

BKW GROUP

Invitation to the General Meeting 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.

Cover

Cecilia Parravicini, Head of Civil Engineering at BKW Hydro, is responsible for the structural maintenance of the Hagneck Dam. The new hydroelectric plant went on stream in 2015. The facility has received several awards for its prudent use of landscape and natural spaces.

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Agenda and motions proposed by the Board of Directors

1. Approval of the Management Report, the consolidated financial statements and annual financial statements for 2022

The Board of Directors proposes that the Management Report, the consolidated financial statements and the 2022 annual financial statements be approved.

Explanation

Pursuant to the provisions of the Statutes and the Swiss Code of Obligations (OR), the Board of Directors shall submit the Management Report, the consolidated financial statements of the BKW Group and the annual financial statements of BKW AG for each financial year to the General Meeting for approval. This can be viewed online from the GM Booklet at www.bkw.ch/gm-booklet or the full Annual Report is accessible at www.bkw.ch/annualreport22.

The Management Report presents the course of business and the economic position of BKW AG and the BKW Group at the end of the financial year, taking into consideration the requirements of Swiss law on limited companies. The consolidated financial statements provide a true and fair view of the financial position, the results of operations and the cash flows of the BKW Group in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law on limited companies. The annual financial statements of BKW AG 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 through 962).

The audit firm Ernst & Young AG, Bern, audited the consolidated financial statements of the BKW Group and the annual financial statements of BKW AG and does not add any qualifications to its audit reports.

2. Discharge of the Board of Directors and Group Executive Board

The Board of Directors proposes that the members of the Board of Directors and the Group

Executive Board be granted discharge in respect of the 2022 financial year.

Explanation

The reporting by the Board of Directors informs the shareholders about the economic position and development of BKW AG and the BKW Group. Correspondingly, discharge of the Board of Directors and the Group Executive Board can be granted. According to the law and the Statutes, the General Meeting is responsible for the resolution on discharge, with the members of the Board of Directors and the General Meeting not having any voting right in this respect. With the resolution, the company and the approving shareholders declare that they will no longer hold the responsible persons of the Board of Directors and the Group Executive Board accountable for the facts and events from the past financial year that have been made known.

3. Appropriation of retained earnings 2022

The Board of Directors proposes to appropriate the retained earnings for 2022 as follows:

CHF	
Ordinary dividend of CHF 2.80 per eligible share	147,793,621
Extraordinary 125-year dividend of CHF 1.25 per eligible share	65,979,295
Balance carried forward	452,223,919
Total	665,996,835

Note: Dividends are not paid on shares held by BKW AG. The number of shares that are entitled to receive a dividend at the time of preparation of the annual financial statements thus amounts to 52,783,436. The last trading day on which a right to receive dividends is granted is May 16, 2023. The shares will be traded ex dividend from May 17, 2023 onwards. Had all shares been entitled to receive a dividend, the dividend payment would have amounted to CHF 213,840,000 and the balance carried over would be CHF 452,156,835.

If the General Meeting approves this proposal on the appropriation of retained earnings, both the ordinary dividend of CHF 2.80 and the extraordi-

nary 125-year dividend of CHF 1.25 less 35 percent withholding tax will be paid out free from expenses on or after May 22, 2023.

Explanation

The General Meeting is responsible for the resolution on the distribution of dividends.

The proposed dividend breaks down into an increase in the ordinary dividend of CHF 0.20 to CHF 2.80 and an extraordinary 125-year dividend of CHF 1.25. With regard to the ordinary dividend, the proposed use of the available earnings specifically takes into consideration BKW's long-standing dividend policy, which is based on the following principles:

- Distribution of around 40–50 percent of the net profit adjusted for one-off items
- Continuity in the amount of the dividend distribution
- Appropriate dividend yield

With the extraordinary 125-year dividend additionally proposed, the Board of Directors is taking into consideration that BKW was able to achieve an outstanding trading result in the past financial year. With the remaining balance being carried over, BKW remains well placed to face the challenges of the volatile energy markets and the upcoming investments, in particular in grids and renewable energies.

4. Approval of the amendments to the Statutes

The Board of Directors proposes that the General Meeting approve the amendments to the Statutes, first to implement new possibilities under the law on limited companies for BKW to the extent that these are relevant for BKW AG at the present time. Second, the intention is for the Statutes to be adjusted to comply with the provisions of the new law on limited companies and to take account of the current best practices in the area of corporate governance. For the explanation of the motions and the text of the proposed revision of the Statutes, please refer to the section "Explanatory notes by the Board of Directors on the proposed amendments to the Statutes" starting from page 37 in the GM Booklet.

a) Addition to the company's purpose (Art. 2)

The Board of Directors proposes that an addition be made to the company's purpose with a reference to pursuit of sustainable value creation. The addition to the purpose according to the Statutes thus underscores BKW's *raison d'être* and mission.

b) Adjustments relating to the exercise of shareholder rights: amendment of Articles 5, 9 and 13

The legally mandated thresholds for the exercise of shareholder rights contained in the Statutes are to be adjusted to the new specifications of the law on limited companies to the extent they are listed in the provisions of the Statutes. In addition, the provisions relating to the exercise of shareholder rights need to be changed to comply with the wording of the law. For this reason, the Board of Directors proposes that the following provisions be amended:

- Application for registration (Art. 5)
- Right to convoke a General Meeting and include items on the agenda (Art. 9)
- Participation in and representation at the General Meeting (Art. 13)

c) Adjustments in connection with the General Meeting: amendment to Art. 8, introduction of a new Art. 10 and amendment of Articles 11, 12, 14, 16 and 33

Agenda item 4.c) brings together changes to provisions of the Statutes that relate to the General Meeting and the holding of the same. First, the wording of individual provisions needs to be adjusted to the wording of the law. Second, it is necessary to enshrine in the Statutes up-to-date options for holding general meetings, in particular, not only by making it possible to hold general meetings at more than one venue but also to hold them remotely. For this reason, the Board of Directors proposes that the following provisions be amended:

- Non-transferable powers of the General Meeting (Art. 8 of the Statutes)
- Holding of the General Meeting: venue and holding remote meetings (introduction of a new Art. 10)
- Invitation to the General Meeting (Art. 11 of the Statutes)

- Annual Report and audit report (Art. 12)
- Minutes (Art. 14)
- Casting vote by the chair of the General Meeting (Art. 16)
- Announcements (Art. 33)

d) Adjustments in connection with the Board of Directors: amendment of Articles 18, 20, 21 and 29

Agenda item 4.d) brings together changes to provisions of the Statutes that relate to the Board of Directors. Alongside individual clarifications and changes in light of the new law on limited companies, the Board of Directors proposes, in particular, a slightly more restrictive regulation of the maximum permissible number of external mandates held by members of the Group Executive Board in other companies:

- Non-transferable tasks of the Board of Directors (Art. 18 of the Statutes)
- Constitution of the Board of Directors and deletion of delegation of management activities (Art. 20)
- External mandates (Art. 21)
- Contracts with members of the Board of Directors (Art. 29)

e) Other adjustments: deletion of Art. 3 para. 2 and Art. 6, amendment of Art. 31 and Art. 35

Agenda item 4.e) exclusively brings together miscellaneous changes. Deletion of the opting-up in Art. 6 serves to provide improved protection of minority shareholders. The amendments or the introduction of the other provisions is of a rather formal nature:

- Deletion of the possibility of conversion from registered shares to bearer shares (Art. 3 para. 2)
- Deletion of the opting-up to 49% (previously Art. 6)
- Reserves (Art. 31)
- Deletion of the provision on contributions in kind and introduction of a place of jurisdiction (Art. 35)

5. Voting on the remuneration of members of the Board of Directors and Group Executive Board

Pursuant to Article 698 para. 3 item 4 OR and the Statutes of BKW AG, the General Meeting approves with binding effect each year at the Annual General Meeting the maximum amount of the remuneration paid to the members of the Board of Directors for the mandate year beginning with the General Meeting and to the Group Executive Board for the full financial year following the General Meeting in each case.

a) Maximum remuneration of the Board of Directors in the remuneration period 2023/2024

The Board of Directors proposes that the unchanged total maximum remuneration payable to the Board of Directors for the mandate year 2023/2024 of CHF 1.4 million be approved.

Explanation

The proposed total amount is unchanged in comparison to the previous year. It takes into account a rough estimate of the fixed base remuneration and the additional remuneration together with the social insurance contributions due on the same and includes a reserve of just under 15% for contingencies, specifically for the formation of ad hoc committees. The amounts underlying the calculation can be seen in the Remuneration Report on p. 61 of the GM Booklet:

CHF	
Base remuneration	950,000
Functional allowances	119,000
Social insurance contributions	130,000
Reserve	201,000

b) Maximum remuneration of the Group Executive Board in the 2024 financial year

The Board of Directors proposes that the unchanged total maximum remuneration of the Group Executive Board during the financial year 2024 (= calendar year) of CHF 9.8 million be approved.

Explanation

The total amount proposed for the calendar year 2024 is at the same level as the maximum amount approved for the current year 2023 at the 2022 General Meeting. Based on the current remuneration system (see Remuneration Report on p. 64 of the GM Booklet), the amount is calculated from the current base remunerations and the variable remuneration components derived therefrom, therefore the maximum possible short-term variable remuneration of 60% of the base remuneration and the long-term variable remuneration of 30% of the base remuneration and the social insurance contributions due on the same. In addition, the Board of Directors has included a reserve of around 23% for any increases in the base remuneration being effective for 2024, differences arising from share price increases and any adjustments resulting from the review of the remuneration system with regard to the assessment and allocation of the variable remuneration components as well as for contingencies.

MCHF

Base remuneration	3.44
Short-term variable remuneration	2.06
Long-term variable remuneration	1.03
Social insurance contributions	1.02
Reserve	2.25

c) Advisory vote on the Remuneration Report 2022

The Board of Directors motions for the Remuneration Report 2022 to be acknowledged and assented to.

Explanation

The Board of Directors of BKW AG will submit the Remuneration Report for the 2022 financial year to the shareholders for consultative voting. The Remuneration Report describes the basis for the remuneration of the Board of Directors and the Group Executive Board as well as the remuneration paid to the members of the two bodies for the 2022 financial year. The Remuneration Report can be found on page 54 et seq. of the GM Booklet.

6. Elections**a) Board of Directors**

The Board of Directors proposes that the following members be individually re-elected to the Board of Directors for the next statutory term of office i.e. until the close of the 2024 General Meeting:

- Carole Ackermann
- Roger Baillod
- Petra Denk
- Rebecca Guntern
- Martin à Porta
- Kurt Schär

Explanation

The members of the Board of Directors should be elected individually each year as, according to the law on limited companies, the terms of office of the members of the Board of Directors end at the close of the next Annual General Meeting. One exception to this is the representative of the Canton, Mr. Andreas Rickenbacher: he is not elected by the General Meeting but appointed directly by the Canton, which pursuant to Art. 19 of the Statutes has the right to appoint two members of the Board of Directors.

All members of the Board of Directors are standing for re-election. All significant information on the education, resumes and other mandates of the individual members of the Board of Directors can be found in the GM Booklet starting on page 71 and the Corporate Governance Report starting on page 202 of the Annual Report.

b) Chair of the Board of Directors

The Board of Directors proposes that Roger Baillod be re-elected as Chair of the Board of Directors for the next statutory term of office i.e. until the close of the 2024 General Meeting.

Explanation

The term of office of the Chair of the Board of Directors ends at the close of the respective next Annual General Meeting. This means that the Chair is likewise to be elected by the General Meeting each year. Mr. Roger Baillod is the current Chair and he is standing for re-election.

c) Personnel and Remuneration Committee

The Board of Directors proposes that the following members be individually re-elected to the Personnel and Remuneration Committee for the next statutory term of office, i.e. until the close of the 2024 General Meeting:

- Roger Baillod
- Rebecca Guntern
- Andreas Rickenbacher

Explanation

The terms of office of the members of the Personnel and Remuneration Committee ends at the close of the respective next Annual General Meeting. All existing members of the Personnel and Remuneration Committee are standing for re-election.

The Personnel and Remuneration Committee convenes itself in accordance with the rules issued by the Board of Directors governing the Personnel and Remuneration Committee. In the event of re-election, the Personnel and Remuneration Committee intends to elect Ms. Rebecca Guntern as its Chair.

d) Independent Proxy

The Board of Directors proposes the election of Andreas Byland, Notary, Bern, as independent proxy for the next legal term of office i.e. until the close of the 2024 General Meeting.

