Contract volume in CHF million	121.4	348.3	148.6
Average price in CHF			
– Power	94.5	127.6	100.0
– Coal	57.4		
– Emission allowances	50.6		
Commodity contracts – sales			
Contract volume in CHF million	91.2	303.9	164.3
Average price in CHF			
– Power	53.0	107.6	99.6
	Maturity		
	2023	2024	2025
Commodity contracts – purchases			
Contract volume in CHF million	314.7	125.6	91.3
Average price in CHF			
– Power	155.7	98.0	165.4
– Coal	62.8	63.2	
– Emission allowances	41.0	53.8	
Commodity contracts – sales			
Contract volume in CHF million	142.4	93.7	268.2
Average price in CHF			
– Power	52.9	54.5	108.5

30.2 Interest rate risk

Fair value hedge

There is an interest rate swap with a contract volume of CHF 100 million which serves to convert fixed interest rates into variable interest rates, or to hedge fluctuations in the fair value of 50% of the issued Green Bond (par value CHF 200 million, maturity July 29, 2027, interest rate 0.25 % p.a.). This hedging relationship, classified

as highly effective, qualifies as a fair value hedge.

The Green Bond shows a change in fair value of CHF +2.4 million for the reporting year (previous year: CHF +5.8 million). Neither in the reporting year nor in the previous year did this hedging relationship result in an ineffective portion that required recognition in the financial result.

30.3 Currency risk

Cash flow hedge

All of the USD 50 million in hedges for hedging exchange rate fluctuations on coal procurement expired in the 2023 fiscal year. Unrealized losses of CHF 1 million were recognized in other comprehensive income (OCI) in 2022 and realized in 2023.

Net investment hedge

In 2012 and 2013, BKW placed three registered bonds with a total par value of EUR 275 million. In May 2022, EUR 10 million of the registered bonds were repurchased, reducing the par value to a total of EUR 265 million. The registered bonds were placed in Germany and hedge part of the net investments there. The registered bonds were designated as net investment hedges. Foreign currency gains or losses on the registered bonds are recognized in other comprehensive income and offset the gains or losses from the currency translation of the designated net investments to the corresponding extent. Neither in the reporting year nor in the previous year did this hedging relationship result in an ineffective portion that required recognition in the financial result.

31 Relationships with related parties

In the periods under review, BKW had the following financial relationships with related parties. Unless otherwise stated below, all transactions were conducted on arm's length terms.

CHF millions	2022	Parent 2023	2022	Associates 2023	2022	Pension funds 2023
Income						
– Energy sales	2.1	1.4	281.7	234.8		
– Other sales and services	3.9	7.1	27.0	18.9	2.2	2.5
– Financial income	0.1	0.0	0.9	0.2		
Expenses						
– Energy purchases			423.6	314.3		
– Water charges	15.7	15.8				
– Other purchases and services	0.7	0.7	110.6	130.5	35.5	37.3
– Taxes and charges	2.3	2.3				
– Financial expenses	0.1	0.0				
– Income taxes	28.3	77.7				
Dividends						
– Dividends received			27.3	26.5		
– Dividends paid	72.1	112.4			0.1	0.2
Assets						
– Cash and cash equivalents	14.8	16.1				
– Receivables and accruals	1.7	3.2	70.0	50.5	0.1	0.1
– Current financial assets			6.4	3.0		
– Non-current financial assets			12.8	14.3		
– Rights of use			10.4	10.9		
Liabilities						
– Liabilities and accruals	26.3	65.1	89.7	45.8	6.7	8.9
– Loans	2.4	2.2				
– Rights of use			0.6	0.6		

Transactions with the owner

The Canton of Bern is largest shareholder in BKW. As majority shareholder, the Canton has a decisive influence on all decisions taken at the Annual General Meeting, including the election of the members to the Board of Directors and the allocation of profits. BKW has a wide range of relationships with the Canton of Bern, its authorities and public-law institutions as well as the pri-

vate-law companies it controls: BKW provides energy supplies and other services, procures materials and services, and pays taxes, water rates and other levies and fees. In addition, financial transactions are conducted with the Berner Kantonalbank, in which the Canton of Bern holds a majority interest.

Transactions with associates

Reported transactions consist of energy deliveries, energy transports, dividends, engineering services (income), operational management and maintenance/servicing (income), energy purchases, material/third-party services and other services (expense). Energy produced by partner plants is billed to shareholders at production cost (including interest and repayment of borrowed funds) on the basis of existing partner contracts.

Associates received CHF 6.6 million in loans from BKW in the 2023 fiscal year (previous year: CHF 2.7 million). The loans decreased by CHF 7.9 million (previous year: CHF 25.7 million) due to repayments during the fiscal year. In the reporting year, BKW capitalized services and materials from associates worth CHF 0.6 million (previous year: CHF 3.1 million).

Transactions with pension funds

Transactions with pension funds are conducted as part of the occupational pension plan and consist of employer contributions, administrative charges (personnel, operational and administra-

tive costs), real estate services (management of properties) and financial transactions (liquidity management).

Transactions with the Board of Directors and Group Executive Board

Remuneration

CHF millions	2022	2023
Short-term benefits	6.4	6.7
Contributions to pension plans	1.0	1.2
Share-based payments	1.0	1.2
Total	8.4	9.1

32 Leases

The lessee arrangements relate to wind farms, leases for land and distribution facilities, ease-

ments on land, building rentals, vehicles and other movable property, plant and equipment.

CHF millions	2022	2023
Leases in the consolidated income statement		
Income from operating leases	0.7	0.7
Expense relating to short-term leases	0.3	0.3
Expense relating to low-value assets	0.5	0.3
Expense relating to variable lease payments not included in the measurement of lease liabilities	0.6	0.8
Interest expense on lease liabilities	2.1	4.0
Leases in the consolidated cash flow statement		
Total cash outflows from lessee arrangements	56.2	60.6

The lessor arrangements mainly concern heating systems under heating contracts. The future undiscounted lease payments as of the balance sheet date were:

CHF millions	31.12.2022	31.12.2023
Up to 1 year	0.9	0.7
Later than 1 year and not later than 2 years	0.6	0.6
Later than 2 years and not later than 3 years	0.5	0.5
Later than 3 years and not later than 4 years	0.5	0.5
Later than 4 years and not later than 5 years	0.5	0.4
More than 5 years	4.1	4.1
Total	7.1	6.8

Accounting policies

Assets from leased right-of-use assets are reported in the balance sheet item "Property, plant and equipment". See Note 21. Adjustments to leased right-of-use assets due to remeasurement of lease liabilities are reported as "Contract adjustments".

The terms of the lease liabilities are disclosed in Note 38.3. The lease liability is discounted by applying an incremental borrowing rate specific to maturities and countries, unless the interest rate on which the lease payments are based is available.

Lease liabilities are presented in the balance sheet under current and non-current financial liabilities.

33 Additional disclosures on the cash flow statement

Cash and cash equivalents include cash on hand, bank account balances and cash invested with financial institutions for a maximum period of three months.

CHF millions	31.12.2022	31.12.2023
Bank and cash balances	672.9	584.8
Term deposits	124.9	186.7
Total cash and cash equivalents	797.8	771.5

Adjustments to the operating cash flow for non-cash transactions are composed as follows:

CHF millions	2022	2023
Depreciation, amortization and impairment	249.7	381.8
Income from associates	-41.5	-49.3
Gains/losses from sale of non-current assets	-9.5	-8.0
Change in non-current provisions (excl. interest and excl. utilization of nuclear provisions)	13.8	31.0
Change in assigned rights of use	-14.3	-14.6
Change from the valuation of energy derivatives	-165.2	-86.8
Other non-cash positions	18.6	-26.9
Total adjustment for non-cash transactions	51.6	227.1

The cash outflow for the acquisition of Group companies of CHF 148.0 million (previous year: CHF 403.6 million) corresponds to the cash outflow:

- for business combinations in the reporting year of CHF 128.4 million (previous year: CHF 368.8 million, please see Note 5 for details);
- plus payments made in 2023 in connection with deferred and contingent purchase price payments of CHF 19.6 million (previous year: CHF 34.8 million).

Sub-total “Cash flow from operating activities before utilization of nuclear provisions”

To ensure better interpretability and comparability of the effective operating cash flow, the “Cash flow from operating activities” item includes a sub-total of the cash flow before utilization of provisions for nuclear decommissioning and waste disposal.

This is because costs for nuclear decommissioning and waste disposal will continue to be incurred in connection with the decommissioning of the Mühleberg Nuclear Plant in the future. These costs represent the utilization of existing provisions and are therefore charged to “Cash flow from operating activities” determined in accordance with IAS 7. However, the nuclear decommissioning is not related to BKW’s actual operating performance, and reported “Cash flow from operating activities” is therefore not a suitable metric for assessing operating cash generation in BKW’s view.

Most of the costs for nuclear decommissioning and waste disposal are borne by the state-run Decommissioning and Waste Disposal Funds. BKW is thus entitled to a refund of the costs incurred, although the costs incurred and the refund do not coincide chronologically. Both payments into and refunds from the state funds are classified in the cash flow statement as part of the "Cash flow from investing activities". As a result, there is a

discrepancy in the presentation of these directly related cash flows. To adequately interpret cash flow, the corresponding individual items presented separately in the cash flow statement should be considered together. Therefore, the utilization of provisions with and without a claim to refunds is reported separately in "Cash flow from operating activities."

34 Share-based payments

BKW employees have the opportunity to purchase BKW AG shares on preferential terms. Full-time employees of BKW and members of the Board of Directors (except the Group Executive Board and senior management) are offered a limited number of BKW shares every year at a fixed preferential price set for that year, subject to a lock-up period. In the reporting year, it was possible to acquire up to 747,800 BKW shares (previous year: 697,325 shares) at a preferential price. In the 2023 fiscal year, 161,281 shares (previous year: 142,930 shares) were purchased at a price of CHF 85.15 per share (previous year: CHF 83.80). The underlying present value per share was CHF 133.40 (previous year: CHF 113.00). Personnel expenses for this share-based payment amounted to CHF 7.8 million (previous year: CHF 4.2 million). No subscription rights remained open on the balance sheet date.

As part of the performance management process, BKW shares are allocated to senior management in March of the following year. In the 2023 fiscal year, 12,398 shares (previous year: 10,774) with an underlying fair value of CHF 147.90 per share (previous year: CHF 112.80) were allocated. The shares are subject to a lock-up period.

In addition, members of the Group Executive Board are allocated a performance-related bonus in the form of BKW shares, as part of their fixed annual base remuneration. The shares are allocated annually in the first quarter of the calendar year following the assessment year. In the 2023 fiscal year, 11,519 shares (previous year: 10,881 shares) were allocated at a fair value of CHF 129.20 per share (previous year: CHF 116.00) for the 2022 assessment year. The shares are also subject to a lock-up period.

The total personnel expense recognized for the allocation of shares to the Group Executive Board and senior management was CHF 3.3 million (previous year: CHF 2.5 million). No subscription rights remained open on the balance sheet date.

The allocation of shares to employees is not subject to any other conditions in either of the aforementioned cases, hence there is no vesting period and the remuneration is recognized on the grant date. Fair value is measured on the basis of the share price. The corresponding expense is recognized in personnel expenses on the grant date. For the share purchase program, the personnel expense corresponds to the difference between the fair value and the preferential price paid by employees.

35 Group companies with material non-controlling interests

With BKW Netzbeteiligung Ltd. and BKW Renewables Partners AG, both headquartered in Switzerland, BKW holds two Group companies with material non-controlling interests. BKW Netz-

beteiligung Ltd. holds shares in Swissgrid Ltd. BKW Renewable Partners AG has a stake in various wind farms in France, Italy and Norway.

The financial information of BKW Netzbeteiligung and BKW Renewable Partners AG are disclosed separately in the table below. The disclosures are before the elimination of intercompany transactions.

CHF millions	BKW Netzbeteiligung Ltd.		BKW Renewables Partners Ltd.	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-controlling interests in %	49.9%	49.9%	n/a	49%
Carrying amount of non-controlling interests	186.8	186.7	n/a	153.9
Net income allocated to non-controlling interests	9.4	8.5	n/a	-1.2
Dividends / distributions on non-controlling interests	9.8	8.6	n/a	3.3
Balance sheet				
Non-current assets	374.2	374.2	n/a	316.0
Current assets	0.1	0.1	n/a	1.3
Non-current liabilities	0.0	0.0	n/a	0.0
Current liabilities	0.0	0.1	n/a	3.3
Income statement				
Financial income	18.9	17.2	n/a	-2.4
Net profit	18.8	17.1	n/a	-2.5
Cash flow statement				
Cash flow from operating activities	19.6	17.2	n/a	1.8
Cash flow from investing activities	0.0	0.0	n/a	1.8
Cash flow from financing activities	-19.6	-17.2	n/a	-3.5

36 Assets and liabilities measured at fair value

Assets and liabilities measured at fair value are classified in the following hierarchy with regard to the measurement method:

- Level 1: Valuation techniques based exclusively on listed prices in active markets for identical assets or liabilities. BKW currently classifies listed securities and energy trading futures under this level.
- Level 2: Valuation techniques, the inputs to which are based on directly or indirectly observable market data. The inputs have a material impact on the recognized fair value. At this hierarchy level, BKW includes over-the-counter derivatives (all forward energy trading contracts, interest rate swaps and forward currency contracts) as well as the proportional share of net assets of the state funds (federal Decommissioning and Waste Disposal Funds). The assets of the state funds are managed by the federal government; BKW has no access to the managed assets. These assets are invested in accordance with the defined investment strategy, generally in products that have listed prices on active markets. To a limited extent, investments may also be made in assets for which there are no listed prices on active markets. Such investments are measured by the global custodian. BKW has no influence on the valuation techniques used. The annual statement of the funds is audited by external auditors each year and published by the responsible federal authorities.
- Level 3: Valuation techniques which apply inputs with a material impact on fair value that are not based on observable market data. BKW mainly classifies illiquid energy derivatives, unlisted equity instruments, contingent purchase price payments and liabilities to non-controlling interests under this level. The illiquid energy derivatives include contracts with physical delivery in the following years, which have optionalities with regard to quantities and variabilities with regard to prices. The value of these derivatives is determined using a Monte Carlo simulation. Key inputs are the expected commodity prices and volatilities. The contingent purchase price payments and liabilities to non-controlling interests result from business combinations. The measurement of such assets requires management estimates of non-observable inputs. The fair values take into account expected cash flows, sales forecasts and other performance criteria. The effect of a 10% change in the most important non-observable inputs would have no material impact on BKW's comprehensive income or equity.

There were no transfers between the different levels during the reporting period or during the previous year.

CHF millions	Carrying amount at 31.12.2023	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets (current and non-current)				
– Interest in state funds	1,196.5		1,196.5	
– Debt instruments	49.8		49.8	
Derivatives (current and non-current)	295.7		294.8	0.9
Inventories				
– Certificates (proprietary trading)	18.0	18.0		
Financial assets at fair value through other comprehensive income				
Derivatives (current and non-current) - Hedge Accounting	102.7		102.7	
Non-current financial assets				
– Equity instruments	14.4			14.4
Financial liabilities at fair value through profit or loss				
Other financial liabilities (current and non-current)				
– Contingent purchase price liabilities in relation to business combinations	28.4			28.4
– Other financial liabilities	17.4			17.4
– Liabilities relating to non-controlling interests	0.8			0.8
Derivatives (current and non-current)	100.8		14.4	86.4
Financial liabilities at fair value through other comprehensive income				
Derivatives (current and non-current) - Hedge Accounting	201.5		201.5	

CHF millions	Carrying amount at 31.12.2022	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets (current and non-current)				
– Interest in state funds	1,163.0		1,163.0	
– Debt instruments	0.1		0.1	
Derivatives (current and non-current)	1,080.1		1,080.1	
Inventories				
– Certificates (proprietary trading)	19.6	19.6		
Financial assets at fair value through other comprehensive income				
Derivatives (current and non-current) - Hedge Accounting	10.0		10.0	
Non-current financial assets				
– Equity instruments	7.1			7.1
Financial liabilities at fair value through profit or loss				
Other financial liabilities (current and non-current)				
– Contingent purchase price liabilities in relation to business combinations	44.2			44.2
– Liabilities relating to non-controlling interests	0.9			0.9
Derivatives (current and non-current)	980.0		980.0	
Financial liabilities at fair value through other comprehensive income				
Derivatives (current and non-current) - Hedge Accounting	489.9		489.9	

In addition, liabilities as of December 31, 2023, include the following items at fair value:

- in bonds, an amount of CHF 94.9 million (previous year: CHF 92.5 million) as part of a fair value hedge (Level 2).

The Level 3 liabilities and assets measured at fair value developed as follows during the reporting period:

CHF millions	Assets		Liabilities	
	2022	2023	2022	2023
At 01.01.	61.9	7.2	111.0	0.9
Additions	0.3	7.6	0.0	63.2
Disposals	-0.3	-0.2	-4.8	0.0
Changes in value included in profit or loss	-54.6	0.1	-105.3	41.0
Changes in value included in other comprehensive income	-0.1	-0.0	0.0	-0.1
At 31.12.	7.2	14.7	0.9	105.0

The changes in value included in profit or loss include:

- in assets CHF 0.1 million (previous year: CHF -54.6 million) from derivatives;
- in liabilities CHF 55.8 million (previous year: CHF -105.3 million) from derivatives and CHF -14.8 million (previous year: CHF 0 million) from other financial liabilities

Recognition of contingent purchase price liabilities

Financial liabilities include contingent purchase price liabilities recognized at fair value. The fair value is measured on the basis of the expected cash flows, taking into account the probability of occurrence and the current market interest rates, and classified as Level 3 instruments.

CHF millions	Contingent purchase price considerations	
	2022	2023
At 01.01.	55.2	44.2
Additions	15.3	5.5
Disposals	-27.0	-6.6
Changes in value included in profit or loss	1.9	-14.0
Changes in value included in other comprehensive income	-1.2	-0.8
At 31.12.	44.2	28.3

Sensitivities of contingent purchase price liabilities

A contingent purchase price liability of EUR 1 million was recognized in connection with the acquisition of the ABE Group. This corresponds to the maximum possible additional payment for the acquisition depending on the 2023 consolidated half-year profit achieved by the company prior to the takeover. Any loss is borne by the seller. Payment is expected in the first half of 2024.

A contingent purchase price liability of EUR 3.9 million was recognized in connection with the acquisition of Planquadrat, which is based on the expected EBIT targets for 2024 to 2026. The possible future cash outflows are between zero and EUR 3.9 million. If the target EBIT is reached or exceeded in a given year, the maximum amount of EUR 1.3 million is paid out for that year. Conversely, if the EBIT achieved is below the target EBIT in a given year, no payment is made for that year.

A contingent purchase price liability of EUR 1.0 million was recognized in connection with the acquisition of Planungsgruppe Schweitzer GmbH, which is based on the expected EBIT targets for 2024 to 2026. The possible future cash outflows are between zero and EUR 1.75 million. If the target EBIT is reached or exceeded in a given year,

80% of the excess after-tax EBIT share is paid out, up to a maximum amount of EUR 0.25 million per year. Conversely, if the EBIT achieved is below the target EBIT in a given year, no payment is made for that year.

Recognition of day-one gains and losses

BKW offers long-term PPA, particularly for renewable energy sources, in order to counteract the increasing volatility in the energy markets. The classification as a Level 1, Level 2 or Level 3 instrument is based on the total term of the contract (one unit of account approach) and the underlying measurement parameters.

When assessing financial instruments with measurement parameters that are not fully based on traded prices in active markets, the measurement of the fair value at the time the contract is concluded may differ from the transaction price. This deviation is treated as a day-one gain or loss and is reversed on a straight-line basis until the markets on which the measurement parameters are based become liquid.

The following table shows the reconciliation of the change in deferred day-one gains and losses. These positions are entirely related to Level 3 energy derivatives.

CHF millions	Day-one gains		Day-one losses	
	2022	2023	2022	2023
At 01.01.	1.7	17.3	0.0	0.0
Deferred gains or losses from new transactions	17.3	31.8	0.0	-0.4
Changes in gains and losses included in profit or loss	-1.7	-10.1	0.0	0.0
At 31.12.	17.3	39.0	0.0	-0.4

37 Disclosure of financial assets and liabilities

37.1 Carrying amount by balance sheet item and allocation to individual measurement categories in accordance with IFRS 9

Financial assets

CHF millions	Note	Financial assets at amortized cost		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		2022	Total 2023
		2022	2023	2022	2023	2022	2023		
Cash and cash equivalents	33	797.8	771.5					797.8	771.5
Trade accounts receivable	15	934.0	848.9					934.0	848.9
Other current financial receivables	15	450.8	144.8					450.8	144.8
Current financial assets	19	10.6	11.7	0.1	49.8			10.7	61.5
Derivatives (current and non-current)	29			1,080.2	295.7	10.0	102.7	1,090.1	398.4
Financial accruals	18	117.4	101.9					117.4	101.9
Non-current financial assets	19	58.8	55.6			7.2	14.4	66.0	70.0
Total		2,369.4	1,934.4	1,080.3	345.5	17.2	117.1	3,466.8	2,397.0

Financial liabilities

CHF millions	Note	Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Financial liabilities at fair value through other comprehensive income		Lease liabilities		2022	Total 2023
		2022	2023	2022	2023	2,022	income 2,023	2022	2023		
Trade accounts payable	23	491.1	389.0							491.1	389.0
Other current financial liabilities	23	277.1	127.0	0.9	15.6					278.0	142.6
Current conditional purchase price payments	36			17.5	11.8					17.5	11.8
Current financial liabilities	24	214.5	265.5					49.6	51.6	264.1	317.1
Derivatives (current and non-current)	29			980.0	100.8	489.9	201.5			1,469.9	302.3
Financial accruals	18	321.3	262.4							321.3	262.4
Non-current financial liabilities	24	1,557.8	1,309.0	92.5	94.9			157.5	157.4	1,807.8	1,561.3
Other non-current financial liabilities	27	3.4	0.3							3.4	0.3
Non-current conditional purchase price payments	36			26.7	16.6					26.7	16.6
Total		2,865.2	2,353.2	1,117.6	239.7	489.9	201.5	207.1	209.0	4,679.8	3,003.4

Due to short residual terms to maturity, the carrying amount of loans and receivables and financial liabilities at amortized cost correspond approximately to the fair value. As of December 31, 2023, there was a difference between these values for the bonds, which are included under financial liabilities. The market price of the

bonds (fair value hierarchy Level 1) was CHF 1,194.9 million at the end of the year (previous year: CHF 1,132.2 million), while the carrying amount was CHF 1,191.0 million (previous year: CHF 1,187.9 million).

37.2 Net results of financial assets and liabilities by measurement category in accordance with IFRS 9

Net result

CHF millions	Financial assets at amortized cost		Financial assets and liabilities at fair value through profit or loss		Financial assets and liabilities at fair value through other comprehensive income		Financial liabilities at amortized cost		2022	Total 2023
	2022	2023	2022	2023	2022	2023	2022	2023		
Included in net sales:										
– Income from proprietary energy trading			547.2	82.6					547.2	82.6
– Income from energy hedging			413.4	–115.3					413.4	–115.3
Included in other operating revenue			2.5	34.4			1.4	0.4	3.9	34.8
- thereof conditional purchase price			2.5	19.5					2.5	19.5
Included in operating expenses	–8.7	–1.1	–4.4	–5.6			0.2	–1.1	–12.9	–7.8
- thereof conditional purchase price			–4.4	–5.6					–4.4	–5.6
Included in financial result	–4.5	–11.4	5.6	6.9	0.1	0.9	–37.8	–34.7	–36.6	–38.3
Included in other comprehensive income			1.2	0.9	–345.9	190.3	12.9	15.3	–331.8	206.5
- thereof conditional purchase price			1.2	0.8					1.2	0.8
Total	–13.2	–12.5	965.5	3.9	–345.8	191.2	–23.3	–20.1	583.2	162.5

In the fiscal years shown, no financial instruments were designated as being measured “at fair value through profit or loss”.

37.3 Netting arrangements

BKW concludes reciprocal transactions with a range of contractual partners as part of its business activities. Where netting procedures have been contractually agreed and the prerequisites

for netting balance sheet items have been met, the resulting receivables and liabilities due and owed are reported as net items in the balance sheet.

The following amounts are presented at net in the balance sheet as at the reporting date:

CHF millions	2022			2023		
	Gross values	Netting off	Net values	Gross values	Netting off	Net values
Trade accounts receivable	1,653.8	–719.8	934.0	1,320.8	–471.9	848.9
Trade accounts payable	–1,210.9	719.8	–491.1	–860.9	471.9	–389.0
Positive replacement values	3,856.5	–2,777.8	1,078.7	729.9	–345.1	384.8
Negative replacement values	–4,235.5	2,777.8	–1,457.7	–641.0	345.1	–295.9

38 Financial risk management

38.1 Principles of risk management

Risk management is viewed as a supporting function for senior management. Its purpose is to provide decision makers with a transparent representation of the risks associated with individual business activities. The core element is the risk management process, which systematically identifies, assesses and manages risks and monitors the implementation of risk mitigation measures.

The spectrum of risk monitored by the BKW Group Executive Board includes external risks such as cybersecurity, the regulatory environment, climate and environmental topics, in addition to risks from the company's operating activities and strategy. Risks are quantified on the basis of their financial impact and probability and presented as deviations from planned values. Non-financial dimensions are also always taken into account.

Market price, share price, currency, liquidity, interest rate and credit risks are measured, monitored and controlled on a continuous basis and verified regularly as part of the periodic risk management process. In addition to management of operational risks, there are also principles for the management of liquid assets as well as current and non-current financial investments. Risk management therefore forms an integral part of all BKW business and management processes (including strategic planning).

The Risk Management team reports directly to the CFO. It prepares the guidelines and tools for the systematic handling of risk, coordinates the

risk management process across the Group, and supports the management in assessing and managing the risk situation. The Board of Directors last assessed the risks related to operating activities at its meeting on November 30, 2023.

38.2 Credit risks

Credit risk is defined as the potential loss that may arise due to a possible deterioration in creditworthiness up to and including the insolvency of business partners or the non-fulfillment of contractual obligations. Credit risk comprises replacement value, receivables and advance performance risks. Credit risks are managed centrally by Risk Management. The risk management process includes credit assessment of counterparties, rating and limit allocation, exposure monitoring and control, and reporting.

Credit risks are managed by means of credit limits. Credit checks involve the use of an internal rating system which assigns credit ratings to counterparties. The checks also take into account external ratings by recognized rating agencies. Depending on the defined credit rating class and the equity capital statement, a credit limit is assigned to the counterparty and then monitored on a daily basis. If a credit limit is exceeded, measures are initiated immediately in cooperation with operational units. To assess the risk of the overall portfolio, risk weightings are calculated using the Basel II internal ratings-based approach.

The following table presents the credit risk from trade receivables, derivatives with a positive replacement value (excluding day-one accruals), and from current accounts and term deposits at banks as of the balance sheet, broken down by credit rating class. The standardized rating process covers trading, bank and sales counterparties, as well as other counterparties above a certain credit risk threshold. The monitoring of other counterparties is decentralized and based on individual approaches.

CHF millions	31.12.2022	31.12.2023
Rating AAA to AA-	204.3	171.1
Rating A+ to BBB-	2,354.9	1,374.3
Rating BB+ and lower	173.5	81.2
Other counterparties	540.6	583.1
Total	3,273.3	2,209.7
Included under:		
– Trade accounts receivable	934.0	870.5
– Other financial receivables	450.8	144.8
– Derivatives (current and non-current)	1,090.1	398.4
– Current financial assets (term deposits only)	0.6	0.6
– Cash and cash equivalents	797.8	771.5

The maximum credit risk (excluding guarantees granted) corresponds to the amount of outstanding monetary financial assets at the balance sheet date. As at December 31, 2023, BKW's maximum credit risk amounted to CHF 2,382.6 million (previous year: CHF 3,459.7 million) and corresponds to the carrying amount of all financial assets in accordance with Note 37.1, with the exception of the equity instruments contained therein. The maximum loss presented is based on the assumption that all counterparties would become insolvent simultaneously and that existing collateral and netting arrangements could not be enforced.

As of the balance sheet date, there were guarantees granted amounting to CHF 42.0 million (previous year: CHF 44.3 million), which increase the maximum credit risk correspondingly.

Collateral is required primarily for counterparties in the energy trading business, whereby the cred-

itworthiness of the collateral issuer is assessed and rated. Customers may be granted a higher limit than defined for the assigned credit category if collateral is provided. The collateral can cover both invoiced and non-invoiced items. Collateral amounting to CHF 165.9 million was held for trade receivables and derivatives recognized on the balance sheet as of December 31, 2023 (previous year: CHF 672.0 million).

A cluster risk would arise if excessive credit were granted to a single customer. The potential loss and the resultant impairment requirement would be disproportionately high were the counterparty to default. For this reason, care is taken to ensure risks are adequately distributed, with a maximum limit (maximum permissible loan amount) set for each counterparty or group.

As of the balance sheet date, counterparties in Switzerland accounted for 70% of the credit risk (previous year: 64%).

38.3 Liquidity risks

Liquidity is defined as the ability to meet liabilities that fall due at any time and without restrictions.

At Group level, liquidity management is based on the Group's midterm planning, budget and forecast. Rolling liquidity plans with a twelve-month horizon are drawn up for the entire Group on the basis of these documents as well as current findings. These plans are used to examine the rationale behind long-term measures in light of the latest information, as well as to identify potential liquidity shortfalls and formulate tactics to optimize the financial result.

BKW hedges energy positions on exchanges or with other energy traders. In energy trading on exchanges, counterparty risks are usually reduced by means of collateral in the form of liquidity. In addition, collateral in the form of liquidity or bank guarantees is also used to reduce counterparty risks for transactions with a few energy traders. Price fluctuations on the energy markets thus have a direct impact on BKW's liquidity. On the one hand, BKW manages these risks through positions that are settled on exchanges or with energy traders by offsetting collateral. On the other hand, BKW absorbs the remaining liquidity fluctuations through specific forward planning of liquidity risks from energy trading via a liquidity-at-risk, the holding of corresponding liquidity reserves in cash and potential liquidity through credit lines with banks.

Residual terms to maturity of financial liabilities

The following tables provide information on the residual terms to maturity and cash flows of financial liabilities on a non-discounted basis.

CHF millions	Note	Carrying amount at 31.12.2023	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years
Non-derivative financial liabilities							
Trade accounts payable	23	389.0	389.0				
Other current financial liabilities	23	154.4	154.4				
– thereof conditional purchase price		11.8	11.8				
Financial accruals	18	262.4	262.4				
Financial liabilities	24	1,878.4	332.9	294.9	266.6	360.9	890.4
– of which lease liabilities	24	209.1	53.9	65.8	17.5	13.7	91.3
Other non-current financial liabilities	27	16.9	0.0	13.9	1.5	1.5	0.0
– thereof conditional purchase price		16.6	0.0	13.6	1.5	1.5	0.0
Total non-derivative liabilities		2,701.1	1,150.5	308.8	268.1	362.4	890.4
Derivative financial assets and liabilities							
Energy derivatives							
– Positive replacement values	29	384.8	180.5	193.9	10.1	–2.2	–7.8
– Negative replacement values	29	–295.9	–295.9	0.0	0.0	0.0	0.0
Net replacement values		88.9	–115.4	193.9	10.1	–2.2	–7.8
Forward exchange contracts and interest rate swaps							
– Positive replacement values	29	13.6	10.4	0.0	0.0	0.0	3.2
– Negative replacement values	29	–6.5	0.0	0.0	0.0	–5.5	0.0
Net replacement values		7.0	10.4	0.0	0.0	–5.5	3.2
Gross cash flows related to derivatives							
– Gross outflow			–12,994.8	–2,544.5	–678.5	–56.9	–116.6
– Gross inflow			14,079.4	2,577.1	776.8	60.6	126.8

Amounts in foreign currency are translated at the exchange rate on the balance sheet date. The table shows the cash flows for interest-bearing liabilities including the corresponding interest

payments. The cash flows for derivative financial instruments do not take netting arrangements into account.

CHF millions	Note	Carrying amount at 31.12.2022	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years
Non-derivative financial liabilities							
Trade accounts payable	23	491.1	491.1				
Other current financial liabilities	23	295.5	295.5				
– thereof conditional purchase price		17.4	17.4				
Financial accruals	18	321.3	321.3				
Financial liabilities	24	2,071.9	268.3	291.2	295.3	564.1	918.0
– of which lease liabilities	24	207.1	47.0	40.3	34.7	30.0	66.5
Other non-current financial liabilities	27	30.1	0.0	19.0	11.0	0.0	0.0
– thereof conditional purchase price		26.7	0.0	7.3	19.5	0.0	0.0
Total non-derivative liabilities		3,209.9	1,393.5	310.2	306.3	564.1	918.0
Derivative financial assets and liabilities							
Energy derivatives							
– Positive replacement values	29	1,078.7	986.8	201.8	17.3	1.8	0.0
– Negative replacement values	29	-1,457.7	-1,245.7	-313.3	-27.4	-0.2	0.0
Net replacement values		-378.9	-259.0	-111.5	-10.1	1.6	0.0
Forward exchange contracts and interest rate swaps							
– Positive replacement values	29	11.4	0.0	0.0	0.0	0.0	8.4
– Negative replacement values	29	-12.2	0.0	0.0	0.0	-10.1	0.0
Net replacement values		-0.9	0.0	0.0	0.0	-10.1	8.4
Gross cash flows related to derivatives							
– Gross outflow			-29,859.9	-2,283.7	-930.1	-46.5	-3.4
– Gross inflow			30,494.3	1,856.2	1,216.7	34.3	0.0

38.4 Market risks

Market risks arise from price and exchange rate fluctuations on unhedged positions in the energy and financial business. In accordance with BKW's risk policy, the procedure for measuring, managing and monitoring risk positions has been defined. Tradable energy and certificate price risks are managed in the Energy Markets business segment. When placing effect limits on overall risk, market correlations and market liquidity are considered using the value-at-risk-based market risk capital (MRC) ratio. BKW's interest rate risk, share price risk and exchange rate risk are aggregated in a Group-level risk portfolio. The MRC, VaR and position limits required for management purposes are approved by the Group Executive Board. Risk management ensures risks are continuously monitored and reported.

38.4.1 Share price risk

BKW is exposed to a share price risk for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit and loss, as well as for interests in state funds (see Note 19). Receivables from state funds do not come under the definition of a financial instrument under the terms of IAS 32 and consequently are not covered by the following statements on risk measurement.

38.4.2 Interest rate risks

The production of power and operation of transmission and distribution networks are capital intensive. Financing is generally long-term with staggered maturities. This minimizes the impact of interest rate changes on cash flows. In addition, interest rate hedging instruments are used where necessary. Cash is invested over the short to medium-term, primarily in variable interest positions.

38.4.3 Currency risks

Energy trading is largely conducted in euros. Exchange rate fluctuations have an impact on the financial position and cash flows presented in Swiss francs. To the extent considered necessary, foreign currency positions are hedged by means of forward exchange transactions or currency swaps.

38.4.4 Energy price risks / CO₂ certificate price risks

Energy and certificate positions are entered into in asset management and proprietary trading. Non-hedged material energy and CO₂ manage-

ment positions are permitted in the current year and in up to six subsequent years.

38.4.5 Risk measurement

The market risks of energy and certificate products are measured using the market risk capital ratio (MRC), while interest rate, exchange rate and share price risks are measured using a value-at-risk (VaR). For the VaR calculation, BKW uses a confidence level of 99% with a one-year (interest rate products and equities) or one-day (currencies) holding period. For the MRC, a confidence level of 97.5% and maximum holding period of six months is used in accordance with Basel III rules.

Value at Risk

CHF millions	31.12.2022	31.12.2023
Interest	0.0	0.0
Share price ¹	2.6	5.0
Currencies	4.4	3.6

1 Related to "Financial assets at fair value through other comprehensive income"

The value-at-risk shows value fluctuation risk based on individual risks that, given no change, could occur in a twelve-month (interest rates, share price) or one-day (currencies) period respectively, taking into account the specified confidence level. The values shown would impact the results as well as equity.

Fluctuations in the value of financial assets measured at fair value through other comprehensive income have no impact on the annual result, but are recognized directly in other comprehensive income.

The risk of unfavorable price movements for unhedged positions in electricity, gas, CO₂, coal and oil is determined using the market risk capital ratio (MRC) method. As a supplement to the VaR approach, the MRC ratio indicates the minimum risk capital that should be available to ensure that trading losses arising from adverse market developments do not cause a liquidity bottleneck. The calculations are based on a Monte Carlo method, which takes into account both market correlations and market liquidity. The model parameters are estimated based on a rolling 260-day observation period. Risk manage-

ment is based on MRC, VaR and position limits. Proprietary trading is additionally subject to loss limits. As of December 31, 2023, the MRC for proprietary trading amounted to CHF 52 million (previous year: CHF 106.8 million).

38.5 Climate-related risks

Risks associated with climate change may have a negative impact on BKW's business activity and thus its financial result. BKW therefore systematically monitors climate risks and divides them into physical risks and transition risks for this purpose. BKW's monitoring allows it to make timely, proactive operational and strategic preparations for the risks associated with climate change.

39 Contingent liabilities and investment obligations

CHF millions	31.12.2022	31.12.2023
Guarantees		
– in favor of associates	7.0	6.6
– in favor of third parties	37.3	35.4
Investment obligations	4.4	4.1
Total	48.7	46.1

Contingent liabilities

Of the guarantees provided, CHF 5.0 million (previous year: CHF 3.8 million) have a term of up to twelve months. Guarantees in the amount of CHF 13.3 million (previous year: CHF 13.5 million) are open-ended.

Nuclear power plant operators are under a limited obligation to make supplementary contributions

to the decommissioning fund in the event that an individual contributor is unable to pay.

Due to existing partner contracts, shareholders in partner plants are obligated to pay the annual costs attributable to their shares (including interest and repayment of borrowed funds).

40 Events after the balance sheet date

Agreement in mediation proceedings regarding Roan wind farm in Norway

At the end of February 2024, an agreement was reached with the Sami in connection with Roan wind farm after a solution was found for the Storrheia wind farm before the end of 2023. The agreement reached does not have any material impact on the recoverability of the wind farm's value.

Approval of the consolidated financial statements

The Board of Directors of BKW approved the release of these consolidated financial statements on March 7, 2024.