Explanation

The independent proxy is to be elected by the General Meeting each year. Mr. Byland fulfills the independence criteria, has experience with this duty and is familiar with the procedures.

e) Auditor

The Board of Directors proposes that Ernst & Young AG be re-appointed as auditors for the 2023 financial year.

Explanation

According to the Statutes of BKW AG, the auditor is to be elected by the General Meeting each year. Ernst & Young AG has confirmed towards the Board of Directors that it has the required independence to perform the assignment and that the independence is not compromised by services rendered for the BKW Group in addition to the audit mandate. The auditor in charge, Mr. Rico Fehr, has held the office for less than seven years.

LETTER TO SHAREHOLDERS

Successful BKW invests in a sustainable future

In an extraordinary year, the BKW Group¹ achieved an exceptionally good result. It withstood the severe upheaval in the energy markets and remains on course for growth. In addition to an increase in the ordinary dividend of 20 centimes, the Board of Directors is proposing to the General Meeting a one-time 125-year dividend of 125 centimes per share.

Dear Shareholders, Ladies and Gentlemen,

In the 2022 financial year, BKW significantly increased revenue (+46%), EBIT (+163%), and net profit (+75%). This gratifying result can primarily be attributed to the Energy business. Thanks to its sound liquidity situation, BKW was able to make optimal use of opportunities in the wholesale business in the management of its energy positions. Revenue and earnings of the Grid segment are stable and trended in line with expectations. Revenue in the Services business increased further. BKW has achieved a good market size in this business and is now putting its focus on profitability and organic growth in markets that remain attractive. BKW initiated this process, which brought about lower EBIT compared with the previous year.

The three-pillar model remains BKW's guarantee of success, supporting the company's growth in the years to come. Growth opportunities will arise in both the Energy and Services businesses, while Grid will continue to deliver stable earnings. In the Energy segment, BKW will continue to accelerate its expansion of renewable energies and increase its earnings through higher electricity prices. In the Services sector, the company is benefiting from the growing demand for buildings and infrastructure that are energy-efficient and conserve resources.

Comprehensive business model

The three business areas are also internally coherent. Ultimately, they all have to do with energy and are essential to the successful transition to a sustainable and climate-friendly future. BKW invests in renewable energies; produces, sells, and transports electricity safely via its smart grids; and plans and constructs energy-efficient buildings and resource-conserving infrastructure. The company is well-prepared for the comprehensive energy transition, including the expansion of renewable production in Switzerland. BKW has promising projects in both hydroelectric power (small hydroelectric plants in Trift and on Lake Grimsel) and wind power (in Tramelan and Jeanbrenin) that are largely ready for implementation. In partnership with other companies, the Group would like to make these projects a reality as soon as possible. Together with Bern Airport, BKW is currently planning Switzerland's largest ground-mounted solar power plant. By the end of the year, the company is aiming to have defined around ten feasible projects for alpine solar power plants.

BKW's sound risk and liquidity management is also contributing to its ongoing success. The company has already reduced its risks and bolstered its liquidity in a targeted manner since the end of 2021. Because BKW received the highest credit rating (A rating), the company had constant access to the financial and capital markets and has never found itself in a situation where it could no longer satisfy the liquidity requirements of the stock exchanges.

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

“The three-pillar model remains BKW’s guarantee of success, supporting the company’s growth in the years ahead.”

Higher dividends

BKW will celebrate its 125-year anniversary in 2023. The company’s successful strategy is based on the long-term vision of its founders, and it will continue to grow in the coming years. The shareholders, too, benefit from the company’s continuing success. The Board of Directors is proposing to the General Meeting 2023 an ordinary increase in the dividend to CHF 2.80 as well as a one-time 125-year dividend of CHF 1.25 per share.

We would like to thank everyone who has accompanied us on our path to success: our customers, suppliers, and partners, our shareholders, and, above all, our employees, who demonstrate their dedication to our company every day.

Kind regards,



Roger Baillod
Chairman of the Board
of Directors

Robert Itschner
CEO



Changes to the Group Executive Board

There have been several changes to the Group Executive Board of BKW in financial year 2022. On October 1, Robert Itschner succeeded me as CEO after I had held this position for an interim period, following the departure of Suzanne Thoma. CFO Ronald Trächsel announced his resignation. Two changes also took place on the extended Group Executive Board: Martin Fecke replaced Michael Schüepp as CEO of BKW Engineering, and Antonin Guez replaced Mathias Prüssing as CEO of BKW Building Solutions. The Board of Directors would like to thank the departing members of the Group Executive Board for the great commitment they have demonstrated and looks forward to working with their successors.

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

REVIEW OF THE 2022 RESULTS

BKW successful in turbulent times

In the 2022 financial year, BKW increased its revenue to over CHF 5 billion and achieved an extraordinary result with EBIT of over CHF 1 billion. This outstanding result can primarily be attributed to the Energy business. In managing our own electricity position, Trading was able to make the most of both the sharp rise in electricity prices and the great upheaval in the energy markets.

EBIT reached a value of CHF 1,039 million, up 263% over the previous year. Net operating profit almost tripled to CHF 713 million. Net profit amounts to CHF 575 million and is 75% above the previous year despite the weak performance of the Decommissioning and Waste Disposal Funds. The operating cash flow generated amounts to CHF 730 million.

Record figures for revenue, EBIT, and net profit

In 2022, BKW was able to increase revenue by CHF 1,645 million to CHF 5.199 billion. This corresponds to a percentage growth of 46%. The increase in revenue is primarily attributable to the Energy business area, which contributed CHF 1,426 million to the increase. In the Energy business, it was the price increases and the strong volatility in the energy markets in particular that led to an exceptionally good trading result. Services increased its revenue inorganically by CHF 248 million.

At 163%, EBIT grew disproportionately compared to revenue, reaching a record level of CHF 1,039 million. As with revenue, the outstanding result is attributable to the Energy business area, where the exceptionally successful management and trading business more than compensated for the strongly negative fund performance at the Leibstadt Nuclear Plant and the high replacement costs (due to the water shortage/loss of produc-

tion at French nuclear power plants). While the EBIT of the Grid business was in line with expectations, services recorded a decline in EBIT due to the challenging supply chain environment and the sharp rise in material costs.

As a consequence of the good EBIT result, net operating profit was also 191% higher than in the previous year, reaching CHF 713 million. This was achieved despite the greater tax burden due to the additional windfall tax introduced in Italy. Operating net profit is the net profit adjusted for the performance of the Mühleberg Nuclear Plant Decommissioning and Waste Disposal Funds and thus represents the Group's operating performance.

Due to the significantly poorer fund return (2021: CHF +105 million, 2022: CHF -173 million), the reported net profit is lower than in the previous year and "only" 75% above the previous year, amounting to CHF 575 million.

CHF millions	2021	2022	% change
Sales	3,554.0	5,198.8	46%
Energy procurement/transport	-1,214.4	-1,862.2	
Operating costs	-1,753.8	-2,089.9	
EBITDA	585.8	1,246.7	113%
Depreciation, amortization and impairment	-231.3	-249.7	
Income from associates	40.4	41.5	
EBIT	394.9	1,038.5	163%
Financial result excluding change in value of state funds	-79.8	-81.9	
Income taxes excluding change in value of state funds	-70.0	-243.7	
Operating net profit¹	245.1	712.9	191%
Change in value of state funds net of tax	82.3	-138.4	
Net profit	327.4	574.5	75%

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.

Financial result, special tax in Italy, negative fund performance

The comparable financial result, excluding the performance of the state funds, amounts to CHF -82 million. The positive effects of lower interest expense on interest-bearing debt and lower interest costs on nuclear provisions are more than offset by the state rescue package provision fees that BKW must jointly and severally contribute against its will.

The comparable income tax expense tripled to CHF 244 million. This includes special taxes of CHF 35.4 million for the windfall tax, a mechanism that Italy is employing to skim off additional profits generated by energy companies as a result of the Ukraine conflict. Excluding the windfall tax, the tax rate is 21.8% over the long term.

During the reporting period, assets in governmental funds achieved a negative performance of 12.6%. In 2022, inflation fears and interest rate hikes had a negative impact on the stock markets. Compared with the positive fund result in the previous year, the difference at the net profit level amounts to CHF -221 million.

Funds from operations at an absolute record level, cash flow from operating activities increases

CHF millions	2021	2022	% change
Funds from operations before utilization of nuclear provisions¹	500.1	1,090.1	118%
Funds from operations	377.3	983.3	161%
Cash flow from operating activities before utilization of nuclear provisions¹	136.9	836.6	511%
– Payments for decommissioning and disposal	–122.8	–106.8	
Cash flow from operating activities	14.1	729.8	5,076%
Cash flow from investing activities before reimbursement from state funds¹	–279.0	–522.7	
+ Reimbursements from decommissioning and disposal funds	53.7	38.8	
Cash flow from investing activities	–225.3	–483.9	
Cash flow from financing activities	328.2	–362.7	
Liquidity as at 31.12	1,047.0	847.7	–19%

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.

Funds from operations before utilization of nuclear provisions exceeded CHF 1 billion for the first time and, at CHF 1,090 million, were 118% higher than the previous year's figure. Cash flow from operating activities before utilization of nuclear provisions was even able to increase by 511% to CHF 837 million. The reported cash flow from operating activities reached an absolute record level of CHF 730 million, which is attributable to the extraordinary result.

The current liquidity, including current financial assets, is around CHF 200 million below the previous year's figure, but at CHF 848 million, it is still high despite the high level of capital expenditure. BKW invested around CHF 621 million in 2022

(previous year CHF 364 million). This means that once again the investments could be financed in full from cash flow generated from operating activities. Around three-quarters of the investments were invested in growth. In the Energy business, six wind farms were acquired in France, and additional investments were made in small hydroelectric power plants and district heating projects. In the Services business, other acquisitions were made in all areas (BKW Building Solutions, BKW Infra Service, and BKW Engineering). A quarter of the investments were spent on replacement and maintenance. Of the CHF 154 million, the majority (CHF 112 million) was spent on maintenance and replacement of the distribution grid.

Operational flexibility secured by the equity and financing situation

CHF millions	2021	2022	% change
Current assets	4,354.5	3,894.6	-11%
Non-current assets	7,725.6	7,990.6	3%
Current liabilities	4,106.9	3,214.1	-22%
Non-current liabilities	3,746.9	4,291.5	15%
Shareholders' equity	4,226.3	4,379.6	4%
Balance sheet total	12,080.1	11,885.2	-2%

BKW's balance sheet continues to be marked by the effects of ongoing energy price upheaval. As in 2021, the continued high valuation of energy derivatives and the additional liquidity held for collateral purposes are having the effect of lengthening the balance sheet. However, the balance sheet total did not reach the levels of the half-year financial statements (CHF 13.5 billion). The post-operational activities and decommissioning of the Mühleberg Nuclear Plant will reduce the balance sheet total. Provisions amounting to CHF 107 million (previous year CHF 124 million) were again used. CHF 39 million (previous year CHF 54 million) was recovered from the Decommissioning and Waste Disposal Funds.

Equity increased by CHF 153 million and amounted to a solid CHF 4.4 billion as of the balance sheet date. Thanks to the lower valuation of the derivatives, the equity ratio again rose to 37% (previous year 35%).

BKW's financing situation remains very solid. Following the sharp increase at mid-year, financial liabilities were reduced to the previous year's level by the end of the year. Due to lower liquid funds held, net debt increased by CHF 0.2 billion. With liquidity of around CHF 850 million, the Group continues to have sufficient short-term liquidity and remains operationally flexible. In addition, the syndicated loan, which remains unused, was increased in two steps from CHF 250 million to CHF 2 billion. The financial framework necessary for implementing and safeguarding financial and operational flexibility is sufficient and thus ensured at all times.

Dividend increase to CHF 2.80 per share, plus a 125-year dividend of CHF 1.25 per share

Based on the net profit adjusted for non-cash valuation effects of energy derivatives, a dividend increase of 8% to CHF 2.80 per share will be proposed at the General Meeting. In addition, due to the extraordinary trading result, a 125-year dividend of CHF 1.25 per share will be proposed at the General Meeting. The total amount of CHF 4.05 per share corresponds to a payout ratio of approximately 56% 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. Based on the year-end share price, the dividend yield incl. the 125-year dividend is 3.0%, and thus higher than in the previous year (2.2%) despite the further increase in the share price in the year under review. Together with the higher share price, an attractive total shareholder return of 9.1% was thus achieved in the 2022 financial year. BKW's enterprise value continued to rise steadily, reaching CHF 6.7 billion at the end of the year (previous year CHF 6.3 billion).