Group Companies and Associates

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Group companies									
Switzerland									
A. Dietrich Kälte Klima Lüftung AG			•		Beringen	0.2	CHF	100.0	31.12.
A1 Elektro AG			•		Urdorf	0.1	CHF	100.0	31.12.
Abonax AG	•				St. Gallen	1.0	CHF	56.1	31.12.
ActVisual GmbH			•		Kloten	0.02	CHF	100.0	31.12.
AEK AG			•		Solothurn	0.1	CHF	100.0	31.12.
AEK Pellet AG	•				Balsthal	9.0	CHF	100.0	31.12.
AEP Planung und Beratung AG			•		Widnau	0.1	CHF	100.0	31.12.
Aerovent Crissier SA			•		Crissier	0.1	CHF	100.0	31.12.
Aerovent Service SA			•		Villars-Ste-Croix	0.1	CHF	100.0	31.12.
ahoch AG			•		Dübendorf	0.3	CHF	100.0	31.12.
Aicher, De Martin, Zweng AG			•		Lucerne	0.1	CHF	100.0	31.12.
Arnold AG			•		Wangen an der Aare	0.5	CHF	100.0	31.12.
Arpe AG			•		Buckten	0.1	CHF	100.0	31.12.
ASAG Air System AG			•		Langenthal	0.1	CHF	100.0	31.12.
b+s Elektro Telematik AG			•		Ormalingen	0.1	CHF	100.0	31.12.
Balzer Ingenieure AG			•		Chur	0.1	CHF	100.0	31.12.
Baumeler Leitungsbau AG			•		Buchrain	0.1	CHF	100.0	31.12.
BelpmoosSolar AG	•				Belp	0.1	CHF	51.0	31.12.
Biomassekraftwerk Otelfingen AG	•				Otelfingen	0.5	CHF	50.0	31.12.
BKW AEK Contracting AG	•				Solothurn	0.2	CHF	100.0	31.12.
BKW Building Solutions AG			•		Ostermundigen	0.2	CHF	100.0	31.12.
BKW Energie AG	•	•	•	•	Bern	132.0	CHF	100.0	31.12.
BKW Engineering AG			•		Bern	0.1	CHF	100.0	31.12.
BKW Infra Services AG			•		Wangen an der Aare	0.1	CHF	100.0	31.12.
BKW Management AG				•	Bern	0.1	CHF	100.0	31.12.
BKW NEE Beteiligungs AG	•				Bern	0.1	CHF	100.0	31.12.
BKW Netzbeteiligung Ltd.		•			Bern	25.2	CHF	50.1	31.12.
BKW Renewables Partners AG	•				Bern	0.1	CHF	51.0	31.12.
BPU Ingenieurunternehmung AG			•		Burgdorf	0.1	CHF	100.0	31.12.
cc energie sa				•	Murten	1.0	CHF	66.7	31.12.
ceed Ltd.			•		Solothurn	0.1	CHF	100.0	31.12.
Curea Elektro AG			•		Landquart	0.2	CHF	100.0	31.12.
DG Rail SA			•		Bussigny	0.1	CHF	100.0	31.12.
Duvoisin-Groux SA			•		Bussigny	0.1	CHF	100.0	31.12.
E3 HLK AG			•		Kriens	0.1	CHF	100.0	31.12.
ELBATECH AG			•		Ibach	0.1	CHF	100.0	31.12.
Elektrizitätswerke Wynau AG, Langenthal	•				Langenthal	3.0	CHF	100.0	31.12.
Elektro Feuz AG			•		Grindelwald	0.1	CHF	100.0	31.12.
Elektro Naegelin AG			•		Frenkendorf	0.1	CHF	100.0	31.12.
Elektro Winter AG			•		Rapperswil-Jona	0.3	CHF	100.0	31.12.
enerpeak ag			•		Dübendorf	0.1	CHF	100.0	31.12.
Equinox Holding SA			•		Sullens	0.1	CHF	100.0	31.12.
Fernwärme Selhofen AG	•				Solothurn	3.0	CHF	90.0	31.12.
Frey + Gnehm Ingenieure AG			•		Olten	0.1	CHF	100.0	31.12.
Gebr. Bräm AG			•		Zürich	0.2	CHF	100.0	31.12.
Gesellschaft Mont-Soleil	•				Bern	-	CHF	85.0	31.12.
Gloor Planzer AG			•		Volketswil	0.1	CHF	100.0	31.12.
GRIAG Holding AG			•		Burgdorf	0.1	CHF	100.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Group companies (continued)									
Grunder Ingenieure AG			●		Burgdorf	0.1	CHF	100.0	31.12.
Guggisberg Kurz AG			●		Ostermundigen	0.2	CHF	100.0	31.12.
Hensel AG Elektrotechnische Unternehmungen			●		Zurich	0.2	CHF	100.0	31.12.
Hertli & Bertschy AG, elektrische Anlagen			●		Tafers	0.1	CHF	70.0	31.12.
Hinni AG			●		Biel-Benken	0.2	CHF	100.0	31.12.
Holzwärme Grindelwald AG	●				Grindelwald	2.5	CHF	93.4	31.12.
Idro Arvigo SA	●				Calanca	0.8	CHF	95.2	31.12.
Inag-Nievergelt AG			●		Zurich	0.7	CHF	100.0	31.12.
inelectro sa			●		Porrentruy	0.5	CHF	100.0	31.12.
ISP Electro Solutions AG			●		Ostermundigen	0.9	CHF	100.0	31.12.
IWM AG			●		Monthey	0.1	CHF	100.0	31.12.
Jaggi & Rieder AG			●		Saanen	0.1	CHF	100.0	31.12.
Juvent SA	●				Saint-Imier	6.0	CHF	70.0	31.12.
Karl Waechter AG			●		Zurich	0.1	CHF	100.0	31.12.
Kraftwerk Augand AG	●				Thun	15.0	CHF	51.0	31.12.
Kraftwerk Gohlhaus AG	●				Lützelflüh	1.3	CHF	59.9	31.12.
Kraftwerk Lauenen AG	●				Lauenen	2.0	CHF	85.0	31.12.
Kraftwerk Sousbach AG	●				Lauterbrunnen	2.8	CHF	90.0	31.12.
Kraftwerk Spiggebach AG	●				Reichenbach i.K.	3.8	CHF	51.0	31.12.
Kraftwerke Fermelbach AG	●				St. Stephan	4.5	CHF	80.0	31.12.
Kraftwerke Kander Alp AG	●				Kandersteg	2.5	CHF	60.0	31.12.
Kraftwerke Milibach AG	●				Wiler (Lötschen)	1.0	CHF	80.0	31.12.
Kraftwerke Ragn d'Err AG	●				Surses	6.0	CHF	80.0	31.12.
Kull Elektro AG			●		Birmensdorf	0.1	CHF	100.0	31.12.
Lutz Bodenmüller AG			●		Beringen	0.1	CHF	100.0	31.12.
Marcel Rieben Ingenieure AG			●		Köniz	0.1	CHF	100.0	31.12.
Michel Rime SA			●		Echallens	0.2	CHF	100.0	31.12.
my meeting GmbH			●		Baar	0.02	CHF	100.0	31.12.
Neukom Marzolo AG			●		Rafz	0.2	CHF	100.0	31.12.
OSTAG Ingenieure AG			●		Burgdorf	0.1	CHF	100.0	31.12.
pi-System GmbH			●		Oberkirch LU	0.02	CHF	100.0	31.12.
R. Monnet et Cie SA			●		Lausanne	0.2	CHF	100.0	31.12.
Raboud Energie SA			●		Bulle	0.1	CHF	100.0	31.12.
Regionaler Wärmeverbund AG Heimberg-Steffisburg (REWAG)	●				Heimberg	2.5	CHF	51.0	31.12.
Ruefer Ingenieure AG			●		Langnau i.E.	0.1	CHF	100.0	31.12.
Schmid, Amrhein AG			●		Lucerne	0.3	CHF	100.0	31.12.
Schönenberger & Partner AG Sanitäre Anlagen			●		Tobel-Tägerschen	0.1	CHF	100.0	31.12.
Sigren Engineering AG			●		Winterthur	0.1	CHF	100.0	31.12.
Simmentaler Kraftwerke AG	●				Erlenbach i.S.	7.3	CHF	84.3	31.12.
Société des Forces Electriques de la Goule SA	●	●			Saint-Imier	3.5	CHF	84.3	31.12.
sol-E Suisse AG				●	Bern	0.1	CHF	100.0	31.12.
Solstis Energy AG			●		Solothurn	0.1	CHF	100.0	31.12.
Solstis SA			●		Lausanne	0.1	CHF	100.0	31.12.
swisspro Automation AG			●		Urdorf	0.1	CHF	100.0	31.12.
swisspro Ltd.			●		Urdorf	0.5	CHF	100.0	31.12.
swisspro NW Ltd.			●		Allschwil	0.3	CHF	100.0	31.12.
swisspro SR Ltd.			●		Renens	0.1	CHF	100.0	31.12.
TID Technische Dokumentation GmbH			●		Schüpfen	0.1	CHF	100.0	31.12.
UMB AG			●		Cham	0.1	CHF	100.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Group companies (continued)									
UMB Cloud Native Ltd			●		Cham	0.1	CHF	100.0	31.12.
UMB Communication AG			●		Urdorf	0.1	CHF	100.0	31.12.
UMB Group Ltd			●		Cham	0.1	CHF	100.0	31.12.
WAB Technique S.à r.l.			●		Marly	0.02	CHF	100.0	31.12.
Weber AG, Stäfa			●		Stäfa	0.1	CHF	100.0	31.12.
Werner Electro AG			●		Brig-Glis	0.1	CHF	100.0	31.12.
Wind Energy Trading WET AG	●				Lausanne	0.1	CHF	100.0	31.12.
Winkelmann Elektro AG			●		Kerzers	0.1	CHF	100.0	31.12.
ws automation AG			●		Sursee	0.1	CHF	100.0	31.12.
Austria									
AEP Planung und Beratung GmbH			●		Schwaz	0.04	EUR	100.0	31.12.
Geotechnik Tauchmann GmbH			●		Steinhaus bei Wels	0.04	EUR	100.0	31.12.
IGBK GmbH			●		Graz	0.04	EUR	100.0	31.12.
IKK Group GmbH			●		Graz	0.1	EUR	100.0	31.12.
TBH Ingenieur GmbH			●		Graz	0.04	EUR	100.0	31.12.
Croatia									
igr d.o.o.			●		Zagreb	0.003	EUR	100.0	31.12.
France									
BKW France SAS	●				Paris	4.0	EUR	100.0	31.12.
BKW Renewables France SAS	●				Paris	42.9	EUR	100.0	31.12.
Eoliennes de Julie SASU	●				Amiens	0.02	EUR	100.0	31.12.
Eoliennes de la Camomille SASU	●				Amiens	0.001	EUR	100.0	31.12.
Eoliennes des Oeillets SASU	●				Amiens	0.01	EUR	100.0	31.12.
Ferme Eolienne de Saint Germier SAS	●				Paris	3.0	EUR	100.0	31.12.
Ferme Eolienne de Saint Julien du Terroux SAS	●				Paris	2.8	EUR	100.0	31.12.
Hydronext SAS	●				Neuilly-sur-Seine	0.2	EUR	100.0	31.12.
Les Eoliennes du Coquelicot 1 SAS	●				Amiens	0.02	EUR	100.0	31.12.
Parc Eolien de Fresnoy Brancourt SAS	●				Paris	0.04	EUR	100.0	31.12.
Parc Eolien Nordex LII SAS	●				Strasbourg	2.3	EUR	100.0	31.12.
Parc Eolien Nordex LIII SAS	●				Strasbourg	3.3	EUR	100.0	31.12.
Sameole Bois du Goulet SAS	●				Paris	2.3	EUR	100.0	31.12.
Société RAZ Energie 3 SAS	●				Paris	3.9	EUR	100.0	31.12.
Germany									
ABE Betriebsführung GmbH			●		Barsbüttel	0.03	EUR	100.0	31.12.
ABE Gruppe GmbH			●		Barsbüttel	0.03	EUR	100.0	31.12.
ABE Infrastruktur GmbH			●		Leck	0.03	EUR	100.0	31.12.
ABE Ingenieurbüro GmbH			●		Barsbüttel	0.03	EUR	100.0	31.12.
ABE Nord Energietechnik GmbH			●		Leck	0.03	EUR	100.0	31.12.
ABE Zertifizierung GmbH			●		Barsbüttel	0.03	EUR	100.0	31.12.
Arnold und Gladisch Objektplanung Generalplanung GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Assmann Beraten + Planen GmbH			●		Berlin	0.6	EUR	100.0	31.12.
Assmann Climaplan GmbH			●		Munich	0.1	EUR	100.0	31.12.
Assmann Emutec GmbH			●		Norderstedt	0.03	EUR	100.0	31.12.
BKW Anlagentechnik GmbH			●		Geisenhausen	0.1	EUR	100.0	31.12.
BKW Bippen Wind GmbH	●				Berlin	0.03	EUR	100.0	31.12.
BKW Bockelwitz Wind GmbH	●				Berlin	0.03	EUR	100.0	31.12.
BKW Deutschland GmbH	●		●		Berlin	0.1	EUR	100.0	31.12.
BKW Dubener Platte Wind GmbH	●				Berlin	0.03	EUR	100.0	31.12.
BKW Energie Wilhelmshaven Beteiligungs-GmbH	●				Berlin	0.03	EUR	100.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Group companies (continued)									
BKW Energy Solutions GmbH			●		Weiterstadt	0.03	EUR	100.0	31.12.
BKW Engineering Beteiligung GmbH			●		Berlin	0.03	EUR	100.0	31.12.
BKW Engineering Management GmbH			●		Berlin	0.03	EUR	100.0	31.12.
BKW Engineering SE			●		Berlin	0.1	EUR	100.0	31.12.
BKW Erneuerbare GmbH	●				Berlin	0.03	EUR	100.0	31.12.
BKW Holleben Wind GmbH	●				Berlin	0.03	EUR	100.0	31.12.
BKW Infra Services Europa SE			●		Radebeul	0.1	EUR	100.0	31.12.
BKW Landkern Wind GmbH	●				Berlin	0.1	EUR	100.0	31.12.
BKW Wind Service GmbH	●				Berlin	0.03	EUR	100.0	31.12.
Collignon Planung GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Collignon Planung und Design GmbH			●		Berlin	0.03	EUR	100.0	31.12.
DfN Dienstleistungen für Nukleartechnik GmbH	●				Heidelberg	0.03	EUR	100.0	31.12.
Dr. Blasy - Dr. Øverland Ingenieure GmbH			●		Eching Ammersee	0.03	EUR	100.0	31.12.
Elektroanlagen Dresden-Mitte GmbH			●		Dresden	0.03	EUR	100.0	31.12.
EWIS GmbH			●		Speyer	0.03	EUR	100.0	31.12.
Hascher Jehle Assoziierte GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Hascher Jehle Berlin GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Hascher Jehle Design GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Hascher Jehle Generalplanungsgesellschaft mbH			●		Berlin	0.03	EUR	100.0	31.12.
Hascher Jehle Objektplanung GmbH			●		Berlin	0.03	EUR	100.0	31.12.
Hascher Jehle Planen und Beraten GmbH			●		Berlin	0.03	EUR	100.0	31.12.
IFB Eigenschenk + Partner GmbH			●		Pesterwitz	0.1	EUR	100.0	31.12.
IFB Eigenschenk GmbH			●		Deggendorf	0.03	EUR	100.0	31.12.
igr Aerodrome Engineering GmbH			●		Hamburg	0.03	EUR	90.0	31.12.
igr GmbH			●		Rockenhausen	1.9	EUR	100.0	31.12.
IHB GmbH Ingenieurdienstleistungen			●		Leipzig	0.1	EUR	100.0	31.12.
ingenhoven architects international gmbh & co. kg			●		Düsseldorf	0.02	EUR	100.0	31.12.
ingenhoven architects international participation gmbh			●		Düsseldorf	0.03	EUR	100.0	31.12.
ingenhoven associates gmbh			●		Düsseldorf	0.3	EUR	100.0	31.12.
Ingenieurbüro Prof. Dr.-Ing. Vogt Planungsgesellschaft mbH			●		Leipzig	0.03	EUR	100.0	31.12.
Institut Dr.-Ing. Gauer Ingenieurgesellschaft mbH			●		Regenstauf	0.03	EUR	100.0	31.12.
KAE Kraftwerks- & Anlagen-Engineering GmbH			●		Hausen	0.03	EUR	100.0	31.12.
KFP Ingenieure GmbH			●		Buxtehude	0.03	EUR	100.0	31.12.
KFP Prüfindenieure GmbH			●		Buxtehude	0.03	EUR	75.0	31.12.
KMT Planungsgesellschaft mbH			●		Hamburg	0.1	EUR	100.0	31.12.
Lindschulte BauConsult GmbH			●		Düsseldorf	0.03	EUR	90.0	31.12.
Lindschulte Industrial Engineering GmbH			●		Lingen	0.03	EUR	100.0	31.12.
Lindschulte Ingenieurgesellschaft mbH			●		Krefeld	0.03	EUR	85.0	31.12.
Lindschulte Ingenieurgesellschaft mbH			●		Erfurt	0.03	EUR	100.0	31.12.
Lindschulte Ingenieurgesellschaft mbH, Düsseldorf			●		Düsseldorf	0.03	EUR	60.0	31.12.
Lindschulte Ingenieurgesellschaft mbH, Emsland			●		Meppen	0.03	EUR	100.0	31.12.
Lindschulte Ingenieurgesellschaft mbH, Hannover			●		Hannover	0.03	EUR	100.0	31.12.
Lindschulte Ingenieurgesellschaft mbH, Münster			●		Münster	0.03	EUR	87.5	31.12.
Lindschulte Ingenieurgesellschaft mbH, Nordhorn			●		Nordhorn	0.3	EUR	100.0	31.12.
Lindschulte Ingenieur-Holding GmbH			●		Nordhorn	0.1	EUR	100.0	31.12.
Lindschulte Planungsgesellschaft mbH			●		Koblenz	0.03	EUR	100.0	31.12.
Lindschulte Planungsgesellschaft mbH			●		Oldenburg	0.03	EUR	100.0	31.12.
Lindschulte Prüf- und Sachverständigen GmbH			●		Nordhorn	0.03	EUR	75.0	31.12.
LTB Leitungsbau GmbH			●		Radebeul	1.0	EUR	100.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Group companies (continued)									
osd GmbH			●		Frankfurt am Main	0.03	EUR	100.0	31.12.
PALATIA Ingenieur- und Städtebau GmbH			●		Rockenhausen	0.04	EUR	100.0	31.12.
Planquadrat Elfers Geskes Krämer GmbH			●		Darmstadt	0.03	EUR	100.0	31.12.
Planungsgruppe Schweitzer GmbH			●		Braunschweig	0.1	EUR	100.0	31.12.
Podufal & Wiehofscky Generalplanung GmbH			●		Löhne	0.03	EUR	100.0	31.12.
QSB Holding GmbH			●		Berlin	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Limburg a. d. Lahn	0.1	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Halle	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Erfurt	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Düsseldorf	0.03	EUR	95.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Hamburg	0.03	EUR	100.0	31.12.
Ranner Projektmanagement GmbH			●		München	0.03	EUR	100.0	31.12.
Seuss Ingenieure GmbH			●		Amberg	0.03	EUR	100.0	31.12.
Solar-Log GmbH	●				Geislingen	0.03	EUR	100.0	31.12.
STKW Energie Dörpen Verwaltungs-GmbH	●				Berlin	0.03	EUR	100.0	31.12.
TMS Energietechnik GmbH			●		Barsbüttel	0.03	EUR	100.0	31.12.
U.T.E. Ingenieur GmbH			●		Regensburg	0.03	EUR	100.0	31.12.
WALD + CORBE Consulting GmbH			●		Hügelsheim	0.03	EUR	100.0	31.12.
Italy									
BKW Hydro Italia S.r.l.	●				Milan	25.4	EUR	100.0	31.12.
BKW Italia S.p.A.	●		●		Milan	13.4	EUR	100.0	31.12.
Genzano Solar S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Green Castellaneta S.p.A.	●				Milan	0.1	EUR	100.0	31.12.
Luminosa Energia S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Pantalla Solar S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Proxima S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Tamarete Energia S.r.l.	●				Ortona	3.6	EUR	60.0	31.12.
Veneta Energia S.r.l.	●				Milan	0.6	EUR	100.0	31.12.
Volturno Wind S.r.l.	●				Milan	0.03	EUR	100.0	31.12.
Wind Farm Buglia S.r.l.	●				Milan	0.03	EUR	100.0	31.12.
Wind Farm S.r.l.	●				Milan	0.02	EUR	100.0	31.12.
Wind International Italy S.r.l.	●				Milan	52.2	EUR	100.0	31.12.
Norway									
BKW Norway NWP AS	●				Oslo	0.1	CHF	100.0	31.12.
Marker Vindpark AS	●				Oslo	0.003	EUR	100.0	31.12.
Proxima Scandinavia AS	●				Oslo	0.1	NOK	100.0	31.12.
Romania									
BKW Engineering Romania S.r.l.			●		Bukarest	0.001	EUR	100.0	31.12.
Singapore									
ingenhoven LLP			●		Singapore	-	SGD	100.0	31.12.
Spain									
UMB Spanien SL			●		Madrid	0.003	EUR	100.0	31.12.
Sweden									
Hedesta Wind Farm AB	●				Hässleholm	0.002	EUR	100.0	31.12.
Rosenskog Wind Farm AB	●				Hässleholm	0.01	EUR	100.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
Joint operations									
Switzerland									
Bieleree Kraftwerke AG BIK	●				Biel	20.0	CHF	50.0	31.12.
Kraftwerk Sanetsch AG (KWS)	●				Gsteig	3.2	CHF	50.0	31.12.
Wärme Mittelland AG	●				Solothurn	1.0	CHF	50.0	31.12.
Associates									
Switzerland									
EDJ, Energie du Jura SA	●				Delémont	7.4	CHF	41.0	30.09.
Electra-Massa AG	●				Naters	20.0	CHF	16.1	31.12.
Electricité de la Lienne SA	●				Sion	6.0	CHF	33.3	30.09.
Erdgas Thunersee AG	●				Interlaken	6.9	CHF	33.3	31.12.
ETRANS Ltd.		●			Baden	7.5	CHF	11.5	31.12.
EVTL Energieversorgung Talschaft Lötschen AG	●				Wiler (Lötschen)	1.3	CHF	49.0	31.12.
Forces Motrices de Mauvoisin SA	●				Sion	100.0	CHF	19.5	30.09.
GEBNET AG	●				Buchegg	7.4	CHF	38.5	31.12.
Grande Dixence SA	●				Sion	300.0	CHF	13.3	31.12.
Kernkraftwerk Leibstadt AG	●				Leibstadt	450.0	CHF	14.5	31.12.
Kernkraftwerk-Beteiligungsgesellschaft AG (KBG)	●				Bern	150.0	CHF	33.3	31.12.
Kraftwerk Berschnerbach AG	●				Walenstadt	4.5	CHF	49.0	31.12.
Kraftwerk Wannenfloh AG	●				Rüderswil	0.3	CHF	31.9	31.12.
Kraftwerke Hinterrhein AG	●				Thusis	100.0	CHF	7.7	30.09.
Kraftwerke Mattmark AG	●				Saas-Grund	90.0	CHF	11.1	30.09.
Kraftwerke Oberhasli AG	●				Innertkirchen	120.0	CHF	50.0	31.12.
Kraftwerke Wiler-Kippel AG	●				Kippel	6.0	CHF	34.0	31.12.
Metanord SA	●				Bellinzona	18.0	CHF	33.3	31.12.
Nagra, National Cooperative for the Disposal of Radioactive Waste	●				Wettingen	–	CHF	14.3	31.12.
NIS AG		●			Sursee	1.0	CHF	25.0	31.12.
Oberland Energie AG	●				Thun	9.1	CHF	49.0	31.12.
Officine Elettriche dell'Engadina SA	●				Zernez	140.0	CHF	30.0	30.09.
Officine Idroelettriche della Maggia SA	●				Locarno	100.0	CHF	10.0	30.09.
Officine idroelettriche di Blenio SA	●				Blenio	60.0	CHF	12.0	30.09.
Société des Forces Motrices du Châtelot SA	●				Les Planchettes	6.0	CHF	11.7	31.12.
Swisseldex Ltd.		●			Bern	1.0	CHF	21.4	31.12.
Swissgrid Ltd.		●			Aarau	334.5	CHF	37.7	31.12.
Thermosource AG	●				Biel	2.0	CHF	50.0	31.12.
Trinkwasserkraftwerk Saas-Grund AG	●				Saas-Grund	1.2	CHF	40.0	31.12.
Zwilag Zwischenlager Würenlingen AG	●				Würenlingen	5.0	CHF	10.7	31.12.
France									
Centrale électrique de la Plaine S.à r.l.	●				Drémil-Lafage	0.001	EUR	33.3	31.12.
Germany									
HelveticWind Deutschland GmbH	●				Berlin	0.03	EUR	29.0	31.12.
Onyx Grundstück Wilhelmshaven GmbH & Co. KG	●				Wilhelmshaven	–	EUR	33.0	31.12.
Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG	●				Wilhelmshaven	–	EUR	33.0	31.12.
Italy									
EP Produzione Centrale Livorno Ferraris S.p.A.	●				Rome	10.0	EUR	25.0	31.12.
HelveticWind Italia S.r.l.	●				Milan	0.01	EUR	29.0	31.12.
Norway									
Nordic Wind Power DA	●				Oslo	–	EUR	28.1	31.12.

Report of the statutory auditor

This Report of the statutory auditor is only a translation of the legally binding German version.

To the General Meeting of
BKW AG, Berne

Berne, 7 March 2024

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 balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the changes in consolidated equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (refer to the German version, pages 32 to 113) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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 (refer to the German version, pages 32 to 113).

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

– Risiko

As disclosed in Note 7 Net Sales and 29 Derivatives, BKW enters into energy supply and purchase contracts with third parties. Depending on the reason 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, BKW applies hedge accounting in its energy business. The adoption has a significant impact on the reported net income, other comprehensive income and the 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 waste disposal provisions

– 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 waste disposal provisions are 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 waste disposal provisions, 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 waste disposal provisions.

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**

Among 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).

Valuation of Goodwill and other intangibles assets (trademarks and customer relationship)

– **Risiko**

Management performs an annual impairment test to the carrying amount of its cash generating units annually with respect to goodwill and other intangible assets with indefinite useful lives (trademarks). If impairment indicators are present for intangible assets with definite useful lives (e.g. customer relations), also impairment tests are prepared for those assets.

These annual impairment tests are relevant to our audit because the carrying amount as of 31 December 2023 for goodwill (CHF 1'084.5m) and other intangible assets, such as trademarks and customer relationships (CHF 119.6m) are material to the financial statements. Furthermore, the underlying estimations to the impairment assessment are complex and any impairment of goodwill and other intangible assets can have a material impact on consolidated net income of BKW.

The valuation model depends on different assumptions such as future cash flows, terminal value growth rates, inflation rate and discount rate (WACC). Those assumptions are determined by management and are therefore considered to be material judgments. The impairment tests are described in Note 22.

– **Our audit response**

We assessed the assumptions made in the impairment tests and discussed them with management. We involved our own valuation specialists for the assessment of these assumptions. We compared some assumptions of the discount rate (WACC), the terminal value growth rates and the inflation rate with externally available data. In addition, we checked the clerical accuracy of the model and the derivation of the future cashflows. In addition, we evaluated the estimates of the cashflows made by management in previous years in terms of the actual cashflows generated. Furthermore, we have performed a walk-through to understand management's process to identify possible impairments. Moreover, we evaluated the disclosures and sensitivity analysis regarding impairment testing on goodwill, trademarks and customer relations).

Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets (trademarks and customer relations).

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report in German (but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon) and the annual report in English and French that is expected to be provided to us after the reporting date (including the English and French translations of the consolidated financial statements, the stand-alone financial statements and the remuneration report that are not audited by us).

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards 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, ISA and SA-CH 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 on EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

Rico Fehr
Licensed audit expert
(Auditor in charge)

Philippe Wenger
Licensed audit expert

BKW AG

Financial Statements of BKW AG

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Income Statement

CHF millions	2022	2023
Dividend income	422.4	172.8
Financial income	32.8	33.4
Other operating income	1.3	1.2
Total earnings	456.5	207.4
Interest expense	-30.9	-31.6
Other financial expenses	-4.3	-14.8
Other operating expenses	-9.0	-8.6
Depreciation, amortization and impairment	-0.5	0.0
Direct taxes	0.0	-0.7
Total expenses	-44.6	-55.7
Net profit	411.9	151.7

Balance Sheet

CHF millions	31.12.2022	31.12.2023
Assets		
Cash and cash equivalents	6.6	5.3
Receivables		
– from third parties	0.9	1.7
– from subsidiaries	150.9	200.0
Prepaid expenses and accrued income	9.9	5.5
Total current assets	168.2	212.4
Loans		
– from subsidiaries	2,010.9	1,801.5
Other financial assets		
– from third parties	4.9	4.3
Investments	1,894.4	1,894.4
Total non-current assets	3,910.2	3,700.2
Total assets	4,078.5	3,912.6
Liabilities		
Trade accounts payable		
– to third parties	1.1	0.2
Current interest-bearing liabilities		
– Bonds	0.0	200.0
– Loans payable	150.9	0.0
– to subsidiaries	474.9	552.7
Other current liabilities		
– to third parties	13.4	1.1
Deferred income and accrued expenses	7.5	6.9
Total current liabilities	647.7	760.8
Non-current interest-bearing liabilities		
– Bonds	1,200.0	1,000.0
– Loans payable	250.6	236.4
Other non-current liabilities		
to third parties	2.7	0.0
Total non-current liabilities	1,453.3	1,236.4
Total liabilities	2,101.0	1,997.3
Share capital	132.0	132.0
Statutory capital reserves		
– Reserves from capital contributions	26.1	26.1
Statutory retained earnings		
– Statutory retained earnings	1,155.0	1,155.0
Unappropriated retained earnings		
– Profit carried forward	254.1	452.2
– Net profit	411.9	151.7
Treasury shares	–1.6	–1.7
Total shareholders' equity	1,977.5	1,915.3
Total liabilities and shareholders' equity	4,078.5	3,912.6

Notes to the Financial Statements

Accounting policies

The financial statements were prepared in accordance with the requirements of Swiss law, in particular the articles on commercial accounting and financial reporting of the Swiss Code of Obligations (Articles 957 to 962).

Receivables

Receivables are presented at their nominal amount less operationally necessary valuation allowances. The receivables presented in the balance sheet are mainly current loans to BKW Energie AG.

Non-current assets

The investments held by BKW AG are measured individually at cost less any necessary impairments.

Financial loans are measured at nominal amount.

Current liabilities

Liabilities are presented at the nominal amount. The liabilities to other long-term equity investments in the balance sheet are mainly current account liabilities to BKW Energie AG.

Non-current liabilities

Non-current liabilities are measured at the nominal amounts. Loans payable include the existing registered bonds.

Other long-term equity investments

Company name, legal form, headquarters	Purpose	Share capital CHF	Capital share	Capital share
			31.12.2022 %	31.12.2023 %
BKW Energie AG, Bern	Energy, Grid, Services	132,000,000	100.0	100.0
BKW Building Solutions AG, Ostermundigen	Services	200,000	100.0	100.0
BKW Engineering AG, Bern	Services	100,000	100.0	100.0
BKW Infra Services AG, Wangen an der Aare	Services	100,000	100.0	100.0
BKW Management AG, Bern (formerly BKW Grid Switzerland Ltd., Bern)	Other	100,000	100.0	100.0

In all cases equity interest corresponds to the percentage of shares and voting rights. The com-

panies in which BKW AG holds indirect interests are listed on pages 108 to 113.

Bonds

CHF millions	31.12.2022	31.12.2023
0.00% debenture bond, 2022 – 2024	200.0	200.0
0.75% debenture bond, 2018 – 2025	200.0	200.0
0.875% debenture bond, 2022 – 2026	200.0	200.0
0.25% Green Bond, 2019 – 2027	200.0	200.0
1.125% Green Bond, 2022 – 2029	100.0	100.0
2.5% debenture bond, 2010 – 2030	300.0	300.0
Total	1,200.0	1,200.0

Share capital

The BKW AG share capital as of December 31, 2023, was CHF 132 million and is divided into

52,800,000 registered shares with a par value of CHF 2.50 each.

Treasury Shares

	CHF millions	BKW AG Number	CHF millions	Group companies Number	CHF millions	Total Number
At 31.12.2021	3.4	28,235	0.0	0	3.4	28.2
Additions	38.5	337,733	0.0	165	38.5	337,898
Transfer	-18.1	-160,010	18.1	160,010	0.0	0
Disposals	-22.2	-193,703	-17.6	-155,866	-39.9	-349,569
At 31.12.2022	1.6	12,255	0.5	4,309	2.0	16,564
Additions	44.3	314,505	-0.0	0	44.3	314,505
Transfer	-26.1	-191,130	26.1	191,130	0.0	0
Disposals	-18.1	-125,379	-25.5	-187,011	-43.6	-312,390
At 31.12.2023	1.6	10,251	1.2	8,428	2.8	18,679

Contingent liabilities

CHF millions	31.12.2022	31.12.2023
Guarantees for consolidated companies in favor of third parties	692.7	713.1

APPROPRIATION OF PROFIT

Proposal to the General Meeting

CHF	
Profit carried forward	452,159,293
Net profit	151,746,900
Unappropriated retained earnings	603,906,194

The Board of Directors proposes that retained earnings be appropriated as follows:

CHF	
Dividend of CHF 3.40 per share entitled to a dividend ¹	179,456,491
Balance carried forward	424,449,702
Total	603,906,194

1 No dividend is paid on treasury shares held by BKW AG. Consequently, the number of shares entitled to dividends at the time the financial statements were prepared was 52,781,321. The last trading day entitling the holder to receive the dividend is 23 April 2024. From 24 April 2024, the shares will be traded ex-dividend. If all shares were entitled to dividends, the dividend payment would amount to CHF 179,520,000 and the carry forward to the new account would amount to CHF 424,386,194.

Subject to approval by the General Meeting, the following distribution will be made:

CHF	
Dividend per share	3.40
Minus 35% withholding tax	1.19
Net dividend	2.21

Bern, March 7, 2024

On behalf of the Board of Directors

The President:

Roger Baillod

Report of the statutory auditor

This Report of the statutory auditor is only a translation of the legally binding German version.

To the General Meeting of
BKW AG, Berne

Berne, 7 March 2024

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BKW AG (the Company), which comprise the statement of financial position as at 31 December 2023 and the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (refer to German version, pages 120 to 123) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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 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 financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements (refer to German version, pages 120 to 123).

Valuation of Investments and Loans from subsidiaries

– Risk

Management performs an annual impairment test to the carrying amounts of investments and loans from subsidiaries at least annually.

These annual impairment tests are relevant to our audit because the carrying amount of investments (CHF 1'894.4m) and Loans from subsidiaries (CHF 2'001.5m) as of 31 December 2023 for are material to the financial statements. The impairment test is first carried out by comparing the net asset values with the carrying amounts. If the carrying amounts exceeds the net asset values, DCF-valuations are prepared. The underlying estimations in DCF-valuations are complex and any impairment of investments and loans from subsidiaries can have a material impact on net income of BKW.

The valuation model depends on different assumptions such as future cash flows, terminal value growth rates, inflation rate and discount rate (WACC). These assumptions are determined by management and are therefore considered to be material judgments. The accounting treatment and valuation of investments and loans from subsidiaries are described in the notes to the financial statements, accounting policies and valuation – fixed assets.

– Our audit response

We assessed the assumptions made in the impairment tests and discussed them with management. For DCF-valuations we involved our own valuation specialists for the assessment of these assumptions. We compared some assumptions of the discount rate (WACC), the terminal value growth rates and the inflation rate with externally available data. In addition, we checked the clerical accuracy of the model and the derivation of the future cashflows. In addition, we evaluated the estimates of the cashflows made by management in previous years in terms of the actual cashflows generated. Furthermore, we have performed a walkthrough to understand management's process to identify possible impairments.

Our audit procedures did not lead to any reservations concerning the valuation of investments and loans from subsidiaries.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report in German (but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon) and the annual report in English and French that is expected to be provided to us after the reporting date (including the English and French translations of the consolidated financial statements, the stand-alone financial statements and the remuneration report that are not audited by us).

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 and SA-CH 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

Furthermore, we 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.

Rico Fehr
Licensed audit expert
(Auditor in charge)

Philippe Wenger
Licensed audit expert

Sustainability Report

129	Sustainability Report
131	Our Commitment to a Future Worth Living
132	Long-term Growth with Integrated Overall Solutions
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140	Management of Sustainability Risks and Opportunities
143	Focus on Seven Action Areas

About this report

The consolidated companies of the sustainability reporting are the same as for the BKW annual reporting. Unless specified otherwise in an individual case, all information and figures relate to the entire BKW Group and the period of January 1, 2023 to December 31, 2023. Where relevant, the upstream and/or downstream value chain is addressed in the appropriate sections. This report is structured according to the seven SUCCESS Framework action areas of BKW's sustainability strategy (see page 133).

The Sustainability Report 2023 is in accordance with the requirements of the Swiss Code of Obligations. Furthermore, the BKW report conforms to the Swiss Ordinance on Climate Disclosures as well as the Corporate Sustainability Reporting Directive (CSRD) of the European Union.

As a participant in the UN Global Compact, BKW publishes its annual progress report on the initiative's website. BKW's contribution to achieving the Sustainable Development Goals (SDGs) is described in the appropriate sections of this Sustainability Report.

INTRODUCTION

Our Commitment to a Future Worth Living

As an employer of some 12,000 employees in ten countries, BKW has a special social responsibility. With our solutions and services we contribute daily to creating spaces for life while being highly committed to minimizing the negative effects of our business activities on people and the environment.

Ladies and Gentlemen,

For more than 125 years, BKW has offered trail-blazing solutions. What started as Elektrizitätswerk Hagneck in 1898 has become an international group of companies with overall solutions in the fields of energy, buildings and infrastructure. Not only have our business activities been expanded but also the requirements for sustainable corporate management.

BKW is increasingly integrating aspects of sustainability into all processes and strategic decisions. As of the end of 2023, Sustainability Management has been an integral part of the Corporate Development Group function which is a group function as well as Occupational Health & Safety, Legal Services and Group Compliance. Another important step to embed sustainability throughout the company is to integrate and assess our sustainability performance in our remuneration system as of 2024 onwards.

The path to a low-carbon economy and society is a still long one. As an energy and infrastructure company rooted in the region, we are predestined and determined to actively drive this change forward. In 2023, we made major investments again in the expansion of renewable electricity production and future-proof grid infrastructures. Renewable energies already account for more than 75% of our installed production capacities. We want to continue to pursue this approach while at the same time reducing our greenhouse gas emissions in the Energy business to net zero by 2040. With the electrification of our more than 3,500 company vehicles by 2030 we are not only implementing another key point of our decarbonization strategy, but also increasingly providing our services with low CO₂ emissions.

We want to continue on our chosen path in 2024: by investing in the future of energy and through our broad range of services for the promotion of energy efficiency. We create added value for our customers and make a major contribution to the social transformation in the face of climate change. With our 12,000 employees, we are making today's and future living spaces worth living in.

Kind regards,



Robert Itschner
CEO

WE SUPPORT



**More information
at:**

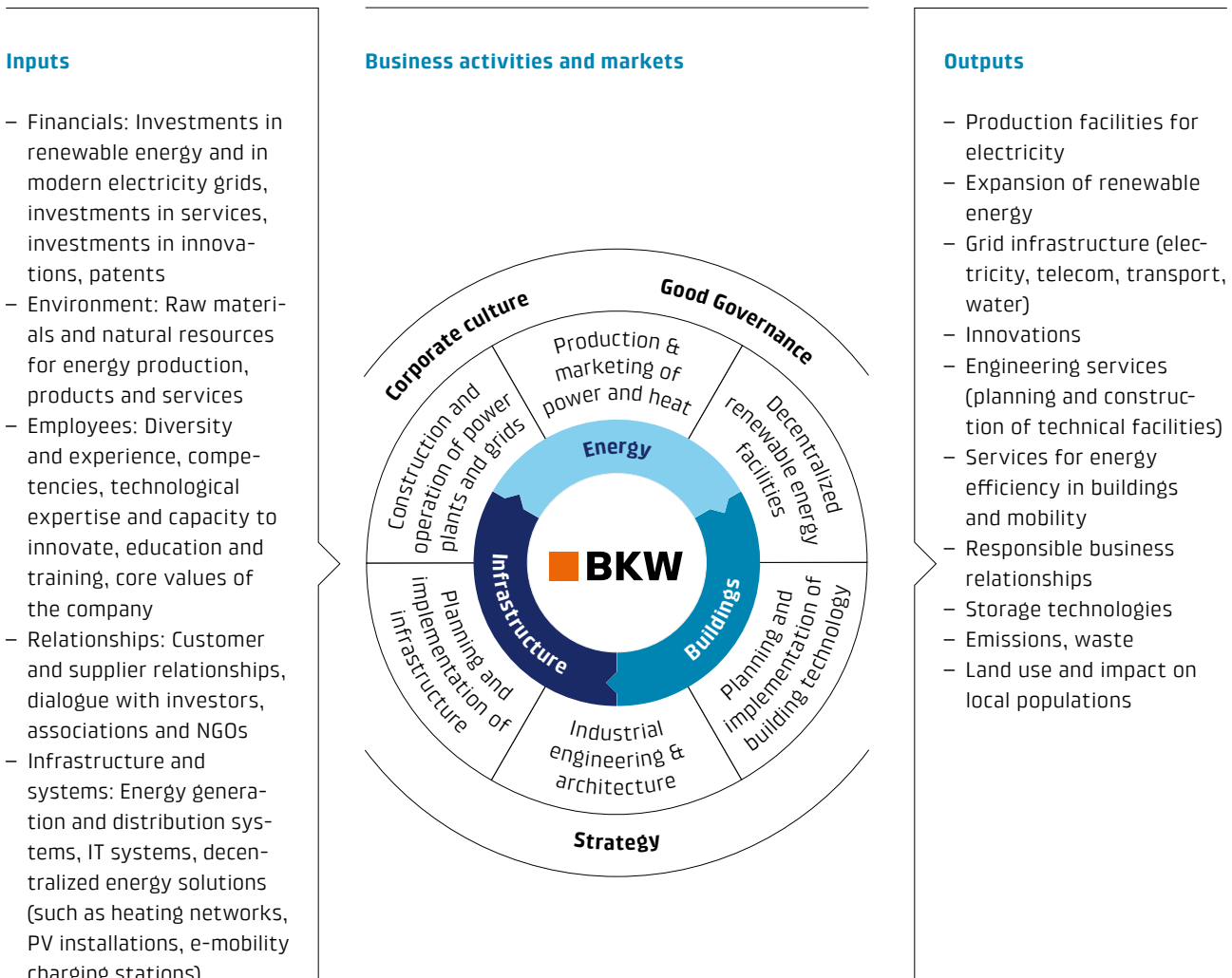
globalcompact.ch

“We see sustainability as an integral part of corporate governance and are constantly driving change to a sustainable economy and society.”

STRATEGY

Long-term Growth with Integrated Overall Solutions

BKW commits to spaces for life using holistic solutions for energy, buildings and infrastructure. The company creates sustainable added value for its stakeholders as shown in this diagram:



Outcomes

Solutions for a future worth living

<ul style="list-style-type: none"> – Reliable supplies of power and heat – Solutions that can be adapted to climate change (such as green architecture, flood protection) 	<ul style="list-style-type: none"> – Secure jobs and training opportunities – Healthy and qualified employees, knowledge transfer in the network – Taxes and regional value creation 	<ul style="list-style-type: none"> – Financial profit, share value – Efficient handling of resources
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Trailblazing company strategy

BKW is active in ten countries and pursues a growth strategy in the energy, buildings and infrastructure markets. Considering environmental and social issues as well as responsible corporate governance is an integral part of the strategy. By embedding the Sustainability Management into the Corporate Development group function (see also the Section Governance and Organization on page 137), BKW emphasizes the close connection between company strategy, business model and sustainability strategy (for further information on the company strategy please see page 6).

Sustainability strategy based on the SUCCESS Framework

The diverse sustainability activities that BKW has pursued for many years were combined in the SUCCESS Framework in 2022. It provides strategic orientation for BKW's sustainability management.

The seven areas of activity cover all sustainability-related topics identified as material by BKW. By adopting medium- and long-term sustainability goals and implementing specific measures within the fields of action, BKW has made significant progress in its commitment to sustainability. For further information, see the following sections of this report.

Double materiality analysis

The SUCCESS Framework is based on the materiality analysis performed in 2022. This materiality analysis was carried out in a comprehensive process with external support and took into account both the impact of business activities on people and the environment as well as the risks to BKW's business success (financial materiality). In this process, numerous experts performed a qualitative evaluation of a total of 35 topics in



several workshops. The following table provides a consolidated overview of the topics that were assessed as having medium to high materiality in terms of their risks and/or impacts, as well as their allocation to the seven areas of action. In 2023, BKW postponed some of these topics due to lack of resources. The following sections deal with those topics that were pursued in the year

of the report. The risks, opportunities and effects of the business activities as well as progress and challenges of the topics in the areas of action are detailed.

According to the specification of the European Sustainability Reporting Standards (ESRS), the materiality analysis must in future be carried out

Topics involving medium to high risks and/or effects according to materiality analysis 2022

Society

- Human rights
- Involvement of local communities/local presence
- Responsible and sustainable investments

Use of Resources

- Reduction of waste and resource consumption, circular economy support
- Biodiversity protection

Climate Neutrality

- Greenhouse gas reduction
- Energy consumption/efficiency
- Increase in renewable electricity generation and storage

Corporate Governance

- Responsible business practices
- Transparent reporting
- Organization of Corporate Governance

Employees

- Occupational health and safety
- Employment/working conditions
- Employee development
- Diversity and inclusion
- Cultural change sustainable action

Secure Products

- Safe and responsible operation of power plants and grids
- Product safety and quality

Secure Data

- Information and cybersecurity
 - Data protection and use
-

with the involvement of the relevant internal and external stakeholders. BKW will carry out the analysis again in 2024 in order to fine-tune the topics and, if necessary, define new ones, to focus on sustainability management and sustainability reporting. Relevant stakeholders will be involved in this process.

Stakeholder management

With its internal and external stakeholders, BKW builds respectful, appreciative relationships based on mutual trust. BKW fosters long-term partnerships. For all employees, the Code of Conduct and the values it contains form the basis for their daily actions (see also the Corporate Governance section on Page 167).

The opportunities for dialogue that have existed for many years, such as digital communication channels, employee appraisals, brochures and magazines as well as events and themed roadshows for employees, were also used in 2023. In 2023, BKW has driven forward the integration of the core values “entrepreneurial”, “collaborative” and “trailblazing” throughout the Group. In addition to the ways of communication mentioned

above, other methods such as e-learning, workshops and innovative online approaches have been used. Furthermore, BKW carried out specific further training for managers to sensitize them to their function as role models and promote partnership-based negotiation.

BKW also engages with external stakeholders in different ways. Important stakeholders include customers, suppliers, investors, shareholders, associations, politics and authorities, non-governmental organizations, municipalities and the general public, as shown in the following table.

More information at:

bkw.ch/codeofconduct

Interactions with external stakeholders

Customers

Customer surveys (B2C), customer discussions (B2B), various newsletters (half-yearly customer newsletter “Flash,” corporate newsletter several times yearly), webinars on the subject of energy market development with B2B customers, website, social media

Suppliers

Regular supplier meetings

Investors, shareholders

General Meeting, informational events, financial position press conferences, investor conferences, in-person investor discussions

Associations

Memberships, board meetings, working group meetings, specialist papers, issue-focused information exchange

Politics and authorities

Newsletter (quarterly), regular exchanges on specific subject areas, working groups, statements on law and ordinance amendments, issue-focused information exchange

Non-governmental organizations

Issue-focused information exchange, such as for project proposals

Local environment (such as municipalities)

Issue-focused information exchange and events, municipal mayoral events (annual), Journée des Maires in Jura (annual)

General public, media

Media work (press releases, media events, queries), social media, presentation of the company at events, specialist papers, website

STRUCTURES

Governance and Organization

At BKW, the Board of Directors has the ultimate responsibility for sustainability. The Group Executive Board is responsible for the development and implementation of the sustainability strategy and makes strategic decisions about sustainability for the overall BKW Group.

The Board of Directors has the ultimate responsibility for sustainability-related activities of BKW and approves the annual sustainability report. The current sustainability strategy was approved by the Board of Directors in 2022. In 2023, it dealt with sustainability issues at four ordinary meetings.

The Board of Directors has delegated the operational management to the CEO. The CEO is the Chairman of the Group Executive Board which since November, 1 2023 has consisted of eight members. It approved the current sustainability strategy for submission to the Board of Directors and is responsible for its implementation. Among other things, the Group Executive Board adopted sustainability goals in 2023 and made further organizational developments in order to embed sustainability issues even more firmly at Group level (see section New structures for sustainability). In the first half of 2023, the Group Executive Board dealt with sustainability issues at least every two months; in the second half of 2023 every month. In doing so, it repeatedly addressed the impacts, risks and opportunities in the areas of climate protection, compliance and occupational safety.¹

New structures for sustainability

In 2023, operational responsibility for sustainability issues was changed from a program organization to a line organization. The Group-wide Sustainability Management is now part of the Corporate Development group function reporting directly to the CEO.

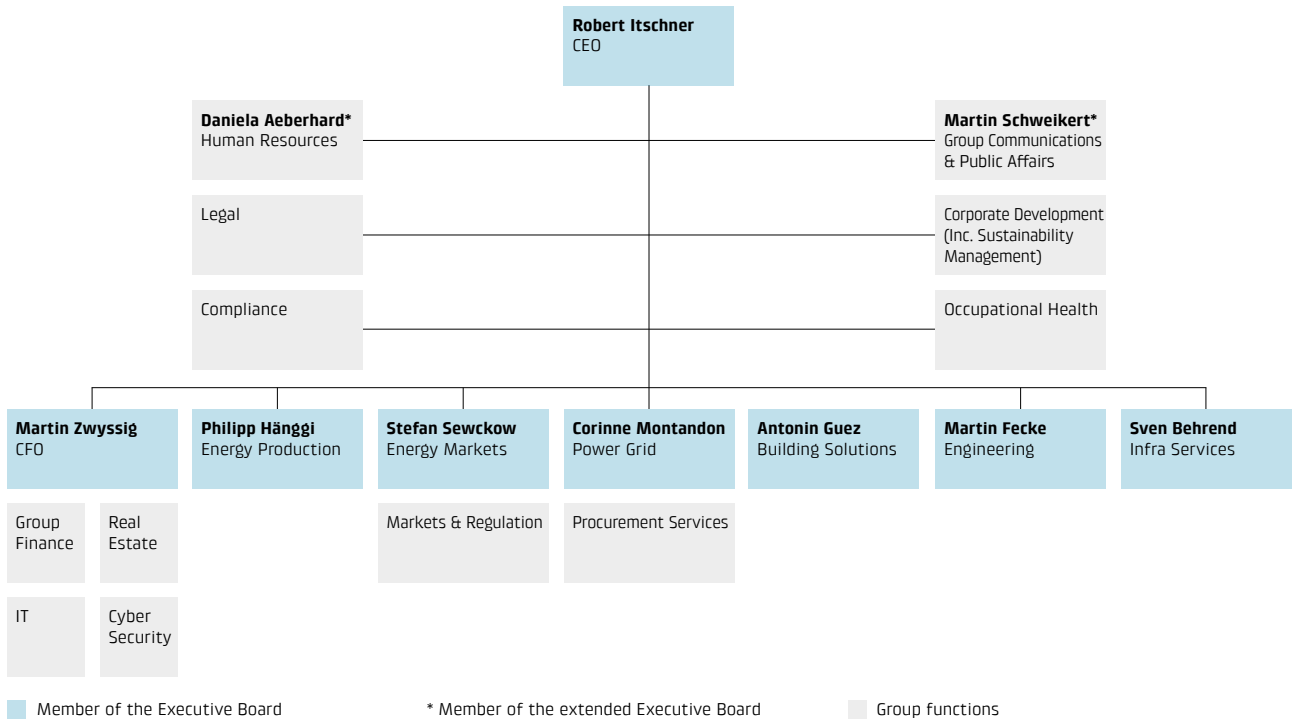
The Sustainability Management has the following tasks:

- Preparation and operational implementation of the sustainability strategy as well as driving forward the organizational and cultural embedding of sustainability based on instructions from the Group Executive Board and the Board of Directors
- Monitoring relevant sustainability regulations and standards for the BKW Group as well as initiation of the necessary measures for their fulfillment
- Collecting and addressing/fulfilling sustainability requirements of relevant stakeholders (investors, customers, employees, municipalities, politicians, etc.) at Group level
- Preparation of the BKW Group's sustainability report for submission to the Group Executive Board and the Board of Directors

Besides the organizational embedding of Sustainability Management in Corporate Development, a direct reporting line to the CEO was established in 2023 for three other sustainability-related Group functions. This concerns the Occupational Safety, Legal Services and Group Compliance functions. Human Resources Management, which is part of the extended Group Executive Board, is still responsible for employee issues. Other specific responsibilities at Group level are the Procurement Services and Cybersecurity group functions, reporting directly to a member of the Group Executive Board. Irrespective of the reporting line, all Group functions receive their mandate from the Group Executive Board and report to it at regular intervals.

¹ Further information on the composition, independence and competences of the Board of Directors and Group Executive Board can be found in the Corporate Governance Report from page 209 onwards)

Business divisions and Group functions



Sustainability-related components of remuneration

In 2023, the BKW Executive Board decided in future to include BKW's progress in the area of sustainability in the company's remuneration system. Starting from a baseline measurement in 2023, in future BKW will have its sustainability performance assessed with external assistance on an annual basis. This will include numerous factors in the areas of environment, social affairs and corporate governance. This will start in 2024 and be relevant for members of the Group Executive Board and senior management with regard to their bonus. In this way, BKW is introducing an effective lever to further accelerate the sustainability transformation of the company.

Due diligence obligations

The BKW Group Executive Board is aware of its responsibility for the health and safety of its employees and customers as well as compliance with international employment standards and human rights along its value chain. BKW is also committed to data security, combating corruption and protecting natural resources within its sphere of influence. To fulfill the relevant due diligence obligations and legal requirements, different management systems and control mechanisms have been established depending on the topic and business area.

In 2023, BKW took an in-depth look at its due diligence obligation pertaining to child labor and minerals and metals from areas of conflict (in accordance with the Swiss Code of Obligations). Based on the markets in which it operates, BKW can rule out child labor in its own business activities. Furthermore, the company does not import minerals or metals from conflict areas, nor does it process them. However, individual raw materials may be used for certain categories of goods that pose potential risks with regard to child labor and conflict metals. Therefore, in 2023 BKW carried out a comprehensive risk analysis of the supply chains. According to this analysis, BKW meets the requirements of the Swiss Code of Obligations with regard to due diligence obligations for specific risks in the supply chain, namely conflict materials and child labor. In terms of due diligence, BKW uses such knowledge to implement measures specific to raw materials with a view to ensuring good sustainability performance in the procurement of raw materials.

For detailed information on the supply chain risk analysis and BKW's overall Due Diligence process, please refer to the Society section on page 143. How BKW fulfills its due diligence obligations with regard to the other environmental, social and working issues, is explained in the other sections under the umbrella of the SUCCESS Framework.

RISK MANAGEMENT

Management of Sustainability Risks and Opportunities

BKW integrates sustainability-related risks and opportunities in its strategic planning and is preparing for the future Swiss Ordinance on Climate Disclosure.

BKW is an international energy and infrastructure company with a regional base operating in a very dynamic environment. These changes represent both opportunities and risks, which is why BKW is constantly monitoring them. In addition to financial, regulatory and technical innovations, BKW also monitors social, environmental and climate-related changes.

Risk Management is responsible for the central assessment of BKW's risk situation and reports directly to the CFO. Risk Management's task is to develop guidelines and instruments for dealing systematically with the issue of risk, coordinate the Group-wide risk management process and to support management in evaluating and controlling the risk situation (see page 100).

In 2023, sustainability-related risks were explicitly identified for the risk report for submission to the Audit and Risk Management Committee (ARMC)² as well as to the Group Executive Board. Furthermore, a systematic survey of climate-related opportunities and risks was carried out. Separately, a risk analysis of the procurement supply chain was carried out (see Society section on page 145).

Climate-related risks and opportunities

As part of the upcoming regulatory requirements of the Ordinance on Climate Disclosures, BKW is implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). To this end, all business divisions have examined their activities with regard to climate-related opportunities and risks. An initial qualitative assessment was then carried out and the possible time of occurrence indicated. In future, these findings will be taken into account when developing corporate and business strategies, among other things. The associated risks and their effects on business activities are shown below.

² For responsibilities of the ARMC see Corporate Governance report on page 218.

Relevant climate-related risks and opportunities for the business activities³

Physical risks: imminent

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Heat waves	Extreme heat increases the demands on occupational safety to ensure the health of employees. Heat can also have an impact on the production output of thermal power plants.	Short-term
Landslides and subsidences	Landslides in slope areas can cause damage to distribution grids, which means additional investment in securing and repairing them.	Short-term
Heavy rainfall and flooding	High water levels affect the performance of run-of-the-river power plants and can endanger electricity production and the revenue based on it.	Short-term
Increasing severity and frequency of extreme weather events	Acute extreme weather events can lead to delays in construction projects or disruptions at power plants (e.g. wind farms or hydropower plants). Under certain circumstances, this can cause damage to the distribution grid, which may jeopardize the supply.	Short-, medium- and long-term

Physical risks: chronic

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Heat stress and thawing of the permafrost	Melting glaciers are changing the production profile of hydropower plants. In the long term, they will be able to produce less energy due to low water levels in summer.	Long-term
Changes in the precipitation patterns and extreme variability of weather patterns	Climate change leads to less precipitation in summer, more precipitation in winter and the general shift in the snow line towards higher ground. The production profile of hydropower plants will change. Run-of-the-river power plants will produce significantly less energy in summer.	Long-term

³ Table is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

⁴ Short-term: 1–4 years, medium-term: 5–10 years, long-term: > 10 years

Transitional risks

Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Markets	Increased raw material costs, e.g. due to increased demand, leads to higher material costs for the construction and maintenance of infrastructure. Customers may be more reluctant to make decisions on new construction, expansion or maintenance measures.	Short-term
Politics and legislation	Higher CO ₂ prices influence the profitability of fossil fuel power plants.	Medium- and long-term
Technologies	Insufficient grid expansion increases the risk of "stranded assets" if the electricity cannot be transported away from plants. Profitability decreases.	Medium- and long-term
Reputation	Credibility problems can arise if communicated targets, measures, timelines, etc. are not adhered to in the context of climate protection.	Long-term
Opportunities		
Climate-related risk/opportunity	Assessment	Time of occurrence ⁴
Resource efficiency	An increasing demand for integrated energy and building solutions for efficient and needs-based electricity, heating and cooling supply is visible on the market.	Short-term
Products and services	The forward-looking diversification of the product and service portfolio in the context of the energy transition can meet customer demand for climate-friendly solutions.	Short- and medium-term
Markets	Climate related incentives from the public sector for the energy, transport, telecommunications and water sectors offer opportunities to enter new markets.	Short- and medium-term
Energy systems	The use of new technologies such as carbon capture and storage, hydrogen or batteries offers numerous economic opportunities.	Medium- and long-term

⁴ Short-term: 1–4 years, medium-term: 5–10 years, long-term: > 10 years



Society

“We assume corporate responsibility for the sustainable development of society.”

Together with its stakeholders, BKW builds respectful, appreciative relationships based on mutual trust.



In its business activities, BKW is responsible for its impact on society. The company maintains a regular dialogue with its stakeholders and is committed to the sustainable development of the economy and society in numerous partnerships (see also Stakeholder Management on page 135). Among other things, BKW is a participant in the UN Global Compact, partner of Sustainable Swit-

zerland and member of the Association for Sustainable Management (öbu).

BKW responsibilities also include monitoring of the supply chain, so that the Group also holds its suppliers to account. The Group's purchasing policy is based on the values of the BKW Supplier Code of Conduct and the BKW Code of Conduct⁵. It is char-

⁵ Implementation through the self-declaration form for suppliers, see page 144.

acterized by the awareness that the quality, innovative strength and reliability of the numerous BKW suppliers are important key factors for the company's competitiveness. The basis for this is ensuring that the BKW purchasing organizations comply with their due diligence obligations towards the BKW suppliers.

The primary focus of all procurement activities is on ensuring Group-wide due diligence obligations. This explicitly means the consideration of potential environmental and social risks over the lifecycle of the goods procured by BKW. The challenge here is to integrate this process in BKW's purchasing organizations. A low environmental footprint and the satisfaction and health of employees throughout the supply chain are fundamental to BKW's long-term success. In this respect, procurement management is an important building block in the overall strategy of the Group.



Organization and management

In 2023, the responsibilities and processes for the development of sustainable supply chains were redefined with the aim of establishing comprehensive sustainability management in all BKW purchasing organizations. Firstly, human resources with the appropriate expertise were put in place. Secondly, a systematic analysis of goods procurement and suppliers was carried out. In this way, actual and potential risks to people and the environment in the value chain can be identified and avoided – or at least mitigated – at an early stage.

BKW has five purchasing organizations: Procurement Services for the Grid and Energy business areas as well as four other purchasing organizations in the Services business area. To develop comprehensive sustainability management in procurement, BKW has made human resources available to Procurement Services, in order to promote the issue Group-wide. Procurement Services now reports directly to the Head of the Power Grid division, who is a member of the

Group Executive Board. As a Group Function, Procurement Services receives its mandate from the Group Executive Board to which it reports at regular intervals (see also Governance and Organization section on page 137). In 2023, Procurement Services was commissioned to set up processes for sustainable supply chains for the whole of BKW in accordance with nationally and internationally recognized sustainability risk filters. In the next step, the procedure will be rolled out Group-wide in all purchasing organizations and implemented locally in the respective Group companies.

The reorganization of responsibilities in the area of sustainable supply chains was carried out within the framework of external regulatory requirements and internal guidelines: it is based on the Swiss Public Procurement Law (IVöB), the German Supply Chain Due Diligence Act (LkSG) and the regulatory requirements for nonfinancial reporting in Switzerland and the EU. In Switzerland, this reporting obligation is regulated in the Swiss Code of Obligations with additional regulations on specific risks in the supply chain (Due Diligence and Transparency Ordinance (DDTrO), while in the EU it will in future be regulated by the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). Internally, procurement is based on Group-wide regulations such as the directive for procurement management, the BKW self-declaration form for suppliers, decentralized regulations at the level of the five purchasing organizations, the General Terms and Conditions of Purchase (GTCP), the Supplier Code with additional self-declarations and the submission regulations for tenders.

The EcoVadis platform for supplier assessment is used to ensure due diligence in the BKW supplier network⁶. BKW's goal is that by the end of 2026 all relevant suppliers for which environmental or social risks have been identified will have undergone a sustainability rating and at least meet the industry average. In coordination with all pur-

More information at:

bkw.ch/partnerships

⁶ The EcoVadis platform is used to create a qualified sustainability rating and ensure the development of suppliers on the relevant sustainability issues.

BKW regularly obtains information on sustainability from its suppliers, either directly or via the EcoVadis platform.



chasing organizations, the respective suppliers are supported in partnership during onboarding and their development. The existing communication channels between strategic buyers and suppliers are used for this purpose.



Measures and parameters

Business practices

BKW traditionally maintains a partnership-based relationship with its suppliers. Fairness, openness and respect are the basis of a good business relationship. Management also includes the payment terms in the purchasing contracts. The standard payment period is 30 days net. For larger capital goods, there are special agreements with install-

ment payments of usually 30% upon signing of contract for work and services. All payment transactions are subject to the supervision of Financial Controlling and are defined in the Group-wide process organization. In 2023, there were no pending proceedings regarding BKW's payment terms.

Due diligence process in the supply chain

In 2023, BKW established a supply chain risk analysis process in line with the OECD Due Diligence Guidance for Responsible Business Conduct. The risk analysis is based on various risk filters that are used to identify sustainability risks in the supply chain.⁷ This provides BKW with a specific risk profile for environmental and social risks in rela-

⁷ The current 2023 version of the OECD Due Diligence Guidelines is the basis for ensuring all phases when considering the due diligence obligations in the BKW supplier network.

tion to relevant areas of activity and the associated raw materials.⁸ The starting point was to identify the areas of activity in which potentially relevant risks could arise. In the course of the analysis four relevant risk areas were identified for BKW: power grids, photovoltaics, wind energy and battery storage. For these risk areas, 25 raw materials⁹ have been identified which are associated with potential environmental or social risks (see the table below). In future, BKW will require suppliers who use these raw materials in their goods to provide more detailed information on the environmental and social risks identified.

Due diligence obligations regarding conflict minerals and child labor

Based on the supply chain risk analysis, BKW has carried out a detailed analysis of procurement activities with regard to conflict minerals and child labor risks. The analysis is based on available procurement data¹⁰ from the Procurement Services Group function and represents about 40% of the Group-wide procurement volume with the highest potential risks (procurements in the areas of electricity generation and grid operation). In future, BKW will extend the analysis to the entire procurement volume. In doing so, it

Sustainability risks in the supply chain analyzed by BKW

Social risks

- Child labor
- Forced labor and all forms of slavery
- Inadequate occupational health and safety, and health hazards in the workplace
- Disregard for freedom of association and the right to collective bargaining
- Discrimination
- Precarious working conditions and withholding adequate wages
- Environmental human rights risks
- Land use conflicts and property rights
- Conflicts and security

Environmental risks

- Greenhouse gas emissions
- Consumption of water and land
- Exploitation of abiotic and biotic raw materials
- Emissions of pollutants
- Discharge of substances hazardous to water
- Waste

⁸ To determine the key risk areas, the two guidelines "Energy Industry Dialogue - Potential human rights risks along the supply and value chains" (German Federal Ministry of Labor and Social Affairs) for social risks and "Environmental Risks and Impact in Global Supply Chains of German Companies" (German Environment Agency) for environmental risks are used.

⁹ Antimony, balsa wood, bauxite (aluminum), lead, chromium, iron (iron ore), petroleum (plastics), germanium, graphite, cobalt, copper ore, lithium, magnesium, manganese, molybdenum, nickel, niobium (tantalum), sand (cement), selenium, rare earths (neodymium, dysprosium, praseodymium, boron and terbium, scandium, lanthanum, cerium, yttrium), silver, silicon (metallurgical), rock salt (PVC: together with crude oil/natural gas), zinc and tin.

¹⁰ Procurement years 2019, 2020, 2022, 2023 with orders placed with 4,186 suppliers.

will review procurement of, for example, personal protective equipment, ICT and construction materials that have not yet been reviewed due to the lack of procurement data in 2023.

With regard to minerals and metals from war or conflict zones, there is a potential risk in the supply chain for niobium (risk area wind energy) and tin (risk area photovoltaics). Based on the available procurement data, BKW has not identified any indications that the legal thresholds for conflict minerals according to the Code of Obligations have been exceeded. Irrespective of these thresh-

olds, BKW is committed to a greater supply chain transparency and the integration of sustainability criteria in the contract conditions for specific projects depending on the industrial sector.

With regard to child labor, there are potential risks in all risk areas analyzed (power grids, photovoltaics, wind energy and battery storage) for nine raw materials.¹¹ By far the greatest risks and procurement volumes – but also the greatest opportunities for action – exist for BKW in the case of the raw material copper ore, in particular with regard to the cable product group. Due to

BKW risk analysis for the raw material copper

Raw material	Copper ore
Risk business areas	Power grids, photovoltaics, wind energy, battery storage
Potential risks – social	<ul style="list-style-type: none"> – Child labor – Forced work and all forms of slavery – Inadequate occupational health and safety, and health in the workplace – Environmental human rights risks – Conflicts and security
Potential risks – environmental	<ul style="list-style-type: none"> – Greenhouse gases; CO₂ equivalents– very relevant – Water; water consumption – very relevant – Land; land use– very relevant – Abiotic and biotic raw materials; material consumption – very relevant – Air pollutants; acidification potential and particulate matter emissions – very relevant – Substances hazardous to water; heavy metal emissions – very relevant – Waste – very relevant
Producing countries	Chile, Peru, DR Congo, China, USA, Zambia

¹¹ Chromium, cobalt, copper ore, sand (cement), rare earths, silver, rock salt, zinc, tin.



BKW's investment decisions will also take the positive impact on the environment and social responsibility into account.

the great importance of copper to BKW, the risk analysis for this raw material has been extended to include other sustainability risks (see table BKW risk analysis for the raw material copper, page 147). Based on this, the company asked all existing suppliers about these risks as part of a market survey on sustainability in 2023. BKW was able to establish that the industry is highly sensitive to the potential risk of child labor where copper is concerned.

Of the 18 suppliers of the cable product group across the Group, 11 have an EcoVadis rating, 9 of which are above the industry average. Suppliers below the industry average and those without an EcoVadis rating have been asked by BKW to implement improvement measures and obtain an external assessment. Furthermore, The Copper

Mark is currently being established as an industry-specific standard to ensure transparent traceability in the supply chain from the copper mine to the production site.¹² In addition to copper, BKW will also demand greater transparency from its suppliers for the other eight raw materials with a potential risk of child labor. Based on the information currently available, BKW sees no evidence that would point to the use of child labor in its supply chain.

In the course of 2024, Group-wide sustainability criteria will be defined for the cable product group. This will ensure that the procurement and supply development processes will be designed in such a way that they contribute effectively to avoiding or minimizing the social and environmental risks described.

¹² The Copper Mark is the leading certification standard for ensuring responsible business conduct in the copper ore, molybdenum, nickel and zinc value chains.

Supplier development

BKW has set itself the goal of ensuring that all relevant suppliers have a sustainability rating that is at least equivalent to the respective industry average by the end of 2026. The initial analysis in 2023 identified 149 relevant suppliers, 18% of which have an EcoVadis rating. The number of relevant suppliers will grow continuously with the expansion of the analyzed procurement volume and additional procurement areas. To achieve this goal, the following measures will be implemented:

- Group-wide regulation of the definition of relevant suppliers and establishment of a Group-wide onboarding process on EcoVadis.
- Determining the Group-wide number of relevant suppliers from established business relationships and scheduling onboarding.
- Group-wide regulation of supplier development in the risk areas of Grid, Wind and Photovoltaics.
- Specific development of suppliers to comply with internal due diligence obligations and ensure industry-average sustainability performance.

Using this procedure, in future BKW will communicate key data concerning target achievement with regard to the degree of coverage of the relevant suppliers and their development.

Sanction mechanisms

In the event that suppliers do not meet BKW's sustainability requirements, BKW has defined a phased approach – depending on the raw material. The aim is to find an effective solution to remedy any shortcomings and ensure compliance with due diligence obligations on the part of suppliers. Violations of applicable law will be prosecuted.

Using copper ore as an example, this means: in the first step, a corrective measure will be requested via the EcoVadis portal asking the supplier to comment honestly on the matter in question. Depending on the type and severity of the breach of the due diligence obligation, a solution will be sought with the supplier: As part of supplier development, the purchasers responsible agree on specific measures within a certain period of time in order to

remedy shortcomings. Should there be no improvements, BKW will assess whether to part company with the supplier.

Training

Already in 2022, all strategic and operational purchasers received training on the topics of EcoVadis and the BKW Supplier Code. In the reporting year 2023, no training took place due to the restructuring in procurement. In 2024, all purchasers will again receive training in all facets of the newly established sustainability management in procurement.



In 2024, purchasers will again be trained in all aspects of the newly established sustainability management in procurement policy.

Outlook

In 2024, the introduction of sustainability management in procurement, and thus the Group-wide communication on the Group-wide sustainability challenges in the supply chain, will be further promoted. From the beginning of 2024, BKW will integrate all relevant suppliers into the EcoVadis supplier network and actively further develop these relationships. In addition to general sustainability performance, the focus will be on the respective suppliers in the risk segments. BKW also aims to increase the supply chain transparency. Suppliers in specific risk segments will be obliged to identify their relevant subcontractors, as part of the tender process. These in turn will then be integrated into the BKW EcoVadis supplier network. In addition, further topic-specific audits at existing suppliers are planned.

Ambitions for sustainable investment and sustainable sales will come more into focus in future. As an investor, BKW aims to further increase its contribution to the low carbon economy and sustainable development. The investments that BKW is making in renewable and energy-efficient power supply are making an important contribution to this. Current examples of this are the projects for alpine solar power plants and the open-space system at Belpmoos (see also the Climate Neutrality section on Page 164). BKW will press ahead with its efforts in 2024 to report sustainable sales in accordance with the EU taxonomy.

BKW pursues the following ambitions with its activities in the 'Society' area of action:

- We assume environmental and social responsibility in our supply chains, partnerships, projects and relevant business processes.
- We are increasing our sustainable investments and our sustainable turnover (according to EU taxonomy).

Through its activities, BKW also contributes to the following Sustainability Development Goals:





Use of Resources

“We use resources respectfully and in harmony with nature.”

The largest thatched roof in Europe. The Lanserhof Medical Health Resort blends harmoniously into the dunes of Sylt. It was built in close collaboration between building conservation, dune preservation, bird protection, nature conservation and environmental protection. It was designed by architects ingenhoven associates assisted by BKW Engineering.



For its activities in the energy, buildings and infrastructure markets, BKW depends on natural resources. Our own infrastructure such as power plants and grid facilities also have an impact on the landscapes and areas where they are located. In addition to these direct physical impacts, climate change is increasingly threatening intact ecosystems and biodiversity. BKW therefore attaches great importance to the long-term effects and high environmental compatibility of

its infrastructure projects. With its measures, BKW also strives to avoid or reduce the negative impacts on water, soil, air, ecosystems and endangered species. In the area of biodiversity, the Group continuously implements measures as part of its operating expenses or with the help of financial support from the BKW eco-fund. In this way, it contributes to the protection of individual species, local species communities and entire ecosystems.



Organization and management

Responsibilities relating to natural resources and biodiversity are currently carried out by specialist functions in the various business areas. Depending on requirements, we work together with Sustainability Management which, on behalf of the Group Executive Board, works on the increased integration of topics into sustainability management, focusing on the assessment of risks and opportunities. The Procurement Services Group function has incorporated the issue of natural resources into its comprehensive risk management, focusing on the supply chain (see also the Society section on Page 143).

A systematic assessment of impacts and risks in connection with natural resources already takes place wherever corresponding management systems and certification are available. As of the end of 2023, the Grid business area as well as parts of the Energy and Services business areas are certified according to the relevant standard ISO 14001 (Environment Management Systems).

The central frame of reference for the obligation of all employees to assume their responsibility towards the environment and climate is the BKW Group's Code of Conduct. The company is commit-

ted, among other things, to avoiding or reducing air, water and soil pollution as well as waste.

The risks regarding natural resources and biodiversity are currently being addressed on a project basis. The plan is to systematically take these risks into account at Group level in future. The approach used for the management of climate-related risks serves as a blueprint for this: In 2023, BKW initiated a company-wide identification and assessment process for climate-related risks and opportunities (see also page 140). Its aim is to create a strong link between the risk assessments of the individual business areas and projects as a basis for taking risks into account in Group risk management. This approach will be extended to all sustainability-related risks in future.



Measures and parameters

Natural resources

BKW aims to systematize its efforts Group-wide in the area of the circular economy to create transparency about existing initiatives and innovations within the company. Selective measures are currently being implemented successfully within the Group: for example to facilitate the reuse of transformers. Here the company is taking



At BKW, transformers are reused whenever possible.

sustainability aspects and economic criteria into account at the same time. In Procurement Services (procurement of goods for electricity production and grid operation), these efforts are already part of the established procurement practice today. Product groups are checked for market availability through supplier meetings in order to pinpoint circular economy aspects and innovative approaches to increase resource efficiency as part of procurement. In connection with project submissions, life cycle assessments are also occasionally prepared and life cycle cost analyses carried out for specific circular economy options.

Compliance with the waste pyramid is a basic principle for the entire BKW. An established disposal plan is in force throughout Switzerland that regulates key aspects of sustainability for waste products, residual and recyclable materials and hazardous waste. In other countries, disposal issues are regulated and handled locally, but these same principles are taken into account. The waste disposal plan covers waste avoidance and reduction, recycling and the reuse of materials. In addition to economic considerations, the disposal plan focuses on ensuring safe disposal and minimizing environmental risks and pollution, such as pollutant emissions.

Standardized recording and consolidation of material flows across the Group continues to be a major challenge. BKW currently quantifies the most important purchased materials. At present, the determination of expenditure-based indicators is shifting towards a survey-based approach by material type and weight, which is also important for determining greenhouse gas emissions in the supply chain (Scope 3).

When it comes to waste, the focus is on recording it by treatment type or recovery aspects and weight. In Switzerland, the survey of commercial waste is already carried out at a high level of granularity for the business areas of Energy Produc-

tion, Energy Markets, Power Grids, Infra Services and parts of the Building Solutions business area. It will be gradually rolled out across the Group and to "Other waste" (waste similar to municipal waste). The results for the financial year 2023 are shown in the two tables below.

Amount of waste for recovery by recovery method, in tonnes (t)¹³

	Volume in t
Hazardous waste	
Recycling	43.8
Other recovery procedures	2.6
Total hazardous waste	46.4
Non-hazardous waste	
Preparation for reuse	549.7
Recycling	2,087.0
Other recovery procedures	32.0
Total non-hazardous waste	2,668.6
Total avoided waste	2,715.0

Amount of waste for disposal by type of treatment, in tonnes (t)¹⁴

	Volume in t
Hazardous waste	
Burning (with energy recovery)	325.3
Landfill	8.1
Other disposal procedures	27.2
Total hazardous waste	360.6
Non-hazardous waste	
Burning (with energy recovery)	1,744.0
Landfill	107.2
Other disposal procedures	170.8
Total non-hazardous waste	2,022.0
Total waste	2,382.6

A comparison of the tables shows that the volume of waste disposed of currently exceeds the quantity intended for recovery. The reason for this is that floating refuse, i.e. logs and branches

13 Commercial waste for Energy Production, Energy Markets, Power Grids, Infra Services, parts of Building Solutions; Switzerland only; excl. radioactive waste; period December 1, 2022 to November 30, 2023.

14 Commercial waste for Energy Production, Energy Markets, Power Grids, Infra Services, parts of Building Solutions; Switzerland only; excl. radioactive waste; period December 1, 2022 to November 30, 2023.

as well as organic material¹⁵, make up a large portion of the non-hazardous waste for disposal. BKW fulfills its obligation to dispose of this type of waste generated outside of its operational activities. The driftwood accumulates in eight Swiss hydroelectric power plants and is thermally utilized in an energy center for energy recovery.

Biodiversity

In 2023, BKW increased its efforts to preserve and promote biodiversity. In order to give the management of the topic more weight, firstly the Group Executive Board was made more aware of the issue of biodiversity and secondly more human resources were allocated. Activities focused on creating greater transparency and understanding of the ecosystems affected, and species protection in connection with BKW's business activities.

The company has been implementing targeted measures for its own assets for a long time. Special attention is paid to operational challenges such as bird protection and enabling the free migration of fish. The measures in the table below relating to biodiversity were implemented in 2023. They are evidence of BKW's commitment to this area and lay the foundation for further projects.



Outlook

In the coming year, work will focus on further developments throughout the Group in the management of resource use, the circular economy and biodiversity. This includes the development of an organizational and operational structure and the creation of a Group policy, as a basis for systematically integrating environmental and climate-related opportunities and risks into its

Measures related to biodiversity, 2023

Hydroelectric power	Fish ladders at the hydroelectric power plants in Bannwil (construction phase), Brügg (planning phase) and Wynau (tender phase)
	Surge and sink (Innergsteig): ecological investigations for deficit-cause analysis carried out, preparation of variant studies in the year 2024
	Upgrading of storage space (Aarberg power plant): analysis carried out and measurement report prepared
	Investigation of fish fauna (Hagneck and Niederried power plants): fish examined for the purpose of impact monitoring, continuation of grayling larva mapping
Wind power	Turbine shutdown for bird protection (wind farm Saint-Julien, F): preparation of camera sensors on five turbines for automatic turbine shutdown
	Turbine shutdown for bat protection (wind farm Dubener Platte, D): shutdown of six turbines at dawn and dusk

¹⁵ Organic material is transferred to a composter, logs and branches are burned. In 2023 it was not possible to compile a separate list of quantities.