CHF	2021	2022	% change
Dividends	2.60	2.80	8%
125-year dividend	–	1.25	
Total shareholder return	22.4%	9.1%	

Outlook

BKW expects operating EBIT for the 2023 financial year to be in the range of CHF 550 to 600 million. Uncertainties relating to further economic developments caused by the ongoing conflict in Ukraine will continue to dominate 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 production outages

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. The business also includes production-related wind and solar power services.

Increased total operating revenue and a record-high EBIT

CHF millions	2021	2022	% change
Total operating income	1,526.8	2,952.9	93%
Energy procurement	-1,116.8	-1,754.1	
Operating costs	-217.7	-253.8	
EBITDA	192.3	945.0	391%
Depreciation, amortization and impairment	-60.9	-60.5	
Income from associates	8.3	3.7	
EBIT	139.7	888.2	536%
Employees	930	950	
Investments	73	147	

The Energy business continues to be marked by a volatile market environment and high electricity prices. The marked increase in electricity prices is attributable to the turbulence in the energy markets in conjunction with the uncertainties surrounding gas supplies in Europe (due to the Ukraine conflict).

At CHF 2,953 million, the total operating income of the Energy business is 93% higher than in the previous year. This development was influenced in particular by strong trading business, higher prices, and higher sales volumes.

Volatility, a high price level, and price developments contrary to the fundamental position

In the first half of the year, the energy management and trading result benefited from the fact that valuation losses as of the reporting date at the end of 2021 were reversed in the first quarter of 2022 due to electricity price trends. In the second half of the year, BKW was able to make the most of sometimes extreme upheaval in the energy markets. With the purpose of safeguarding and managing its own energy position, it was possible to benefit in particular from non-parallel price development in the countries of Switzerland, Germany, France, and Italy. Towards the end of 2022, the upheaval in the country spreads returned to the fundamental positions, which had a positive impact on BKW's results. Thanks to higher electricity prices, the value of the system services supplied to maintain grid stability has also risen significantly. This in turn benefited the management result.

Water shortage and loss of production at French nuclear plants

In 2022, BKW produced a total of 9.1 TWh of energy (previous year 9.4 TWh). In addition to this slight decrease in production volumes, the production mix also changed during the reporting period. Due to weather that was very dry at times, the amount of energy produced with hydroelectric power decreased by 15% or 0.6 TWh to 3.3 TWh. Production from wind power increased by 11%, above all thanks to the additional plants purchased in France (106 MW).

The production volume of the nuclear plants increased by 0.5 TWh to 2.1 TWh. The Leibstadt Nuclear Plant, back operating at full capacity, was thus able to more than compensate for the reduction in output at the Cattenom Nuclear Power Plant. Fossil-fuel power plants were roughly at the level of the previous year.

In the electricity sales business with SMEs and industrial customers, volumes sold increased to 5.8 TWh (previous year 5.5 TWh). There was a slight reduction in sales in the basic electricity supply to 2.1 TWh (previous year 2.2 TWh). The lower transmission volumes are due to higher temperatures and, in part, to the power conservation measures required by the Federal Council.

Energy procurement costs increased by 57% to CHF 1,754 million. The primary driver of this increase was the fuel costs of the thermal power plants. In addition, shortfalls in production volumes from the hydroelectric power plants and the Cattenom Nuclear Power Plant made it necessary to purchase power on short notice at high market prices. Higher sales volumes also contributed to the increase in procurement costs.

Operating costs will increase mainly due to the new wind farms in France and the restructuring of wind and solar power services. The result from associates was lower than in the previous year due to one-off valuation adjustments at the Wilhelmshaven Power Plant.

Grid: Stable earnings contribution and planned investments in renewal

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, analyzes, and controls load flows, and integrates decentralized production facilities such as photovoltaic systems and wind turbines.

Lower result due to power conservation measures and announced rate reductions

CHF millions	2021 ¹	2022	% change
Sales	551.6	516.7	-6%
Energy transport expense	-98.2	-108.6	
Operating costs	-195.1	-209.5	
EBITDA	258.3	198.6	-23%
Depreciation, amortization and impairment	-88.9	-90.6	
Income from associates	32.1	37.8	
EBIT	201.5	145.8	-28%
Employees	610	770	
Investments	115	113	

1 To safeguard operational and intervention capabilities and bundle competencies in the area of network services, employees were transferred from the Services segment to the Networks segment as of January 1, 2022. The 2021 figures have been adjusted accordingly.

Total operating income in the Grid business fell by 6% to CHF 517 million due to announced distribution grid usage fee reductions and weather-related drops in distribution volumes. The distribution grid usage fee reduction occurred after the differences in coverage resulting from the revaluation of the BKW distribution grid, which was disputed in 2012, were subsequently charged in full.

Expenses for energy transports include in particular the upstream costs charged by Swissgrid, which increased by around CHF 11 million.

The higher operating costs are due to the price-related increase in expenses for grid losses. The "other" operating costs of the Grids business area increased slightly and include the one-off costs for the merger of the distribution grids of AEK, onyx, and BKW.

The increase of CHF 6 million in the result from associates is due to the higher result of Swissgrid (BKW investment 37%).

At CHF 146 million, EBIT is 28% below the previous year due to the distribution grid usage fee reductions and lower transmission volumes. The undercoverage of grid costs caused by lower transmission volumes can be priced into the tariffs in subsequent years and thus have a positive effect on revenue and EBIT again.

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

BKW invests roughly CHF 100 million annually to ensure safe, efficient, and high-performance operation of its distribution grid. In 2022, BKW invested CHF 112 million (previous year CHF 115 million).

Services: Increased material costs and problems in the supply chain negatively impact the margin

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 enables BKW to be a relevant provider of comprehensive services.

CHF millions	2021 ¹	2022	% change
Sales	1,514.9	1,762.8	16%
Operating costs	-1,360.4	-1,631.2	
EBITDA	154.5	131.6	-15%
Depreciation, amortization and impairment	-62.6	-78.3	
EBIT	91.9	53.3	-42%
Employees	8,440	9,070	
Investments	159	333	

1 To safeguard operational and intervention capabilities and bundle competencies in the area of network services, employees were transferred from the Services segment to the Networks segment as of January 1, 2022. The 2021 figures have been adjusted accordingly.

Revenue in the Services business increased by 16% to CHF 1,763 million. In Building Solutions in particular, the acquisition of UMB (IT) and Solstis (PV) meant that two major companies were taken over, which made a significant contribution to revenue growth. The order backlog for all Services businesses is very good and forms a solid basis for 2023.

In terms of EBIT and EBIT margin, 2022 was a challenging year for Services. Rising material costs, supply chain issues, and Covid-related absences took a toll on project and process efficiency and led to a reduction in EBIT and EBIT margin. In view of the good order situation, in the new financial year it should be possible to use price management to make up for a portion of the reduction. Programs were launched to address the corresponding structural and process-related issues in all three Services businesses.

Further strengthening of the competency network through acquisitions

In February 2022, BKW was able to acquire the UMB Group (Cham, Switzerland), allowing the company to greatly expand its IT division service portfolio in the Building Solutions area. As a full-service IT provider, UMB offers a wide range of services for comprehensive technology and business transformation projects, including consulting, engineering, operation services, cloud services, hardware, and software. Through the acquisition of UMB, BKW has gained a strong brand that will be utilized in the future for the benefit of the entire IT division of BKW Building Solutions. The development of UMB fully meets expectations in the first year.

In June 2022, a significant step was taken in the promising business with photovoltaic systems. With the acquisition of Solstis SA (Lausanne, Switzerland), a company founded in 1996 as a spin-off from the École Polytechnique Fédérale de Lausanne (EPFL), BKW now controls an enterprise with a leading position in western Switzerland's photovoltaic sector. With Solstis and the existing companies from the network, BKW Building Solutions is a nationwide provider in the field of photovoltaics and is also continuing to pursue its growth strategy in the area of new renewable energies in the Service business.

At the end of April 2022, BKW Infra Services expanded its activities and competencies in the field of high-voltage plant engineering with the acquisition of Cteam Anlagetechnik GmbH (Geisenhausen, Germany). This company focuses on planning, construction, and commissioning of switchgear that needs to be expanded in parallel with the high-voltage grid. In October 2022, the company succeeded in further expanding its competencies in high-voltage plant engineering with the acquisition of Elektroanlagen Dresden-Mitte GmbH (Dresden, Germany). This marks an additional step in BKW's development as a service provider in Germany's energy infrastructure sector.

In 2022, BKW Engineering acquired the companies Dr. Blasy – Dr. Øverland Ingenieure AG (Eching am Ammersee, Germany), Geotechnik Tauchmann GmbH (Steinhaus, Austria), and Collignon Architektur und Design GmbH (Berlin, Germany). On this basis, it was possible to further consolidate its extensive engineering network while also extending its market leadership in the area of multidisciplinary projects.

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Consolidated Income Statement

CHF millions	Note	2021	2022
Net sales	7	3,380.0	5,064.5
Own work capitalized		75.6	73.4
Other operating income		98.4	60.9
Total operating income		3,554.0	5,198.8
Energy procurement/transport	8	-1,214.4	-1,862.2
Material and third-party services		-599.0	-764.2
Personnel expenses	9	-937.5	-1,060.0
Other operating expenses	10	-217.3	-265.7
Total operating expenses		-2,968.2	-3,952.1
EBITDA		585.8	1,246.7
Depreciation, amortization and impairment	11	-231.3	-249.7
Income from associates	20	40.4	41.5
EBIT		394.9	1,038.5
Financial income	12	108.3	19.1
Financial expenses	12	-83.1	-274.0
EBT		420.1	783.6
Income taxes	13	-92.7	-209.1
Net profit		327.4	574.5
attributable to:			
– BKW shareholders		304.6	550.2
– Non-controlling interests		22.8	24.3
Earnings per share in CHF (basic and diluted)	14	5.77	10.43

Consolidated Statement of Comprehensive Income

CHF millions	Note	2021	2022
Net profit		327.4	574.5
Actuarial gains/losses (Group companies)	26		
– Actuarial gains/losses (–)		273.4	14.6
– Income taxes		–58.6	–3.5
Actuarial gains/losses (associates)	20		
– Actuarial gains/losses (–)		39.4	–17.1
– Income taxes		–3.4	1.9
Total items that will not be reclassified to income statement, net of tax		250.8	–4.1
Currency translations	28		
– Currency translations		–35.5	–61.5
– Reclassification to the income statement		0.0	2.8
– Income taxes		0.0	–2.6
Hedging transactions (Group companies)	28		
– Value adjustments		–210.9	–345.9
– Reclassification to the income statement		0.2	75.8
– Income taxes		44.3	56.5
Hedging transactions (associates)	28		
– Value adjustments		3.4	9.8
Total items that may be reclassified to income statement, net of tax		–198.5	–265.1
Other comprehensive income		52.3	–269.2
Comprehensive income		379.7	305.3
attributable to:			
– BKW shareholders		349.7	283.2
– Non-controlling interests		30.0	22.1