The near-natural fish ladder at the Hagneck Hydroelectric Plant makes it easier for fish to migrate upstream.



business processes. BKW continues to strengthen the monitoring of material flows in the Resources and Waste areas with the aim of collecting standardized data across the Group.

In the area of biodiversity, the focus in 2024 will be on building a broader understanding of the impact, risk and opportunities of the business model in interaction with biodiversity and eco-

systems. BKW will redefine responsibilities and develop medium-term targets and measures to promote biodiversity. For this, close cooperation with the BKW eco-fund will be established to utilize the existing expertise and experience. Additional new partnerships will be established to further support the work with specialist technical expertise.

More information at:

bkw.ch/ecofund
(The BKW eco-fund annual report 2023 will be published in May 2024.)

Through its activities in the Use of Resources action field, BKW pursues the following ambitions:

- We will protect natural resources and make an active contribution to the protection of biodiversity.
- We will promote an active circular economy and apply eco-design in product development.

Through its activities, BKW also contributes to the following Sustainability Development Goals:





Climate Neutrality

“We are decarbonizing BKW and our value chain.”



BKW employees check the PV system of the Mont-Soleil solar power plant.

Climate change is putting pressure on the basis of life for people, animals and plants and is leading to social and economic challenges. As an energy and infrastructure service provider and operator of power plants, energy and heat networks, BKW plays an important role in driving forward the energy transition and counteracting climate change. A large part of the company's energy production comes from renewable energy sources, which are being further expanded together with the associated grid infrastructure. With services

in the areas of energy efficiency, green architecture, flood protection and heavy rainfall precautions, the company also creates spaces for life. At the same time, BKW also has fossil-fueled power plants in its energy portfolio, which contribute to security of supply and grid stability. These power plants are responsible for the majority of the Group's greenhouse gas emissions.

BKW aims to vigorously promote decarbonization in its own operations and in its value chain. In

2023, it has been working intensively on this claim and has defined its first concrete ambitions. Its ambitious goal is to reduce greenhouse gas emissions from the Energy business to net zero by 2040 at the latest. In addition, BKW also aims to electrify its entire vehicle fleet by 2030 and is gradually equipping its own buildings with low-emission heating systems. Fundamental to these measures is the BKW Decarbonization Strategy, which will be further expanded in 2024 (see the decarbonization strategy and goals section).



Organization and management

Overall responsibility for the development and implementation of the decarbonization strategy lies with the Group Executive Board. Operational responsibility for the topic of climate protection is assumed conceptually by Sustainability Management. It promotes the development of the decarbonization strategy and goals through an interdisciplinary project team with Group functions, Group companies and external experts. The focus here is on our own CO₂ footprint, particularly in the context of the Energy business. The implementation of measures to achieve the goals is the specialist responsibility of the respective Group functions or business areas. For example, the Energy Production business area is responsible for implementing the goals in the power plant portfolio, while Logistics and Fleet Services is responsible for implementing the fleet electrification.

Further, Sustainability Management is responsible for analyzing the environmental impact of business activities, dependencies and climate-related risks and opportunities. In 2023, the climate-related risks and opportunities were systematically identified, thus laying the foundations for incorporating them into Group-wide risk management in terms of both content and procedure (see page 140). This puts the BKW on track for the future implementation of

the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



Decarbonization strategy and goals

The focus of the decarbonization strategy in 2023 was on BKW's energy business¹⁶. The flexible power plants abroad which operate with fossil fuels are responsible for 96 percent of the BKW Group's Scope 1 greenhouse gas emissions. The power plants concerned are the Tamarete gas-fired power plant and shareholdings in the Livorno Ferraris gas-fired power plant and the Wilhelmshaven coal-fired power plant. The company has set itself the ambitious goal to reduce emissions from the Energy business to net zero by 2040 at the latest. Specifically, this means that in the target year 2040, BKW will be allowed to emit a maximum of 9 g of CO₂ per kWh of energy produced (in Scope 1 and 2) and will neutralize the remaining emissions with so-called Carbon Removals¹⁷.

In addition to the goal in the Energy business, in 2023 BKW took the first steps to reduce emissions in the business divisions. Electrification of the BKW Group's over 3,500 company vehicles was identified as having the greatest potential. BKW aims to electrify all cars and light-duty commercial vehicles by 2030. In the first step, this will involve at least 500 vehicles by the end of 2026. To this end, the company has introduced new guidelines for vehicle procurement. In addition, emissions from commercial buildings will be reduced by converting all heating systems in commercial and residential buildings owned by BKW to lower emission technologies by 2030.

In addition to these objectives, in 2023 employees were also sensitized to the topic of decarbonization. In order to raise awareness of energy and emissions-related issues, discussions were held with the Group Executive Board and the division heads. In the course of setting the objectives and preparing the greenhouse gas bal-

¹⁶ Orientation towards the definition according to the Science Based Targets Initiative: Scope 1 emissions of energy production, Scope 3 emissions of the provision of energy sources (supply chain), Scope 3 emissions of energy sold to end customers (electricity and gas).

¹⁷ Carbon Removal refers to technologies, practices and approaches to removing CO₂ from the atmosphere and storing it permanently.

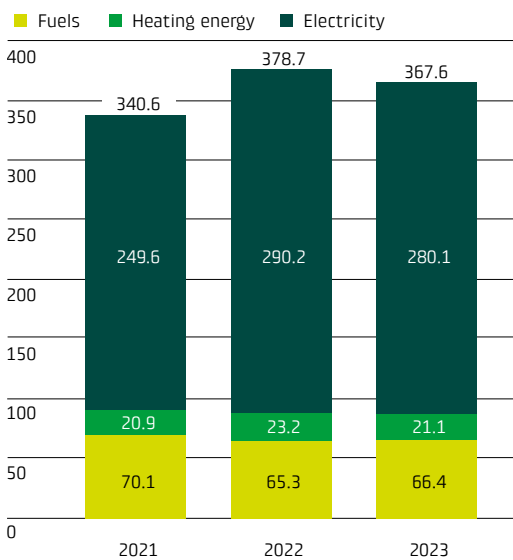
ance sheet, there was collaboration with those responsible in the affected departments and business areas. In addition, training was provided, particularly for managers through internal events such as the management event.



Measures and parameters

In 2023, BKW further expanded its operational balances of energy consumption and greenhouse gas emissions, once again drawing on the expertise of Swiss Climate.

Energy consumption of BKW (in GWh)



In 2023, BKW's energy consumption was 367.6 GWh. A detailed breakdown of the energy consumption, including the proportion of renewable energy sources, can be found in Table 1 on page 162. Once again, the company's energy consumption is broken down by Energy, Grid and Services business areas. The electricity consumption of pumped-storage hydropower plants and heating networks, which account for a large proportion of this consumption, is now also shown separately. The slight decrease in electricity consumption compared to the previous year is due to lower volumes of energy supplied by the pumped-storage power plants. The consumption of heating energy and fuel is in line with previous years.

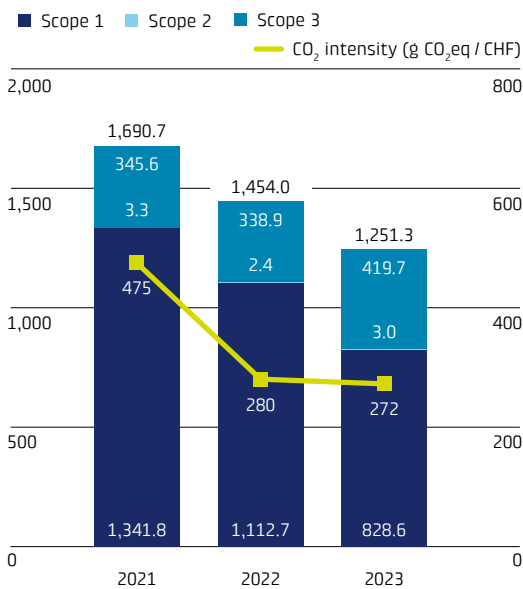
With regard to the electricity and heating energy consumption categories, BKW continues to work on optimizing data quality. The accuracy of the energy consumption collection was once again increased at the majority of locations. At some locations, however, the calculation is still based on extrapolations based on floor space data. All three business areas increased the share of renewable energy sources in electricity as well as heating energy consumption.

Greenhouse gas emissions

The following diagram "Total BKW emissions" shows the greenhouse gas footprint¹⁸ of BKW for 2023. BKW's total emissions are composed of the power plant portfolio emissions and the emissions of the business areas, each of which are covered separately below.

¹⁸ Includes greenhouse gas emissions in Scope 1 (emissions from sources in the direct possession or sphere of influence of BKW), Scope 2 (emissions from the use of purchased energy) and Scope 3 (indirect emissions in the upstream and downstream value chain) measured in CO₂ equivalents (CO₂eq). The report uses CO₂ as a synonym for CO₂eq.

Total emissions and CO₂ intensity of BKW (in thousand tonnes CO₂eq)



In financial year 2023, a total of 1,251 kilo tonnes of CO₂ were released. Thus BKW's total emissions decreased significantly compared to previous years (see also Table 2 on page 162). The emission intensity of BKW's total emissions in terms of

sales in 2023 was 272 g CO₂/CHF. This puts it at a similar level to last year's figure of 280 g CO₂/CHF. This is due to the fact that sales were exceptionally high in 2022 and emissions and sales fell by almost the same amount in 2023. In 2021, emission intensity was still at 475 g CO₂/CHF. A comparison of the years 2021 and 2023 shows a decline in relative emissions despite the increase in sales.

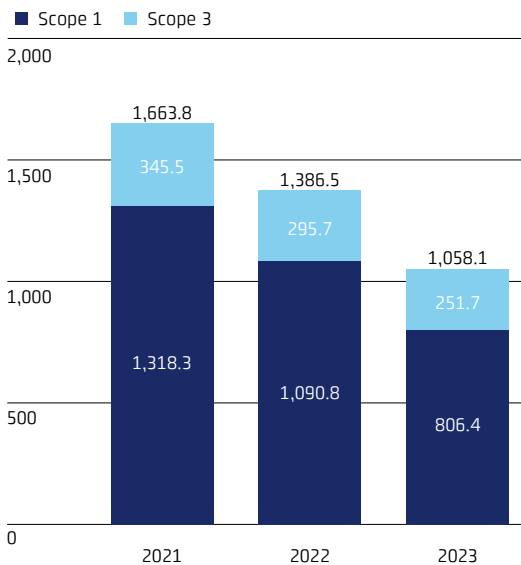
The decrease of emissions is mainly due to the decreased use of the Wilhelmshaven coal-fired power plant, in which BKW has a stake. Its use depends on the demand for electricity, available capacities on the market and the need for grid stability. The decreased use of the power plant is mainly reflected in Scope 1, but also Scope 3, emissions (in the energy supply emissions category). Nevertheless, there was an overall increase in Scope 3 emissions, which is mainly due to expanded data collection (see Table Development status of Scope 3 emissions on page 161). Scope 2 emissions remained more or less stable, as there were only minor changes in energy consumption in the business areas. The emission trends are explained below, broken down by power plant and business area.

Method for preparing the greenhouse gas balance

The greenhouse gas balance is calculated in accordance with the methods and accounting principles of the Greenhouse Gas Protocol and the requirements of the ISO 14064-1 standard. The key CO₂ figures include all Kyoto greenhouse gases¹⁹. The balance includes the entire BKW Group for the financial year 2023. Where data could not be obtained in full for a specific year, the data for the previous year was used on a pro rata basis; or pro rata data from the current year was extrapolated. The organizational boundaries at BKW are defined by the Equity Share Approach. For the disclosure of energy consumption and emissions in the business areas, data was collected in the 60 largest Group companies, in which close to 90 percent of all Group employees work. The missing data was extrapolated, based on the number of employees. To calculate the Scope 2 emissions, emission factors according to the market-based method were used.

¹⁹ Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), halogenated hydrofluorocarbons (HFCs), fluorocarbons (FCs) and sulfur hexafluoride (SF₆).

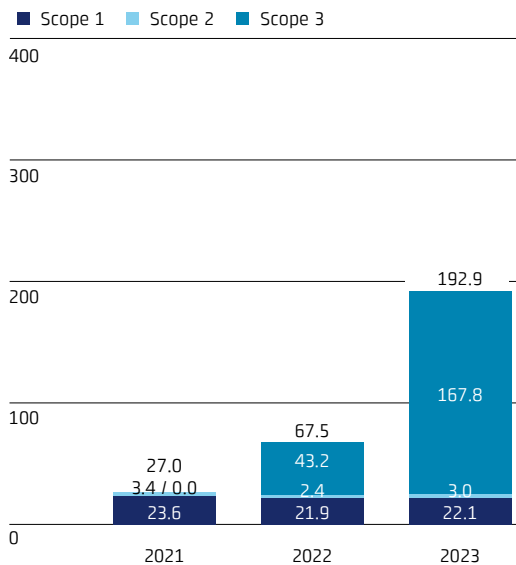
**Emissions from power plant portfolios
(in thousand tonnes CO₂eq)**



In 2023, BKW's power plant portfolio accounted for 85% of BKW's total emissions. The gas-fired Tamarete power plant and the shares in the gas-fired Livorno Ferraris power plant and the coal-fired Wilhelmshaven power plant accounted for 95% of power plant emissions. No Scope 2 emissions are produced in the power plant portfolio as BKW covers the electricity consumption in the pumped-storage power plants entirely with guarantees of origin from nuclear energy, and the auxiliary energy for the heating networks comes from renewable energy sources. The corresponding emissions for energy provision therefore only occur in Scope 3. The emission data broken down for our own power plants and shareholdings and purchase rights are shown in Table 3 on page 162.

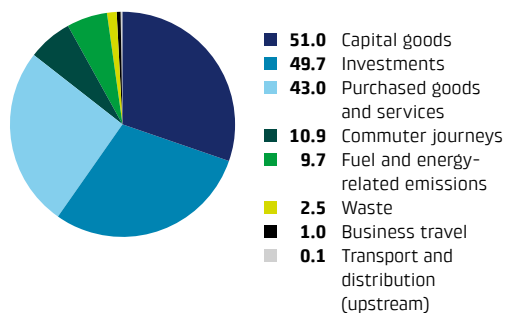
The CO₂ intensity of BKW's Energy business²⁰ in 2023 was 91 g CO₂/kWh. Compared to the previous year (133 g CO₂/kWh) and to 2021 (157 gCO₂/kWh), the intensity has significantly decreased. The greatest influence on these changes was the low production volume of the Wilhelmshaven coal-fired power plant and the increase in production from wind and hydropower.

**Emissions from the business areas
(in thousand tonnes CO₂eq)**



In 2023, BKW's business areas were responsible for 15% of BKW's total emissions (see also Table 4 on page 162). The emissions of the business areas have risen sharply compared to previous years. This is primarily due to significantly improved and expanded databases in the area of Scope 3 emissions, which is why this will be covered in more detail below.

**Scope 3 emissions from the business areas
(in thousand tonnes CO₂eq)**



In Scope 3 of the business areas, the largest shares of emissions identified so far are in the categories of capital goods, investments and purchased goods & services. This confirms that the

²⁰ To ensure that the CO₂ intensity is comparable with other energy companies, the Scope 1 and Scope 2 emissions of the Energy and Grid business areas are used in the calculation.

vehicle fleet is the largest source of emissions in the business areas, both through the procurement of new vehicles and their consumption. The first-time collection of a substantial amount of data from the construction of power plants and grids reveals further important sources of emissions. Most recently, Swissgrid AG's first sustainability report has enabled BKW to report the emissions from this investment as part of the investments. These new figures will be incorporated into the further development of BKW's decarbonization strategy in 2024.

When preparing the greenhouse gas report in 2023, BKW made considerable progress with regard to data quality and integrity. On the one hand, data was collected more systematically in existing Scope 3 categories, while on the other, the report was expanded to include new categories. The table below shows the developments regarding individual emission categories in 2023. BKW will continue to invest in the optimization of emissions data and predicts that Scope 3 emissions will continue to rise significantly in the coming years.

Development status of Scope 3 emissions

Scope 3 categories included according to Greenhouse Gas Protocol

Scope 3 categories included according to Greenhouse Gas Protocol	Development and status, 2023
3.1 Purchased goods and services	Expanding coverage and improving data quality (includes materials/goods for operation/construction of grids, IT-materials and ICT services)
3.2 Capital goods	Collected for the first time (includes materials/goods for the construction of new power plants and newly procured vehicles)
3.3 Fuel and energy-related emissions	No changes, full calculation
3.4 Transport and distribution (upstream)	Expanding coverage and improving data quality (incl. transportation of the disposals)
3.5 Waste	Expanding coverage and improving data quality
3.6 Business travel	No changes
3.7 Commuting of employees	Collected for the first time, estimated on the basis of country-specific employees and commuting statistics
3.15 Investments	Collected for the first time (current focus on investments in the area of grids and wind farms)

Scope 3 categories not included according to Greenhouse Gas Protocol

Scope 3 categories not included according to Greenhouse Gas Protocol	Reason for non-inclusion
3.8 Rented or leased tangible assets	Data basis currently insufficient
3.9 Transport and distribution (downstream)	Analyzed and classified as not relevant
3.10 Processing of products sold	Analyzed and classified as not relevant
3.11 Use of products sold	Data basis currently insufficient
3.12 End-of-life treatment of products sold	Data basis currently insufficient
3.13 Tangible assets leased or rented out	Data basis currently insufficient
3.14 Franchising	Analyzed and classified as not relevant

Table 1: Energy consumption of BKW (in GWh)

Energy consumption in GWh	Energy			Grid			Services			Pump storage power plants and heating networks			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Electricity	2.5	3.9	12.8	4.3	2.9	3.0	7.4	5.5	6.9	235.4	277.9	257.4	249.6	290.2	280.1
– of which renewable			0.2	0.1	0.2	0.7	1.0	1.7	2.3				1.1	1.9	3.2
Heating energy	6.0	7.1	5.5	3.0	3.2	1.5	11.9	12.9	14.1				20.9	23.2	21.1
– of which renewable			0.1	0.2	0.6	0.3	0.8	1.2	1.4				1.0	1.8	1.8
Fuels	3.9	2.1	4.0	5.4	5.0	4.4	60.8	58.2	58.0				70.1	65.3	66.4
Total energy consumption	12.4	13.1	22.3	12.7	11.1	8.9	80.1	76.6	79.0	235.4	277.9	257.4	340.6	378.7	367.6

Table 2: Total emissions of BKW (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Power plant portfolio			Business areas			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	1,318.3	1,090.8	806.4	23.5	21.9	22.2	1,341.8	1,112.7	828.6
Scope 2				3.3	2.4	3.0	3.3	2.4	3.0
Scope 3	345.6	295.6	251.8	0.0	43.3	167.9	345.6	338.9	419.7
Total emissions of BKW	1,663.9	1,386.4	1,058.2	26.8	67.6	193.1	1,690.7	1,454.0	1,251.3

Table 3: Emissions of power plant portfolio (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Own power plants			Holdings & purchasing rights			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	67.9	36.7	26.0	1,250.4	1,054.1 ²¹	780.4	1,318.3	1,090.8	806.4
Scope 3	21.8	14.1	11.8	323.7	281.6 ²²	239.9	345.5	295.7	251.7
Total emissions from the power plant portfolio	89.7	50.8	37.8	1,574.1	1,335.7	1,020.3	1,663.8	1,386.5	1,058.1

Table 4: Emissions of business areas (in thousand tonnes CO₂eq)

Emissions in t CO ₂ eq	Energy ²³			Grid			Services			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	2.5	2.1	2.3	2.5	2.2	1.7	18.6	17.6	18.1	23.6	21.9	22.1
Scope 2	0.3	0.4	1.1	0.7	0.3	0.2	2.4	1.7	1.7	3.4	2.4	3.0
Scope 3		29.1 ²⁴	34.1		9.5 ²⁵	93.5		4.6	40.2		43.2	167.8
Total emissions from the business areas	2.8	31.6	37.5	3.2	12.0	95.4	21.0	23.9	60.0	27.0	67.5	192.9

21 Recalculated reactively for 2022 and 2021 using emission factors specific to BKW's power plants.

22 Correction for 2022 and 2021 due to emission factor adaptation for pumped energy for pumped storage power plants.

23 Without power plant portfolio.

24 Correction, as emissions from electricity and gas sold were newly included and unallocated emissions in 2022 could be allocated retroactively.

25 Correction, unallocated emissions in 2022 could be allocated retroactively.

Renewable energy production

BKW continued to press ahead the expansion of renewable energies in the year 2023. The company already almost achieved its long-standing goal of expanding the installed capacity of new renewable energies (wind, photovoltaics, small hydroelectric power and biomass) to 1,000 Megawatt (MW) by 2026: at the end of 2023 the installed capacity was 967 MW. With the projects currently in planning and under construction, the target value will be reached well before the year 2026. Thus in 2023, BKW already started the process for setting new expansion goals well ahead of schedule. In 2023, BKW was able to put the

following power plants into operation; further power plants were in the planning or construction stage (see Table Renewable power plants in the planning or construction stages as of the end of 2023, page 164):

- Wind farms in Tjörnäs, Skallberget/Utterberget and Rosenskog (Sweden), 125 MW
- Small hydroelectric power plant Arvigo (GR), 1.7 MW
- Small hydroelectric power plant Augand (BE), 7.4 MW
- Drinking water power plant Saas-Grund (VS), 0.57 MW (minority stake)

A BKW employee in action in the Juvent wind power plant at Mont-Crosin.



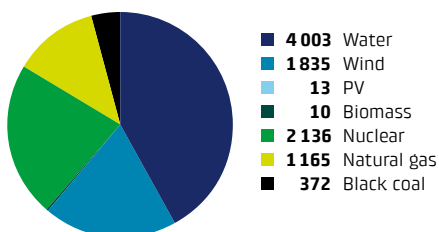
Renewable power plants in the planning or construction stage at the end of 2023

Photovoltaics	Wind power	Hydroelectric power
Two solar farms in Genzano di Lucania and Tuscania, Italy (under development)	Two wind farms in Cerignola, Italy (in planning)	Small hydroelectric power plant Sousbach, Canton of Bern (under construction)
Open-space solar plant BelpmoosSolar, Canton of Bern (in planning)	Wind farm Tramelan, Canton of Bern (permission granted)	Small hydroelectric power plant Turbach, Canton of Bern (concession and building permit available)
Six alpine solar projects, Canton of Bern (in planning)	Windpark Jeanbrenin, Canton of Bern (undergoing the objection procedure)	Power plant Trift, Canton of Bern (power plants Oberhasli) (in planning)
		Expansion of Grimsensee, Canton of Bern (power plants Oberhasli) (in planning)
		Power plant Handeck 4, Canton of Bern (power plants Oberhasli) (in planning)
		Pumped-storage power plant Grimsel 4 Canton of Bern (power plants Oberhasli) (in planning)

In the course of the year, BKW produced 9,534 GWh of energy. This includes electricity from our own power plants, equity investments, procurement rights and unmanaged financial investments. 62% of the energy (5,889 GWh) came from renewable sources (water, wind, PV and biomass), corresponding to an increase of 7% compared to the previous year (see diagram below, BKW's energy production in 2023 in GWh). The amount of energy produced depends on the one hand on the installed capacity and on the other hand on

the availability of the power plants, weather conditions and the demand on the electricity market. The increase in renewable energy production in 2023 was mainly due to the much better hydrological conditions than in the previous year, when drought significantly reduced inflows, as well as the increase in the amount of wind. The table below shows BKW's total energy production.

Electricity production at BKW 2023



Installed capacity and electricity production of BKW

	2022 Installed production, BKW portion MW	2023 Installed production, BKW portion MW	2022 Energy volume BKW GWh	2023 Energy volume BKW GWh
Own power plants²⁶				
Run-of-river	242	242	872	996
Small hydro	58	67	164	239
Onshore wind	601	726	1,080	1,289
PV	13	14	14	13
Biomass	3	3	16	10
Natural gas	62	62	73	34
Total own power plants	979	1,114	2,219	2,581
Holdings and purchasing rights²⁷				
Run-of-river	30	30	117	132
Storage	221	223	419	553
Pump storage (gross production)	1,145	1,150	1,721	2,072
Onshore wind	19	34	105	206
Nuclear	333	332	2,125	2,136
Natural gas	192	192	1,011	1,131
Black coal	235	235	1,015	372
Total holdings and purchasing rights	2,175	2,196	6,513	6,602
Non-managed energy from financial interests²⁸				
Small hydro	3	4	10	11
Onshore wind	134	119	399	340
Total non-managed energy from financial interests	137	123	409	351
Overall result	3,291	3,433	9,141	9,534

26 Plants where BKW has majority interest. Hundred percent of installed capacity and production volumes are reported.

27 Investments: Associated power plants/joint ventures and plants where BKW has a minority shareholding. The installed capacity and the production volumes according to share are reported. If BKW manages the energy, hundred percent is reported as energy purchase. Purchasing rights: Electricity purchased from power plants where BKW has no shareholding, without management powers.

28 Associated power plants/Joint Ventures with minority interests held by BKW, whose electricity production is not supplied to BKW and/or managed by BKW.

In addition to power plants for electricity production, BKW also operates heating plants. The portfolio comprises 19 heating networks, five local heating networks and 23 individual plant contracts. Six projects were in realization in 2023. BKW produced 140 GWh of heat, 90% of it from renewable energy sources (wood chips, waste wood or pellets). In addition to our own production BKW uses waste heat from waste incineration plants in six networks and thus was able to supply another 33 GWh of thermal energy to its customers.

Outlook

In 2024, BKW will intensify the climate-related opportunity and risk analysis, following the TCFD recommendations and align it with the Group risk management. To determine the resilience of the corporate strategy to climate risks, BKW will also carry out a scenario analysis.

The target shall be formulated for the whole of the BKW Group in the context of the net zero target. This means that all business activities beyond the Energy business, including the company's entire value chain, will be integrated into the analysis and all target dimensions, including short- and long-term aspects, will be specified. In this context, BKW is preparing a Climate Transition Plan. This is a strategic roadmap that sets out the fields of action and measures for achieving the climate goals and is disclosed as part of the TCFD reporting 2024.

The introduction of a software tool for systematic greenhouse gas balancing and future greenhouse gas management is planned for the first half of 2024. The focus here will also be on continuous improvement of the processes for preparing the energy and greenhouse gas balance and further optimizing the data basis.

Through its activities in the field of climate neutrality, BKW is pursuing the following ambitions:

- We will lower our emissions in the Energy business to net zero by 2040.
- We will increase the installed capacity of new renewable energies to 1000 megawatt (MW) by 2026.
- We will electrify our entire fleet of cars and light-duty commercial vehicles by 2030.

Through its activities, BKW also makes a contribution to the following SDGs:





Corporate Governance

“We are committed to responsible business conduct and transparent corporate governance.”

The BKW Group Code of Conduct expresses our corporate culture and the values and principles that we pledge to uphold.



BKW is aware of its responsibility towards its employees, customers, business partners and society in general to be fair in its business dealings. Consequently, the Group attaches great importance to integrity and responsibility in its corporate governance, ethical business practices and living according to its corporate culture. All this is based on the Group-wide Code of Conduct, compliance policy and the regulations derived from them.

BKW is conscious of the fact that failure to comply with laws, internal guidelines and commitments entered into can have negative consequences for its stakeholders and the business itself. Compliance violations not only harm BKW's reputation but may lead to considerable fines or even prison sentences. This can have a long-term negative impact on the Group's business operations. Therefore, we strive to avoid such negative effects or, as the case may be, to minimize risks as far as possible.

The Code of Conduct stands at the top of the BKW regulation pyramid (see diagram below). It forms the basis for a holistic compliance understanding throughout the Group. BKW understands compliance to be observing all laws and standards relevant to BKW and following the Group's internal regulations (Code of Conduct, group policies, Group directives and rules). Compliance is mandatory for employees and all bodies of BKW.

Each year, BKW prepares a transparent report on its sustainability activities – also as a participant in the UN Global Compact – and has embedded the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct²⁹ within the Group.



Organization and management

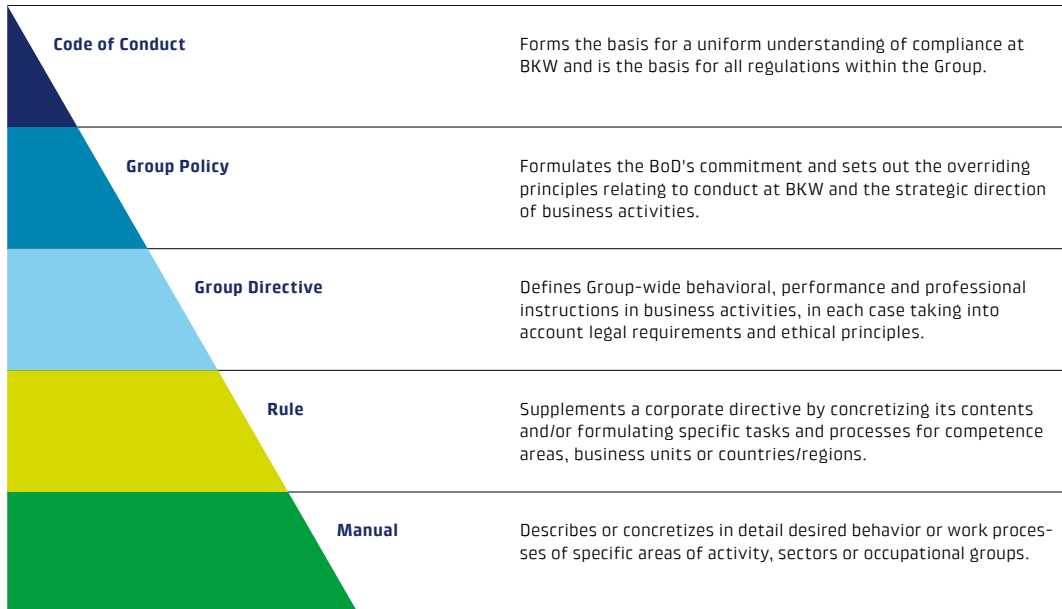
Compliance with valid regulations, whether external or from within the Group, is achieved using the Three Lines Model.³⁰ In the first line, the directly affected employees and managers of the various business divisions are responsible for observing the compliance regulations. Together with Risk Management and other functions with monitoring and controlling roles, the Group Compliance department forms the second line. As an independent function, Internal Audit constitutes the third line.

Over the 2023 reporting year, the Compliance function was reorganized with a view to embedding governance more firmly within the BKW Group and to give it higher priority.

More information at:

bkw.ch/codeofconduct

BKW Group regulation pyramid



29 The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct provide recommendations for important areas of corporate responsibility, including human rights, employee rights, the environment, bribery, consumer interests and the disclosure of information, science, technology, competition and taxes.

30 The Three Lines Model is a model drawn up by the international professional association for internal auditors, the Institute of Internal Auditors (IIA). It describes structures and processes by means of which robust governance and strong risk management can be ensured.

BKW consistently follows up reports of potential compliance violations and protects whistleblowers.



Since October 1, 2023, all tasks, competencies, and responsibilities of Group Compliance and its functions have been defined in a new Group directive on compliance. Group Compliance is responsible for the BKW Compliance Program with the three areas of Core Compliance, Data Compliance and ESG Compliance. It operates the BKW Compliance Management System (CMS, see also page 170) and monitors implementation of the requirements arising from the Compliance Program. In addition, Group Compliance assists the Executive Board and the Board of Directors with implementation of BKW's Compliance strategy. The Board of Directors addresses the status of implementation on a monthly basis; the Board of Directors is informed annually about all material compliance issues by means of an Integrity Report.

The leadership of Group Compliance now reports directly to the CEO, the Audit and Risk Management Committee (ARMC) and – in especially severe cases – also directly to the Board of Directors. The head of Group Compliance thus performs the role of a Corporate Compliance Officer (CCO). The function was assigned more staff in 2023. This demonstrates the importance of Compliance and takes into account the enhanced role of the Board of Directors as the highest oversight and control body: The Board of Directors bears ultimate responsibility for the Compliance organization and the CMS. It has delegated its oversight duties relating to quality control and budgeting for Group Compliance to the Executive Board and the CEO. In the Services business segment, locally embedded Compliance Managers will be appointed in the 2024 financial year; in larger

entities, Compliance Partners will be appointed. They ensure that compliance is put into practice at an operational level.

The BKW Compliance Management System (CMS)

BKW has an effective mechanism in place for ensuring compliance with and promoting of lawful and responsible business practices: the BKW Compliance Management System. It comprises all the Group's regulations and measures, structures and processes, both internal and external, designed to ensure compliance. The CMS consists of the compliance program (see above), the BKW Integrity Line and the Compliance Awareness Program (training events). Group Compliance reviews the CMS for effectiveness on a regular basis.

Group Compliance is the Group-wide coordination office for compliance risks. A selective and topic-based analysis identified the following relevant risks in 2022: Fraud, antitrust law, corruption, conflicts of interest, human rights violations and data protection. The existing analysis will be systematized and extended to further compliance risks in 2024.



Measures and parameters

BKW Integrity Line

The company specifically encourages a speak-up culture. Building on the Code of Conduct, BKW has embedded a commitment to compliance with its compliance policy and introduced transparent mechanisms for lodging complaints. With the BKW Integrity Line, the company has put a whistleblower system in place, anonymous and accessible from anywhere in the world, that is open to all internal and external stakeholders. BKW expressly ensures that no penalties are suffered

by whistleblowers, meaning that they do not have to worry about any negative consequences. Every tip-off is followed up thoroughly. Responsibilities and multilevel processes to investigate reported internal incidents are governed by the Group directive on internal investigations. Group Compliance can also commission an external investigation. Possible internal sanctions include disciplinary measures under labor law that extend to termination of employment contracts as well as litigation under criminal and civil law in the event of external violations.

In the financial year, there were no convictions or penalties in connection with breaches of bribery and corruption regulations. Likewise, BKW did not make any payments in cash or in kind to political organizations in 2023. Individual Group companies support sports or social facilities and equivalent organizations. Additionally, in Switzerland, BKW is a member of more than 250 professional, economic and cultural associations.

Compliance awareness program

It is the responsibility of Group Compliance to provide BKW employees with regular training at an appropriate level in all areas of compliance. The objective is to raise awareness of compliance risks and violations, to prevent misconduct and to promote a culture of compliance within BKW. Since 2023, all employees have been obliged to take part in training on the content of the Code of Conduct every two years. In 2023, 6,498 employees (54 percent) participated in the corresponding e-learning module.

In addition to the training on the content of the Code of Conduct, BKW held the following specific training programs relating to compliance in 2023:

More information at:

bkw.ch/integrityline

Further training programs held in 2023 relating to compliance

Training / topic	Target group
BKW Inside: Governance (executive training)	(New) executives
Antitrust law	Managing directors of group companies, sales employees, departmental heads, project managers
Training House searches	Reception staff
Contract management	Project managers
Information unbundling	Employees in the Energy Markets and Power business divisions with customer contact
Procurement law	Project managers, procurement staff
Service contract law	Project managers
Political representative training	Managing directors, staff holding internal and external elected offices at other companies/organizations



Outlook

Building on the risk assessment performed in 2022, the plans are to press forward with building up the Group-wide governance structure in 2024 and to embed further relevant compliance

topics through the 2024 Compliance Program. The focal points include, in particular, topics pertaining to culture of compliance, the Code of Conduct, bribery and corruption, business partner audits and due diligence obligations, as well as data protection.

With its activities in the Corporate Governance action area, BKW pursues the following ambitions:

- We will increase the sense of responsibility for compliance throughout the company.
- We will continue to develop our governance and processes.
- We will communicate all relevant ESG information transparently.

Through its activities, BKW also makes a contribution to the following SDGs:





Employees

“We promote a safe working environment for satisfied, healthy and committed employees.”



Occupational safety is the top priority. Two grid electricians from BKW Power Grid in action.

BKW employs around 12,000 people in more than 140 Group companies. The Group is committed to the well-being and diversity of its employees and offers a wide range of professions with a variety of development opportunities. Occupational health and safety have priority in all BKW activities. BKW keeps an eye on potential negative consequences from professional activities on the physical and mental health of employees and is actively working on avoiding or mitigating such consequences.

As part of BKW's promise as an employer, the Group creates quality jobs and promotes the personal development of employees and executives. This means that, thanks to its many years of experience, technological expertise and by working together, the Group is able to overcome diverse economic, ecological and societal challenges. This makes a positive contribution to society.

Safe working spaces and healthy employees

BKW takes very seriously its duty of care as an employer, doing everything possible to protect and promote the safety and health of its employees. The objective is to avoid occupational accidents or illnesses and to reduce the associated absences to the greatest possible extent. BKW achieves this through finely meshed interaction between occupational health and safety (OHS) and operational health management (OHM) (see illustration of interaction between OHS and OHM).

Occupational Safety and Health Protection (OSHP), as a range of topics, is a monthly item on the Executive Board's agenda and is embedded in BKW's Code of Conduct. Such working spaces boost the motivation and health of employees, their performance and thus productivity – and they also reduce costs. Well-being and prevention work at the workplace continue to grow in importance; also in the light of the increasing shortage of qualified personnel. Last but not least, through its commitment to a safe working environment and for working conditions that facilitate physical and mental wellbeing, BKW aims to avert any reputational damage from the company.

Interaction between OSHP and OHM



Organization and management

The responsibilities in the topical area of safe working spaces and healthy employees are subdivided into the areas of OSHP and OHM. The areas maintain close contacts to leverage synergies in the best possible way.

Occupational health and safety (OHS)

The BKW Safety Engineer is responsible on behalf of the Executive Board for the topic of occupational health and safety at Group level. She heads up the Group function of occupational safety and the OHS office, manages prevention campaigns and programs for increasing awareness for the topic, performs audits and communicates with authorities. As from November 1, 2023, she now reports directly to the CEO. In addition, the Group function has been allocated more staff. These changes underline the importance BKW assigns to this topic.

Alongside the Group function of occupational safety and OHM, all of BKW's three business areas are represented in the OHS office through trained specialist staff. The latter ensure that the measures decided upon by the Safety Officer and by the authorities are implemented. In doing so, BKW fulfills all the relevant national and international regulatory requirements. In Switzerland, these include the provisions of the Code of Obligations, the Employment Act (ArG), the Federal Accident Insurance Act (UVG), the Ordinance on the Prevention of Accidents and Occupational Illnesses (VuV) as well as the Construction Work Ordinance (BauAV)

With a view to legal compliance, BKW has long-established safety and management procedures throughout the Group as well as at company level: The Suva Charta applies throughout the Group. By signing this self-declaration, the Executive Board has committed to consistent and effective implementation of industry-specific and our own safety regulations. In addition, minimum standards for all Group companies were passed in summer 2023. They cover specifications on the safety system, on reporting regulations in the event of incidents in operation and on reporting. The ten-point system of the Federal Coordination Committee for Occupational Safety³¹ is also implemented at all locations in Switzerland. In Germany, the provisions of the German Social Accident Insurance (DGUV) are

More information at:

bkw.ch/health-and-safety

³¹ Federal Coordination Committee for Occupational Safety and Health (EKAS) 6508: Involvement of occupational physicians and other occupational health and safety specialists.

complied with and, in Austria, the same applies to the legal provisions on occupational safety of the General Accident Insurance Institution (AUVA).