Consolidated Balance Sheet

CHF millions	Note	31.12.2021	31.12.2022
Assets			
Cash and cash equivalents	33	931.0	797.8
Trade accounts receivable and other receivables	15	1,269.7	1,423.5
Contract assets	16	182.3	225.6
Current tax receivables		29.6	43.1
Financial assets	19	116.0	49.9
Derivatives	29	1,585.4	992.4
Inventories	17	93.0	211.2
Prepaid expenses and accrued income	18	147.5	151.1
Total current assets		4,354.5	3,894.6
Financial assets	19	1,406.1	1,189.8
Derivatives	29	197.4	97.7
Credit from employee pension plans	26	0.0	36.2
Investments in associates	20	1,461.7	1,425.2
Property, plant and equipment	21	3,523.3	3,831.9
Intangible assets	22	1,096.5	1,362.6
Deferred tax assets	13	40.6	47.2
Total non-current assets		7,725.6	7,990.6
Total assets		12,080.1	11,885.2
Shareholders' equity and liabilities			
Trade accounts payable and other liabilities	23	897.4	858.9
Contract liabilities	16	94.3	134.7
Current tax liabilities		51.5	115.3
Financial liabilities	24	862.2	264.1
Derivatives	29	1,769.8	1,247.1
Provisions	25	152.2	178.5
Deferred income and accrued expenses	18	279.5	415.5
Total current liabilities		4,106.9	3,214.1
Financial liabilities	24	1,215.9	1,807.8
Derivatives	29	285.7	222.8
Pension liability	26	9.1	60.6
Other liabilities	27	349.2	350.8
Provisions	25	1,399.5	1,327.5
Deferred tax liabilities	13	487.5	522.0
Total non-current liabilities		3,746.9	4,291.5
Total liabilities		7,853.8	7,505.6
Share capital	28	132.0	132.0
Capital reserves	28	41.3	41.3
Retained earnings	28	3,987.0	4,401.9
Other reserves	28	-238.9	-506.2
Treasury shares	28	-3.5	-2.1
Equity attributable to BKW shareholders		3,917.9	4,066.9
Equity attributable to non-controlling interests		308.4	312.7
Total shareholders' equity		4,226.3	4,379.6
Total shareholders' equity and liabilities		12,080.1	11,885.2

Changes in Consolidated Equity

CHF millions	Share capital	Capital reserves	Retained earnings	Other reserves	Treasury shares	Attributable to BKW shareholders	Attributable to non-controlling interests	Total
Equity at 31.12.2020	132.0	41.3	3,810.1	-284.0	-3.7	3,695.7	293.7	3,989.4
Net profit			304.6			304.6	22.8	327.4
Other comprehensive income				45.1		45.1	7.2	52.3
Comprehensive income			304.6	45.1		349.7	30.0	379.7
Dividend			-126.6			-126.6	-5.3	-131.9
Transactions in treasury shares			-6.1		0.2	-5.9		-5.9
Share-based payments			7.2			7.2		7.2
Acquisition of non-controlling interests			-3.3			-3.3	-10.1	-13.4
Contribution to equity from non-controlling interests						0.0	0.1	0.1
Change in liabilities relating to non-controlling interests			1.1			1.1		1.1
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
Dividend			-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

Consolidated Cash Flow Statement

CHF millions	Note	2021	2022
Profit before income taxes		420.1	783.6
Financial result	12	-25.2	254.9
Adjustment for non-cash transactions	33	105.2	51.6
Change in net working capital (excl. current financial assets/liabilities and derivatives)		-285.9	-154.4
Income taxes paid		-74.2	-92.9
Other financial expenses/income		-3.1	-6.2
Cash flow from operating activities before utilization of nuclear provisions		136.9	836.6
Utilization of nuclear provisions with a claim to refunds of state funds		-53.6	-41.3
Utilization of nuclear provisions with no claim to refunds of state funds		-69.2	-65.5
Cash flow from operating activities		14.1	729.8
Investments in property, plant and equipment	21	-229.9	-244.8
Disposal of property, plant and equipment		9.5	4.9
Acquisition of Group companies	5/33	-107.3	-403.6
Disposals of Group companies		0.0	17.2
Investments in associates	20	-14.6	-7.6
Disposals of associates		21.0	18.9
Payments into decommissioning and waste disposal funds		-36.5	0.0
Refunds of decommissioning and waste disposal funds		53.7	38.8
Investments in other current and non-current financial assets		-156.1	-58.6
Disposals of other current and non-current financial assets		226.0	131.6
Investments in intangible assets	22	-14.5	-13.6
Disposals of intangible assets		0.0	0.4
Interest received		1.2	5.0
Dividends received		22.2	27.5
Cash flow from investing activities		-225.3	-483.9
Sale/purchase of treasury shares	28	-8.8	-5.1
Acquisition of non-controlling interests		-8.9	-6.3
Sale of non-controlling interests		0.0	0.1
Contribution to capital from non-controlling interests		0.1	0.0
Increase in current and non-current financial liabilities		658.6	1,324.0
Decrease in current and non-current financial liabilities		-165.2	-1,508.7
Increase in other long-term liabilities		18.6	23.1
Decrease in other long-term liabilities		0.0	-0.2
Interest paid		-34.3	-37.7
Dividends paid		-131.9	-151.9
Cash flow from financing activities		328.2	-362.7
Translation adjustments on cash and cash equivalents		-11.1	-16.4
Net change in cash and cash equivalents		105.9	-133.2
Cash and cash equivalents at the beginning of the reporting period		825.1	931.0
Cash and cash equivalents at the end of the reporting period	33	931.0	797.8

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



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To the General Meeting of
BKW AG, Berne

Berne, 9 March 2023

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of BKW AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated income statement, consolidated statement of comprehensive income, changes in consolidated equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (refer to the German version, pages 38 to 117) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (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.



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

– Risk

As disclosed in Note 7 Net Sales and 29 Derivatives, BKW enters into energy supply and purchase contracts with third parties. Depending on the 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 provision

– Risk

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



– **Our audit response**

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

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

Valuation of onerous contracts (price curves)

– **Risk**

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

– **Our audit response**

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).

Recognition of acquisitions

– **Risk**

As disclosed in Note 5, BKW acquired several companies during the current business year. Acquisitions are complex transactions, as they include fair value measurement of assets and liabilities, including identification of intangible assets that have previously not been recognized on the balance sheet. Various transactions involve so-called earn-out models, where a contingent portion of the purchase price, which is estimated at the time of the acquisition, will be paid at a later date. The residual value, in the form of the difference between purchase price and acquired net assets, is goodwill. Goodwill is not systematically amortized but assessed for impairment at least annually.



– Our audit response

Our work included, among other things, comparing the purchase prices with the underlying contracts and, if applicable, taking into account contingent earn-out payments. Based on the interim or annual financial statements of the acquired company, we evaluated the reconciliation of carrying amounts to the fair values. We involved internal valuation specialists to assess the significant intangible assets, to evaluate the proper valuation and completeness of such assets. Additionally, we assessed the disclosure of the newly acquired companies in Note 5.

Our audit procedures did not lead to any reservations concerning the recognition of acquisitions.



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 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.

Ernst & Young AG

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	2021	2022
Dividend income	137.9	422.4
Financial income	29.0	32.8
Other operating income	1.3	1.3
Total earnings	168.2	456.5
Interest expense	-28.4	-30.9
Other financial expenses	-0.8	-4.3
Other operating expenses	-6.3	-9.0
Depreciation, amortization and impairment	0.0	-0.5
Direct taxes	-1.0	0.0
Total expenses	-36.5	-44.6
Net profit	131.7	411.9

Balance sheet

CHF millions	31.12.2021	31.12.2022
Assets		
Cash and cash equivalents	14.8	6.6
Receivables		
– from third parties	0.8	0.9
– from subsidiaries	748.3	150.9
Prepaid expenses and accrued income	2.7	9.9
Total current assets	766.6	168.2
Loans		
	1,456.7	2,010.9
Other financial assets		
– from third parties	5.6	4.9
Investments	1,675.1	1,894.4
Total non-current assets	3,137.4	3,910.2
Total assets	3,904.0	4,078.5
Liabilities		
Trade accounts payable		
– to third parties	0.1	1.1
Current interest-bearing liabilities		
– Bonds	200.0	0.0
– Loans payable	548.3	150.9
– to subsidiaries	472.7	474.9
Other current liabilities		
– to third parties	0.9	13.4
Deferred income and accrued expenses	8.7	7.5
Total current liabilities	1,230.7	647.7
Non-current interest-bearing liabilities		
– Bonds	700.0	1,200.0
– Loans payable	272.3	250.6
Other non-current liabilities		
to third parties	0.0	2.7
Total non-current liabilities	972.3	1,453.3
Total liabilities	2,203.0	2,101.0
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
– Reserve for treasury shares	0.0	0.0
Voluntary retained earnings		
– Profit carried forward	259.6	254.1
– Net profit	131.7	411.9
Unappropriated retained earnings	391.3	666.0
Treasury shares	–3.4	–1.6
Total shareholders' equity	1,701.0	1,977.5
Total liabilities and shareholders' equity	3,904.0	4,078.5

Report of the statutory auditor on the financial statements



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To the General Meeting of
BKW AG, Berne

Berne, 9 March 2023

Report of the statutory auditor on 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 2022 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 the German version, pages 124 to 128) 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

We have determined that there are no key audit matters to communicate in our report.



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.

Ernst & Young AG

Rico Fehr
Licensed audit expert
(Auditor in charge)

Philippe Wenger
Licensed audit expert

Explanatory notes by the Board of Directors on the proposed amendments to the Statutes

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EXPLANATORY NOTES

Explanatory notes by the Board of Directors on the proposed amendments to the Statutes

1. Preliminary remarks

The revised law on companies limited by shares came into force on January 1, 2023. Companies limited by shares have a transitional period of two years to adjust their Statutes.

The revised law on companies limited by shares contains, among other things, improved protection of minority shareholders, more up-to-date possibilities for holding general meetings and more flexible options in the area of share capital. In addition, the Ordinance against Excessive Compensation in Listed Stock Companies in effect since 2014 was transposed into the law on companies limited by shares, with selective amendments being made to the existing provisions.

The Board of Directors proposes that the General Meeting make the following amendments to the Statutes, first, to implement new possibilities under the law on companies limited by shares for BKW. Second, the intention is for the Statutes to be adjusted to comply with the provisions of the new law on companies limited by shares and to take account of the current best practices in the area of corporate governance.

The proposed amendments to the Statutes are explained individually in the following. The proposals will not be submitted to the General Meeting all at once in the form of a single vote, but the amendments have been grouped into various related topic areas. The General Meeting's approval will be granted for each topic area, namely the company's purpose, the shareholders' rights, the General Meeting, the Board of Directors and miscellaneous.

The wordings of the individual amendments are listed in the second section and contrasted to the existing provisions. Deletions are shown in red, strikethrough letters; insertions in blue letters; and moved text in green letters. References in the following explanatory notes relate to the renumbered Statutes, as proposed by the Board of Directors.

2. Explanatory notes on the proposed amendments to the Statutes

Agenda item 4.a) Addition to the company's purpose (Art. 2)

The Board of Directors proposes that an addition be made to the company's purpose with a reference to pursuit of sustainable value creation.

Attention to sustainability within the scope of all commercial activity is increasingly gaining in importance. Part of BKW's mission is to plan, build, operate and maintain sustainable solutions for a future worth living in the areas of infrastructure, buildings and energy. The addition to the purpose according to the Statutes thus underscores BKW's raison d'être and mission.

Agenda item 4.b) Adjustments relating to the exercise of shareholder rights

Agenda item 4.b) brings together amendments to provisions of the Statutes that relate to the exercise of shareholder rights: In some cases, the threshold values for the exercise of such rights were lowered in line with the revised law on companies limited by shares. Any reference to them in the Statutes must be adjusted accordingly. In addition, the provisions relating to the exercise of the shareholder rights need to be adjusted to comply with the wording of the law. In this respect, the Board of Directors proposes to make the following adjustments

– Application for registration (Art. 5)

With the amendments to Art. 5, the Board of Directors proposes adjustments to take account of the current law on companies limited by shares. In light of the discussions on safeguarding control of critical infrastructure, the Board of Directors continues to regard maintaining the provision on restricting share transfers pursuant to Art. 5 of the Statutes to be of central importance, even if this provision of the Statutes is sometimes criticized by individual proxy advisors. This makes it possible to effectively prevent a shareholder from building up, unnoticed, a large stake alongside the canon. By refusing registration of voting rights that exceed 5% of the share capital, the Board of Directors can, pursuant to Art. 5 of the Statutes, effectively ensure that no shareholder

can build up a significant stake and thus potentially exert an influence on critical infrastructure. The intention is, however, to update the provision in the following points:

Written form is not a requirement for a request for registration and no longer reflects today's standards. Consequently, this can be deleted in paragraph 1.

According to the reworded Art. 685d para. 2 OR (Swiss Code of Obligations), registration of a purchaser in the share register may be refused not only if the purchaser does not expressly declare that they purchased the shares in their own name and on their own behalf, but also if they do not confirm that there is no agreement in place on the taking back or the return of the corresponding shares and that the purchaser bears the economic risk associated with the shares.

– **Right to convoke a General Meeting and include items on the agenda (Art. 9)**

The Statutes are to be adjusted to the amended statutory threshold values:

Convocation of the General Meeting now requires 5% of the share capital or votes.

Inclusion of items on the agenda or acceptance of a motion on an agenda item now requires at least 0.5% of the share capital or votes. This means that share capital of CHF 660,000 is now sufficient to have items included on the agenda instead of the previous CHF 1,000,000.

– **Participation in and representation at the General Meeting (Art. 13)**

In line with the new law on companies limited by shares, it is clarified that the members of the Group Executive Board may also participate in the GM alongside the Board of Directors.

Previously, the possibilities for appointing shareholder proxies at the General Meeting were limited to authorizing another shareholder or the independent proxy. By adjusting Art. 13 of the Statutes to the new specifications of the law on companies limited by shares, shareholders will, in the future, be able to have their participation rights exercised by

a representative of their choice or continue to have them exercised by the independent proxy.

Agenda item 4.c) Adjustments in connection with the General Meeting

Agenda item 4.c) brings together adjustments to provisions of the Statutes that relate to the General Meeting and the holding of the same. Most of these are necessary in order to bring the wording of the Statutes into line with the amended provisions of the law on companies limited by shares. As shareholders exercise their participation rights primarily at the General Meeting, the location at which the General Meeting is held is a significant aspect.

– **Non-transferable powers of the General Meeting (Art. 8 of the Statutes)**

As part of the reform of the law on companies limited by shares, the following powers were added to the catalog of non-transferable powers of the General Meeting in Art. 698 para. 2 OR, which means the provision of the Statutes should be correspondingly updated:

- Setting the interim dividend and approval of the interim financial statements required to do so
- Passing the resolution on repayment of the statutory capital reserve
- Delisting of the company's equities
- Approval of the report on non-financial matters pursuant to Art. 964c OR

– **Holding of the General Meeting: Venue and holding remote meetings (new Art. 10)**

The Board of Directors proposes to include in the Statutes the possibility of holding the General Meeting at more than one venue or through digital media. The GM can thus be held at one or several locations. In the case of it being held at more than one location, however, the audio and video must be transmitted directly to all venues. Shareholders can also be given the possibility of exercising their rights by digital means if they are not physically present at the GM. This provides the possibility for shareholders who are not present at the physical location of the General Meeting to exercise their rights by digital means ("hybrid General Meeting").

In addition, the intention is to make it possible to hold a General Meeting without a physical venue – meaning exclusively by digital means (“virtual General Meeting”). After the experiences in recent years, the Board of Directors considers it appropriate to provide for this option.

The law lays out strict regulations for holding General Meetings with the possibility of digital attendance: The Board of Directors must ensure that (a) all participants are able to pose questions, submit motions and participate in the discussion, (b) votes at the General Meeting are transmitted immediately, (c) the identity of the participating shareholders is established, and (d) the outcome of the votes cannot be falsified. This ensures that shareholders have the same rights in all forms of holding the meeting (physical, hybrid and virtual) and, in particular, they are permitted to pose questions or submit counter-motions in real time. BKW assumes that this will take place by video.

The shareholders must consent in principle to the holding of virtual General Meetings by providing the Board of Directors with the power embodied in the Statutes to decide on holding virtual General Meetings going forward. The introduction of the new Art. 10 creates the necessary basis in the Statutes to hold virtual General Meetings. The Board of Directors is obliged to make known in each invitation the nature and the location of the General Meeting. The Board of Directors assumes, however, that under normal circumstances the General Meeting will continue to be held physically or, where applicable, in hybrid form (physical with the possibility of digital participation).

– **Invitation to the General Meeting / communication with shareholders**

The new law on companies limited by shares requires the updating of individual provisions of the Statutes relating to the General Meeting and the company’s communication with the shareholders in general:

- **Invitation to the GM (Art. 11 of the Statutes):** The provision contained in the Statutes needs to be adjusted to comply with the new wording of the law. In paragraph 2, the term “special investigation” is similarly used in the new statutory definition.
- **Annual Report and audit report (Art. 12):** It is now sufficient for the Annual Report and the audit report to be made accessible electronically. In light of the fact that BKW publishes its reports on the internet, it is no longer necessary for them to be available at its headquarters.
- **Minutes (Art. 14):** The law contains detailed provisions on the content and publication of the minutes. This means that the Statutes do not need to contain detailed provisions in this respect. In accordance with the law on companies limited by shares, it is sufficient for the minutes to be signed by the chair and the secretary. This means it is not necessary for the vote counters to sign the minutes. The Board of Directors consequently proposes to simplify the provision on the minutes.
- **Announcements (Art. 33):** It is no longer mandatory for notices to the shareholders to be made through publication in the Swiss Official Gazette of Commerce. As long as evidence in text form is possible, other forms are also possible. The Board of Directors consequently proposes to introduce the corresponding flexibility into the Statutes.
- **Casting vote by the Chair of the General Meeting (Art. 16)**
The new law on companies limited by shares specifies that the Statutes can stipulate that the Chair has a casting vote in the event of a tied vote. The Board of Directors proposes to include this in the Statutes commensurately: This prevents a situation where a decision proposed by the Board of Directors does not come about in the event of a tied vote.

Agenda item 4.d) Adjustments in connection with the Board of Directors

Agenda item 4.d) brings together adjustments to provisions of the Statutes that relate to the Board of Directors. Alongside individual clarifications and adjustments in light of the new law on companies limited by shares, the Board of Directors proposes in particular a more restrictive reg-

ulation of the maximum permissible number of external mandates held by members of the Group Executive Board in other companies.

– **Non-transferable tasks of the Board of Directors (Art. 18 of the Statutes)**

Within the scope of the reform of the law on companies limited by shares, the catalog of non-transferable responsibilities of the Board of Directors was adjusted, which means that the following points should be added to Art. 18 of the Statutes:

- Preparation of a report on non-financial matters
- Submission of an application for a composition moratorium

– **Constitution of the Board of Directors and deletion of delegation of management activities (Art. 20)**

The adjustment of paragraph 1 of Art. 20 is a clarification: Due to the statutory requirements, the members of the remuneration committee are to be elected by the General Meeting. In all other respects, the Board of Directors convenes itself.

In accordance with the new law on companies limited by shares, it is furthermore no longer necessary to authorize the Board of Directors in the Statutes to transfer management in full or in part to individual members or third parties. The corresponding provision in Art. 20 para. 2 can therefore be deleted.

– **External mandates (Art. 21)**

With the transposition of the provisions of the Ordinance against Excessive Compensation in Listed Stock Companies into the new law on companies limited by shares, the respective wordings were adjusted: Mandates in comparative functions in companies with a commercial purpose are now relevant both for the Board of Directors and the Group Executive Board. This must be correspondingly updated in the Statutes.

For members of the Board of Directors, the maximum permissible number of mandates in other companies should be maintained, but now only 4 of these may be in listed companies instead of 5.

The Board of Directors additionally proposes to lower the maximum permissible number of mandates held by members of the Executive Board in other companies from 6 to 4, with only two of these now being permitted in listed companies. In this respect, these are maximum numbers that may not be exceeded, or only briefly in exceptional cases (for example in the case of a newly joining member with a larger number of mandates). All mandates in other companies must be approved in advance by the responsible committee of the Board of Directors. This committee will assess whether the field of activity of the other company and the scope of the mandates can be reconciled with the activity as a member of the Group Executive Board, especially if such mandates involve special functions such as president or a seat on certain committees. For this reason, it cannot be assumed from the outset that the specified maximum number of mandates can be exhausted.

– **Contracts with members of the Board of Directors (Art. 29)**

Contracts with members of the Board of Directors may now only be concluded for their term of office. The relevant wording in the Statutes must be adjusted accordingly.

Agenda item 4.e) Other adjustments

Agenda item 4.e) exclusively brings together miscellaneous amendments. Deletion of the opting-up in Art. 6 serves to provide improved protection of minority shareholders. The adjustment or the introduction of the other provisions is rather of a formal nature:

– **Deletion of the possibility of conversion from registered shares to bearer shares (Art. 3 para. 2)**

Within the framework of international developments in the area of financial crime, more and more countries – including all EU member states – are relying on central register solutions to increase the transparency of legal entities. The Swiss Federal Council also intends to draft a law to provide greater transparency and to make it easier to identify the economic beneficiary of legal entities. In light of this, conversion of BKW's registered shares into bearer shares will no longer be realistic or no longer

meaningful as owners of bearer shares also have to be recorded in a register. The Board of Directors consequently proposes to delete this provision without replacement within the scope of simplification of the Statutes.

– **Deletion of opting-up (previously Art. 6)**

The Board of Directors proposes to delete the previous Art. 6.

The duty to make a public purchase offer arises from Art. 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. In that law, the threshold value that, if exceeded, triggers the duty to make an offer is 33⅓ percent of the voting rights of a company.

The purpose of the duty is to give minority shareholders the possibility to protect themselves against control of their company by a new group of shareholders that might entail considerable changes to company policy. In Art. 6 of the current Statutes, this value has been increased to 49% of the voting rights (referred to as opting up) and thus limits the protection of minority shareholders who acquired their stakes, among other things, trusting in certain majority relationships.

The Board of Directors is of the opinion that the increased threshold value is currently of no significance for BKW as the Canton of Bern is, pursuant to Art. 7 of the Law on the Canton's Shareholding in BKW AG, obliged to maintain a stake of at least 51 percent in the capital and votes of BKW AG. The Grand Council of the Canton of Bern unambiguously confirmed this regulation in 2021. In the context of the current political discussions regarding the ownership of critical infrastructure, it is unlikely that these regulations will be changed in the foreseeable future.

– **Reserves (Art. 31)**

The law now provides for the recognition of statutory capital reserves and retained earnings, as well as "voluntary retained earnings." On account of the unambiguous statutory regulation, the second paragraph can be deleted: The statutory reserves are to be recognized in accordance with the legal provisions, and a resolution by the GM is needed anyway for the recognition of voluntary retained earnings.

– **Deletion of the provision on contributions in kind and introduction of a place of jurisdiction (Art. 35)**

The Board of Directors proposes the deletion of the provisions on contributions in kind. These provisions date from 2011 and 2012 when the holding structure was created and BKW AG became listed on the stock exchange instead of BKW Energie AG. Pursuant to Art. 634 para. 4 OR, the General Meeting can cancel provisions on contributions in kind after 10 years. This provision is no longer of any relevance today so that the Board of Directors proposes it be deleted.

The business activities of the BKW Group have seen extraordinary growth over the last ten years. They have become more broad-based, wide-ranging and international. In line with this development, BKW's shareholder base has become broader and more international. The introduction of the place of jurisdiction takes account of this development: It is clarified that exclusively the proper courts at the registered office of BKW AG are responsible for all legal actions under company law against the company or its bodies. This makes it possible, in particular, to avoid legal actions before foreign courts.