In 2023, 13 BKW companies were certified to ISO 9001 (Quality Management Systems), 11 to ISO 14001 (Environmental Management Systems) and 11 to ISO 45001 (Occupational Health and Safety Management Systems). ISO certifications of further Group companies are planned for 2024. In addition, assessment methods such as the Safety Culture Ladder and the *suissetec* and *Batisec* industry solutions are employed. In 2023, seven group companies provided documentation of their compliance in occupational safety matters through the *Lexplus* legal database. This means that all employees are covered through a management system for occupational health and safety.

Effective management in the field of occupational safety is based on a regular review of actual and potential hazards. The analysis is managed at the level of the business divisions and takes place within the scope of the aforementioned management systems and audits. Through the interface of staff representatives, the interests of employees are included in the analysis and specification of measures. BKW safeguards at all times the protection of personal integrity of the colleagues involved. The most important risks identified include, but are not limited to, activities at height, on or near water and when handling electricity as well as illnesses stemming from one-sided strains on the body in the office or at the workplace. Further risks arise from hazardous substances to which employees may be exposed.

Occupational Health Management (OHM)

As a strategic action area, occupational health management (OHM) forms part of the Group-wide HR management system and, through the OSHP office, cooperates closely with the BKW Safety Engineer and the specialists from the business divisions. OHM was also allocated additional staff in 2023. The objective of OHM and OHS is to offer employees and executives support through a wide range of tools in order to boost their health awareness over the long term. The focus on prevention and cooperation shapes health-promoting working spaces and promotes the taking of responsible action with regard to

health and wellbeing. Alongside promoting health at the workplace, OHM supports active early detection in order to be able to offer employees support quickly when they are in challenging situations. Furthermore, for several years now, OHM has been investing in an absence and case management system, reintegration offices and sheltered workplaces. By doing so, BKW assumed responsibility for employees who are unable to work, whether temporarily or long term, or who are no longer capable of performing their original tasks.



Measures and parameters

Occupational health and safety (OHS)

In the reporting year, BKW performed and initiated numerous measures in the area of OHS. One central project is the building up of a reporting instrument aligned to industry requirements and the EU's standards on non-financial reporting (ESRS), which will be rolled out to all Group companies at the end of 2024. In Switzerland, this will involve the deployment of a software solution for recording, analyzing and reporting absences to social security providers. For all companies outside of Switzerland, a proprietary IT tool has been developed that has been in operation since January 1, 2024. With this project in its entirety, BKW has put data entry for the Group on a new footing. In order to avoid prejudicing the outcome of the project and to avoid inconsistencies in reporting, no key performance indicators relating to the topic of OHS will be reported for the 2023 financial year. Generally speaking, it can be established, however, that the occupational accidents registered in 2023 primarily related to eye and hand injuries. For this reason, the OHS office has scheduled an awareness campaign focusing on hand injuries for 2024. The vital rules (*Safety Charta*) will be integrated into this campaign. BKW did not have to report any fatalities resulting from occupational accidents in the workforce in 2023.

Numerous training events with in-depth information on occupational safety were held during 2023. Among other things, a management event was held with more than 200 BKW Group executives at which they were made aware of the measures in the area of OHS. One strong emphasis was placed on the mandatory wearing of personal

protective equipment (PPE) by employees. BKW has an established awareness program in place, which it also consistently implemented in 2023: Across all business divisions, more than 85 percent of employees have taken part in specific occupational safety training. In certain areas involving increased risks relating to occupational safety, coverage was effectively 100 percent.

Occupational Health Management (OHM)

One of the key tasks of OHM is to educate people about physical and mental health. In 2023, for instance, first-aid courses for mental health were held for the first time in cooperation with Pro Mente Sana. In addition, the majority of employees has access to BKW's internal care4you advisory center or to external occupational advisory services for employees, in order to address mental health issues.

For many years, BKW has been expanding its internal occupational case management system. This relates to the occupational reintegration of employees after protracted absences due to illnesses or following accidents. The management tool makes it possible to analyze absentee patterns and trends and evaluate measures taken. That is the basis for successful reintegration into daily working life to the benefit of all involved. In this context, the number of reintegration places was increased to nine in 2023. In 2023, BKW was once again certified by Suva for its commitment to occupational reintegration.

In the context of OHM, BKW has entered into several partnerships: with Movis, an occupational consultancy for employees and apprentices, with the Carelink foundation, which specializes in emergency psychological support at companies,

Occupational health management (OHM) promotes knowledge of physical and mental health. A good work-life balance has a positive impact on family, friends and the workplace.



and with Profawo, a non-profit organization dedicated to reconciling family and working life. Of the around 8,500 employees in Switzerland provided with access, 226 employees made use of at least one of the services offered by the various partners. BKW strives to further increase the utilization rate going forward. In addition, the medium-term plan is for all employees of the BKW Group to be given access to an external, occupational consultancy for employees.

Outlook

In 2024, the focus was on implementation of the new reporting tool in the field of occupational safety and absence management. In addition, what is referred to as a PPE register is being

drawn up for all activities within the BKW Group. This is the basis on which instruction aids for each specific deployment of protective equipment has been drafted and published internally. Furthermore, a new training program for executives has been developed for 2024: The topics addressed in the seminars include reflecting on participants' own and other people's conduct, boosting motivation towards engaging in occupational safety (moving from "must" to "want to"), the legal basis and the question of how to promote a culture of safety. In OHM, the focus is on digitalization; for instance, a new case management tool for executives and human resources (HR) is to be implemented in the area of reintegration.

Employee development, diversity and inclusion

Employee development as well as diversity and inclusion are key areas of action for BKW. For this reason, important new initiatives were launched in the 2023 reporting year with a view to strengthening and expanding BKW's position as an attractive employer. With these activities, the company aims to counteract the shortage of qualified staff that can be keenly felt, specifically in STEM professions³². These professions along with a sufficient number of qualified specialists are, however, vital for ensuring energy supplies and infrastructure that makes living worthwhile. With its wide range of services, BKW offers meaningful workplaces with attractive perspectives. In the field of human resources (HR), it creates the framework conditions for a variety of careers, exciting areas of responsibility and a wide range of further training options and numerous training programs for apprentices.

With employees from a total of 96 countries, the promotion of diversity and a respectful corporate culture are focal points for the Executive Board. In its organization of work, BKW takes

into account in the best possible manner the growing need to find a good balance between work and the manifold situations in peoples' lives. At the same time, the Group encourages its employees to bring in their ideas, skills and dedication to make a significant contribution to the success of the BKW Group and to shaping a modern society.

Organization and management

BKW has four human resources organizations: Group HR for the Grid, Energy and Group business areas as well as three further HR organizations in the Services business area (Building Solutions, Infra Services and Engineering business divisions). The HR organizations come together on a coordinating HR board on a monthly basis and draft as partners the BKW Group's HR strategy in order to reach the shared objectives. Ultimate responsibility for HR matters lies with the head of Human Resources; as a member of the extended Executive Board she manages the Group HR group function and chairs the HR board.

96

nations are represented at BKW.

³² Vocations in the fields of mathematics, computer science, natural sciences and technology.

The principles underlying the tasks of the Human Resources function are essentially the respective national employment laws, the social and employment standards of the International Labour Organization (ILO) of the United Nations and the Group-wide HR policy passed by BKW's Board of Directors. BKW's Code of Conduct acts as a guide to interaction at the workplace in a home office environment (see section on Corporate Governance on page 167). It requires of all employees to base their actions on respect, integrity and tolerance. Any infringements can be reported via the Integrity Line whistleblower system and investigated by a neutral and independent body (see section on Corporate Governance on page 170).

In 2023, the Executive Board identified the shortage of qualified staff and took account of this in developing its strategy. This relates in particular to job profiles for STEM professions – at all levels of training, starting with trainees through to experts.

Personnel recruitment and employee development

At BKW, executives and employees work together in a respectful, motivating working environment, thereby making the most of individual strengths in order to achieve ambitious goals. This approach includes shared values, individual development opportunities as well as flexible and health-promoting framework conditions. BKW sees development possibilities, occupational health and safety as well as diversity and inclusion in holistic terms.

With regard to the shortage of qualified staff, BKW has identified four key areas where action can be taken:

- Boosting efficiency through digitalization, simple processes and a business-oriented focus.
- Adapting BKW's portfolio of services to take account of the shortage of specialist staff in strategy development.
- Expanding labor market participation by persons over 59, career starters, women in part-time employment as well as options in the field of offshoring and the European labor market.
- Increasing employer attractiveness by promoting meaningful work and a respectful leadership culture.

Specifically with regard to employer attractiveness, the BKW Group sees effective levers and intends to position itself correspondingly both internally and towards the outside world. For this reason, BKW is investing in continuous further development of employees, leadership skills and value-based corporate culture. Regular development meetings between executives and employees are embedded in the processes, are managed at a local level and structured individually due to differing circumstances at each operation.

Diversity and inclusion

BKW is committed to a culture in which all current and future employees feel welcome and are able to develop. BKW promotes diversity and equal opportunity and does not tolerate any form of discrimination; this is embedded in the BKW Code of Conduct. The diversity and inclusion office, which consists of a diversity manager and representatives from the business areas, draws up the Diversity Strategy and identifies measures to embed a culture of welcoming throughout the Group and to increase diversity. Furthermore, BKW works together with three federations and one association dedicated to equality, equality of opportunity and more diversity:

- Focus 50Plus network
- Advance business federation
- Business and Professional Women (BPW) Switzerland
- Swiss Diversity association

More information at:

[bkw.ch/opportunities](https://www.bkw.ch/opportunities)



Measures and parameters

BKW's business areas and organizational units are subject to heterogeneous framework conditions and needs with regard to HR topics. For this reason, BKW implemented a wide range of measures in 2023 aimed at promoting the essential aspects of inclusion, gender equality and equal pay.

Vocational and further training programs

At the close of 2023, there were 726 apprentices undergoing vocational training at BKW throughout Switzerland. They are being trained in 30 different professional areas. Due to the shortage of qualified staff, energy transition professions such as grid electricians, electrical fitters, solar installers, building IT specialists, electrical system planners, geomatics experts are of particular strategic importance. BKW successfully campaigned for training as a solar fitter to be recognized as an apprenticeship earning a Swiss Certificate of Proficiency. Future solar fitters are qualified to perform consulting services, project planning, fitting, commission and maintenance work in the fields of photovoltaics, solar thermal energy and heat pumps. In cooperation with professional associations, BKW is also campaigning for lowering the hurdles for lateral entry to professions. For example, it should be made easier to switch from the profession of electrical fitter to solar fitter through shorter training periods.

In 2023, BKW significantly expanded its trainee program. In the previous year, there were six apprentices undergoing vocational training in the areas of energy industry, electrical engineering, planning and communications as well as HR marketing. In 2023, 11 trainees took up a position in one of now ten different areas. The trainee program has proven to be an effective instrument to attract college graduates to start a career at BKW.

Diversity and inclusion

Diversity is apparent at BKW in the wide range of expertise, in social or ethnic background, in differing age groups, gender perspectives, sexual orientation, religions as well as in different physical and mental abilities and ways of thinking. Teams that bring together and profitably utilize this diversity of characteristics frequently achieve better solutions and enrich everyday working life. BKW fosters diversity and has also embedded this in its Code of Conduct as a self-commitment. In 2023, several members of the Executive Board personally played an active role in the welcoming culture, drawing attention to the fact that all executives should assume their responsibility for equal opportunity.

BKW's three Diversity Communities made a contribution to putting diversity into practice within the Group also in 2023. The communities were launched jointly by employees and executives:

726

apprentices were undergoing training at BKW at the close of 2023.

- Pride Community for employees who count themselves as LGBTQ+ or who are interested in the topic and wish to promote LGBTQ+ matters.³³
- Equal Opportunities Community for employees interested in promoting equal opportunities irrespective of gender and want to get involved.
- “Generation 50 plus” Community for employees in the last third of their professional lives as well as for employees interested in inter-generational dialogue.

Several events by these growing communities such as informal meetings, talks by internal and external speakers and, where appropriate bilateral discussions, facilitate networking, transfer of knowledge and exchange of experiences.

BKW underscores its commitment to equality of opportunity through its signing of the Advance Diversity Charta, with the aim of promoting women to executive positions and to establishing a working environment that provides equal opportunities.

Promotion of gender equality is closely linked to equal pay. BKW builds on a transparent salary structure and regular analysis of employee compensation to promote and implement wage equality within the company. The regulations for BKW employees are aligned to the national provisions in places in the respective country. In Germany, employees who feel discriminated against with regard to wage equality can report the fact to

the workers' commission. In Switzerland, all employers are obliged by the Federal Constitution and the Gender Equality Act (GIG) to pay the same wage for equivalent work. In addition, companies in Switzerland with 100 or more employees must perform a wage equality analysis pursuant to the GIG and have the same reviewed by an independent body. On this basis, BKW is able to establish that wage equality was ensured in Switzerland again in 2023.

Harmonization of HR data basis

BKW invests in a uniform HR and organizational core database. The objective is to operate across business areas and more than 140 Group companies in different countries with comparable data of a high quality and to be able to present the same throughout the Group. The associated project for harmonizing IT systems and implementing interfaces for efficient data maintenance was further driven forward in 2023 and is expected to be completed in 2024.

Employee turnover

In 2023, 1,592 employees joined BKW as new hires or through company acquisitions. The gross turnover rate amounted to 14 percent (1,403 persons). This figure breaks down into voluntary and involuntary departures, transfers to other Group companies, retirements and the termination of fixed-term contracts.³⁴ Net fluctuation (termination by employees) came to 9 percent (925 individuals).³⁵

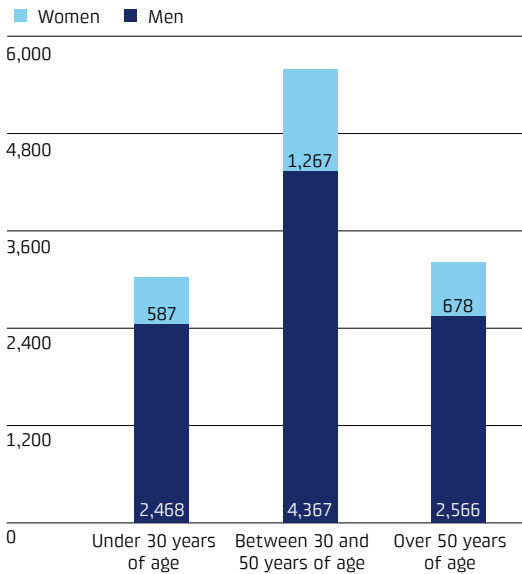
³³ LGBTQ+ stands for Lesbian, Gay, Bisexual, Transsexual/Transgender, Queer and further gender identities that are not reflected in the other terms.

³⁴ The calculation basis will be modified in future to avoid including intercompany transfers in the figure for employee turnover.

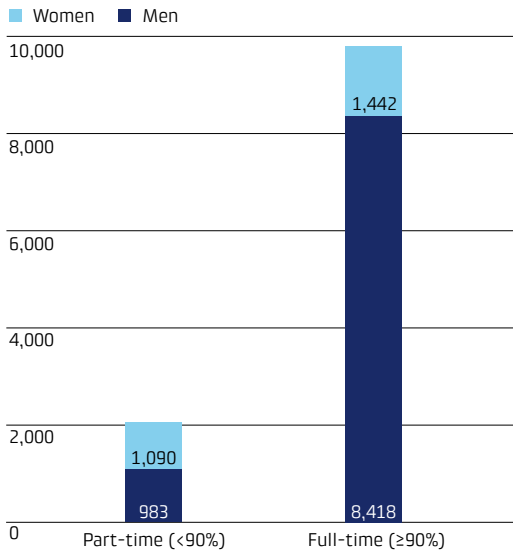
³⁵ Turnover rates calculated on the basis of average number of employees over the year not including trainees, temporary workers and employees with special contracts.

Composition of the 11,933 employees at BKW Group (12/31/2023)

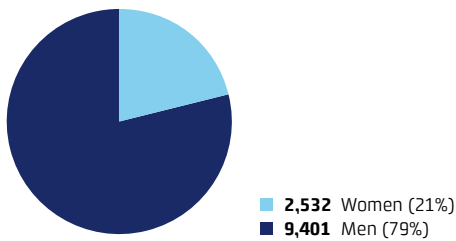
Employees by age



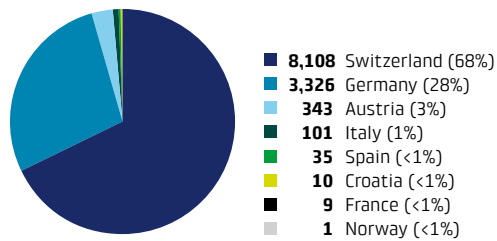
Employees by employment level



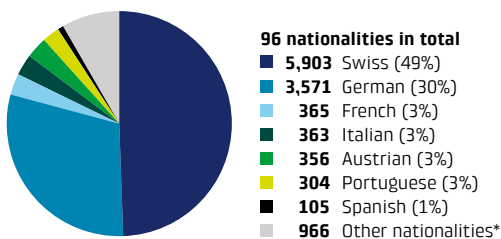
Employees by gender



Employees by country



Employees by nationality



* 89 other nationalities (with fewer than 100 people per nationality, 8% in total)

Outlook

In 2024, the measures to mitigate the shortage of qualified staff will be made more specific. To this end, a leadership meeting with upper management will be held at which the focus will be on the topics of sustainability, meaningful work and a respectful leadership culture. A new specific leadership development program for upper management levels will be kicked off in spring.

In parallel to this, the Group is revising its talent management system and is setting up internal vocational academies in individual business areas. Training as a solar fitter is a premiere, being on offer for the first time from summer 2024.

Further measures are being taken in the area of diversity and inclusion with a view to embedding the culture of welcoming throughout the Group and to improve equal opportunities. Among other things, training on diversity, inclusion and unconscious bias for executives and employees are in planning.

The IT integration project to harmonize the HR and organizational core database is planned to be completed in 2024 and refinement of the human resources IT strategy continues. In connection with standardized presentation of HR metrics, work is ongoing on the fundamentals and target definitions and a reporting strategy is being built up.

With its activities in the Employees action area, BKW pursues the following ambitions:

- We will foster occupational health and safety as well as health awareness.
- We will improve the satisfaction and development opportunities of employees.
- We will promote employee diversity.
- We will encourage a cultural change with regard to ESG responsibility.

Through its activities, BKW also makes a contribution to the following SDGs:





Secure Products

“We meet the highest demands for the security, quality and availability of our products and services.”



Monitoring at the Mühleberg Control Center of BKW's distribution grid.

Prosperity, economic growth, societal development and mobility are inconceivable without secure energy supplies and reliable infrastructures. As an operator of power plants, electricity grids and with just over a million people in basic supply in its supply region, BKW performs a key task in society. BKW assumes responsibility specifically with regard to its public supply mandate in Switzerland. Furthermore, with its services in the buildings and infrastructure sectors, it shapes living spaces in diverse ways and

makes possible sustainable development. Correspondingly, quality, security and a consistently high availability of all products and services offered have high priority. To this end, BKW analyzes and takes into consideration the impact on its various stakeholders, specifically its customers, in its projects and activities. (For more information on environmental impact, see also the Use of Resources section from page 151 onwards and the Climate Neutrality section from page 156 onwards).



Organization and management

With regard to its production and grid facilities, BKW Group pursues a predictive maintenance strategy. On the basis of regular needs and risk analyses, necessary investments are made on an ongoing basis and it is ensured that facilities, grids and functions are in a perfect functioning state. Parallel to this, BKW makes targeted investment in the training of its employees. This means that the performance level with regard to reliability and availability of the power plants and grids remains at a continuously high level.

The management of quality and security is organized locally. The managements of the business divisions are responsible towards their customer groups for secure provision of services on the basis of the respective regulatory provisions and the processes defined by BKW. The Board of Directors and Executive Board are kept informed through annual reporting and on an ad hoc basis in the event that serious trans-regional incidents occur.

In its activities, BKW is subject to a wide range of regulatory provisions. The national legislation on electricity, energy and land use planning, the Heavy Current Ordinance, Swiss Standard SN EN 50110-1:2013 and specific instructions of ESTI, the supervisory and regulatory authority for electrical installations, are applicable to the Energy and Grids business areas in Switzerland. Furthermore, both business areas fulfill national and international norms and standards; for instance, the applicable sites have ISO certifications (see also on page 184).

The Services business area, which is subdivided into the three business divisions of Building Solutions, Engineering and Infra Services, not only complies with the relevant laws and ordinances but also various industry-specific standards and guidelines. The Building Solutions business division alone covers a very wide range of offerings – from electrical equipment and photovoltaic sys-

tems, heating, ventilation, air-conditioning and sanitary equipment through to automation and information technology. A wide range of services in the areas of energy, telecoms, traffic and water, such as the construction and operation of low or extra-high voltage grids, the laying of optical fiber or intelligent drinking water and fire-fighting systems are provided by the Infra Services business division. Various companies in these two business divisions have been certified to ISO 9001, ISO 14001 and/or ISO 45001. In the Infra Services business division, companies or business units performing activities in the areas of high-voltage lines and high-voltage installations have been certified pursuant to the Safety Culture Ladder stage 3³⁶. In the Engineering business division, which is characterized mainly by engineering, architectural and verification activities, the focus of the certified companies is on ISO standard 9001.

BKW's customers and end users have the possibility of expressing their interests at any time. BKW Group's customer relationship management (CRM) covers various channels of communications and formats for dialogue. An important role in this is played by the customer service center, which, among other things, uses surveys to establish stakeholder needs and by the BKW Integrity Line whistleblower system that is accessible from all around the world. This confidential channel of communication for employees, customers, business partners and other individuals or organizations interacting with BKW makes it possible to submit complaints and to report violations of current legislation, ethical principles or BKW guidelines – upon request, anonymized (see also the Corporate Governance section on page 170). The Sales contacts are in regular dialogue with business customers.

Secure grid operation

The electricity grid is the backbone of the energy transition. BKW has the largest distribution in Switzerland, which mainly has a rural character. In particular, the increasingly rapid construction

³⁶ This ladder consists of five steps that categorize the sense of responsibility for occupational safety and conduct within a company, with the objective of preventing incidents.

of the additional photovoltaic (PV) systems required for the energy transition is having a severe impact on BKW's distribution grid. For instance, by the end of 2023, already more than 25,000 PV systems and around 15,000 heat pumps and 5,000 charging stations had been connected to BKW's grid and this growth trend is continuing.

Operational management of BKW's distribution grid is performed from the control center of the Power Grid business division. The distribution grid is regulated and there are clear statutory provisions in place to ensure planning, construction and operation is performed in a safe, effective and efficient way, as well as implementing an obligation to connect. Responsibilities are specified in the Rule on Responsibilities in BKW's Distribution Grids. Power Grid's management system defines, documents and controls the operating processes for planning, construction and operation. The employees have the necessary education, are provided with regular training and receive updates as part of their activities. All locations of the business division have been certified according to ISO 9001, 14001 and 45001 for many years.

The Power Grid business division fosters a culture of attentiveness and a sense of responsibility. This is also reflected in external audits for sensitive areas: For example, the Grid Construction and High-Voltage Installations organizational unit of the Power Grid business division and parts of the Infra Services business division are audited and certified pursuant to the Safety Culture Ladder (see also on page 183). After all, employee safety at the workplace or in field service is an important factor in safe and trouble-free use of the products and services by customers.

Hydropower as a reliable source of electricity

Customers and consumers must be able to rely on a secure supply of electricity at all times. One prerequisite for supply reliability is a high availability of the electricity generation facilities. Hydropower plays a central role in supply reliability in Switzerland. For the Hydraulic Power Plants organizational unit in the Energy Production business division, an independent management system governs responsibilities, operating processes and maintenance measures. All sites have a quality management system certified according to ISO 9001, most of them also have ISO 14001 certification (environmental management systems). The maintenance workshop of the Hydraulic Power Plants function also has certifications for welding work (EN 1090 EXC3 and ISO 3834-2).

BKW strives to achieve a high availability of its storage and run-of-river hydropower plants. With the storage power plants, the focus in this context is on technical availability. In this respect, the issue is maximum operational readiness less downtime of the machines³⁷. In contrast, run-of-river power plants usually have several machines, which means that maintenance work can be planned in such a way that only minor production outages are incurred. For run-of-river power plants, the economic availability is consequently recorded as an indicator representing the amount of energy that could be produced with a technical availability of 100 percent of the machines. According to BKW's maintenance strategy, the internal minimum availability requirement of 95 to 98 percent applies, which was fulfilled again in 2023. With run-of-river power plants, economic availability was 96 percent.

Quality and reliability of wind and solar power

Consistent expansion of renewable electricity production from wind and solar energy makes an important contribution to the energy transition.

³⁷ The machines of a storage power plant can be operational for a maximum of 8,760 hours per year, which corresponds to 100 percent. Any deviation from this is referred to as an unavailability time. In the event of downtime, this may arise due to a planned project (major overhaul, partial overhaul, inspection, maintenance) or an unplanned one (malfunction, repair). Maximum availability minus unavailability yields the "technical availability."

BKW operates and participates in onshore wind farms and PV installation in Switzerland and five other European countries (see also the Climate Neutrality section on page 163). For BKW's installations and its business customers, some 130 employees of the Wind & Solar business unit within the Energy Production business division ensure the high quality and reliability in the technical, operational and commercial areas as well as performing maintenance work. To be able to supervise the rapidly growing portfolio in terms of quality and reliability, the engineering network for the area of wind and solar was reorganized and allocated additional staff.



Measures and parameters

Grid

The grid availability in BKW's distribution grid came to 99,996 in 2022. The average outage over this period was 12 minutes, whereas the Swiss benchmark stands at 16 minutes of outage (system average interruption duration index, SAIDI³⁸). On account of its statutory duty to operate the distribution grid in an effective and efficient manner, BKW Power Grid pursues a comprehensive maintenance, modernization and expansion strategy. Thanks to the existing data basis, BKW is one of the few distribution grid operators in Europe that is able to map the entire actual state of its grid and to perform simulations for the entire high, medium and low voltage grid; this process is to a great extent automated and can be performed in a few hours.

Hydropower

Over the past year, BKW invested in the ongoing optimization of maintenance as well as in the digitalization of the monitoring and energy management systems (hydro log). The two new power plants in Augand (BE) and Arvigo (GR) and the

Saas-Grund (VS) drinking water power plant were successfully put into operation and integrated into the management system.

Wind and solar power

BKW is powerfully driving forward digitalization for optimized and trouble-free operation of its wind and solar power plants. In 2023, the wind farms in Italy, Germany and Switzerland were successfully converted to BKW's own central technical monitoring system in 24 hour operations. Furthermore, insourcing of the operational management services into the Group's own management system for the power plants in Switzerland as well as for five further European markets was driven forward. One of the models introduced is predictive maintenance, in which active monitoring and evaluation of the state of the wind power plants makes it possible to determine the exact timing and scope of the maintenance work. With additional assistance from an automated software solution for managing the service performance, it is possible to reliably implement high availabilities of up to 97 percent.



Outlook

The ongoing digitalization within the Grid business area facilitates more efficient grid planning. At the same time, the roll-out of the Smart Meter contributes to strengthening transparency regarding grid and customer behavior³⁹. In 2024, BKW started the large-scale roll-out of the Smart Meter for its customers in basic supply; it will be completed by 2028. Digitalization also supports the expansion of the distribution grid, which is essential for the energy transition.

Also with hydropower, the focus is on increasing digitalization: Over 2024, small-scale hydropower plants will be connected to the hydro-log man-

³⁸ Calculation based on the "old SAIDI method", regardless of the voltage level in order to facilitate a comparison with the Swiss benchmark. The SAIDI for 2023 will not be available until after publication of this report, which is why the figures for 2022 are shown.

³⁹ Smart meters are digital electric meters. As part of the federal governments Energy Strategy 2050, smart meters play an important role in boosting the efficiency of the energy system.

agement system. In addition, the topic of cybersecurity for protecting power plants is taking on increasing importance.

In the area of wind and solar, two projects have priority in 2024: firstly, complete integration of the three new wind farms in Sweden (Tjörnäs, Skallberget/Utterberget and Rosenskog) into the hydro-log management system and secondly the start-up of what is currently Italy's largest wind farm project (Cerignola). In this context, informa-

tion security and the deployment of the most reliable technologies in each case play a key role. With regard to solar power, the planning and approval procedure for the construction of the large-scale open-site facilities are being driven forward. In the Alpine region, designs are employed that have been especially adapted to the extreme weather conditions, with the aim of maximizing the availability of the facilities and at the same time keeping the impact on the ecosystems to a minimum.

Dismantling the Mühleberg Nuclear Power Plant

The decommissioning work on the Mühleberg nuclear power plant is ongoing. The most important milestone was successfully reached in September 2023: The last fuel rods were taken away, there is no longer any nuclear fuel at the power plant. The decommissioning phase 1 was successfully brought to a conclusion 16 months prior to the date originally scheduled in 2015. With 66 loads transported, a total of 418 spent fuel rods were taken to the interim storage facility at Würenlingen, in the Canton of Aargau. Without nuclear fuel, Mühleberg nuclear power plant no longer constitutes a hazard as there is no longer any fissile nuclear material or any heat-producing waste at the plant. Once the last fuel rods had been transported away, radioactivity at Mühleberg nuclear power plant was reduced more than 99 percent. Nevertheless, safety remains the top priority and the same level of care will be exercised in the dismantling work in the future as to date. Upon completion of the still ongoing decommissioning phase 2 (scheduled for completion by 2030), all radioactive material will have been removed from the plant and the area.

More information at: [bkw.ch/decommissioning](https://www.bkw.ch/decommissioning)

With its activities in the Secure Products action area, BKW pursues the following ambitions:

- We will operate our power plants and grids safely and reliably.
- We will increase product and service quality as well as safety and availability.

Through its activities, BKW also makes a contribution to the following SDG:



Secure Data

“We use data responsibly and we protect them.”

Concentrated work
in a server room.



The protection of technology, processes and organizations has a high priority at BKW. In the construction or operation of power plants and grids, when providing services and in the administrative functions, employees process a large quantity of sensitive data on a daily basis. These data have an informative value, influence BKW's strategic and operational processes and are of the utmost importance for day-to-day business. Data are the fuel driving the ability to achieve further digitali-

zation and innovation. For this reason, BKW is exploiting the opportunities of digital transformation to boost the efficiency and quality of its portfolio of services.

At the same time, BKW identifies and analyzes potential and existing risks associated with increasing digitalization. Consequently, the preventing, detecting and averting cyber attacks as well as secure and legally compliant handling of

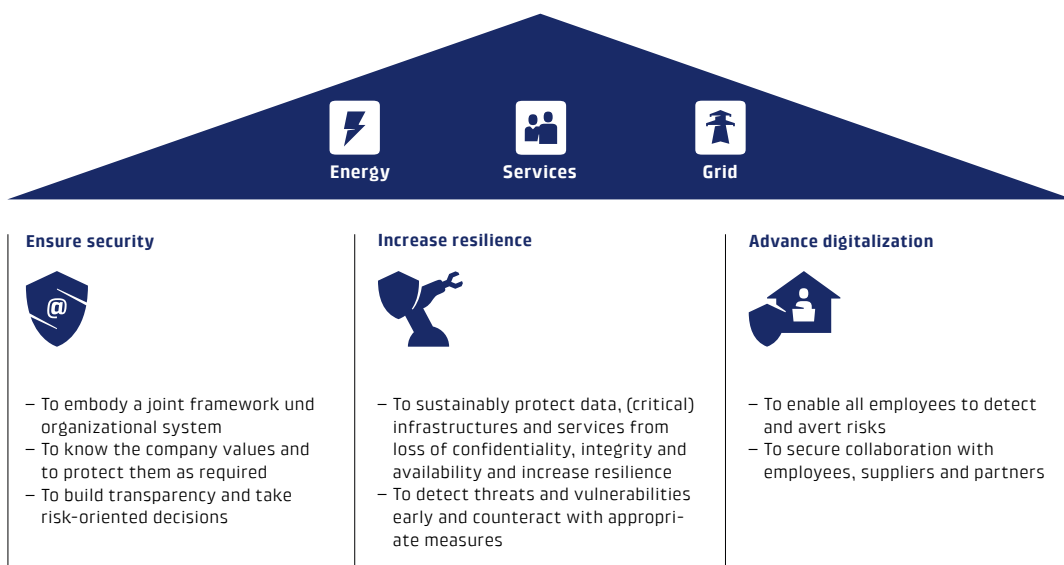
factual and personal data are given high priority. By doing so, BKW protects not only the company itself but also the rights of employees, customers and business partners. To be able to guarantee the confidentiality, integrity and the availability of data, values and objects (assets) at all times and to avert reputational damage, BKW has put in place a corporate security culture built on partnership and fit for the future. Employees are at the center of all security considerations.

In the area of cyber security, BKW has set up a three-pillar strategy that is being implemented with the help of the Information Security Management System (ISMS) (see the following illustration). Taking account of the Group-wide corporate strategy and the current threat level, this strategy specifies the objectives for maintaining availability, confidentiality and integrity in the areas of technology, processes and orga-

nization. The focus here is on preventing, identifying and averting cyber attacks. To cover residual cyber-security risks, BKW has cyber-security insurance in place for an amount of around CHF 20 million.

With regard to data compliance, BKW's activities involving data usage along the entire value chain are at all times in compliance with the applicable legal provisions and it constantly adapts its data management to new business processes and to the current state of the art of technology. Data protection and data security are ensured through new, optimized governance structures and in the future with the help of the Group-wide Privacy Information Management Systems (PIMS). BKW undertakes a commitment towards all individuals whose data are processed by BKW and for which BKW is responsible to ensure sufficient guarantees regarding the protection of their privacy.

The three pillars of the cyber security strategy





Organization and management

The areas of cyber-security and data compliance have been assigned separate tasks, competencies and fields of responsibility and set the course throughout the Group for compliance with internal provisions and statutory requirements on data and information security, cyber security and the protection of privacy. Each area has a central management with local interfaces to the specific management systems, ISMS and PIMS.

Cyber security

The Board of Directors has commissioned the Executive Board with responsibility for the principles of cyber security, which are imposed by the Group Chief Information Security Officer (Group CISO) by means of the cyber-security instructions. The Group CISO reports to the CFO and, on a regular basis, directly to the Executive Board and delegates operating tasks, fields of responsibility and competencies to local security officers in the BKW companies. The Group CISO defines the cyber-security strategy and has personnel and functional responsibility for the Group-wide cyber-security management. The Group CISO specifies the technological, procedural and organizational requirements on information security, the secure operation of IT (Information Technology) and OT (Operational Technology) systems and regularly reviews compliance with the same. All employees at all levels and in all companies are responsible for implementing the cyber-security instruction. The primary measures of this instruction are illustrated below.

At BKW, cyber security is operated according to the internationally recognized security standards NIST CSF⁴⁰ and ISO/IEC 27001/27002:2013, IEC 62443 and the industry standards of the Federation of Swiss Electricity Companies (VS). NIST CSF is applied analyzing and assessing of BKW's security level; regular stress tests, as well as internal and external audits, are carried out in parallel. The information security management system includes interrelated processes for determining the security level, implementing the required



BKW places a special focus on data and information security.

measures and performing the audit, optimization and reporting on the implemented measures. BKW also works closely with authorities and bodies in the context of the national cyber-security strategy and is instrumental in formulating security requirements and recommendations in the Swiss energy sector. This applies, for example, to the definition of legally required levels of resilience to meet minimum cyber-security maturity values in the energy sector.

Data compliance

The Executive Board has commissioned the head of Privacy and Data Governance, in their function of Group Data Protection Officer (GDPO), with reviewing compliance with the relevant statutory and regulatory requirements in the area of data compliance. The GDPO is, along with the Data Compliance function (data governance, privacy & data protection), part of Group Compliance. Cor-

40 NIST CSF = National Institute of Standards & Technology, Cyber Security Framework.

The Cyber Security Directive summarized into the eight primary measures



respondingly, the GDPO reports to the head of Group Compliance, who at BKW exercises the function of a Corporate Compliance Officer (CCO) (see also the Corporate Governance section on page 169), to the Executive Board and the Audit and Risk Management Committee (ARMC). In doing so, the GDPO regularly provides information on the status and the activities of the PIMS and identifies any risks and any violations of statutory or regulatory provisions. In addition, the GDPO advises the Executive Board and the offices responsible throughout the Group on the strategic design of data management and the operative implementation of data protection as well as on issues of data governance.

The GDPO is appointed as data protection officer for BKW Group companies in Switzerland. The operative advisory and monitoring tasks are performed in line functions by local privacy officers.



Measures and parameters

In 2023, programs were specified both in the area of cyber security and data compliance and projects and measures contained therein were implemented. The underlying concept for both topic areas is a control system following the Three Lines Model (see also the Corporate Governance section on page 168). In this respect, cyber security and data are deliberately part of the due diligence obligations on the part of BKW suppliers, as cyber security and data compliance must also be ensured at that level. In 2023, the procurement function coordinated with the CISO and GDPO to correspondingly readjust and expand the risk management in the supply chain.

Cyber security

Over the course of 2023, BKW registered a monthly average of more than four billion security events; furthermore, BKW is exposed each month to around 55,000 phishing attempts. Of all security events, around 30 effective security incidents were identified with interventions. To handle incidents, BKW procures external services as an SOCaaS (Security Operation Center as a Service).

The cyber-security program covers a wide range of individual projects. The following central projects were implemented in 2023 (non-exhaustive list):

- Awareness Communication by means of awareness measures, training programs and communication via various channels to various stakeholders
- Expansion of Bug Bounty Program⁴¹
- Group-wide phishing simulation
- Group-wide security benchmarking (surveys and maturity level analyses)
- Taking out cyber-security insurance cover for CHF 20 million in 2024
- Increase in detection and response capabilities through targeted deployment of new technologies
- Operationalization of the management system (ISMS) with the potential for certification pursuant to ISO/IEC 27001:2013
- Increase in application and data security through the deployment of new processes and technologies
- Extensive internal and external audits

Data compliance

The program for the topical area of data compliance likewise comprises numerous individual projects. In 2023, the following central projects were implemented:

- Maturity level assessment at Group level for data compliance
- Appointment of external data protection officer for the Group companies in the EU area
- Safeguarding Group-wide data compliance through central management in Switzerland and local management in other countries. It was in this context that the revised Swiss data protection legislation was implemented.
- Performance of a risk analysis and design of a catalog of measures for risk mitigation

The GDPO trains the local privacy officers as well as individual specialist offices and shared functions on specific data compliance topics in the line functions. As of 2024, the GDPO is implementing an extensive Group-wide awareness and

⁴¹ In a Bug Bounty Program, so-called ethical hackers receive a financial award for detecting and reporting critical weaknesses in corporate IT and OT.

training program. In the reporting year, 16 potential data security incidents were reported to the GDPR. As part of the investigations into these incidents, no reportable breaches of data security or infringements of privacy of data subjects were identified. Likewise, there were no established cases of data theft or data losses.

Outlook

BKW's objective is to operationalize the management systems for cyber security and privacy information throughout the Group by 2026.

With the topic of cyber security, the main issue is to give high priority to continuing to protect data, (critical) infrastructures and services based on the same from misuse and cyber attacks. In this respect, BKW is increasing its resilience in particular with the help of new, disruptive technologies and models such as artificial intelligence or the Internet of Things with the 5G network. Conse-

quently, the organization of security will continue to be refined in 2024, with a special focus on the following three topics:

- Firstly, the security in industrial facilities, in software development and cloud usage will be further increased.
- Secondly, the plans are to further expand what are known as threat intelligence activities with a focus on potential information leaks and brand protection. This means that the identification, analysis and assessment of threats emanating from various parties can be handled even more extensively and systematically.
- Thirdly, cyber attacks and recovery scenarios will be increasingly simulated over the coming year in order to further increase resilience.