3. Amendments to the Statutes in detail

1 Name, purpose, registered office and duration of the company

Existing version	Proposed amendment
<p>Art. 1</p> <p>“BKW AG“ (“BKW SA“) is a company limited by shares with its registered office in Bern.</p>	<p>Art. 1</p> <p>[unamended]</p>
<p>Art. 2</p> <p>The company’s purpose is to hold investments in domestic and foreign undertakings of all kinds, including but not limited to those in the energy sector, the energy industry and related business areas.</p> <p>The company may set up branch offices, establish subsidiaries, purchase real estate and conduct all commercial, financial and other business directly or directly associated with the company’s purpose, including but not limited to granting its direct or indirect subsidiaries loans or other forms of financing and provide collateral of all kinds for liabilities of the same as well as providing services also in the interest of other group companies.</p>	<p>Art. 2</p> <p>The company’s purpose is to hold investments in domestic and foreign undertakings of all kinds, including but not limited to those in the energy sector, the energy industry and related business areas.</p> <p>The company may set up branch offices, establish subsidiaries, purchase real estate and conduct all commercial, financial and other business directly or directly associated with the company’s purpose, including but not limited to granting its direct or indirect subsidiaries loans or other forms of financing and provide collateral of all kinds for liabilities of the same as well as providing services also in the interest of other group companies. In the pursuit of its purpose, the company strives to create long-term, sustainable value.</p>

2 Share capital, debenture stock and loans

Existing version	Proposed amendment
<p>Art. 3</p> <p>The share capital of the company amounts to CHF 132,000,000.00 and is divided into 52,800,000 registered shares with a nominal value of CHF 2.50 each. All shares are fully paid in.</p> <p>The General Meeting can convert the shares from registered shares to bearer shares and vice versa at any time.</p> <p>The company can dispense with printing and issuing certificates for registered shares (individual or global share certificates, other certificates) and instead issue book-entry securities; the company may replace existing book-entry securities with certificates at any time and replace existing certificates with another form of certificate at any time.</p> <p>Shareholders can ask the company to issue, free of charge and at any time, an unofficial certificate for the registered shares that are registered to their name in the share register. However, shareholders are not entitled to have an official certificate for registered shares printed and delivered to them.</p> <p>In the case of intermediated securities, transfers are determined by the provisions of the Intermediated Securities Act; any assignment of intermediated securities is excluded. Non-certificated registered shares on the basis of which no intermediated securities were created and the rights arising therefrom can only be transferred by assignment. Assignments need to be reported to the company to be valid. The company can inform the bank that keeps the records for the shareholder’s assigned shares of the assignment.</p>	<p>Art. 3</p> <p>The share capital of the company amounts to CHF 132,000,000.00 and is divided into 52,800,000 registered shares with a nominal value of CHF 2.50 each. All shares are fully paid in.</p> <p>The General Meeting can convert the shares from registered shares to bearer shares and vice versa at any time.</p> <p>The company can dispense with printing and issuing certificates for registered shares (individual or global share certificates, other certificates) and instead issue book-entry securities; the company may replace existing book-entry securities with certificates at any time and replace existing certificates with another form of certificate at any time.</p> <p>Shareholders can ask the company to issue, free of charge and at any time, an unofficial certificate for the registered shares that are registered to their name in the share register. However, shareholders are not entitled to have an official certificate for registered shares printed and delivered to them.</p> <p>In the case of intermediated securities, transfers are determined by the provisions of the Intermediated Securities Act; any assignment of intermediated securities is excluded. Non-certificated registered shares on the basis of which no intermediated securities were created and the rights arising therefrom can only be transferred by assignment. Assignments need to be reported to the company to be valid. The company can inform the bank that keeps the records for the shareholder’s assigned shares of the assignment.</p>

<p>Non-certificated registered shares on the basis of which no intermediated securities were created and the rights arising therefrom may only be pledged under a written pledge agreement to the bank at which the records for such shares are kept on behalf of the shareholder. Pledges do not need to be reported to the company. The pledging of intermediated securities is determined by the provisions of the Intermediated Securities Act.</p>	<p>Non-certificated registered shares on the basis of which no intermediated securities were created and the rights arising therefrom may only be pledged under a written pledge agreement to the bank at which the records for such shares are kept on behalf of the shareholder. Pledges do not need to be reported to the company. The pledging of intermediated securities is determined by the provisions of the Intermediated Securities Act.</p>
<p>Art. 4</p> <p>The company keeps a share register that lists the name and address of each owner or beneficiary of the company's registered shares.</p> <p>In relation to the company, a shareholder is only recognized as such and may only exercise shareholders' rights where they are listed in the share register as a shareholder with voting rights. The right to attend or to be represented at the General Meeting shall be determined on the basis of the shareholders with voting rights who are entered in the share register on the fifteenth day before the General Meeting.</p> <p>All changes to shareholder addresses must be reported to the company. Until that time, all company announcements and notifications will go to the address entered with legal effect in the share register.</p>	<p>Art. 4</p> <p>[unamended]</p>
<p>Art. 5</p> <p>Registration of a purchaser of company shares as a shareholder with voting rights in the share register shall be done exclusively in respect of written application, with the approval of the Board of Directors, which may delegate this authority to the Group Executive Board in whole or in part.</p> <p>Registration of a purchaser of the company's shares in the share register as a voting shareholder may be refused for the following reasons:</p> <p>a) If the purchase results in a natural person, a legal entity or a partnership holding (directly or indirectly) more than 5% of the entire share capital. The same restriction applies to legal entities, partnerships, groups of persons or joint ownership arrangements that are bound by capital or voting rights, shared management or are otherwise linked. Moreover, the restriction applies to all natural or legal persons or partnerships that act in concert with regard to the share purchase;</p> <p>b) If the purchaser has not expressly declared that they purchased the shares in their own name and on their own behalf.</p>	<p>Art. 5</p> <p>A purchaser of company shares is registered in the share register as a voting shareholder exclusively at their written application with the approval of the Board of Directors, which may delegate this authority to the Group Executive Board in whole or in part.</p> <p>Registration of a purchaser of the company's shares in the share register as a voting shareholder may be refused for the following reasons:</p> <p>a) If the purchase results in a natural person, a legal entity or a partnership holding (directly or indirectly) more than 5% of the entire share capital. The same restriction applies to legal entities, partnerships, groups of persons or joint ownership arrangements that are bound by capital or voting rights, shared management or are otherwise linked. Moreover, the restriction applies to all natural or legal persons or partnerships that act in concert with regard to the share purchase;</p> <p>b) if the purchaser does not expressly declare that they purchased the shares in their own name and on their own behalf, there is no agreement on the taking back or the return of the corresponding shares and the purchaser bears the economic risk associated with the shares.</p>
<p>Art. 652b para. 3 and Art. 685d para. 3 of the Code of Obligations are reserved.</p> <p>The Board of Directors can retroactively delete entries in the share register that have been obtained by providing false information, after a hearing of the beneficiary.</p>	<p>Art. 652b para. 3 and Art. 685d para. 3 of the Code of Obligations are reserved.</p> <p>The Board of Directors can retroactively delete entries in the share register that have been obtained by providing false information, after a hearing of the beneficiary.</p>
<p>Art. 6</p> <p>A person acquiring shares is not obliged to make a public purchase offer pursuant to Article 32 of the Swiss Stock Exchange Act, as long as their shareholding does not exceed the value of 49% of voting rights.</p>	<p>Art. 6</p> <p>A person acquiring shares is not obliged to make a public purchase offer pursuant to Article 32 of the Swiss Stock Exchange Act, as long as their shareholding does not exceed the value of 49% of voting rights.</p>

Art. 7	Art. 7 ⁶
The Board of Directors has the power to procure the funds that are required in addition to share capital to achieve the company's purpose, whether through bonds, bank credit or loans.	[unamended]

3 Statutory Bodies

Existing version	Proposed amendment
Art. 8	Art. 8 ⁷
The company's statutory bodies are:	[unamended]
A. The General Meeting	
B. The Board of Directors	
C. The Auditors	

3.1 The General Meeting

Existing version	Proposed amendment
Art. 9	Art. 9 ⁸
The General Meeting of shareholders is the highest governing body of the company.	The General Meeting of shareholders is the highest governing body of the company.
It has the following non-transferable powers:	It has the following non-transferable powers:
1. to set and amend the Statutes;	1. to set and amend the Statutes;
2. to elect the members of the Board of Directors insofar as they are not delegated by the Executive Council of the Canton of Bern under Art. 19, and to appoint, the Chair of the Board of Directors, the members of the Remuneration Committee, the independent proxy and the external auditor;	2. to elect the members of the Board of Directors insofar as they are not delegated by the Executive Council of the Canton of Bern under Art. 19 below, and to appoint, the Chair of the Board of Directors, the members of the Remuneration Committee, the independent proxy and the external auditor;
3. to approve the Annual Report and the consolidated financial statements;	3. to approve the Annual Report and the consolidated financial statements;
4. to approve the annual financial statements and the resolution on the appropriation of retained earnings in particular with regard to setting dividends;	4. to approve the annual financial statements and the resolution on the appropriation of retained earnings in particular with regard to setting dividends;
5. to approve the remuneration of members of the Board of Directors and the Group Executive Board in accordance with Art. 26 of these Statutes;	5. to set the interim dividend and to approve the interim financial statements required to do so;
6. to discharge the members of the Board of Directors;	6. to pass the resolution on repayment of the statutory capital reserve;
7. to adopt resolutions on matters reserved under law or the Statutes for consideration by the General Meeting.	7. to approve the remuneration of members of the Board of Directors and the Group Executive Board in accordance with Art. 26 of these Statutes;
Art. 10	Art. 10 ⁹
The ordinary General Meeting takes place every year within six months of the end of the financial year. Extraordinary General Meetings are convened as needed.	The ordinary General Meeting takes place every year within six months of the end of the financial year. Extraordinary General Meetings are convened as needed.
The General Meeting is convened by the Board of Directors in the manner specified in Art. 33, no later than 20 days before the day of the meeting.	8. to discharge the members of the Board of Directors;
	9. to delist the company's equities;
	10. to approve the report on non-financial matters pursuant to Art. 964c OR; and
	11. to adopt resolutions on matters reserved under law or the Statutes for consideration by the General Meeting.

<p>One or more shareholders, who together represent at least ten percent of the share capital, can also convene a General Meeting, if they do so in writing and indicate the agenda items and motions.</p> <p>Shareholders who represent shares with a nominal value of one million CHF can request that an item be added to the agenda as long as they submit their requests, including details on their motions, to the Board of Directors in writing at least 50 days before the General Meeting.</p>	<p>One or more shareholders, who alone or together control represent at least ten-five percent of the share capital or the votes, can convene a General Meeting too, if they do so in writing and indicate the agenda items and motions.</p> <p>Shareholders who, alone or together control at least 0.5% of the share capital or the votes with a nominal value of one million CHF, can request that an item be added to the agenda or a motion regarding an agenda item be included in the convocation of the General Meeting, as long as they submit their requests, including details on their motion or motions, to the Board of Directors in writing at least 50 days before the General Meeting.</p>
	<p>Art. 10</p> <p>The Board of Directors determines the venue of the General Meeting. The Board of Directors may determine that the General Meeting be held at different locations simultaneously as long as the participants' votes are transmitted in audio and video directly to all venues and/or that the shareholders who are not present at the venue or the venues of the General Meeting can exercise their rights by digital means.</p> <p>As an alternative, the Board of Directors can provide for the General Meeting to be held digitally without a venue.</p>
<p>Art. 11</p> <p>The invitation to the General Meeting should include the agenda items, the motions by the Board of Directors, and the motions by the shareholders who requested that the General Meeting be convened or that an item be added to the agenda.</p> <p>No resolutions can be reached on items that are not announced in this way, except via a motion to convene an extraordinary General Meeting or conduct a special audit.</p> <p>Motions or items that do not require a resolution do not need to be announced in advance.</p>	<p>Art. 11</p> <p>The invitation to the General Meeting must announce the following:</p> <ol style="list-style-type: none"> 1. date, time of commencement, nature and location of the General Meeting; 2. the agenda items; 3. the proposals of the Board of Directors; 4. and-if necessary announce the motions by the shareholders who requested that the General Meeting be convened or that an item be added to the agenda; and 5. the name and address of the independent proxy. <p>No resolutions can be reached on items that are not announced in this way, except via a motion to convene an extraordinary General Meeting or conduct a special investigationaudit.</p> <p>Motions or items that do not require a resolution do not need to be announced in advance.</p>
<p>Art. 12</p> <p>The Annual Report and audit report must be available for shareholders to inspect at the company's headquarters and offices at least 20 days before the ordinary General Meeting.</p> <p>Any shareholder can request that a copy of these documents be sent to them promptly. The invitation to the General Meeting should inform shareholders of this right.</p>	<p>Art. 12</p> <p>The Annual Report and the audit report must be made available for shareholders to inspect at the company's headquarters and offices at least 20 days before the ordinary General Meeting, at least 20 days before the Annual General Meeting.</p> <p>If the documents are not accessible digitally, any shareholder can request that a copy of these documents they be sent to them in due time. be sent promptly. The invitation to the General Meeting should inform shareholders of this right.</p>