The data compliance program will be refined as will the PIMS with a view to further reducing risks specifically relating to protection of privacy.

With its activities in the Secure Data area, BKW pursues the following ambitions:

- We will increase cyber security.
- We will develop and establish data compliance throughout the Group.

Through its activities, BKW also makes a contribution to the following SDG:



CLOSING WORDS

“The sustainability transformation is decisive for BKW’s long-term success. It provides the foundation to be able to create spaces for life also in the future.”

Robert Itschner
CEO

ANNUAL REPORT 2023

BKW Green Bond

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BKW GREEN BOND

Reporting on Allocation and Impact

With the acquisition of two wind farms, BKW is likely to significantly exceed its target of operating new renewable energies with a capacity of at least 1 GW by 2026.



Dear Investors, Ladies and Gentlemen,

In 2019, BKW became the first listed Swiss company to issue a Green Bond for exchange trading. At the beginning of 2021, BKW and KWO succeeded in issuing Switzerland's first Green Bond for storage and large-scale hydroelectric power. BKW issued its second Green Bond at the beginning of 2022.

In 2023, BKW continued to systematically expand renewable energies. With the purchase of three wind farms in Sweden with an installed capacity of 125 MW and the acquisition of two wind farms in Italy with a capacity of 130 MW, BKW is likely to significantly exceed its target of operating new renewable energies with a capacity of at least 1,000 megawatts by 2026. BKW will probably communicate a new target for renewable energies at the next Capital Markets Day in the fall of 2024.

In 2021, the "Roan" project financed by the first Green Bond was affected by the decision of the Norwegian Supreme Court regarding the operating license. The operation of the plants was not directly affected by the ruling and the "Roan" project continued to feed electricity into the grid in 2023. During the course of 2023, the companies involved sought solutions for the "Roan" project and another project not financed by a Green Bond as part of a mediation process together with the affected reindeer herders. An agreement was reached on measures for the project not financed by the Green Bond. An agreement has not yet been reached for the "Roan" project. BKW will of course continue to play its part in finding a constructive solution.

The 448.3 GWh of electricity produced in 2023 attributable to the Green Bond is equivalent to the annual consumption of 99,622 households¹ in

Switzerland. The CO₂e emissions avoided in the same period amount to 10,464 metric tons and 33,545 metric tons since the launch of the Green Bonds. We are pleased to provide you with details below about the allocation of the net proceeds and the impact we have achieved through the projects financed by the two BKW Green Bonds in 2023.

Kind regards,



Dr. Martin Zwysig
CFO

¹ The calculation is based on the consumption of a household in a 5-room home and of 4,500 kWh/year according to <https://www.strompreis.elcom.admin.ch/>

Reporting on Allocation and Impact

To ensure the transparency and quality of the Green Bonds issued, BKW reports annually on the allocation of net proceeds and impact. The fol-

lowing reporting principles have been defined for quality assurance purposes:

BKW Green Bond reporting principles

Installed capacity (MW)

For projects in operation, the installed capacity in megawatts (MW) shows the installed capacity attributable to the Green Bond based on the commissioning documentation. In the case of projects under construction, the capacity shows the planned capacity attributable to the Green Bond based on the manufacturer's type certificate or the hydroelectric concession.

Production (GWh)

Production in gigawatt hours (GWh) indicates production based on production data (energy statistics) for 2023 attributable to the Green Bond.

Avoided greenhouse gas emissions in CO₂e (t)

The Green Bond projects generate renewable electricity in Norway, France and Switzerland. When calculating the emissions avoided, we assume that the electricity generated by the Green Bond projects would otherwise have been generated using the country's typical production mix.

The emission factors for these production mixes thus form the baseline for our calculation. We use the latest data from the International Energy Agency (IEA)¹ for all countries.

The figures are given in CO₂ equivalents (CO₂e) as the IEA also takes into account the greenhouse

gases CH₄ (methane) and N₂O (nitrous oxide) in addition to CO₂. The following values are used for the calculations:

- Switzerland: 25.6 g CO₂e/kWh
- France: 52.2 g CO₂e/kWh
- Norway: 6.2 g CO₂e/kWh

The direct emissions according to treeze² are used for the projects. For the small hydroelectric power and onshore wind technologies these are 0 g CO₂e/kWh each.

The CO₂e in metric tons (t) avoided is calculated by multiplying the production volume of a project attributable to the Green Bond by the CO₂e emission factor of the production mix of the country in which the project is located.

Allocation (CHF million)

The allocation in millions of Swiss francs (CHF million) corresponds to the amount from the net proceeds of the Green Bond allocated to the respective technology.

Allocation (%)

The allocation in percent corresponds to the share of the net proceeds from the Green Bond allocated to the respective technology.

¹ IEA Statistics Data Service: Emissions Factors, 2023 edition, released September 15, 2023

² treeze Ltd. (Messmer A., Frischknecht R.) (2021): Umweltbilanz Strommix Schweiz 2018

Reporting on allocation and impact

Technology	Project	Country	Status	Year	Attributable to the Green Bond			Allocation ¹	
					Comission- ing	Installed production	Production 2023	CO ₂ e avoided 2023	CHF mil- lions
Small hydro	Ragn d'Err ²	Switzerland	Operation	2016	2.3	7.4	190.4	55.0	18.3%
	Schattenhalb			2017	1.3	4.0	102.4		
	Spiggebach			2017	0.8	2.3	59.7		
	Sousbach ³			2025	6.9	0.0	0.0		
Subtotal small hydro					11.3	13.8	352.6		
Wind	Saint Germier	France	Operation	2017	7.1	21.7	1,133.4	245.0	81.7%
	St. Julien du Terroux			2017	6.1	12.7	663.2		
	RAZ Energie 3			2017	13.4	29.4	1,536.9		
	Julie ²			2018	3.9	8.9	466.3		
	Coquelicot ²			2018	7.3	16.7	871.4		
	Camomille ²			2018	1.8	3.5	184.3		
	Nordex LII ²			2019	8.3	23.5	1,224.3		
	Nordex LIII			2019	12.3	36.7	1,916.1		
	Oeillets			2021	2.9	8.1	422.1		
	Roan ⁴			2018	25.0	70.5	437.1		
	Marker ³			2019	21.9	67.6	418.9		
Hitra II	Norway	Operation	2019	7.9	21.8	135.2	245.0	81.7%	
			Harbaks-/ Kvenndalsfjellet	2020	22.4	65.8			408.0
			Geitfjellet	2021	17.1	47.5			294.7
Subtotal wind					157.3	434.5	10,112.0		
Solar	Genzano ⁵	Italy	Planning	2026	0.0	0.0	0.0	0.0	0.0%
Subtotal solar					0.0	0.0	0.0	0.0	0.0%
Not allocated								0.0	0.0%
Total					168.6	448.3	10,464.6	300.0	100.0%
Total since issuance						1,858.8	33,545.4		

1 The allocation includes the financing of the Sousbach project in the amount of CHF 35 million and the financing of the French wind farms purchased in 2022 in the amount of CHF100 million. The remaining CHF 165 million were used for refinancing.

2 For these plants, the look-back period of 36 months was exceeded (highest overrun 9 months). According to the Green Bond Framework, the look-back period can be exceeded if the excess is transparently disclosed.

3 A 49% interest in Marker was sold. The allocation for Marker was therefore reduced accordingly (CHF 30 million) and increased for Sousbach (CHF 30 million).

4 Roan: Court ruling has necessitated a new operating permit application, for details see CFO foreword.

5 Photovoltaic plant in planning. No Green Bond funds were allocated.

Independent Auditor's Report on Allocation and Impact



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CH-3001 Berne

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www.ey.com/ch

To the Management of
BKW AG, Berne

Berne, 7. March 2024

Independent assurance report

We have been engaged to perform a limited assurance engagement on the following metrics disclosed in the Annual Report 2023 of BKW AG in the chapter "BKW Green Bond", for the reporting period from 1 January 2023 to 31 December 2023 (the Report):

- Allocation of proceeds and impact metrics as disclosed in the table "Reporting on allocation and impact" on page 199 (hereafter "the KPIs").

Other than as described in the previous paragraph, which sets out the scope of our engagement, we have not conducted assurance procedures on the remaining information contained in the Report and, accordingly, we do not express a conclusion on this information.



Applicable criteria

BKW AG defined as applicable criteria (applicable criteria):

- "Green Bond reporting principles" presented on page 198
- BKW Green Bond Framework (accessible online on BKW's homepage www.bkw.ch)

We believe that these criteria are a suitable basis for our limited assurance engagement.

Die Quantifizierung der Treibhausgasemissionen ist aufgrund unzureichender wissenschaftlicher Kenntnisse bezüglich der Emissionsfaktoren und der erforderlichen Werte zur Addierung der Emissionen verschiedener Gase mit Unsicherheiten behaftet.



Responsibility of BKW AG's management

The management of BKW AG is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.



Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the Annual Report are free from material misstatement, whether due to fraud or error.



Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of company's representatives responsible for collecting, consolidating, and calculating the KPIs in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the KPIs
- Analytical procedures of the Annual Report 2023 regarding plausibility and consistency with the KPIs

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young AG

Mathias Zeller
Executive in charge

Rico Fehr
Partner

Information for Investors

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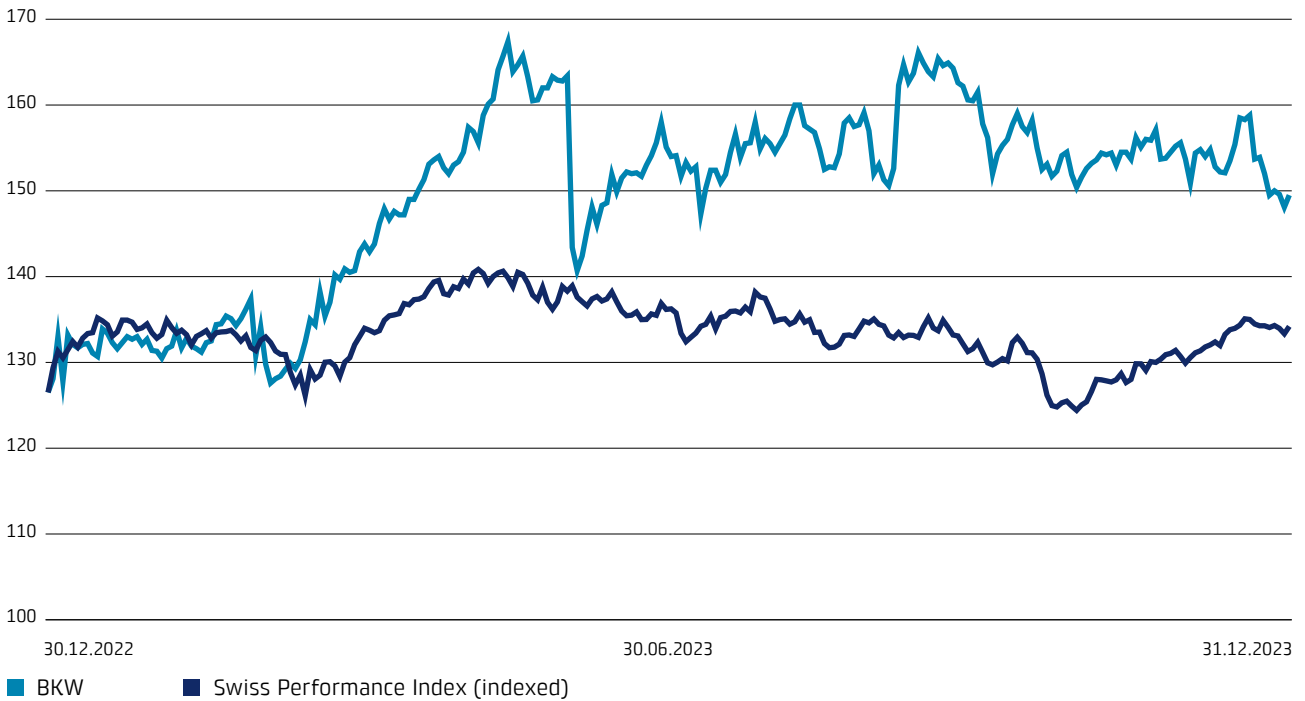
204 Key Facts on the Share, Bonds and Financial Calendar

207 Production Facts and Figures

Key facts on the Share, Bonds and Financial Calendar

Performance of the BKW share

30.12.2022 – 29.12.2023



The BKW share has continually gained in value since the beginning of the year, reaching a new record high of CHF 167.40 in mid-May. After a dip in the beginning of June, the share price quickly stabilized and had increased in value by the end of the month. The share price has leveled off at

the CHF 150 mark. The share price closed the year at CHF 149.50, recording a strong performance of 21.10% for 2023 under continuing challenging conditions. The cumulative 5-year total shareholder return for the period from 2019 to December 31, 2023 is 147%.

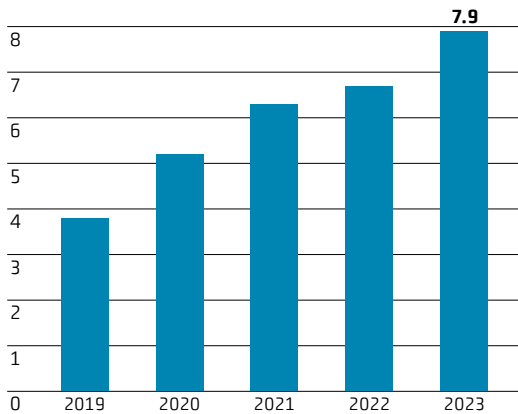
The shares of BKW AG are listed on the main segment of the SIX Swiss Exchange.

Ticker symbol on SIX	BKW
Securities number	13.029.366
ISIN code	CH0130293662

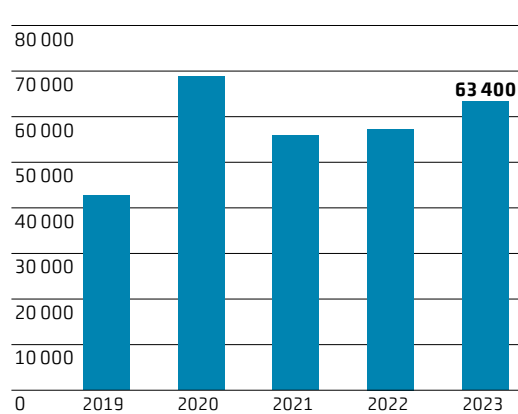
The BKW share is included in the following indices: SPI, SPI Mid, SPI Extra, SPI ex SLI, Swiss All Share, UBS 100, MSCI Switzerland.

Market capitalization

in CHF billion (as of 12/31)

**Average daily trading volume on SIX**

No. of shares

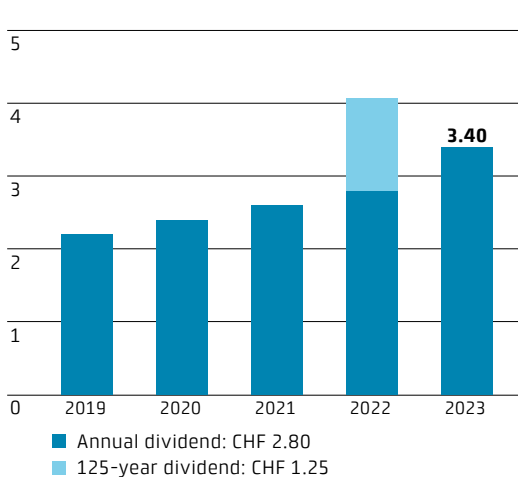
**Dividend policy and dividend yield**

BKW is committed to a consistent dividend payout based on a ratio of 40 to 50% of adjusted net profit.

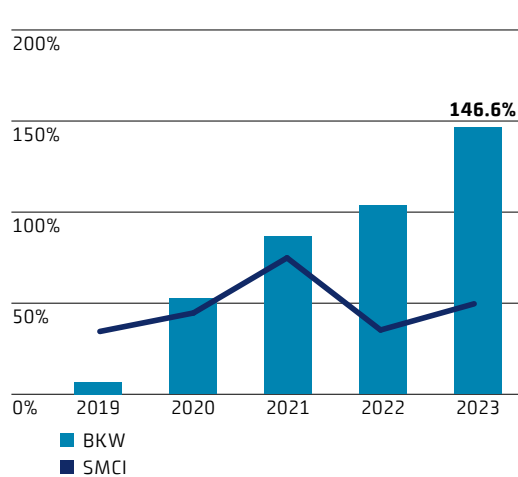
For the 2023 fiscal year, the Board of Directors will propose an ordinary dividend of CHF 3.40 per share to the General Meeting. The dividend will be paid out on April 26, 2024.

Dividends

in CHF

**Total shareholder return**

as of December 31 since 2019

**Restrictions on share transferability**

The Company may refuse to register an acquirer of shares in the register of voting shareholders for the following reasons:

a) If the acquisition results in a natural or legal person or a partnership holding (directly or indirectly) more than 5% of the entire share capital. The same restriction applies to legal persons, partnerships, associations of persons, or joint ownerships that are linked to each other by capital or voting rights, shared management, or in any other way. The restriction

also applies to all natural or legal persons or partnerships that act jointly or in concert to acquire shares;

b) If the acquirer does not expressly declare that they have acquired the shares in their own name and for their own account.

Major shareholders

As of December 31, to the best knowledge of BKW, the following shareholders held more than 3% of the shares:

	31.12.2022	31.12.2023
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	> 3%	> 3%

The free float amounts to 37.4%.

Key figures per share

CHF	31.12.2022	31.12.2023
Result	10.43	9.06
Equity	77.05	87.44
Dividend	2.80	3.40
125-year dividend	1.25	
Dividend yield (in %) ¹	3.2%	2.3%
Price/earnings ratio ¹	12.1	16.5
Year-end	126.50	149.50
Year high	136.20	167.40
Year low	96.70	127.60

1 Based on year-end price

Bonds

As of December 31, 2023, BKW had the following bonds outstanding:

	Nominal amount	Term	Due	ISIN code
0.00% debenture bond	CHF 200 million	2022–2024	18.10.2024	CH116068141
0.75% debenture bond	CHF 200 million	2018–2025	25.10.2025	CH0435590358
0.875% debenture bond	CHF 200 million	2022–2026	27.04.2026	CH01179184390
0.25% Green Bond	CHF 200 million	2019–2027	29.07.2027	CH0487087295
1.125% Green Bond	CHF 100 million	2022–2029	27.04.2029	CH1179184408
2.5% debenture bond	CHF 300 million	2010–2030	15.10.2030	CH0117843745

Financial calendar

General Meeting	April 22, 2024
Ex-dividend date	April 24, 2024
Dividend payment	April 26, 2024
Publication of 2024 half-year results	August 21, 2024

Contact: investor.relations@bkw.ch

Production Facts and Figures

Type	Country	2022 Installed production MW	2023 Installed production MW	2022 BKW purchases GWh	2023 BKW purchases GWh
Run-of-river	Switzerland	247.0	247.0	999.7	1,111.9
Run-of-river	Italy	35.0	35.0	41.5	73.4
Storage	Switzerland	220.9	223.2	419.4	553.1
Pump storage	Switzerland	1,145.3	1,149.7	1,720.5	2,071.6
Small hydro	Switzerland	26.8	35.9	82.8	124.4
Small hydro	Italy	24.4	24.4	40.0	68.1
Total hydroelectric plants		1,699.4	1,715.2	3,303.9	4,002.4
Onshore wind	Switzerland	37.2	37.2	79.7	91.1
Onshore wind	Germany	135.5	135.5	256.8	269.8
Onshore wind	Italy	240.5	240.5	412.3	531.6
Onshore wind	France	168.2	168.2	283.9	435.8
Onshore wind	Norway	172.8	172.8	552.0	507.4
Onshore wind	Sweden	–	124.7	–	–
Total wind		754.2	878.9	1,584.7	1,835.7
Total photovoltaic	Switzerland	13.3	14.4	13.9	12.8
Total Biomass	Switzerland	2.6	2.6	15.4	10.0
Nuclear	Switzerland	177.5	177.5	1,420.4	1,405.7
Nuclear	France	155.0	155.0	704.4	729.8
Total nuclear power plants		332.5	332.5	2,124.7	2,135.5
Natural gas	Italy	254.4	254.4	1,083.5	1,165.6
Black coal	Germany	235.0	235.0	1,014.7	372.3
Total fossil-fuel power plants		489.4	489.4	2,098.2	1,537.8
Total production including purchases and financial interests		3,291.5	3,433.0	9,140.8	9,534.4
Switzerland		63.2	72.0	167.7	214.7
Germany		120.5	120.5	240.1	255.0
Italy		133.5	148.6	248.5	387.0
France		168.2	168.2	283.9	435.8
Contracted production (incl. KEV, feed-in)		485.4	509.3	940.2	1,292.6

Corporate Governance

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Corporate Governance

BKW's Board of Directors and the Group Executive Board attach great importance to good corporate governance in the interests of its shareholders and other stakeholders such as customers, public corporations and employees. BKW guarantees transparency and enables its shareholders and other stakeholders to make their investment decisions objectively.

BKW bases its corporate management on recognized corporate governance principles, in particular the Swiss Code of Best Practice. It thus ensures a balanced relationship between management and control and thus a rule-based, value-oriented and sustainable development of the company. In this way it aims to ensure long-term growth in the value of the company. To this end, BKW has also integrated aspects of material sustainability into its corporate strategy. This is based on regional and global challenges and involves various stakeholder groups in dialogue processes.

In addition to legal provisions and international standards, the basic rules relating to corporate governance at BKW are embodied in BKW's Articles of Incorporation, organizational regulations, Code of Conduct and regulations governing the committees of the Board of Directors.

BKW's management structure is designed so that responsibilities are clearly assigned and unilateral concentration of powers and conflicts of interest are avoided. At BKW, for example, the functions of Chairman of the Board of Directors and CEO are largely separate. All members of the Board of Directors are independent. This means no member of the Board of Directors has an executive function. All members of the Board of Directors, with the exception of Andreas Rickenbacher who was delegated by the Canton of Bern, were nominated for election individually at the General Meeting in May 2023. In the composition of the

governing bodies, the Board of Directors pays attention to appropriate diversity, in particular to extensive expertise in the relevant areas and wide-ranging professional experience as well as a balanced gender distribution. At the end of 2023 the proportion of women in the Board of Directors was 42.9 percent. The Board of Directors of BKW AG therefore already exceeds the requirements of Swiss company law on gender guidelines for boards of directors of listed companies.

The information below is presented in accordance with the current requirements of the corporate governance guidelines of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance produced by *economiesuisse* (Version 2023). Remuneration of the top level management of the company is detailed in the Remuneration Report on pages 242 to 252 of the Annual Report. The information disclosed in this report reflects the situation as of December 31, 2023.

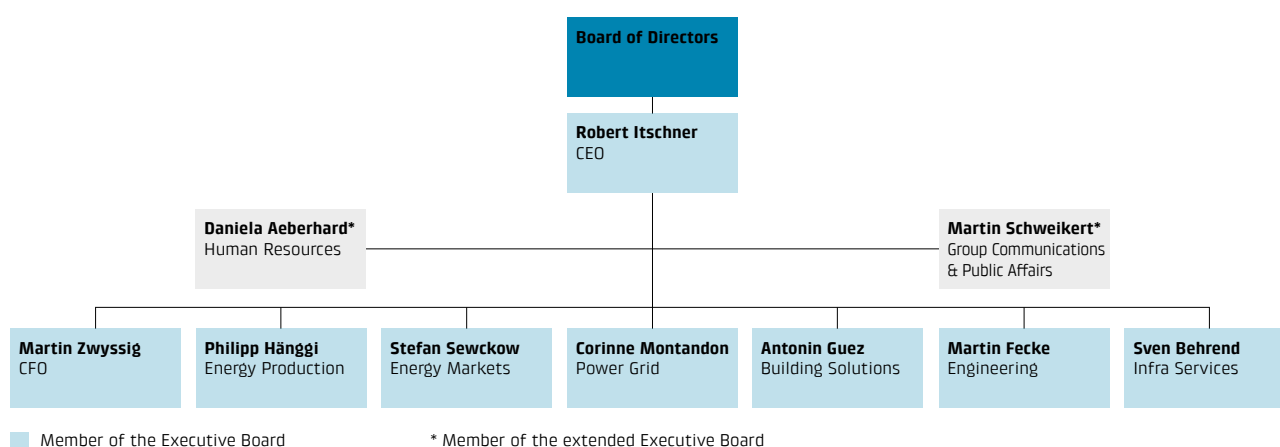
On the BKW website you can find the BKW AG Articles of Incorporation at www.bkw.ch/statutes, information on the Group Executive Board and Board of Directors at www.bkw.ch/organization, the Code of Conduct at www.bkw.ch/codeof-conduct and much more. The Sustainability Report can be found here on pages 129 to 193 and at www.bkw.ch/sustainability.

1 Group structure and shareholders

1.1 Group structure

The operational Group structure of BKW can be derived from the following illustration and the segment reporting under Section 6 on pages 47 to 48 of the BKW Group's consolidated financial

statements. The current organization can be viewed on the BKW website at www.bkw.ch/organization.



Listed Group companies

The shares of BKW AG, which has its headquarters in Bern, have been listed on the SIX Swiss Exchange since December 12, 2011. On December 31, 2023, BKW's stock market capitalization amounted to CHF 7,890.8 million.

About the BKW share

Securities code	BKW
Securities number	13.029.366
ISIN	CH0130293662
Trading currency	CHF
Type of security	Registered share

BKW group of consolidated companies

With the exception of BKW itself, BKW's consolidation group only includes companies that are not listed separately on the stock exchange. The individual holdings of BKW in companies that are fully consolidated in the consolidated financial statements are listed on pages 108 to 113 of the consolidated financial statements. In all cases, the holding corresponds to the percentage of shares and voting rights.

1.2 Major shareholders

in %	Holding at 31.12.2022	Holding at 31.12.2023
Canton of Bern	52.54	52.54
Groupe E Ltd.	10.00	10.00
BlackRock Inc.	> 3.00	> 3.00
BKW AG and Group companies	0.03	0.04

No other shareholders registered more than 3% of the voting rights of BKW during the reporting year in accordance with Article 120 of the Federal

Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinfraG).

In the 2023 financial year BKW did not publish any disclosure notifications in accordance with Article 120 of FinfraG via the SIX Exchange Regulation platform. Notifications from previous years can be viewed via the link <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html>.

2 Capital Structure

2.1 Capital

The share capital of BKW as of December 31, 2023 amounted to CHF 132,000,000, divided into 52,800,000 fully paid-up registered shares, each with a par value of CHF 2.50.

2.2 Authorized and conditional share capital

As of December 31, 2023, BKW had no authorized share capital or conditional share capital.

2.3 Changes in equity for the last three years

The share capital of BKW remained unchanged from 2021 to 2023.

2.4 Shares and participation certificates

All 52,800,000 registered shares in BKW with a par value of CHF 2.50 each are fully paid up. All shares have equal voting rights. Every share represented at the General Meeting is entitled to one vote. The company does not print or provide certificates for registered shares. However, any shareholder may request that certification of their shareholding be issued free of charge.

BKW has not issued any participation certificates.

2.5 Dividend rights certificates

BKW has not issued any dividend rights certificates.

1.3 Cross shareholdings

BKW has no cross shareholdings of more than 5% in a company outside of the BKW Group.

2.6 Restrictions on transferability and nominee registration

Registered BKW shares can only be transferred by assignment or in accordance with the provisions of the Swiss Intermediated Securities Act. Notification of assignment must be given to BKW. The Board of Directors may refuse to register an acquirer in the share register as a shareholder with voting rights if he/she

- would, as a result of the entry, solely or jointly, or in concert with other acquirers, directly or indirectly hold more than 5% of the total share capital;
- or has not expressly declared that they have acquired the shares in their own name and on their own account, or there is no agreement in place on the return or restitution of the corresponding shares and that there is a commercial risk associated with the shares.

For details of the limitation on registration see Art. 5 of the Articles of Incorporation: www.bkw.ch/statutes.

Nominal entries, i.e. entries of shareholders who acquire shares in their own name but for the account of a third party, are possible, but these shares have no voting rights.

See Section 6 of this report for the procedure and conditions for lifting the restriction on transferability.

2.7 Convertible securities and options

BKW has no outstanding convertible bonds and has not issued any options.

3 Board of Directors

3.1 Members

According to the Articles of Incorporation, the Board of Directors shall consist of between seven and 10 members. There are currently seven members, all of whom are non-executive and independent. The Canton of Bern is entitled to appoint two members to the Board of Directors in accordance with Art. 19 of the Articles of Incorporation and Art. 762 of the Swiss Code of Obligations (CO). Currently the Canton is using this right to appoint one member to the Board of Directors.

With regard to the composition of the Board of Directors, the Personnel and Remuneration Committee, like the Board of Directors, pays attention to appropriate diversity. To ensure that the skills and experience required for the management of the BKW Group are available on the Board of Directors, the Personnel and Remuneration Committee has developed a requirements profile which is taken into account when searching for suitable candidates. Besides specialist technical and industry knowledge, this profile includes expertise in technology, risk management and finance.

Composition	Function	Held office since
Roger Baillod	Chairman of the Board, Member of the Personnel and Remuneration Committee	2021 (on the BD since 2013)
Andreas Rickenbacher ¹	Deputy Chairman, Member of the Personnel and Remuneration Committee	2022 (on the BD since 2018)
Dr. Carole Ackermann	Member, Chair of the Audit and Risk Management Committee	2018
Prof. Dr. Petra Denk	Member, Member of the Audit and Risk Management Committee	2021
Rebecca Guntern	Member Chair of the Personnel and Remuneration Committee	2018
Martin à Porta	Member	2022
Kurt Schär	Member, Deputy Chairman of the Audit and Risk Management Committee	2012

1 Delegate of the Canton of Bern

Resignations during the reporting period

No member of the Board of Directors resigned in the reporting year.

Independence

With the exception of Chairman Roger Baillod, in the three preceding business years no member of the Board of Directors was a member of the BKW Group Executive Board nor of the management board of any Group company. Nor does any member have significant business relationships with BKW or a BKW Group company. In the period between the departure of Suzanne Thoma as CEO on June 30, 2022 and Robert Itschner taking over the office on October 1, 2022, Chairman Roger Baillod held the office of CEO ad interim.

The activities and vested interests of the members of the Board of Directors are reviewed annually and form part of the assessment of the independence of the individual members undertaken by the Personnel and Remuneration Committee.

The Personnel and Remuneration Committee assesses all members of the Board of Directors as independent as defined by Art. 15 of the Swiss Code.

3.2 Activities and vested interests



Roger Baillod (1958, CH)

Degrees in business studies and auditing Auditor

Professional background, career

- Since 2017** Board of Directors and Management Consultant
1996–2016 Chief Financial Officer (until 09.2016) and Member of the Board of Bucher Industries AG in Niederweningen, Zurich (until 12.2016)

Mandates in other listed companies

- Rieter Holding AG, Winterthur: Deputy Chairman of the Board of Directors and Chairman of the Audit Committee

Mandates in other significant companies

- Ed. Geistlich Söhne AG for the chemical industry, Schlieren: Deputy Chairman of the Board of Directors, Member of the Nomination and Remuneration Committee, Chair of the Audit and Risk Committee, with a mandate in the subsidiary Geistlich Pharma AG, Wohlhusen: Member of the Board of Directors, Member of the Nomination and Remuneration Committee, Chair of the Audit and Risk Committee



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 Government Councilor of the Canton of Bern, Director of Economic Affairs (until 6.2016); Cantonal representative on the Board of Directors of Gebäudeversicherung des Kantons Bern (GVB) (2006–2010, ex officio)
2004–2006 Owner of Rickenbacher Projekte GmbH (consulting in marketing and communication; directorships)

Mandates in other listed companies

- Bernexpo AG, Bern: Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee

Mandates in other significant companies

- Aebi Schmidt Holding AG, Frauenfeld: Deputy Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee
- CSEM AG, Neuenburg: Chairman of the Board of Directors
- Ender Holding AG, Bern: Member of the Board of Directors
- HRS Holding AG, Frauenfeld: Member of the Board of Directors
- Suva, Lucerne: Member of the Suva Board

Other significant mandates, official functions or political mandates

- Switzerland Innovation Foundation, Bern: Chairman
- Intern. Lauberhorn Race Wengen: Deputy Chairman



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 Board of Ionbond AG, Olten, CEO Ionbond China
1999–2004 Director Saurer Group AG, Arbon

Mandates in other listed companies

BVZ Holding AG, Zermatt: Deputy Chair of the Board of Directors, Member of the Nominating and Remuneration Committee, Member of the Audit Committee

Mandates in other significant companies

- Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen, Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen and CAP Rechtsschutz- und Versicherungs-Gesellschaft AG, Wallisellen: Member of the Board of Directors
- BNP Paribas (Suisse) SA, Geneva: Member of the Board of Directors
- E.H.L. Holding SA, Geneva: Chair of the Board of Directors

Other significant mandates, official functions or political mandates

- Fondation de l'École hôtelière de Lausanne: President of the Foundation Board



Petra Denk (1972, D)

Professor of Energy and Business Administration, Prof. Dr.

Professional background, career

- Since 2012** Director of the Institute for Systemic Energy Consulting GmbH at the University of Applied Sciences Landshut
Since 2009 Professor of Energy and Business Administration
2001–2009 E.ON Energie AG, various positions, most recently Head of International Portfolio Development

Mandates in other listed companies

- Aixtron SE, Herzogenrath, Germany: Member of the Supervisory Board and member of the Remuneration Committee
- VAT Vakuumventile AG, Haag: Member of the Board of Directors and member of the Technology Committee

Mandates in other significant companies

- Pfisterer AG, Winterbach, Germany: Member of the Supervisory Board and Chair of the Technology Committee



Rebecca Guntern Flückiger (1972, CH)

Federal Dipl. pharm. University of Basel,
Bachelor of Business Administration

Professional background, career

- Since 2023** Member of the Executive Committee, Sandoz AG, Basel
- 2020–2023** Head Europe and Member of the Executive Committee, Sandoz
- 2018–2019** Head Cluster Europe, Sandoz Pharmaceuticals AG
- 2015–2018** Head Cluster BACH, Sandoz Pharmaceuticals AG
- 2013–2015** Head of Strategy Accounts & Commercial Excellence WEMEA, Sandoz Pharmaceuticals AG
- 2011–2013** Country Head Spain & Cyprus, Sandoz Pharmaceuticals AG
- 2008–2011** Country Head Switzerland, Sandoz Pharmaceuticals AG

Mandates in other significant companies

- President and Member of the Board of Directors of various national Sandoz companies in Europe



Martin à Porta (1970, CH)

Dipl. Ing. ETHZ

Professional background, career

- Since 2019** Owner and Board of Directors of APM Trans4mation AG, Zug
- 2016–2019** CEO Pöyry Plc., Finland
- 2012–2015** CEO Siemens Building Technologies Europe, Zug
- 2010–2012** CEO Siemens, Qatar

Mandates in other listed companies

- Stantec Inc., Edmonton, Canada: Member of the Board of Directors, Member of the Nomination, Governance and Remuneration Committee and Member of the Sustainability & Safety Committee
- UPM-Kymmene Corporation, Helsinki, Finland: Member of the Board of Directors and Chairman of the Personnel and Remuneration Committee

Mandates in other significant companies

- Wüest Partner AG, Zurich: Member of the Board of Directors



Kurt Schär (1965, CH)

Radio/TV electronics engineer,
marketing planner and board member of the Swiss Board School

Professional background, career

Since 2014 Owner of Sunnsite Management AG, Directorships

2001–2014 CEO Biketec AG, Flyer Elektrovelo manufacturer, Huttwil

Mandates in other significant companies

– IE Engineering Group AG, Zurich: Member of the Board of Directors

3.3 Number of permissible activities

Members of the Board of Directors may hold no more than 10 mandates in comparable functions in for-profit companies outside of the BKW Group and no more than four of which may be listed companies. Several mandates within one group are considered as one mandate. Mandates with companies that are controlled directly or indirectly by BKW are not included here. Nor may they hold more than ten mandates in management functions of industry associations and non-profit organizations. Further regulations can be found in Art. 21 of the Articles of Incorporation at www.bkw.ch/statutes.

3.4 Election and term of office

With the exception of the representative appointed by the Canton of Bern, the members of the Board of Directors are elected individually by the General Meeting. Members may be re-elected subject to an age limit of 70 years. The term of office for members appointed by the Canton of Bern in accordance with Art. 762 Swiss Code of Obligations (OR) shall be determined by the cantonal government.

The Chairman of the Board of Directors and members of the Personnel and Remuneration Committee are also elected individually by the General Meeting.

3.5 Internal organization

3.5.1 Division of roles in the Board of Directors

The Board of Directors is responsible for the strategic and financial management of BKW and for monitoring the management of the company. It takes decisions as the highest authority, except where the General Meeting is responsible by law. No special functions other than Chairman and Deputy Chairman are defined. The Secretary need not be a member of the Board.

The Chairman – or in his/her absence the Deputy Chairman – leads the Board of Directors, chairs its meetings as well as the General Meeting. He is an important point of contact for the Chairman of the Group Executive Board for all matters relating to corporate management and he coordinates between the Board of Directors and Group Executive Board. All other members of the Board of Directors assume the same tasks in the plenary session and have the same responsibility. The responsibilities and mode of operation of the Board of Directors as well as how to act in the event of conflicts of interest are laid down in the organizational regulations.

The Board of Directors may decide to delegate some of its activities and responsibilities to committees from among its own members. The Board of Directors is supported by two standing committees, the Audit and Risk Management Committee and the Personnel and Remuneration Committee. The committees of the Board of Directors submit regular, timely reports to the Board of Directors on their activities and results. They file a motion on the business they have handled to the Board of Directors, which issues its resolution on the motion. The function, organization and competencies of these two committees are defined in detail in the regulations, which have been approved by the Board of Directors.

Furthermore, pursuant to Art. 20, para. 2 of the Articles of Incorporation, the Board of Directors may at any time appoint ad hoc committees for important individual matters such as major investments, acquisitions/divestments or cooperations. In the case of ad hoc committees, the Board of Directors will elect the members from among its own members. The Nomination Committee is formed on an ad hoc basis to prepare the election of new members of the Board of Directors and the Group Executive Board, particularly for the specific nomination processes for appointment to the Board of Directors or Group Executive Board. It is chaired by the Chairman of the Board of Directors. The further composition of the committee is determined on a case-by-case basis.

3.5.2 Duties and competencies of the committees of the Board of Directors

Audit and Risk Management Committee

The Audit and Risk Management Committee is composed of three non-executive and independent members elected by the Board of Directors. The Chairman of the Audit and Risk Management Committee is also elected by the Board of Directors, while the Deputy Chairman is elected by the Audit and Risk Management Committee.

Members of the Audit and Risk Management Committee

Dr. Carole Ackermann	Chair
Kurt Schär	Deputy Chairman
Prof. Dr. Petra Denk	Member

The Audit and Risk Management Committee supports the Board of Directors in supervising the financial management and the risk and compliance management of the company.

Duties

- Discussion concerning the consolidated financial statements and the half-yearly consolidated financial statements with the internal and external auditors
- Assessment of the quality of accounting and financial reporting for the attention of the Board of Directors
- Creating the requirements profile for the external auditors and for the Head of Internal Audit
- Oversight of the internal auditor and assessment of the activities of the external auditor and its collaboration with the internal auditor
- Assessment of the independence of the external auditors and Internal Audit, including the compatibility of the audit work with any advisory mandates of the external auditor
- Undertaking of necessary measures in the event of imminent insolvency or excess debt of BKW AG or key Group companies
- Assessment of significant risks as well as the risk situation in the context of the financial statements, the budget and medium-term planning
- Assessment of compliance and the associated organizational structure
- Regular and timely reporting to the Board of Directors on the Committee's activities and results

Responsibilities

- Awarding audit contracts relating to accounting standards, financial control, annual and half-year accounts and annual reports as well as appropriation of retained earnings
- Setting the amount of compensation paid to the Head of Internal Audit and the external auditor

Personnel and Remuneration Committee

The Personnel and Remuneration Committee corresponds to the "Remuneration Committee" according to Art. 24 of the Articles of Incorporation. The Remuneration Committee consists of three non-executive and independent members who are elected individually on an annual basis by

the General Meeting from among the members of the Board of Directors. These members may be re-elected. The Personnel and Remuneration Committee decides itself how to organize all other matters regarding its operation.

Composition of the Personnel and Remuneration Committee

Rebecca Guntern	Chair
Roger Baillod	Member
Andreas Rickenbacher	Member

The Personnel and Remuneration Committee deals with developing principles for the selection of candidates for the Board of Directors and the Group Executive Board, and, in particular, at top corporate level, with the remuneration strategy and performance targets and criteria of the BKW Group. It assists the Board of Directors in establishing and reviewing the remuneration system and remuneration principles, and in preparing the proposals to the General Meeting in respect of the total amount of remuneration to be paid to the Board of Directors and the Group Executive Board. It specifies the qualitative and quantitative targets for the variable portions of the remuneration of the CEO and the members of the Group Executive Board and assesses whether objectives have been achieved. The Personnel and Remuneration Committee submits motions to the Board of Directors in respect of all transactions negotiated under its responsibility.

The role and responsibilities of the Personnel and Remuneration Committee are described on pages 240 to 242 of the Remuneration Report.

Ad hoc Committees

In relation to the adjustment to the Articles of Incorporation for BKW Group passed in the 2023 General Meeting and the further review of Corporate Governance of the BKW Group, the Board of Directors convened a Corporate Governance ad hoc committee. In particular, this advised on the review of organizational regulations and on the tasks and competency regulations of the BKW Group and approved for the attention of the Board of Directors.

Composition of the Ad hoc Corporate Governance Committee

Roger Baillod	Chairman
Dr. Carole Ackermann	Member
Martin à Porta	Member

In 2022 the Board of Directors formed an ad hoc Nomination Committee to search for a successor to CFO Ronald Trächsel who resigned in-mid 2023. This committee in the same composition continued its work in 2023.

Composition of the Ad hoc CFO Nomination Committee

Roger Baillod	Chairman
Dr. Carole Ackermann	Member
Andreas Rickenbacher	Member

In 2023 the Board of Directors convened an ad hoc nomination committee to search for the head of the new Energy Markets business area as a member of the Group Executive Board.

Composition of the Ad hoc Energy Markets Nomination Committee

Roger Baillod	Chairman
Prof. Dr. Petra Denk	Member
Martin à Porta	Member

The nomination committees for filling positions on the Group Executive Board and Extended Group Executive Board are always supported by the CEO in an advisory capacity.

3.5.3 The work of the Board of Directors and its committees

Board of Directors

The Board of Directors meets at the invitation of the Chairman of the Board or the Deputy Chair, as often as business requires; in general there are six meetings per financial year. In addition, any member may ask the Chairman of the Board of Directors to convene a meeting by submitting their reasons in writing. The dates of the ordinary meetings shall be agreed on at an early

stage so that all members may attend in person. Before the Board of Directors meetings, each member receives documents that they can use to prepare for the items on the agenda.

The Chairman of the Board of Directors heads the Board of Directors and coordinates between the Board of Directors and the CEO or Group Executive Board. Meetings of the Board of Directors are generally attended by the CEO and CFO in an advisory capacity; the other members of the Group Executive Board only attend if necessary, namely when topics concerning their areas of responsibility are to be discussed. Furthermore, the Board of Directors can hold (parts of) meetings without the presence of the CEO/CFO and/or members of the Group Executive Board. Other executives of the Group, members of the Audit department of BKW and other experts can also be called to the meetings. The Board of Directors has appointed Stefan Emmenegger, attorney-at-law, as its Secretary. He attends the meetings of the Board of Directors.

The Board of Directors passes its resolutions at meetings or by electronic means. It is quorate when the majority of its members are present at the meeting or otherwise participating. Resolutions are adopted by a simple majority of participating members. In the event of parity of votes, the Chairman has a casting vote. Resolutions of the Board of Directors can also be passed in writing by circular letter. Minutes shall be kept of the discussions and resolutions. The minutes shall be approved by the Chairman of the Board of Directors before being sent to the other members of the Board.

Overview meetings

Number of meetings	6 ordinary / 4 extraordinary
Number of participants	7
Average duration (hours)	4–5
Attendance at meetings	100%

Overview meeting attendance

Roger Baillod, Chairman	6/6
Andreas Rickenbacher	6/6
Kurt Schär	6/6
Dr. Carole Ackermann	6/6
Rebecca Guntern	5/6
Prof. Dr. Petra Denk	6/6
Martin à Porta	6/6

In the 2023 financial year five ordinary meetings of the Board of Directors were held in March, June, August, October and November and each meeting lasted for five hours on average. The CEO and CFO and the other members of the Group Executive Board were present during the second part of all the meetings, while the first part lasting about one hour was held without them being present. After the General Meeting in May, the Board of Directors held a shortened meeting of one hour without the CEO and the Group Executive Board. The Board of Directors also held four extraordinary meetings in the reporting year and each meeting lasted for 1.5 hours on average. These meetings discussed election business and financial issues. All members of the Board of Directors participated in all the meetings, apart from one meeting where one member was unable to attend. No external experts were invited to attend in 2023.

The Board of Directors conducts an annual self-assessment based on a questionnaire. Here the work, organization and composition of the Board, the performance of the chairman as well as the cooperation with the Group Executive Board are assessed. The questionnaire also covers responsibility towards stakeholders and the setting of strategic priorities. The results of the assessment are discussed at a meeting of the Board of Directors and the goals and measures for the current and following year are determined. The Chairman also holds at least one personal meeting each year with each member, to discuss individual opportunities for further development among other things.

Audit and Risk Management Committee

In accordance with its regulations, the Audit and Risk Management Committee convenes at least four ordinary meetings each year. The Audit and Risk Management Committee is authorized to negotiate and adopt resolutions provided that a majority of its members are present at the meeting or are attending via electronic means and that resolutions are adopted by simple majority of votes. In the event of parity of votes, the Chairman has a casting vote. Meetings are normally attended by the Chairman of the Board of Directors, the CEO, the CFO, the Head of Accounting & Tax, and the Head of Internal Audit in an advisory capacity. The minutes are recorded by the Head of Group Compliance. If required, the Chairman may call upon the external auditor, further members of the Group Executive Board, the Extended Group Executive Board, senior management or external experts to attend and provide information.

Overview meetings

Number of meetings	4
Number of participants	3
Average duration (hours)	4
Attendance at meetings	100%

Overview meeting attendance

Dr. Carole Ackermann, Chair	4/4
Kurt Schär	4/4
Prof. Dr. Petra Denk	4/4

The Committee convened four ordinary meetings during the 2023 financial year in March, June, August and November, with the meetings lasting an average of four hours. The external auditor took part in two meetings.

Personnel and Remuneration Committee

According to its regulations, the Personnel and Remuneration Committee meets as often as business requires, however at least three times a year. The Audit and Risk Management Committee is authorized to negotiate and adopt resolutions provided that a majority of its members are present at the meeting or are attending via electronic means and that resolutions are adopted by simple

majority of votes. In the event of parity of votes, the Chairman has a casting vote. Meetings of the Personnel and Remuneration Committee are attended by the Chairman of the Board of Directors (if he is not a member himself) and the CEO in an advisory capacity. They have the right to submit motions. The Chairman of the Board of Directors may dispense the CEO from participation in a meeting of the Personnel and Remuneration Committee. The Chairman of the Board of Directors and the CEO respectively do not attend meetings during which their own remuneration and/or performance are discussed or if for other reasons there is a conflict of interest. If required, the Chairman may call upon further members of the Group Executive Board, the Extended Group Executive Board or external experts to attend.

Overview meetings

Number of meetings	3
Number of participations	3
Average duration (hours)	3
Attendance at meetings	100%

Overview meeting attendance

Rebecca Guntern, Chair	3/3
Roger Baillod	3/3
Andreas Rickenbacher	3/3

The Personnel and Remuneration Committee convened three ordinary meetings during the 2023 financial year in February, September and November, with the meetings lasting three hours on average. PricewaterhouseCoopers AG (PwC) attended two meetings in an advisory capacity for discussion on the review of the remuneration system of the Group Executive Board. In addition to the ordinary meetings, the Personnel and Remuneration Committee also held several additional discussions and workshops relating to the review of the remuneration system of the Group Executive Board.

3.6 Competence regulations

The Board of Directors bears overall strategic responsibility for the entire BKW Group. It is responsible for the overall management of BKW

AG and supervision of its governing bodies. It bears overall responsibility for achieving sustainable value for shareholders and makes decisions regarding the business activities of the entire BKW Group, except where these responsibilities are transferred to other bodies by law, statutes or the organizational regulations.

The Board of Directors used the organizational rules to delegate the full operational business management to the CEO. Accordingly, the CEO manages the operational business of the BKW Group with the support of the Group Executive Board. Within the scope of the strategic specifications and stipulations set out by the Board of Directors, along with his competencies as specified in the Articles of Incorporation and regulations, the CEO bears comprehensive responsibility for the revenue and earnings of the BKW Group. He is responsible for implementing the decisions of the Board of Directors.

The CEO is the Chairman of the Group Executive Board which also consists of the CFO and the Heads of the Power Grid, Energy Production, Energy Markets, Building Solutions, Engineering and Infra Services business divisions. The Group Executive Board supports the CEO in his/her responsibility for the operational management of the BKW Group. The members of the Group Executive Board also manage the business divisions for which they are responsible, as well as the Group companies and participations assigned to them. They are responsible for ensuring that these entities pursue the strategy of the BKW Group prudently and efficiently as well as safeguarding the interests of the Group. Decisions of the Group Executive Board are made by the CEO in consultation with the other members of the Group Executive Board. Members of the Group Executive Board have the right of co-determination and may submit motions. The Group Executive Board may delegate tasks and authorizations within its remit. The Group Executive Board generally met every two weeks during the 2023 financial year. The meetings lasted an average of four hours.

Competencies of the Board of Directors

In addition to its statutory duties and the business reserved to it in the Articles of Incorporation, the Board of Directors has the following particular roles and competences:

- Preparation and approval of the *raison d'être* and the overarching corporate strategy
- Approval of the main focal points for implementing the corporate strategy (including financing, taking into account sustainable and responsible corporate development)
- Approval of the expansion of geographical coverage into new countries
- Determination of the top-level management structure and organization of the BKW Group (business divisions and business areas), including their duties and competencies and the determination of governance principles valid Group-wide.
- Taking fundamental decisions relating to personnel policy, salary policy and salary systems, including succession planning for the Board of Directors and Group Executive Board, (see the presentation in Section 2 of the Remuneration Report from page 239 of the Annual Report)
- Appointment and discharging of the CEO and members of the Group Executive Board
- Approval of financial matters such as budgets and planning, financial statements, the BKW Annual Report and accounting standards, and establishing the BKW Group's financing and investment policy
- Approval of the principles for operation of the internal control system and risk management of the BKW Group, and assessment of the significant risks
- Assessment of the principles of applicable ESG standards (in particular compliance, health & safety, governance), including a regular review and assessment of compliance and the associated organization
- Approval for borrowing through instruments that can be publicly traded and the entering into significant financial obligations (> CHF 250 million) and for granting loans and securities for third parties
- Approval of significant investments that are not planned for in the financial planning, of large real estate transactions and of significant corporate purchase and sale transactions

In the event of urgent individual matters in the competencies of the Board of Directors, where a delay could potentially be detrimental to the BKW Group, the Chairman of the Board of Directors (or the Deputy Chair in their absence) can decide. Decisions of this nature must be brought to the attention of the Board of Directors without delay and added to the minutes of the next meeting of the Board of Directors.

Competencies of the CEO

The CEO has the following particular duties and competencies:

- Management of operational business and implementation of the corporate strategy and the resolutions of the Board of Directors
- Development of the main directions for the corporate strategy and the main focal points for its implementation (including financing, taking into account sustainable and responsible corporate development) for the attention of the Board of Directors
- Reporting to the Board of Directors on the strategy implementation, course of business, market environment and measures to implement the strategy, the implementation of business of major strategic importance approved by the Board of Directors and immediate reporting on significant events.
- Compilation of the basis for determining the top-level management structure and organization of the BKW Group (divisions and business areas), including their duties and authorities of the Board of Directors
- Determination of the organization and the duties and competencies of the business units and other organizational units assigned to the business divisions
- Preparation of the quantitative and qualitative performance criteria for the variable remuneration of members of the Group Executive Board and the assessment of whether targets have been achieved for the attention of the Personnel and Remuneration Committee
- Management and supervision of the members of the Group Executive Board and other personnel under the CEO.
- Establishing an appropriate organization and setting up controls to ensure compliance with applicable standards, regulations and codes of conduct, and with applicable requirements of legislation and the Articles of Incorporation
- Preparation of the financial plans and the annual and half-yearly financial statements, the annual report of the company for the attention of the Audit and Risk Management Committee
- Regular reporting together with the CFO to the Audit and Risk Management Committee and the Board of Directors on compliance and sustainability issues, significant risks and their development and liquidity management
- Representation of the company to employees and third parties, in coordination with the Chairman of the Board of Directors, in particular ensuring effective communication with shareholders and stakeholders, including representatives of governments, regulators and organizations

The CEO has delegated roles and competencies to qualified subordinates and instructs and supervises them accordingly.

Competencies of the Group Executive Board

The Group Executive Board has the following particular roles and competencies:

- Provision of support to the CEO in the operational management of the BKW Group ensuring commercial success within the context of the Group strategy and instructions of the CEO
- Actively participating in the leadership, planning and implementation of the company strategy
- Leading the assigned business divisions
- Ensuring cooperation within the BKW Group, in particular by defining and implementing the relevant principles, namely through coordinating and aligning activities within the divisions
- Developing the basis for determining the organization, duties and competencies of the business units and other organizational units assigned to the business divisions
- Determining the central risks and risk management for the areas run by it for the attention of the CEO and Board of Directors

- Promoting ethical behavior and compliance with internal and external rules and regulations
- Preparation, creation and implementation of the financial planning (budget including investment budget, medium-term planning and long-term planning)

The Group Executive Board may resolve to delegate part of its role and competences or the preparation, execution and monitoring of decisions of the Group Executive Board to committees. The composition, organization, roles and competences of permanently staffed committees shall be defined in separate regulations. The roles and organization of ad hoc committees shall be determined in the resolution adopted to create them. On this basis the Group Executive Board has created the Energy Group Executive Board Committee. This committee is responsible for coordinating the activities of the Energy Markets and Energy Production business divisions.

Additional information about the Group Executive Board is provided in Section 4 below, pages 226 to 231.

3.7 Information and monitoring instruments in relation to the Group Executive Board

The Board of Directors shall assume responsibility for supervision of its own committees and monitors the work of the CEO and the Group Executive Board by means of a range of reporting processes and rights to inspect business processes and business transactions.

At each of its meetings, the Board of Directors is informed by the CEO and the other members of the Group Executive Board about the current business and key business issues. The Board of Directors is provided with detailed information regarding the course of business at least half-yearly when the Half-Year and Annual Reports are published. The BKW Group has a comprehensive electronic management information system (MIS). The Chairman of the Board of Directors is

also informed about the current business at regular meetings and discussions outside of the meetings of the Board of Directors. In the case of extraordinary events, the CEO shall inform the Chairman of the Board of Directors without delay. Comprehensive information about risk management is provided in conjunction with the planning and financial statements.

Business that must be dealt with by the Board of Directors is first discussed in a meeting of the Presiding Board. The participants in this meeting are the Chairman of the Board of Directors, the CEO and where required the other members of the Group Executive Board

Monitoring instruments of the Board of Directors in relation to the Group Executive Board

The Board of Directors is responsible for setting up and monitoring the risk management, compliance and internal audit processes within the BKW Group.

Risk management

The Group Executive Board is responsible for implementing the risk management process as specified by the Board of Directors. The Board of Directors and the Group Executive Board are supported by the Risk Management division, which reports to the CFO. Risk Management is responsible both for the Group's strategic risk management, credit risk management and for the operational risk management of trading and treasury. The Risk Committee and a professional risk organization support the Group Executive Board and Risk Management in assessing the risk situation. As part of the regular systematic risk management process, risks for the entire BKW Group are identified and assessed on an ongoing basis and risk-reducing measures drawn up. The integrated risk management process is based on the ISO 31000 standard.

In addition to the risks arising from operating activities and strategy, external risks such as cybersecurity and the regulatory environment are also assessed. Climate and environmental

issues, together with other non-financial dimensions such as reputation, are integral parts of this risk assessment, and are therefore continually taken into account.

The impacts of the energy crisis and the extreme price distortions during 2022 are gradually easing. Commodity prices and therefore also market volatility have decreased hugely since early 2023 and have now practically reached pre-crisis levels, which has led to a reduction in market-dependent risks. On the other hand, regulatory issues and the general requirements for transparency and traceability continue to become increasingly important. The introduction of new laws and regulations has also greatly increased the focus on compliance and sustainability issues.

Compliance

The Board of Directors is responsible for ensuring compliance with applicable standards through its approval and regular inspection of the governance principles and the Code of Conduct. The CEO is responsible for ensuring that an appropriate organization is set up and that controls of compliance with applicable standards are implemented in all areas of the BKW Group. He provides the Board of Directors with a report to this effect at least once a year. In addition, he undertakes an annual comprehensive risk assessment and informs the Board of Directors of the results. Compliance risks at BKW are consistently recorded, regularly discussed, assessed and monitored. In terms of compliance risks, the focus is on identifying and assessing any breaches of mandatory legal requirements and prohibitions, as well as on compliance with the UN Global Compact Principles, which BKW signed up to when it came into force in 2022. Measures include risk-based training, ad hoc information on new developments, updated regulations, maintenance of whistleblower systems as well as consultations.

The Board of Directors and Group Executive Board are supported by the Compliance team.

Internal Audit

Internal Audit submits a quarterly report on its auditing activities to the Audit and Risk Management Committee. In particular, the report covers audits of the internal control system of BKW, transaction and business processes for the whole Group. Internal Audit reports once annually on the implementation of the audit plan formulated by the Audit and Risk Management Committee, and on the implementation of the recommendations made to management on the basis of the audits that were conducted. In the event of serious shortcomings such as the detection of criminal acts or serious breaches of fundamental duties of care, the Internal Audit team will also provide the Audit and Risk Management Committee with a report.

BKW's external auditor is Ernst & Young AG., Bern. In its comprehensive report to the Board of Directors each year, it includes information about the audit of the annual financial statements as well as its findings regarding the internal control system.

4 Group Executive Board

4.1 Members

The Group Executive Board of BKW consists currently of eight members.



From left to right:
 Martin Fecke
 Corinne Montandon
 Sven Behrend
 Robert Itschner
 Philipp Hänggi
 Martin Zwyszig
 Antonin Guez
 Stefan Sewckow

Group Executive Board

Composition	Function	Since
Robert Itschner	CEO	2022
Dr. Martin Zwyszig	CFO, Deputy to the CEO	2023
Sven Behrend	Head of the Infra Services Division	2023
Martin Fecke	Head of the Engineering Division	2023
Antonin Guez	Head of the Building Solutions Division	2023
Dr. Philipp Hänggi	Head of the Energy Production Division	2020
Dr. Corinne Montandon	Head of the Power Grid Division	2023
Stefan Sewckow	Head of the Energy Markets Division	2023

Departures/New arrivals

CFO Ronald Trächsel left BKW as of June 30, 2023. He was succeeded as CFO as of July 1, 2023 by Martin Zwyszig.

As of November 1, 2023 the former Heads of the Service divisions Antonin Guez (Building Solutions), Martin Fecke (Engineering) and Sven Behrend (Infra Services) were appointed as Group Executive Board members. Also as of November 1, 2023 Stefan Sewckow became head of the new Energy Markets business division.

Roland Küpfer retired at the end of the year and resigned from the Group Executive Board as of November 1, 2023. Dr. Corinne Montandon took over from him as the Head of the Power Grid division on November 1, 2023. Previously since 2021 she had been Head of the Energy Markets & Group Services division.

Further information about the departure of CFO Ronald Trächsel and Roland Küpfer can be found in last year's Corporate Governance Report (pages 213-215 of the Annual Report 2022, available online at www.bkw.ch/annualreport22).

4.2 Activities and vested interests



Robert Itschner (1966, CH)

Electrical engineer, MSc in Electrical Engineering and Computer Sciences

Professional background, career

Since 2022 CEO BKW Group

2018–2022 CEO ABB Schweiz AG

2009–2017 Various local and global management functions at ABB Gruppe

Mandates

Robert Itschner exercises various mandates in BKW Group companies. Outside of the BKW Group he has no significant mandates.



Martin Zwysig (1965, CH)

Dr. oec. HSG

Professional background, career

Since 2023 CFO BKW Group

2020–2023 CFO REHAU Group

2014–2020 CFO Autoneum Holding AG

2008–2014 CFO Ascom Holding AG

2003–2008 CFO Schaffner Holding AG

Mandates in other listed companies

– Belimo Holding AG, Hinwil: Deputy Chairman of the Board of Directors and Chairman of the Audit Committee

Other mandates

Martin Zwysig exercises various mandates in BKW Group companies. Outside of the BKW Group he has no other significant mandates.



Sven Behrend (1965, D)

Qualified electrical/electronics engineer

Professional background, career

Since 2023 Head of the BKW Infra Services division

2020–2023 CEO BKW Infra Services Europa SE, member of the executive management and COO of BKW Infra Services AG

2019–2020 Member of the executive management and COO Arnold AG

2011–2017 CTO and COO SAG Group GmbH

Mandates

Sven Behrend exercises various mandates in BKW group companies. Outside of the BKW Group he has no significant mandates.



Martin Fecke (1964, D)

Qualified engineer

Professional background, career

Since 2023 Head of the BKW Engineering division

Since 2022 CEO BKW Engineering AG and VR BKW Engineering SE

Since 2020 Executive Director BKW Engineering SE

2002–2022 Managing Director Assmann Beraten + Planen GmbH

Mandates

Martin Fecke exercises various mandates in BKW Group companies. Outside of the BKW Group he has no significant mandates.



Antonin Guez (1978, FR)

Electrical engineer, MSc in Electrical Engineering and Computer Sciences, MBA Insead

Professional background, career

Since 2023 Head of the BKW Building Solutions Division

2017–2022 Head of Building Services (until 12.2018) and CEO of ENGIE Services AG

2011–2017 Head of Strategy (until 12.2013) and Deputy Chairman of low voltage and building automation at Schneider Electric Germany

Mandates

Antonin Guez exercises various mandates in BKW Group companies. Outside of the BKW Group he has no significant mandates.



Philipp Hänggi (1968, CH)

Dr. sc. techn. ETH, exec. MBA HSG

Professional background, career

Since 2020 Head of the BKW Energy Production division

2014–2019 Head of Nuclear and Coal BKW Energie AG

2004–2014 Managing Director of swissnuclear Alpiq Schweiz AG

Mandates held on the instruction of BKW

- Kernkraftwerk Leibstadt AG, Leibstadt: Member of the Board of Directors
- Kraftwerke Oberhasli AG, Innertkirchen: Member of the Board of Directors
- Grande Dixence SA, Sion: Member of the Board of Directors
- Nagra, National Cooperative for the Storage of Radioactive Waste, Wettingen Member of the Board of Directors

Other mandates

Philipp Hänggi exercises various mandates in BKW Group companies. Outside of the BKW Group he has no other significant mandates.



Corinne Montandon (1976, CH)

Dr. rer. oec.

Professional background, career

- Since 2023** Head of the BKW Power Grid Division
- 2021–2023** Head of BKW Energy Markets & Group Services Division
- 2013–2020** Head of Strategy and Grid Development at BKW
- 2012–2013** Head of Regulation Management at BKW

Mandates

Corinne Montandon exercises various mandates in BKW Group companies. Outside of the BKW Group she has no other significant mandates.



Stefan Sewckow (1971, D)

Industrial engineer

Professional background, career

- Since 2023** Head of the BKW Energy Markets Division
- 2017–2023** Managing Director, MVV Trading GmbH
- 2012–2017** Head of Trading & Origination, Trianel GmbH
- 2010–2012** Head of Origination New Markets, E.ON Global Commodities
- 2008–2010** Head of Short Term Trading SEE, E.ON Global Commodities
- 2002–2008** Head of Portfolio Management Generation, Vattenfall Trading Services GmbH

Mandates

Stefan Sewckow has no significant mandates outside the BKW Group.

4.3 Number of permissible activities

Members of the Group Executive Board may only exercise mandates in comparable functions outside of the BKW Group with the consent of the Personnel and Remuneration Committee. The number of such mandates is restricted by law to no more than four mandates in for-profit companies and no more than two of them may be in listed companies. Several mandates within one group are considered as one mandate. Mandates with companies that are controlled directly or

indirectly by BKW are not included here. Nor may they hold more than ten mandates in management functions of industry associations and non-profit organizations. Further regulations relating to mandates can be found in Art. 21 of the Articles of Incorporation at www.bkw.ch/statutes.

4.4 Management contracts

BKW has delegated no management responsibilities to third parties outside the Group.

5 Remuneration, shareholdings and loans

All information on remuneration, shareholdings and loans of the members of the Board of Direc-

tors and the Group Executive Board can be found in the Remuneration Report on pages 242 to 254.

6 Shareholders' participation rights

The following provisions are taken from the BKW Articles of Incorporation. These can be accessed at www.bkw.ch/statutes.

6.1 Voting-right restrictions and representation

Only persons listed in the shareholders' register as a shareholder with voting rights are entitled to exercise shareholders' rights. There are no limitations on voting rights for BKW shareholders attending the General Meeting.

Every shareholder with voting rights can exercise their participation rights at the General Meeting themselves or have them exercised by a representative of their choice or by a proxy who is independent of the General Meeting. Shareholders may also assign their proxy and voting instructions electronically; the Board of Directors shall determine the details by which this is done. The independent proxy is obliged to exercise the assigned voting rights as instructed by the shareholder. If instructions were not provided, the vote must be withheld.

Public corporations, legal entities and trading companies are represented by their corporate bodies, partners or legal representatives, or by representatives with special written power of attorney.

Every share listed in the share register with voting rights is entitled to one vote at the BKW General Meeting. Shareholders who have participated in the management of the company in any form shall not be entitled to vote on the resolution to grant discharge of the Board of Directors.

The Chairman shall have full power to determine the procedure for voting and elections. He may, in particular, order that an open vote or election be repeated at any time by means of a written or electronic ballot or election if he is in doubt about the result, or order a secret ballot.

6.2 Statutory quorum

Decisions at the General Meeting require a simple majority of votes unless otherwise provided by law. In the event of parity of votes, the Chairman has a casting vote. A simple majority of votes also applies to decisions concerning the relaxation or lifting of restrictions on transferability of registered shares.

6.3 Convening the General Meeting and setting the agenda

Notice of the General Meeting is to be given by the Board of Directors at least 20 days prior to the date of the meeting. The General Meeting is convened through publication in the "Schweizerischen Handelsamtsblatt" (SHAB). A meeting can also be convened by a non-registered letter or by an electronic notification to the contact details of the shareholders registered in the share regis-

ter. A meeting may also be convened by one or more shareholders whose sole or combined shareholding represents at least 5 percent of the share capital. This must be requested in writing, stating the agenda items and motions.

Shareholders who solely or jointly hold at least 0.5 percent of the share capital or votes may request, up to 50 days before the General Meeting, an item to be included on the agenda or submit a motion for inclusion in an agenda item in the convening of the General Meeting.

6.4 Entries in the share register

Entitlement to attend or to be represented at the General Meeting is based on the status of entries of shareholders with voting rights in the share register on the fifteenth day before the General Meeting.

7 Changes of control and defensive measures

In the reporting year the General Meeting agreed to remove the statutory threshold of 49 percent for a mandatory takeover bid (removal of the opting-up) in accordance with Art. 135 of the Financial Market Infrastructure Act (FinfraG). This means that the statutory threshold of 33 percent applies as mandatory for submission of a takeover bid.

There are no agreements or plans for the benefit of members of the Board of Directors and/or the Group Executive Board or other members of senior management in the event of changes of control.

8 Auditors

Term of office

BKW's auditors are appointed on an annual basis. The current auditors are Ernst & Young AG.; the firm has acted as BKW's auditor since 1990. The auditor in charge changes regularly, at least once every seven years, in accordance with legal requirements. Rico Fehr has been auditor in charge since 2018; for 2017, it was Bernadette Koch and from 2012 to 2016, Roland Ruprecht. The company proposed to the General Meeting that Pricewaterhouse Coopers AG be elected as the auditor for the 2024 financial year.

Fees

The auditors' fees for expenditures incurred by statutory audits of BKW and its consolidated Group companies amounted to CHF 1,245,000 for the reporting year. The fees for audit-related services (audits on behalf of the auditors and in accordance with special laws and advice on accounting issues) amounted to CHF 97,000; the fees for other services to CHF 383,000.

External audit information mechanisms

Oversight and control of the auditors is a key responsibility of the Audit and Risk Management Committee (see above Sections 3.5.1 and 3.5.2, on pages 217 to 219, under the competencies of the Audit and Risk Management Committee). The Audit and Risk Management Committee convenes four ordinary meetings per year, in which the auditors sometimes participate. The external auditors attended for parts of the agenda at two ordinary meetings of the Audit and Risk Management Committee during the 2023 reporting year.

On behalf of the Audit and Risk Management Committee, the external auditors examine the annual financial statements according to the Swiss Code of Obligations (CO) as well as the consolidated annual financial statements. Towards the end of the year, the external auditors must

advise the Audit and Risk Management Committee of the audit priorities they have set for the forthcoming year and the rationale for these priorities. The Audit and Risk Management Committee must approve this audit plan and may commission the external auditors to conduct additional specific audits.

The performance of the external auditors and their independence are assessed annually by the Audit and Risk Management Committee. This assessment is based on the quality of the reports, implementation of the audit plans approved by the Committee and collaboration with the internal auditors. With regard to independence, the Committee examines the relationship between the budgeted audit fee and the fee for other services provided by the auditing company, and what these additional services include.

9 Information policy

BKW is committed to the timely dissemination of transparent and comprehensive information to its shareholders and clients as well as its employees and the general public. It regularly informs the media about important events related to its business activities.

Current information in German, French, Italian and English can be found on the BKW website. Amongst other things, share-price relevant facts are published in compliance with disclosure requirements under stock exchange law (ad hoc notifications). The ad hoc announcements can be accessed simultaneously with the notification to the SIX Swiss Exchange and subsequently for a period of three years at www.bkw.ch/media-relations

In addition, it is possible to receive potentially share-price relevant information directly from BKW free of charge and in a timely manner by email. This service is available at www.bkw.ch/pressrelease

BKW provides information on the annual results in the form of an Annual Report in electronic form. The Annual Report can be downloaded at www.bkw.ch/annualreport23. BKW also presents its annual results at the yearly Annual Report and Financial Analyst Conference, as well as at the General Meeting. You can find the exact dates for the current and following year at www.bkw.ch/financialcalendar

The Half-Year Report as well as the half-year results from June 30 are available electronically at www.bkw.ch/halfyearreport23.

The Investor and Media Relations managers can be contacted via the website, email, telephone or post. Their contact details can be found in the editorial information on page 259, and the address of the headquarters is listed on the back cover of this report.

10 Trading restrictions

BKW sets general trading restrictions in connection with its annual and half-year financial statements. These apply to all members of the Board of Directors, the Group Executive Board and the Extended Group Executive Board, those taking the minutes at meetings of the Board of Directors, the Board of Directors' committees and the Group Executive Board and to all employees who assist in the preparation of BKW's annual and half-yearly financial statements or who receive knowledge thereof in accordance with their

duties. The fixed suspension of trading applies on the day following the relevant balance sheet date, i.e. January 1 or July 1 of each year, and lasts until the end of the day on which the annual and half-year results are published. During these trading suspension periods, persons subject to the suspension are prohibited from trading in BKW AG shares. In the reporting year no exceptions to the aforementioned general rules were granted.

11 Significant changes since December 31, 2023

No significant organizational or personnel changes have occurred.

Remuneration Report

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REMUNERATION REPORT

The remuneration system supports corporate success



Dear Shareholders,
Ladies and Gentlemen,

This Remuneration Report provides information on the principles of remuneration, remuneration programs and the framework of governance for the remuneration of the members of the Board of Directors and the Group Executive Board of BKW. It contains detailed information about the remuneration paid to the Board of Directors and the Group Executive Board during the 2023 financial year.

BKW is continuing its on-going development and in 2023 it generated a strong result. Although after the extraordinary and one-off 2022 financial year, all key figures recorded lower levels of changes compared to the previous year, they con-

tinue to remain at historic highs. BKW generated revenues of CHF 4.6 billion in the 2023 financial year. With an EBIT of CHF 620 million it achieved the second-best result in its history. This result was primarily achieved through the successful management and trading business which compensated for the valuation adjustments in the Energy and Services Business. Overall this impressively confirms the three pillar strategy that has been consistently implemented by BKW.

The Remuneration Report explains the impact of these results on the variable remuneration of members of the Group Executive Board in the reporting year.

In 2023 the Board of Directors of BKW reviewed the remuneration system of the Group Executive

Board and modernized it for the next few years. A new item of sustainability targets will be included in the measurement of short-term variable remuneration, Long-term variable remuneration in the form of shares also includes new performance criteria which are a pre-requisite for the transfer of shares after expiry of the earnings period. The new system will be implemented from the 2024 financial year. The aim continues to be to support the long-term success of the business and to unify the interests of the management with those of BKW and its shareholders. Compared to other listed companies, basic remuneration and long-term variable remuneration remain relatively highly weighted compared to short-term variable remuneration. You can find more information about the new remuneration system in the Outlook at the end of this Report.

The remuneration paid to the Group Executive Board in 2023 is based on the existing remuneration system for previous members. In addition to the changes in the Power Grid and Energy Markets divisions, in November 2023 the Group Executive Board was expanded to include the three Heads of the Service divisions, which resulted in overall remuneration of the Group Executive Board in the 2023 financial year being higher than in the previous year

The remuneration system of the Board of Directors, which is based on fixed fees and partially paid in restricted shares, and on function bonuses, has proven its worth and will continue unchanged.

Further details on the remuneration system are given later in this report.

At the 2024 General Meeting, this Remuneration Report will be presented for approval within the scope of a consultative vote. You will note that the remuneration paid to the Board of Directors and Group Executive Board are within the maximum remuneration amounts approved by the General Meeting.

You, the shareholders, will also reach a binding decision by voting on the maximum total amount of remuneration of the Board of Directors for the coming period of office until the next ordinary General Meeting and on the maximum total remuneration to be paid to the Group Executive Board for the 2025 financial year. The amount for the Board of Directors remains unchanged compared with the previous year, whereas the amount for the Group Executive Board is higher due to the addition of three members

On behalf of the Board of Directors, I would like to thank you for your confidence in BKW.

Kind regards,



Rebecca Guntern
Chair of the Personnel and Remuneration
Committee of the Board of Directors

1 BKW's remuneration policy

BKW's remuneration policy defined by the Board of Directors is derived directly from BKW's strategy and is intended, in particular, to promote the long-term interests of the company. In 2023 it was also designed around the following principles.

Board of Directors (BD)

To reinforce the independence of members of the Board of Directors in their supervisory activities, they receive exclusively a fixed remuneration. The basic remuneration is paid 75% in cash and 25% in the form of blocked shares. They also receive additional remuneration for performing additional functions.

Group Executive Board (GEB)

The remuneration system of the Group Executive Board as applicable in 2023 is designed to recruit and retain the most suitable persons for the critical functions. It is also designed to ensure alignment of the interests of the top management with the interests of the company and its shareholders, with the aim of sustainably growing the value of the company. The remuneration system is based on the following principles:

Rewarding performance	Market and internal fairness
Continuity and stability	Simplicity and transparency

Rewarding performance

Group Executive Board remuneration is linked to company performance and share price performance, compared to a broad benchmark.

Continuity and stability

BKW's remuneration system both demonstrates continuity and creates stability. A significant portion of the remuneration is paid out in the form of blocked shares, in order to align the interests of the Group Executive Board with those of the shareholders. In addition, it guarantees that no disproportionate risks are taken and that the long-term growth trajectory is strengthened. Therefore, the remuneration system represents less of a lever than models utilized by other listed companies.

Market and internal fairness

BKW strives to provide market-rate remuneration for all functions, irrespective of gender, age, nationality and other demographic characteristics. It rewards competency and responsibility as well as performance, with a focus on the implementation of the strategy 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 correspond to the market median. In recent years, salary equality analyses have been carried out at all the major Swiss companies. The results showed that all the companies examined complied with the provisions of the Gender Equality Act.

Simplicity and transparency

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 or four years). As mentioned, in 2023 the Board of Directors reviewed the remuneration system of the Group Executive Board. It resolved to adapt this with effect from the 2024 financial year. It worked together with advisers from PricewaterhouseCoopers AG on this.

In relation to the review of the remuneration system, a market comparison of the formulation of remuneration systems at listed and similar

sector companies was carried out, in particular relating to the allocation of short-term and long-term remuneration system portions, as well as the underlying performance criteria.

The comparison group includes 30 companies listed in Switzerland from the SMIM and SPI50 whose market capitalization and revenue figures correspond to the median of BKW. This group consists of the following companies: Adecco, ams-OSRAM, Bachem, Barry Callebaut, BELIMO, Bucher Industries, Clariant, Daetwyler, dormakaba, Dufry, Zurich Airport, Galenica, Georg Fischer, Implenia, Kuehne + Nagel, Landis + Gyr, Lindt + Sprüngli, OC Oerlikon, Schindler, SGS, SIG Combibloc, Straumann, Sulzer, Swatch, Swiss Steel, Swisscom, Tecan, Temenos, VAT Group, Zur Rose.

2 Determination of remuneration: Organization and competencies

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 can be found (in German) on the BKW website under www.bkw.ch/statutes and include:

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

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

Overview of responsibilities and competencies

Object	PRC	BD	GM	PRC activity in reporting year 2023		
				February	August	November
Maximum total amount of remuneration of the Board of Directors and the Group Executive Board	GM ¹	S ²	R ³	●		
Additional amount for the remuneration of newly appointed members of the Group Executive Board	R ^{4,5}			n/a	n/a	n/a
BKW's personnel policy, remuneration policy and system	GM	R			●	
Remuneration system and principles for the Board of Directors and Group Executive Board	GM	R				●
Performance criteria for remuneration of the CEO and the members of the Group Executive Board	R					●
Individual remuneration for the Board of Directors	GM	R ⁶		●	●	
Performance assessment and individual remuneration of the CEO	R ⁶			●		
Performance assessment and individual remuneration of the members of the Group Executive Board (excluding the CEO)	R ^{4,6}			●		
Remuneration Report	GM	R	CV ⁷	●		
Principles governing the selection of candidates for election or re-election to the Board of Directors	GM	R			●	
Succession planning for the Board of Directors and the Group Executive Board	GM	R			●	
Carrying out BD self-evaluation on a regular basis						●
Review of the interests and independence of the members of the Board of Directors and its committees, and review of compliance with the maximum permissible number of mandates	R			●		
Checking for conflicts of interest when members of the Board of Directors or the Executive Board accept mandates	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

Personnel and Remuneration Committee

According to Art. 25 of the Articles of Incorporation, the Personnel and Remuneration Committee is concerned at senior company management level with the remuneration strategy and with the company's objectives and performance criteria in relation to the remuneration of the Group Executive Board. In addition, it is authorized to develop criteria for the selection of candidates to the Board of Directors and the Group Executive Board. The committee has three members, and is comprised as follows:

Rebecca Guntern	Member of the Board of Directors, Chair
Roger Baillod	Chairman of the Board of Directors, Member
Andreas Rickenbacher	Deputy Chairman of the Board of Directors, Member

When required, managers may be invited to attend meetings of the Personnel and Remuneration Committee. However, no members of the company's management may be present when their own performance or remuneration is discussed or decided on.