<p>Art. 13</p> <p>Shareholders exercise their rights in regard to the company's business matters during the General Meeting.</p> <p>All shareholders and members of the Board of Directors are entitled to participate in the General Meeting.</p> <p>The Board of Directors makes the necessary rules for participating in the General Meeting and determining voting rights.</p> <p>Every shareholder with voting rights can attend the General Meeting in person or be represented by another shareholder an independent proxy elected by the General Meeting.</p> <p>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.</p>	<p>Art. 13</p> <p>Shareholders exercise their rights in regard to the company's business matters during the General Meeting.</p> <p>All shareholders, members of the Board of Directors and the Group Executive Board are entitled to participate in the General Meeting.</p> <p>The Board of Directors makes the necessary rules for participating in the General Meeting and determining voting rights.</p> <p>Every shareholder with voting rights can exercise their participation rights themselves attend the General Meeting in person or be represented by another shareholder or have them exercise represented by an independent proxy elected by the General Meeting.</p> <p>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.</p>
<p>Art. 14</p> <p>The Chair of the General Meeting shall be the Chair or the Deputy Chair of the Board of Directors or, in their absence, another member of the Board of Directors. The secretary and the vote counters shall be designated by the Chair of the General Meeting.</p> <p>The minutes should give information about resolutions and elections and should contain the explanations that the shareholders provided for the minutes. The Chair of the General Meeting, the secretary and the vote counters sign the minutes. Their signatures serve as approval for the minutes.</p>	<p>Art. 14</p> <p>The Chair of the General Meeting shall be the Chair or the Deputy Chair of the Board of Directors or, in their absence, another member of the Board of Directors. The secretary and the vote counters shall be designated by the Chair of the General Meeting.</p> <p>The minutes should give in particular information about resolutions and elections and should contain the explanations that the shareholders provided for the minutes. The Chair of the General Meeting and the secretary and the vote counters sign the minutes. Their signatures serve as approval for the minutes.</p>
<p>Art. 15</p> <p>Every share represented at the General Meeting shall be entitled to one vote.</p> <p>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.</p>	<p>Art. 15</p> <p>[unamended]</p>
<p>Art. 16</p> <p>Unless the law prescribes otherwise, the General Meeting reaches resolutions with a simple majority of votes cast.</p> <p>A simple majority of votes cast also applies, in particular, when loosening or lifting limits on transferring registered shares (Art. 5 para. 2).</p>	<p>Art. 16</p> <p>Unless the law prescribes otherwise, the General Meeting reaches resolutions with a simple majority of votes cast. In the event of a tied vote, the Chair has a casting vote.</p> <p>A simple majority of votes cast also applies, in particular, when loosening or lifting limits on transferring registered shares (Art. 5 para. 2).</p>
<p>Art. 17</p> <p>The Chair 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.</p>	<p>Art. 17</p> <p>[unamended]</p>

3.2 The Board of Directors

Existing version	Proposed amendment
<p>Art. 18</p> <p>The Board of Directors shall have the following non-transferable and irrevocable tasks:</p> <ol style="list-style-type: none"> 1. Top management of the company and giving necessary orders; 2. Deciding how to organize the company; 3. Organizing accounting, financial control and financial planning; 4. Designating and dismissing persons who are entrusted with leading and representing the company; 5. Supervising the persons who are entrusted with leading the company, especially in regard to following laws, statutes, regulations and orders; 6. To prepare the annual report, and the remuneration report, and to make preparations for the General Meeting and to carry out actions in respect of its resolutions; <p>7. Notifying a judge in the event of excess debt.</p>	<p>Art. 18</p> <p>The Board of Directors shall have the following non-transferable and irrevocable tasks:</p> <ol style="list-style-type: none"> 1. Top management of the company and giving necessary orders; 2. Deciding how to organize the company; 3. Organizing accounting, financial control and financial planning; 4. Designating and dismissing persons who are entrusted with leading and representing the company; 5. Supervising the persons who are entrusted with leading the company, especially in regard to following laws, statutes, regulations and orders; 6. Preparing the Annual Report, and the remuneration report and the report on non-financial matters pursuant to Article 964c OR; 7. Making preparations for the General Meeting and carrying out actions in respect of its resolutions; and 8. Submitting an application for a composition moratorium and notifying the judge court in the event of over-indebtedness.
<p>Art. 19</p> <p>The Board of Directors shall consist of between 7 and 10 members. In accordance with Art. 762 OR, the Canton of Bern shall be entitled through the Executive Council to appoint up to two members as its delegates. The remaining members shall be elected by the General Meeting individually each year.</p> <p>The term of office for members elected by the General Meeting shall be one year and shall end at the conclusion of the next General Meeting. Members may be re-elected subject to an age limit of 70 years.</p> <p>The term of office for members appointed by the Canton of Bern in accordance with Art. 762 OR shall be determined by the Executive Council.</p> <p>The Board of Directors shall have a quorum if there is a majority of members present. Only one member need be present in case of resolutions of ascertainment in relation to capital increases.</p>	<p>Art. 19</p> <p>[unamended]</p>
<p>Art. 20</p> <p>The Chair of the Board of Directors shall be elected annually by the General Meeting for a term of office that will run until the end of the next General Meeting. Re-election is possible. In other respects, the Board of Directors shall convene organize itself; in particular it shall elect a Deputy Chair.</p> <p>The Board of Directors may delegate the management of the company, in accordance with organizational regulations, all or in part to an individual member and/or to the Group Executive Board (persons who are not members of the Board of Directors).</p> <p>The Board of Directors may assign the task of preparing and carrying out its resolutions or the supervision of business transactions to committees or individual members. It must ensure appropriate reporting is carried out.</p>	<p>Art. 20</p> <p>The Chair of the Board of Directors shall be elected annually by the General Meeting for a term of office that will run until the end of the next General Meeting. Re-election is possible. Subject to the election of the members of the Remuneration Committee by the General Meeting, the General Meeting otherwise convenes itself; it can in particular elect a Deputy Chair and designate a secretary.</p> <p>The Board of Directors may delegate the management of the company, in accordance with organizational regulations, all or in part to an individual member and/or to the Group Executive Board (persons who are not members of the Board of Directors).</p> <p>The Board of Directors may assign the task of preparing and carrying out its resolutions or the supervision of business transactions to committees or individual members. It must ensure appropriate reporting is carried out.</p>

<p>Art. 21</p> <p>Members of the Board of Directors may hold no more than 10 top-level managerial and governing body mandates in for-profit companies outside of the BKW Group, no more than 5 of which may be stock-exchange listed companies, and no more than 10 mandates with other legal entities such as foundations and associations that are required to be entered in the commercial register.</p> <p>Members of the Group Executive Board may hold no more than 6 top-level managerial and governing body mandates in for-profit companies outside of the BKW Group, no more than 3 of which may be stock-exchange listed companies, and no more than 5 mandates with other legal entities such as foundations and associations that are required to be entered in the commercial register. The prior approval of the Chair of the Board of Directors shall be required.</p> <p>Exempt from the above restrictions are</p> <p>a) mandates with companies that are controlled directly or indirectly by the Company;</p> <p>b) a seat on the Board of industry associations and non-profit organization, provided that the total number of mandates per member does not exceed 10;</p> <p>c) mandates in top-level management and governing bodies of companies and legal entities in which the Company is directly or indirectly involved, or mandates that are taken up on the instruction of the Company whereby the total number of such mandates per member shall not exceed 10.</p> <p>For the purpose of Art. 21, multiple mandates held within a single group shall be counted as a single mandate. In justified cases, the Board of Directors may also grant exceptions for a transitional period of no more than 6 months in each case for no more than two additional mandates (for members of the Board of Directors and the Group Executive Board).</p>	<p>Art. 21</p> <p>Members of the Board of Directors may hold no more than 10 mandates in comparative functions in other companies with a commercial purpose top-level managerial and governing body mandates in for-profit companies outside the BKW Group, no more than 5-4 of which may be stock-exchange listed companies, and no more than 10 mandates with other legal entities such as foundations and associations that are required to be entered in the commercial register.</p> <p>Members of the Group Executive Board may hold no more than 6-4 top-level managerial and governing body mandates in for-profit companies with a commercial purpose outside the BKW Group, no more than 3-2 of which may be stock-exchange listed companies, and no more than 5 mandates with other legal entities such as foundations and associations that are required to be entered in the commercial register. Acceptance of external mandates requires approval of the Chair of the Board of Directors prior approval by the responsible committee of the Board of Directors.</p> <p>Exempt from the above restrictions are</p> <p>a) mandates with companies-undertakings that are controlled directly or indirectly by the company;</p> <p>b) mandates in undertakings top-level management and governing bodies of companies and legal entities in which the company is directly or indirectly involved, or mandates that are taken up on the instruction of the Company whereby the total number of such mandates per member shall not exceed 10;</p> <p>c) a seat on the Board of industry associations and non-profit organization, provided that the total number of such mandates per member does not exceed 10.</p> <p>e) mandates in top-level management and governing bodies of companies and legal entities in which the company is directly or indirectly involved, or mandates that are taken up on the instruction of the company whereby the total number of such mandates per member shall not exceed 10.</p> <p>For the purpose of this Art. 21, multiple mandates held within a single group shall be counted as a single mandate.</p> <p>In justified cases, the Board of Directors may also grant exceptions for a transitional period of no more than 6 months in each case for no more than two additional mandates (for members of the Board of Directors and the Group Executive Board).</p>
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3.3 The external auditor

Existing version

Art. 22

Each year the ordinary General Meeting elects an audit firm subject to state supervision in accordance with the provisions of the Audit Supervision Act.

Statutory provisions govern the auditor's rights and obligations.

Proposed amendment

Art. 22

[unamended]

4 Independent proxy

Existing version	Proposed amendment
<p>Art. 23</p> <p>The independent proxy shall be elected annually by the General Meeting for a term of office that will run until the end of the next General Meeting. Re-election is possible.</p> <p>Shareholders may assign authority and instructions to the independent proxy electronically, including in the form of a general direction; the Board of Directors shall decide the way in 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.</p>	<p>Art. 23</p> <p>[unamended]</p>

5 Remuneration Committee and remuneration

Existing version	Proposed amendment
<p>Art. 24</p> <p>The Remuneration Committee shall consist of 3 members, who are elected individually by the General Meeting from among the members of the Board of Directors on an annual basis. The term of office shall end at the conclusion of the next General Meeting; re-election is possible.</p>	<p>Art. 24</p> <p>[unamended]</p>
<p>Art. 25</p> <p>The Remuneration Committee is responsible for formulating the principles for the selection of candidates to the Board of Directors and the Group Executive Board, as well as the remuneration strategy and performance targets and criteria of the BKW Group, especially at the highest corporate level.</p> <p>It has authority to adopt resolutions and make applications within the scope of the tasks assigned to it in the organizational and other regulations. In particular, it shall assist the Board of Directors in establishing and reviewing the remuneration system and the remuneration principles, and in preparing the proposals to the General Meeting for approval of remuneration, pursuant to Art. 26ff. of the Statutes.</p> <p>The Board of Directors may delegate further tasks to the Remuneration Committee, clarify its tasks under the Statutes and give it a different designation.</p>	<p>Art. 25</p> <p>[unamended]</p>
<p>Art. 26</p> <p>Each year, the Board of Directors shall submit the maximum total amount of remuneration for the Board of Directors and the Group Executive Board to the General Meeting for its approval in accordance with Articles 27 and 28. The Board of Directors may submit motions to the General Meeting for its approval in relation to the total maximum amounts or individual remuneration elements for other time periods and/or in relation to additional amounts for special remuneration elements and additional related applications.</p> <p>If the General Meeting does not approve a motion concerning the remuneration of the Board of Directors or the Group Executive Board, the Board of Directors shall prepare a new proposal and submit it to the next ordinary or extraordinary General Meeting.</p>	<p>Art. 26</p> <p>[unamended]</p>

<p>Art. 27</p> <p>The maximum total amount of remuneration of the Board of Directors for the time period up until the next General Meeting shall comprise a fixed remuneration as well as a possible attendance or daily allowance, each including estimated employer's social security contributions and any other contributions to retirement plans, additional insurance contributions and other fringe benefits. As part of the total amount approved, compensation may be paid wholly or partly in shares. The Board of Directors shall determine the amount of remuneration of the individual members, as well as the conditions, time of allocation and valuation of payment in shares and any blocking periods.</p> <p>Within the scope of the approved maximum total amount, members of the Board of Directors may also receive remuneration for activities in Group companies of the BKW Group.</p>	<p>Art. 27</p> <p>[unamended]</p>
<p>Art. 28</p> <p>The maximum total amount of remuneration of the Group Executive Board comprises the remuneration for the full financial year beginning after the General Meeting and consists of a fixed annual base salary, a variable remuneration, estimated employer's social security contributions, contributions to retirement plans, additional insurance contributions and fringe benefits.</p> <p>The variable remuneration consists of a short-term performance-based portion paid in cash and a long-term portion which is paid in shares, options or similar instruments. It is paid to the individual member of the Group Executive Board in accordance with their achievements of defined performance targets.</p> <p>The Remuneration Committee shall evaluate the degree of achievement of targets by the individual members and determine the level of individual compensation, as well as conditions, time of allocation, valuation of payment in shares, any blocking periods, adaptation, any recovery mechanisms and forfeiture conditions.</p> <p>The Remuneration Committee may determine in advance that as a result of specific events (such as a change of control or termination of employment) vesting conditions and terms and/or blocking periods be shortened or canceled, payments made according to performance targets or compensation be forfeited.</p> <p>Performance targets may include corporate and sector-specific goals, personal goals, as well as targets calculated in respect of the market, other companies or calculations based on similar benchmarks. They are set by the Remuneration Committee.</p> <p>If members of the Group Executive Board join during a period for which the maximum total amount of the compensation of the Group Executive Board has already been approved, the company is authorized to set an additional payment in the maximum amount of 30% of the total approved amount for the remuneration of the Group Executive Board for each newly appointed member, in the case that the approved total amount for the remuneration of this member is not sufficient. The additional amount to be allocated does not need to be approved by the General Meeting and may be used for all kinds of payment including compensation for any disadvantage sustained in the course of changing job.</p>	<p>Art. 28</p> <p>[unamended]</p>

Art. 29	Art. 29
Agreements between the company and members of the Board of Directors or the Group Executive Board that include compensation of these members must not be concluded for a period exceeding one year or with a notice period of greater than 12 months.	Contracts between the company and members of the Board of Directors on which their remuneration is based, may not extend beyond their term of office. Agreements between the company and members of the Board of Directors or of the Group Executive Board that include compensation of these members must not be concluded for a period exceeding one year or with a notice period of greater than 12 months.