At meetings of the Board of Directors, the Chair of the Personnel and Remuneration Committee reports to the Board of Directors on the committee's activities and decisions; urgent updates are also provided between meetings. All members of the Board of Directors have access to the minutes of the Personnel and Remuneration Committee's meetings.

At the Committee's three regular meetings held in 2023, it dealt with matters including the recurring agenda items shown in the table above. All members were always present at the meetings. In addition to the ordinary meetings, the Personnel and Remuneration Committee also held several additional discussions and workshops relating to the review of the remuneration system of the Group Executive Board.

Specific election business is not handled by the Personnel and Remuneration Committee but by temporary nomination committees set up on an ad hoc basis. Details are provided in the Corporate Governance Report (starting at page 219 of the Annual Report).

Shareholder involvement

At the ordinary General Meeting of May 15, 2023, binding votes were taken on the maximum amounts of remuneration for the Board of Directors and the Group Executive Board, as well as a consultative vote on the Remuneration Report. The overall amount for the remuneration of the Board of Directors relates to the period from the current General Meeting until 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 General Meeting 2023, the shareholders approved the total amount of remuneration of the Group Executive Board for the 2024 financial year with an approval rate of approx. 96% and that of the Board of Directors for the 2024 term of office with 98% (GM 2022: GEB 96% and BD 98%), while the approval rate of the 2022 Remuneration Report was 85% (Remuneration Report 2021 at GM 2022: 89%).

Certain groups have reservations about the remuneration system for the Group Executive Board. The Personnel and Remuneration Committee and the Board of Directors have addressed this with the following results:

- Individual groups would welcome the introduction of performance indicators for the allocation of blocked shares. The Personnel and Remuneration Committee discussed thoroughly what form this remuneration element might take. Linking the transfer of shares to specific performance criteria is now a market standard for listed companies. As there were several changes in the Group Executive Board during 2023, the Board of Directors considered this to be a good time to realign the long-term variable remuneration portion to the achievement of specified performance targets. More information on this topic can be found in the Outlook at the end of this Report.
- Some interest groups are of the opinion that the remuneration of BKW's Group Executive Board is high compared to other companies in which the public sector holds a majority share. BKW is a listed company despite the majority shareholding of the Canton. The role of the Canton of Bern is limited to its position as shareholder; BKW has neither a mandate from the Canton, nor does it benefit from any public guarantee of possible losses. The relevant market for recruitment of talent for BKW largely consists of listed industrial companies of a similar size and complexity. BKW's remuneration policy has been aligned to this accordingly. During the strategic transformation, BKW underwent significant changes: The overwhelming majority of the activities of BKW Group are conducted in highly competitive markets. In 2023 with roughly 12,000 employees the company generated revenues of CHF 4.6 billion and a market value of CHF 7.9 billion.
- Finally, there are calls in some quarters for some of the remuneration of the Group Executive Board to be linked to sustainability targets. BKW has published a sustainability report as part of its Annual Report for the last two years and the key figures and targets on which this report is based will be further expanded in the coming years. BKW's Board of Directors is also striving for continuous improvement in

relation to sustainability issues. On this basis the Board of Directors resolved to integrate sustainability targets into the remuneration of the Group Executive Board from the 2024

financial year. These now form part of the performance criteria for short-term variable remuneration. More information on this topic can be found in the Outlook at the end of this Report.

3 Remuneration of the Board of Directors

3.1 Remuneration elements for the Board of Directors

BKW's remuneration system is specifically designed to ensure the impartiality of the Board of Directors in its supervision of the Group Executive Board. For this reason, fixed remuneration elements are the key elements for the Board of Directors – no performance or success-related component is paid to the Board of Directors. The remuneration system for the Board of Directors is now as follows:

a) Basic remuneration

The basic remuneration for the Board of Directors includes a fixed Board of Directors' fee, whereby the Chairman receives a higher remuneration based on his higher expenditure:

Function	Net remuneration (p.a.)
Chairman of the Board of Directors	CHF 350,000
Member of the Board of Directors	CHF 100,000

75% of this basic remuneration is paid in cash in three equal payments, and 25% in the form of blocked shares in BKW AG. The shares are allocated annually in January of each year. The number of shares to be allocated is calculated on the basis of the average closing price on each of the first ten trading days of the financial year. The shares are transferred within three working days after the tenth trading day of the financial year. The allocation of the shares is not affected by a blocking of trading. The blocking period of the shares is three (3) years from the date of transfer.

b) Function allowances

If a member of the Board of Directors assumes additional functions, he or she is entitled to the following additional allowances:

Function	Net remuneration (p.a.)
Deputy Chairman of the Board of Directors	CHF 15,000
Chair ARMC	CHF 25,000
Member ARMC	CHF 15,000
Chair PRC	CHF 20,000
Member PRC	CHF 12,000
Chair of the Ad Hoc Committee	CHF 15,000
Member of the Ad Hoc Committee	CHF 10,000

c) Social security contributions (other remuneration)

BKW pays the employer's and employee's social security contributions. For individual members of the Board, payment is made in whole or in part to their employers. Members of the Board of Directors are not insured by the BKW Pension Fund.

d) Contracts

Contracts between the company and the members of the Board of Directors, and on which their remuneration is based, must not exceed their term of office (Art. 29 of the Articles of Incorporation); however, the effectiveness of the mandate is subject solely to the annual election to the Board of Directors by the General Meeting. No employment contracts exist between BKW and members of the Board of Directors. The members of the Board of Directors are independent and their rights and obligations are based on the norms of company law and the provisions of the Articles of Incorporation, regulations and mandate agreements.

3.2 Remuneration paid in 2023

The remuneration amounts paid to the Board of Directors are disclosed in the financial year in which they are recognized in the annual financial statements. The details about the remuneration paid to members of the Board of Directors for the

financial years 2023 and 2022 are below. In addition to the basic remuneration (allocated into a cash portion of 75 percent and a share portion of 25 percent), function allowances for three ad hoc committees (Corporate Governance Committee plus two Nomination Committees for CFO Succession and to fill the position of Head of Energy

Market were paid. See also the information relating to this in the Corporate Governance Report, page 219 of the Annual Report).

Members of the Board of Directors received the following remuneration elements in 2023:

AUDITED

Remuneration of members of the Board of Directors in 2023

CHF thousands		Remuneration in cash ¹	Share-based remuneration ²	Total remuneration	Social security contributions ³	Total
Roger Baillod	Chairman	305	89	394	47	441
Andreas Rickenbacher	Deputy Chairman	114	26	140	20	160
Dr. Carole Ackermann	Member	120	26	146	19	165
Prof. Dr. Petra Denk	Member	100	26	126	3	129
Rebecca Guntern	Member	95	26	121	17	138
Martin à Porta	Member	95	26	121	15	136
Kurt Schär	Member	90	26	116	15	131
Total		919	245	1,164	136	1,300

1 Remuneration in cash, in addition to basic remuneration, includes functional allowances, but not the portion of basic remuneration that is paid in shares.

2 Share-based remuneration is valued at the stock market closing rate on the day of the share assignment (January 17, 2023).

3 Includes social security contributions (employer and employee).

Remuneration of members of the Board of Directors in 2022¹

CHF thousands		Fixed remuneration ²	Attendance fee	Share-based remuneration ³	Total remuneration	Social security contributions ⁴	Total
Roger Baillod	Chairman	329	10	7	346	27	373
Andreas Rickenbacher	Member/Deputy Chairman since 05/2022	97	31	7	135	21	156
Hartmut Geldmacher	Deputy Chairman until 05/2022	21	5	7	33	15	48
Dr. Carole Ackermann	Member	97	5	7	109	11	120
Prof. Dr. Petra Denk	Member	76	5	7	88	1	89
Rebecca Guntern	Member	79	19	7	105	16	121
Martin à Porta	Member since 05/2022	60	0	0	60	8	68
Kurt Schär	Member	76	5	7	88	9	97
Total		835	80	49	964	108	1,072

1 For the period between the start of the year 2022 and the 2022 General Meeting, remuneration was paid in accordance with the remuneration system applicable at that time. In this regard we refer to the statements in the Remuneration Report 2021.

2 The fixed compensation also includes the function allowances.

3 The share-based remuneration is equal to the difference between the taxable fair value (closing price on the first day of the subscription period less 16.038%) and the purchase price according to the share participation program (average price of Q4 of the previous year less 30% of CHF 83.80).

4 Includes social security contributions (employer and employees), as well as withholding taxes. For members of the Board of Directors whose remuneration is paid to an employer, social security contributions have been paid to this employer since the beginning of the mandate year 2022/2023.

AUDITED

3.3 Compliance with the maximum overall remuneration ratified by the General Meeting in respect of the term of office 2023/2024

The General Meeting ratifies the maximum overall amount of remuneration of the Board of Directors for its term of office, i.e. 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 2023).

The 2023 General Meeting ratified a proposal for a maximum overall amount of CHF 1,400,000 in respect of remuneration of the Board of Directors for the 2023/2024 term of office. Calculated for the period of eight months to December 31, 2023, payments to members of the Board of Directors amounted to CHF 670,000. The amounts yet to be paid in 2024 (from January to April 2024), which were not yet known when this report was prepared, will comply with the maximum overall amount ratified by the General Meeting. A report on the entire remuneration period (General Meet-

ing 2023 to General Meeting 2024) will be provided at the General Meeting 2024.

In respect of the previous term of office 2022/2023, the General Meeting 2022 ratified a maximum overall remuneration of CHF 1,400,000. This amount complied with the total remuneration actually paid during the mandate year amounting to CHF 1,310,000. For the calculation of the total remuneration, the market value of the subscribed shares was taken into account.

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

No payments were made to former members of the Board of Directors during the reporting year. Neither were any payments made to related parties of members of the Board of Directors.

3.5 Loans and credit to members of the Board of Directors

No loans or credits were granted to members of the Board of Directors or related parties during the financial year. No such loans or credits existed at the end of the reporting year.

AUDITED

4 Mandates of the Board of Directors in comparable functions in commercial activities of third-party companies

As of December 31, 2023 members of the Board of Directors of the BKW Group held the following mandates in for-profit companies outside of the BKW Group:

Roger Baillod, Chairman

Companies	Activity/Activities
Listed	
Rieter Holding AG, Winterthur	Deputy Chairman of the Board of Directors, Chairman of the Audit Committee
Non-listed	
Ed. Geistlich Söhne AG for the chemical industry, Schlieren, with a mandate in the subsidiary: – Geistlich Pharma AG, Wolhusen	Vice-chair of the Board of Directors of Directors, Member of the Nomination and Remuneration Committee, Chair of the Audit and Risk Committee Member of the Board of Directors, Member of the Nomination and Remuneration Committee, Chair of the Audit and Risk Committee
Cascina Immobilien AG, Vaz/Obervaz	Member of the Board of Directors
Obere Au happy car AG, Chur	Member of the Board of Directors
Configest AG, Pfäffikon	Chairman of the Board of Directors

AUDITED

Andreas Rickenbacher, Deputy Chair

Companies	Activity/Activities
Listed	
Bernexpo AG, Bern	Member of the Board of Directors, Chairman of the Nomination and Remuneration Committee
Non-listed	
Aebi Schmidt Holding AG, Frauenfeld	Deputy Chair of the Board of Directors, Chairman of the Nomination and Remuneration Committee
CSEM AG, Neuenburg	Chairman of the Board of Directors
Ender Holding AG, Bern, with a mandate in the subsidiary:	Member of the Board of Directors
– Ender Diagnostics AG, Bern	Member of the Board of Directors
HRS Holding AG, Frauenfeld, with mandates in subsidiaries:	Member of the Board of Directors
– HRS Real Estate AG, Frauenfeld	Member of the Board of Directors
– HRS International AG, Zurich	Member of the Board of Directors
– HRS Investment AG, Frauenfeld	Member of the Board of Directors
– HRS Promotion AG, Frauenfeld	Member of the Board of Directors
– HRS Real Estate AG, Vaduz	Member of the Board of Directors
Leolea GmbH, Bern, with mandates in subsidiaries:	Member of the Executive Management
– Leolea Kanton Bern GmbH, Bern	Member of the Executive Management
– Leolea Luzern GmbH, Luzern	Member of the Executive Management
Suva, Lucerne	Member of the Suva Board
Rimane Ventures AG, Biel, with a mandate in the subsidiary:	Board of Directors
– Andreas Rickenbacher Management AG	Board of Directors

Dr. Carole Ackermann, Member

Companies	Activity/Activities
Listed	
BVZ Holding AG, Zermatt	Deputy Chair of the Board of Directors, Member of the Nomination and Remuneration Committee, Member of the Audit Committee
Non-listed	
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen, with mandates in affiliated companies:	Member of the Board of Directors
– Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	Member of the Board of Directors
– CAP Rechtsschutz- und Versicherungs-Gesellschaft AG, Wallisellen	Member of the Board of Directors
Mandates in subsidiaries of BVZ Holding AG, Zermatt:	
– BVZ Asset Management AG, Zermatt	Deputy Chair of the Board of Directors
– Gornergrat Bahn AG, Zermatt	Deputy Chair of the Board of Directors
BNP Paribas (Suisse) SA, Geneva	Member of the Board of Directors
E.H.L. Holding SA, Lausanne	Chair of the Board of Directors
DiamondScull AG, Zug	CEO, Member of the Board of Directors

Prof. Dr. Petra Denk, Member

Companies	Activity/Activities
Listed	
Aixtron SE, Herzogenrath, Germany	Member of the Supervisory Board, member of the Remuneration Committee
VAT Vakuumventile AG, Haag	Member of the Board of Directors, member of the Technology Committee
Non-listed	
Pfisterer AG, Winterbach, Germany	Member of the Supervisory Board, Chair of the Technology Committee
Institut für Systemische Energieberatung GmbH at the Landshut University of Applied Sciences, Germany	Managing Director

Rebecca Guntern, Member

Companies	Activity/Activities
Listed	
Sandoz AB, Basel	Member of the Executive Board
Non-listed	
Mandates in affiliated companies of Sandoz AG:	
– Sandoz Pharmaceuticals AG, Risch	Chair of the Board of Directors
– Sandoz A/S, Denmark	Chair of the Board of Directors
– LEK SA, Poland	Member of the Board of Directors

Martin à Porta, Member

Companies	Activity/Activities
Listed	
Stantec Inc., Edmonton, Canada	Member of the Board of Directors, Member of the Nomination, Governance and Remuneration Committee, Member of the Sustainability & Safety Committee
UPM-Kymmene Corporation, Helsinki, Finland	Member of the Board of Directors, Chair of the Personnel and Remuneration Committee
Non-listed	
Wüest Partner AG, Zürich	Member of the Board of Directors
VTU Investment Group GmbH, Grambach, Austria	Chairman of the Supervisory Board
APM Trans4mation AG, Zug	Member of the Board of Directors

Kurt Schär, Member

Companies	Activity/Activities
Listed	
–	–
Non-listed	
Sunnsite Management AG, Roggwil (BE)	Chairman of the Board of Directors
Herzroute AG, Burgdorf	Chairman of the Board of Directors
Event- und Tourismus AG, Burgdorf	Chairman of the Board of Directors
Sankt Martin Calfeisental AG, Pfäfers (SG)	Chairman of the Board of Directors
Touristische Unternehmung Grächen AG, Grächen, with a mandate in the subsidiary: – TUG Gastro AG, Grächen	Chairman of the Board of Directors
Anavon Ski AG, Disentis	Member of the Board of Directors
Striebig AG, Lucerne	Chairman of the Board of Directors
Stöcklin Möbel AG, Aesch (BL)	Member of the Board of Directors
Sorglos Design AG, Roggwil (BE)	Member of the Board of Directors
IE Engineering Group AG, Zurich	Member of the Board of Directors
Bacol AG, Ochlenberg	Chairman of the Board of Directors
Tiliacor AG, Roggwil (BE)	Chairman of the Board of Directors
Berghof Erlebnis AG, St. Urban	Member of the Board of Directors

AUDITED

5 Remuneration of the Group Executive Board

5.1 Remuneration of 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 comprises a substantial fixed basic remuneration, a short-term variable remuneration in cash and a long-term profit-sharing component in the form of blocked shares.

Remuneration elements for the Group Executive Board

	Instrument	Purpose	Influencing factors	Performance goals 2023
Annual base salary	Monthly cash remuneration	Employee recruitment/retention	Position, market-level remuneration, qualifications and experience	
Short-term variable remuneration	Annual variable remuneration in cash	Performance-related remuneration	Annual performance	<ul style="list-style-type: none"> – Op. net profit – Relative return on equity – Report on innovative planning for BKW's energy business
Remuneration in restricted shares	Shares with 3-year blocking period	Long-term employee retention in line with shareholder interest	Share price	
Pension and social security contributions	Pensions and insurance Additional benefits	Hedging against risks Employee recruitment/retention	Market-level practice and position	

a) Fixed annual base salary

The base salary provides remuneration for the role performed in the organization. This takes into account the person's experience, scope of responsibility and influence on the company's success. The base remuneration is paid in cash.

b) Short-term variable remuneration

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

The target value of the short-term variable remuneration is 30 percent of the basic remuneration.

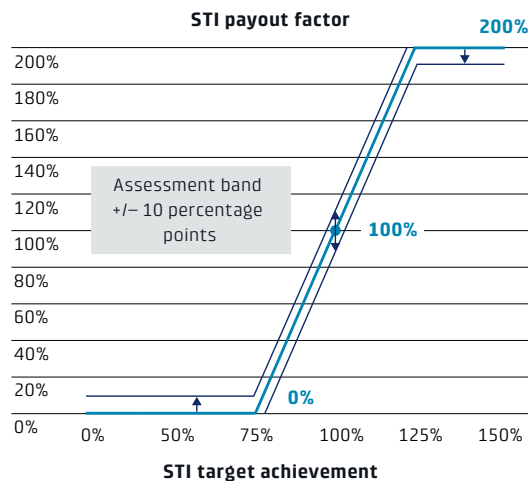
The definition of the STI is set on the basis of the budgeted operating net profit and now also on the basis of the relative return on shares. Operating net profit is calculated excluding the performance of investments in the Decommissioning and Waste Disposal Funds. These are managed by the Administrative Commission of the funds and are outside the control of BKW's Group Executive Board.

Firstly, the relative return on shares aligns the interests of the management even more closely with those of the shareholders. Secondly, it takes into account the performance of BKW relative to peer companies which are grouped together in the SMCI index. Here, the operating net profit is weighted at 75 percent and the relative return on shares at 25 percent.

The payout factor (based on the target bonus) is between 0 and 200 percent. Achieving up to 75 percent of the target corresponds to a payout factor of zero. Achieving 125 percent of the target corresponds to a payout factor of 200. Within the target range of 75 to 125 percent, the payout factor changes linearly. Whatever the case, the maximum value on the STI scale is 200 percent of the target bonus, i.e. 60% of the basic remuneration. Consequently, a target achievement of more than 125 percent does not result in a higher payout than the maximum amount of 200 percent of the target bonus.

Furthermore, the Personnel and Remuneration Committee retains the right to adjust the payout

factor calculated on the basis of the quantitative targets within a range of -10 to +10 percentage points. However, a negative STI at the expense of the basic remuneration is excluded; and no further increase is possible if a target bonus of 200% is reached. Any adjustment is based on an assessment of qualitative targets and may, in exceptional cases, differ for individual members of the Group Executive Board. The primary qualitative goal for the year 2023 was to compile a report on innovative planning for BKW's energy business in relation to the global situation and to safeguard financial (and political) independence while complying with ESG requirements.



At the request of the Personnel and Remuneration Committee, in exceptional circumstances, the Board of Directors can reduce or cancel the bonus payments, irrespective of the achievement of the target. Such exceptional circumstances may arise if the company's existence is under threat, and for this reason the payment of dividends and/or any profit-sharing due to employees is cancelled. In such a case, there may be no claim to short-term variable remuneration despite achievement of targets.

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

c) Remuneration in restricted shares

The remuneration in blocked shares (long-term incentive plan, LTI) is aimed at securing long-term success and is linked directly to the opportunities and risks associated with the share price performance. The allocated shares are subject to a blocking period of three years.

Long-term profit sharing in restricted shares amounts – except in exceptional circumstances – to 30 percent of the base salary for the current year for the members of the Group Executive Board. It is first calculated in Swiss francs and then paid out in the form of blocked shares of BKW AG.

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

The shares are allocated annually in the first quarter of the calendar year following the assessment year. The shares are transferred to Group Executive Board members after the Board of Directors has agreed on the distribution of a dividend. Entitlement to a share allocation only exists if the Board of Directors decides to propose the distribution of a dividend from the profit of the assessment year to the General Meeting. If, for economic reasons, no dividend is proposed, the entitlement to a share allocation for the year in question shall lapse completely.

Upon termination of employment, the blocking periods of the shares shall continue in force in accordance with the plan, apart from a termination of the employment relationship due to death or invalidity. In these cases the blocking period with a termination is lifted and the shares are made available to the authorized heirs or employees. In the event of ordinary retirement the shares are unblocked on the request of the retiring Group Executive Board member.

d) Social security contributions, pension benefits and additional benefits

Members of the Group Executive Board in Switzerland are covered by the regular pension plan established for all employees. Pension contributions include the employer contributions to the

social insurance and the Pension Fund. The BKW pension fund operates a defined-contribution pension plan in accordance with the provisions of the Occupational Pensions Act (BVG). The pension plan covers an annual income up to CHF 882,000 with age-related contribution rates (including a maximum of ten percent of the short-term variable cash remuneration) paid each by the company and the employee in accordance with the rules applicable to all employees.

The Group Executive Board is entitled to an expense allowance in accordance with the ordinary expense policy applicable to all members of management, which is approved by the tax authorities. A company vehicle or a season ticket is provided to individual Group Executive Board members. The private portion is charged as remuneration. Like all employees, Group Executive Board members are also entitled to a long-service bonus in accordance with the general regulations. Apart from this, the Group Executive Board is not entitled to any other additional benefits.

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 twelve months.

The employment contracts of members of the Group Executive Board comply with the requirements of the Swiss Code of Obligations. During the reporting period, all Group Executive Board members had permanent employment contracts with a termination period of six to twelve 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) Changes to the Group Executive Board

In 2023 the Group Executive Board was reconstituted to reflect the strategic orientation: Since November 1, 2023, the Heads of the Services divisions have joined the Group Executive Board as members. Their corresponding employment contracts and therefore also their remuneration model came into force on January 1, 2024. Until then their employment and remuneration continued on the basis of their previous employment contracts for senior management.

These also stipulate a basic wage, variable remuneration based on personal performance goals and a shareholding in the form of shares blocked for three years. As these remuneration portions play a subordinate role due to the short time period, there are not explained in depth here.

In the reporting year the former CFO Ronald Trächsel left BKW on June 30, 2023. His successor Martin Zwysig joined on July 1, 2023. His remuneration complies with the ordinary remuneration system for the Group Executive Board.

Roland Küpfer, Head of the Power Grid business division, retired at the end of the year and resigned from the Group Executive Board as of November 1, 2023. He was succeeded on this date by Corinne Montandon, who previously was Head of the Energy Markets & Group Services division.

As of November 1, 2023 Stefan Sewckow joined the company as Head of the Energy Markets division. The ordinary remuneration system for members of the Group Executive Board applied to him from the point of his joining.

5.2 Remuneration paid in 2023

The remuneration paid to the Group Executive Board is reported in the financial year in which it is recognized in the financial statements. Primarily due to the personnel changes and the expansion of the Group Executive Board in 2023, compared to the 2022 financial year, the total remuneration of the Group Executive Board increased by 8.5%. This is due to the following changes in the individual remuneration elements:

Basic remuneration

In 2023, the basic remuneration for the CEO and for one member of the Group Executive Board was adjusted to the market level. For the other members, the basic remuneration remained unchanged.

Short-term variable remuneration

Reported operating net profit for the BKW Group for 2023 is CHF 488 million. For the purposes of calculating the short-term variable remuneration, the Personnel and Remuneration Committee have adjusted this operating net profit by the performance of the Decommissioning and Disposal Funds. This has resulted in an adjusted operating net profit of CHF 431.5 million. The budgeted EBIT was thus significantly exceeded, however, without reached the maximum EBIT threshold. This results in a payout factor of 183 percent for this component.

With regard to the return on shares between January 1, 2023 and December 31, 2023, the underlying SMCI posted a performance of -10.5 percent, while yield on the BKW share was able to gain 21.1 percent. The figure reached thus exceeds the maximum value of +10 percent and the related a payout factor is 200 percent.

The payout factor for operating net profit is considered in total as 75 percent and the factor for return on shares at 25 percent. This means that the payout factor calculated from the combined factors above for the total short-term variable remuneration amounts to 187 percent.

The Personnel and Remuneration Committee has the right to adjust the above calculated payout factor based on the achievement of qualitative targets in the range of -10 to +10 percentage points. The qualitative goal for the year 2023 was to compile a report on innovative planning for BKW's energy business in relation to the global situation and to safeguard financial (and political) independence while complying with ESG requirements. The Group Executive Board has drawn up the consequences for the further development of the Energy business resulting from future developments and the resulting options for action for the attention of the Board of Directors. This now forms the basis for BKW's further development and the Personnel and Remuneration Committee considers the qualitative objective to have been fully achieved. There is no adjustment to the payout factor.

Deviating from the above calculation, a payout factor of 100 percent was set for one member of the Group Executive Board due to their short time of service and degree of achievement.

The Heads of the Service divisions who have been represented on the Group Executive Board since November received a variable remuneration for 2023 in accordance with their previous employment contract. This is allowed for below in the table for short-term variable remuneration pro rata for the months of November and December.

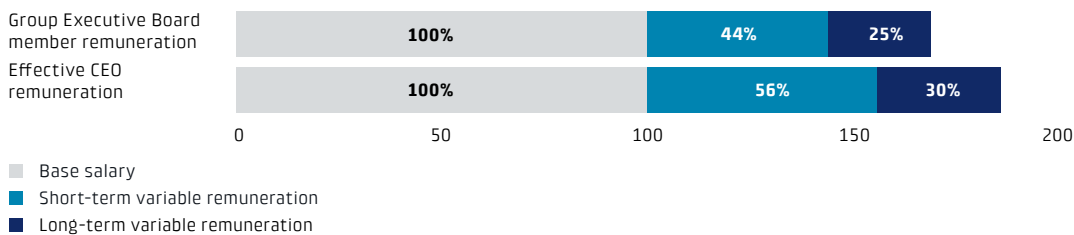
Long-term variable remuneration

The whole Group Executive Board (including the CEO) was allocated 7,496 shares (2022: 7,597). The reduction in the total number of assigned shares is based on a situation where a member of the Group Executive Board who resigns due to retirement was not transferred any shares but the corresponding amount in cash at the time of departure.

Ratio of fixed to variable remuneration

In 2023, the CEO received 86 percent of the basic remuneration paid. For the other members of the Group Executive Board, this was 69 percent.

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Remuneration (gross) of members of the Group Executive Board and the highest-earning member in 2023

CHF thousands	Robert Itschner CEO 2023	Group Executive Board ¹ (including CEO) 2023
Fixed base salaries	770	3,688
Short-term variable remuneration	432	2,007
Long-term profit sharing (share-based remuneration) ²	230	984
Pension contributions and additional benefits ³	229	1,115
Total	1,661	7,794

AUDITED

- As of October 31 2023, the Group Executive Board consisted of five members. As of November 1, the Group Executive Board was expanded by the Heads of the Service divisions (BKW Building Solutions: Antonin Guez, BKW Engineering: Martin Fecke, BKW Infra Services: Sven Behrend). Stefan Sewckow also joined as Head of Energy Markets. Their remuneration amounts are included in the remunerations stated above. Roland K pfer, Head of Power Grid, retired at the end of 2023, however as from November 1, 2023 he no longer attended Group Executive Board meetings. His last two months of remuneration is also included in the remuneration shown above.
- The share-based remuneration is reported at the closing price on the allocation date (March 7, 2024). In the Remuneration Report 2022 this was recognized at the corresponding tax value.
- Pension contributions correspond to the contributions paid during the reporting year. Also included in the additional benefits are CHF 40,000 for the CEO as compensation for relocation costs. Also considered are CHF 55,000 for paid out, but not taken leave days for a departed members of the Group Executive Board.

Remuneration (gross) of members of the Group Executive Board and the highest-earning member in 2022

CHF thousands	Ronald Trächsel CFO 2022	Group Executive Board ¹ (including CFO) 2022
Fixed base salaries	717	3,643
Short-term variable remuneration	430	1,917
Long-term profit sharing (share-based remuneration) ²	211	824
Pension contributions and additional benefits ³	197	879
Total	1,555	7,263

AUDITED

- 1 The Group Executive Board consisted of five members throughout the financial year. During the period between the resignation of Suzanne Thoma and the arrival of Robert Itschner, the position of CEO was held ad interim by the Chairman of the Board of Directors Roger Baillod. The remuneration paid to him for this is allowed for in the amount for the fixed base remuneration and is paid in addition to the fee as Chairman of the Board of Directors during the above mentioned period.
- 2 The share-based remuneration is reported at the tax value of the closing price on the allocation date (March 9, 2023).
- 3 Pension contributions correspond to the contributions paid during the reporting year.

5.3 Compliance with the maximum total remuneration for the 2023 financial year ratified by the General Meeting

In summary, the remuneration paid is in full compliance with the maximum total amount of CHF 9,800,000 for remuneration to the Group Executive Board for the 2023 financial year approved by the 2022 General Meeting.

5.4 Payments to former members of the Group Executive Board and their related parties

No payments were made to former members of the Group Executive Board during the reporting year. Neither were any payments made to related parties of members of the Group Executive Board.

5.5 Loans and credits to members of the Group Executive Board

No loans or credits were granted to members of the Group Executive Board or related parties during the financial year. No such loans or credits existed at the end of the reporting year.

AUDITED

6 Mandates of the Group Executive Board in comparable functions in commercial activities of third-party companies

As of December 31, 2023 members of the Group Executive Board of BKW AG held the following mandates in comparable functions in for-profit companies outside of the BKW Group:

Robert Itschner, CEO

No mandates in third-party companies

Martin Zwysig, CFO

Companies	Activity/Activities
Listed	
Belimo Holding AG, Hinwil	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee
Not listed (on behalf of BKW)	
Kraftwerke Oberhasli AG	Member of the Board of Directors and President of the Finance Committee

Sven Behrend

Companies	Activity/Activities
Listed	
–	–
Non-listed	
BFB Beratung und Verwaltung GmbH, Allensbach Germany	Partner / Executive Manager
FGH e.V., Mannheim, Germany	Member of the Board of Directors, Chair of the Finance and Remuneration Committee

Martin Fecke

No mandates in third-party companies

Antonin Guez

No mandates in third-party companies

Dr. Philipp Hänggi

Companies	Activity/Activities
Listed	
–	–
Not listed (on behalf of BKW)	
Kernkraftwerk Leibstadt AG	Member of the Board of Directors
Kraftwerke Oberhasli AG	Member of the Board of Directors
Grande Dixence SA	Member of the Board of Directors

Dr. Corinne Montandon

No mandates in third-party companies

Stefan Sewckow

No mandates in third-party companies

7 Shareholdings and options

As of December 31, 2023 the members of the Board of Directors and the Group Executive Board held the following shares in BKW AG:

Members of the Board of Directors

Number of shares		31.12.2022	31.12.2023
Roger Baillod	Chairman	6,375	6,413
Andreas Rickenbacher	Deputy Chair	1,375	1,366
Dr. Carole Ackermann	Member	2,375	2,566
Prof. Dr. Petra Denk	Member	600	791
Rebecca Guntern	Member	2,375	2,566
Martin à Porta	Member	3,000	3,191
Kurt Schär	Member	2,975	1,366
Total		19,075	18,259

AUDITED

Members of the Group Executive Board

Number of shares		31.12.2022	31.12.2023
Robert Itschner	CEO	0	509
Dr. Martin Zwyszig	CFO (since 01.07.2023)	n/a	0
Ronald Trächsel	CFO (until 30.06.2023)	27,080	n/a
Sven Behrend	Head of Infra Services	n/a	1,106
Martin Fecke	Head of Engineering	n/a	967
Antonin Guez	Head of Building Solutions	n/a	0
Dr. Philipp Hänggi	Head of Production	9,753	8,900
Dr. Roland Küpfer	Head of Power Grid (until 31.10.2023)	12,048	n/a
	Head of Power Grid (since 01.11.2023)		
Dr. Corinne Montandon	Head of Group Markets & Services (until 31.10.2023)	3,864	5,471
Stefan Sewckow	Head of Energy Markets (since 01.11.2023)	n/a	0
Total		52,745	16,953

Some shares of members of the Board of Directors and Group Executive Committee have a lock-up period of up to three years.

As of December 31, 2023, the company's equity consumption (burn rate) amounted to 0.354 % (2022: 0.297%). This is defined as the number of shares allocated by BKW participation programs in 2023 divided by the total number of shares outstanding. In 2023 187,011 shares were assigned across the entire BKW Group (2022: 156,604).

8 Outlook for the remuneration system of the Group Executive Board from 2024

As mentioned earlier, the Personnel and Remuneration Committee reviewed the remuneration system of the Group Executive Board in 2023. It came to the overall conclusion that the remuneration policy described in Section 1 of this Remuneration Report relating to the remuneration of the Group Executive Board of BKW has proven its worth of the last few years. Therefore, basic remuneration and long-term variable remuneration remain relatively highly weighted compared to short-term variable remuneration. This supports the sustainable, long-term development of BKW and prevents any entering into excessively short-term risks.

However, the Personnel and Remuneration Committee has recognized the improvement potential in the tangible formulation of short-term and long-term variable remuneration. Accordingly, it resolved to make the adjustments described below, through which the principles of the remuneration policy described in Section 1 of the Remuneration Report are further reinforced.

- Increased transparency through a clear definition of the relevant performance criteria for the variable remuneration portions;
- Introduction of “pay for performance” also in relation to long-term variable remuneration as well as;
- reinforcement of Governance through the introduction of bonus and/or reclaim clauses for both parts of the variable remuneration.

8.1 Adjustments to short-term variable remuneration (STI)

The aim of STI is to reward short-term corporate success. It is specified and paid out annually based on an assessment of target achievement of specific performance criteria. As always, if the full target (100 percent) is achieved, STI amounts to 30 percent of basic remuneration (“target bonus”),

however, the degree of target achievement can vary between 0 percent and 200 percent.

The performance criteria are specified annually by the Personnel and Remuneration Committee for a financial year. They aim to constitute the most reliable and realistic depiction possible of sustainable and commercial company success.

At Group level the following targets apply to all Group Executive Board members:

- **Operating net profit:** Net profit according to the consolidated IFRS financial statements, minus positive/plus negative STENFO performance and corrected for the tax effect (flat-fee calculated at 20 percent) on performance
- **Sustainability (ESG: Environmental, Social, Governance):** Relative improvement (points) of the annually commissioned ESG Ratings compared to the baseline assessment in the previous year.

In addition to these general Group targets, for all members of the Group Executive Board a defined target was set for their area of responsibility or strategic focus:

- **CEO and CFO:** EBIT across all Services divisions, i.e. operating result before interest and taxes, whereby the same principles apply as for operating net profit.
- **The Energy business area and the Services divisions (Building Solutions, Engineering und Infra Services):** EBIT of the respective division, i.e. earnings before interest and taxes, whereby the same principles apply as for operating net profit.
- **Power Grid Division:** Distribution grid costs in accordance with the cost declaration to ECom. Distribution grid costs (TOTEX) corresponding to total CAPEX and OPEX of the grid and the basic supply according to the budget

At the end of the assessment year the Personnel and Remuneration Committee makes an assessment of the target achievement of every member of the Group Executive Board. The degree of target achievement is measured for each performance criterion during the relevant assessment year and the STI payout factor is subsequently determined.

8.2 Adjustments to long-term variable remuneration (LTI)

LTI is aimed at securing long-term success and is linked to the opportunities and risks associated with the share price performance. The objective of the LTI is to secure a sustainable increase in corporate value and an alignment between the interests of the Group Executive Board and the shareholders.

A new aspect is that all members of the Group Executive Board will be assigned ownership rights to BKW AG shares (so-called Performance Share Units – “PSU”), based on an amount of 30 percent of the basic remuneration (target level for full target achievement). These PSU are converted into shares at the end of the assessment period which is generally set at three years. However, this conversion is contingent on the Personnel and Remuneration Committee assessing that the defined performance criteria have been met: If the threshold values for the performance criteria have not been met, the payout factor is 0 percent. If the threshold values have been met, 50 percent of the assigned PSU is converted into shares. This value rises based on the extent to which the targets have been exceeded, but the amount does not exceed a maximum of 150 percent of the assigned PSU.

For the assessment period that started in 2024 and will terminate at the end of 2026, the Personnel and Remuneration Committee has defined targets for the following performance criteria:

- **Return on Capital Employed (ROCE):** This covers earnings before interest and taxes (EBIT) less imputed taxes (NOPLAT) divided by average committed interest-bearing capital over the year;

- **Cash Conversion Rate (CCR):** Cash flow from operating activities divided by earnings before interest and taxes, depreciation and amortization (EBITDA);
- **Relative Total Shareholder Return (henceforth TSR or rTSR):** The total amount that a shareholder achieves from his investment, including capital gains and dividends from a share, in comparison to a comparison group consisting of the SPI Middle Index.

The Personnel and Remuneration Committee measures the target achievement for each performance criterion annually and determines the payout factor with a linear interpolation between the threshold specified by the committee (below which the payout factor is 0 percent) and the maximum value, above which a maximum PSU of 150% is awarded.

After the conclusion of the assessment period, it determines the average of annual target achievement across the entire period. The payout factor, through which the PSU is converted into BKW shares, is calculated from the weighted average of the target achievement of all three performance criteria, with all three criteria each being weighted as one-third.

8.3 Improvement in governance through the introduction of bonus and reclaim clauses

The Personnel and Remuneration Committee can reduce or withdraw part or all promised benefits both for the STI and the LTI or request the return of benefits already paid from individual members of the Group Executive Board if it turns out that they were based on non-compliance of accounting standards or in the event of demonstrably unlawful acts or legal infringements by a member provided that the respective event was not more than three years ago.

Report of the statutory auditor on the remuneration report

This Report of the statutory auditor is only a translation of the legally binding German version.

To the General Meeting of
BKW AG, Berne

Berne, 7 March 2024

Report of the statutory auditor on the audit of the remuneration report

Opinion

We have audited the remuneration report of BKW AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 242 to 247 and pages 251 to 254 of the remuneration report

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report on pages 242 to 247 and pages 251 to 254 complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report in German (but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon) and the annual report in English and French that is expected to be provided to us after the reporting date (including the English and French translations of the consolidated financial statements, the stand-alone financial statements and the remuneration report that are not audited by us).

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report 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.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 and SA-CH 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 this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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