6 Annual financial statements and appropriation of profits

Existing version	Proposed amendment
Art. 30	Art. 30
Accounting is handled in accordance with legal requirements and principles of good business management.	[unamended]
Art. 31	Art. 31
Retained earnings are distributed in accordance with statutory provisions and the resolutions of the General Meeting. Special reserves can be created in addition to the statutory reserves.	Retained earnings are distributed in accordance with statutory provisions and the resolutions of the General Meeting. Special reserves can be created in addition to the statutory reserves.
Art. 32	Art. 32
Dividends are paid within 14 days of the General Meeting at which they are approved.	[unamended]

7 Announcements

Existing version	Proposed amendment
Art. 33	Art. 33
All announcements prescribed by law are made by the company in the Swiss Official Gazette of Commerce. The Board of Directors retains the right to designate further publications as official gazettes. All invitations, notifications and requests published in the company's official gazettes are legally binding on the parties concerned. Furthermore, holders of registered shares can be informed in writing.	All announcements prescribed by law are made by the company in the Swiss Official Gazette of Commerce. The Board of Directors retains the right to designate further publications as official gazettes. All invitations, notifications and requests published in the company's official gazettes are legally binding on the parties concerned. The company's notices to the furthermore holders of registered shares can be informed in writing at the discretion of the Board of Directors be validly made through publication in the Swiss Official Gazette of Commerce or in a form that provides evidence in text form sent to the most recent contact details of the shareholder or authorized recipient entered in the share register.

8 Dissolving the company and liquidation

Existing version	Proposed amendment
Art. 34	Art. 34
If the General Meeting reaches a resolution to dissolve the company, the company will be dissolved in accordance with the provisions of the Swiss Code of Obligations.	[unamended]

9 Contributions in kind Place of jurisdiction

Existing version

Art. 35

Pursuant to the agreement of contributions in kind of December 6, 2011, the company assumes from Dr. Beat Brechbühl, of Trubschachen, in Bern, 52,394,811 fully paid up registered shares with a nominal value each of CHF 2.50 in BKW FMB Energie AG (CH-035.3.000.316-4), in Bern, for a price of CHF 2.50 per share or a total of CHF 130,987,027.50 in return for which 52,394,811 fully paid up registered shares in the company with a nominal value of CHF 2.50 each will be issued.

Pursuant to the agreement of contributions in kind of March 30, 2012, the company assumes from Dr. Beat Brechbühl, of Trubschachen, in Bern, 365,189 fully paid up registered shares with a nominal value each of CHF 2.50 in BKW FMB Energie AG (CH-035.3.000.316-4), in Bern, for a price of CHF 2.50 per share or a total of CHF 912,972.50 in return for which 365,189 fully paid up registered shares in the company with a nominal value of CHF 2.50 each will be issued.

Proposed amendment

Art. 35

The proper courts at the registered office of the company are exclusively responsible for passing judgment in all disputes relating to company law.

~~Pursuant to the agreement of contributions in kind of December 6, 2011, the company assumes from Dr. Beat Brechbühl, of Trubschachen, in Bern, 52,394,811 fully paid up registered shares with a nominal value each of CHF 2.50 in BKW FMB Energie AG (CH-035.3.000.316-4), in Bern, for a price of CHF 2.50 per share or a total of CHF 130,987,027.50 in return for which 52,394,811 fully paid up registered shares in the company with a nominal value of CHF 2.50 each will be issued.~~

~~Pursuant to the agreement of contributions in kind of March 30, 2012, the company assumes from Dr. Beat Brechbühl, of Trubschachen, in Bern, 365,189 fully paid up registered shares with a nominal value each of CHF 2.50 in BKW FMB Energie AG (CH-035.3.000.316-4), in Bern, for a price of CHF 2.50 per share or a total of CHF 912,972.50 in return for which 365,189 fully paid up registered shares in the company with a nominal value of CHF 2.50 each will be issued.~~

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 Executive Board of BKW. It contains detailed information about the remuneration paid to the Board of Directors and the Group Executive Board during the 2022 financial year.

BKW was able to significantly increase both revenue (+46%) and EBIT (+163%) and net profit (+75%) in 2022. This gratifying result is mainly attributable to the energy business. Despite the unprecedented market turbulence, its solid liquidity position enabled it to make optimum use of

opportunities in the wholesale business when managing its energy positions. BKW's stability is also attributable to the successful implementation of its three-pillar strategy: Grids are stable and have developed in line with expectations. Sales in the Services business have risen further.

The Remuneration Report explains the impact of these results on the variable remuneration of members of the Group Executive Board in the reporting year.

The adjustment of the remuneration system of the Executive Board, previously announced in the Remuneration Report 2020, has now been completed and the remuneration of CEO Robert Itschner, who took office on October 1, 2022, also complies with this system. The aim of the

system continues to be to secure 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, the basic remuneration and the long-term variable remuneration are accordingly relatively highly weighted compared to the short-term variable remuneration.

The remuneration distributed to the Group Executive Board in the 2022 financial year was higher than in the previous year. This is mainly due to the payout of the maximum short-term variable remuneration as a result of BKW's excellent results in the past year.

The remuneration system for the Board of Directors was simplified with effect from the 2022/2023 mandate year by replacing attendance fees with fixed fees. With the aim of linking the interests of the Board of Directors more closely to the long-term development of the company, a quarter of the fixed basic remuneration is paid in the form of blocked shares. In addition to this basic remuneration, the members are entitled to function allowances.

Further details on the remuneration system are given later in this report.

At the 2023 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 2024 financial year. Both amounts remain unchanged compared to the previous year.

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. It is 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. No attendance fees have been paid since the start of the current term of office.

Group Executive Board (GEB)

The remuneration system of the Executive Board 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

Rewarding performance:

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:

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). In 2019, BKW commissioned the specialist consultants HCM International AG to review the remuneration of the Group Executive Board. This firm has no additional mandates from BKW. The next review of the Group Executive Board remuneration system is scheduled for 2023. No external consultants were engaged to carry out remuneration reviews in the reporting year.

The Board of Directors used the findings of the 2019 analysis to determine what changes to make to the remuneration system as from 2021. In addition to the review of the remuneration system, a market comparison of the level of remuneration of the Group Executive Board was carried out.

In order to take account of the specific features of BKW, the remuneration was assessed against other representative companies.

The relevant market for recruitment of talent for BKW largely consists of listed industrial companies of a similar size and complexity. Accordingly, listed Swiss industrial companies (excluding financial and pharmaceutical companies in the high-wage sector) with comparable market capitalization and comparable sales figures were taken into account.

The comparison group was thus comprised of the following companies: ams, Bucher Industries, Clariant, Conzzeta, Daetwyler, dormakaba, Fraport, Geberit, Georg Fischer, Givaudan, Landis + Gyr, Lonza, Implenla, OC Oerlikon, SIG Combibloc, Schmolz + Bickenbach (now: Swiss Steel Group), Sonova, Straumann, Sulzer, Swisscom, Tecan and VAT Group.

2 Determination of remuneration: Organization and competencies

The broad outlines of the remuneration system as well as the corporate bodies involved in setting the remuneration are defined in Arts. 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 (Articles 24 and 25)
- Voting on remuneration (Articles 26, 27 and 28)
- Remuneration of the Board of Directors (Article 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 2022		
				February	September	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 ⁴	R ^{4,5}			n/a	n/a	n/a
BKW remuneration policy and system	PS	R			●	
Remuneration system and principles for the Board of Directors and Group Executive Board	PS	R				●
Performance criteria for remuneration of the CEO and the members of the Group Executive Board	G ⁵					●
Individual remuneration for the Board of Directors	GM	R ⁶		●	●	
Performance assessment and individual remuneration of the CEO	R ^{5,6}			●		
Performance assessment and individual remuneration of the Members of the Group Executive Board (excl. CEO)	R ^{4,5,6}			●		
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 Executive Board	GM	R			●	●
Review of the independence of members of the Board of Directors	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	Member 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 commit-

tee'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 2022, it dealt with matters including the recurring agenda items shown in the table above. In addition, it held two extraordinary meetings to discuss the appointment of Hartmut Geldmacher's successor to the Board of Directors and the review of the remuneration system. One member was unable to attend one extraordinary meeting. Otherwise, the attendance rate at the meetings was 100%.

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 206 of the Annual Report).

Shareholder involvement

At the Annual General Meeting of May 16, 2022, 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 GM 2022, the shareholders approved the total amount of remuneration of the Executive Board with an approval rate of approx. 96% and that of the Board of Directors with 98% (GM 2021: GEB 93% and BD 97%), while the approval rate of the 2021 remuneration report was 89% (remuneration report 2020 at GM 2021: 84%).

There exist certain reservations about the remuneration system for the Executive Board on the part of some groups. 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 had thorough discussions on what form this remuneration element might take. It concluded at that time that the shares should continue to be awarded with a three-year blocking period and no future performance condition. The reasoning behind this decision was based on BKW's remuneration policy: On the one hand, the aim is to establish a link between corporate performance, shareholder interests and remuneration. At the same time, the form of the remuneration system must take account of the fact that some parts of BKW operate in a regulated environment that excludes the capacity for short-term or long-term profit maximization. The performance element, however, is reflected in the share price development, as the shares are subject to a three-year blocking period and the Executive Board is thus rewarded by a rise in share price. The introduction of performance indicators will be considered again during the 2023 review of the remuneration system.
- Some interest groups are of the opinion that the remuneration of BKW's Executive Board is high compared to other companies in which the public sector holds a majority share. On the one hand, BKW is a listed company and on the other hand it has a majority public shareholder. Nevertheless, the role of the Canton of Bern is limited to its position as shareholder, with the opportunities, risks and rights that entails. BKW has neither a statutory nor an agreed mandate from the Canton of Bern, and does not 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, and not from public-sector companies. Consequently, BKW's remuneration policy must be aligned with other listed companies in Switzerland whose remuneration practices differ greatly from those of public companies. The level of remuneration has gradually been brought closer to the market average over the past few years. During the strategic transformation, BKW underwent significant changes and at the end of 2022 with 11,500 employees had generated CHF 5.2 billion in revenue and a stock market valuation of CHF 6.7 billion. The

total remuneration of the Group Executive Board has been adjusted over the last few years to take account of this. Despite this, the total remuneration of the Executive Board members remains below the market median of the peer companies.

- Finally, there are calls in some quarters for some of the remuneration of the Group Executive Board to be linked to sustainability tar-

gets. BKW publishes a sustainability report as part of its annual report. The key figures and targets on which this report is based will be further expanded in the coming years. Based on the mature sustainability system, the Board of Directors will examine the possibility of including sustainability targets in the remuneration of the Executive Board in due course.

3 Remuneration of the Board of Directors

3.1 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.

Since the AGM 2022 and the start of the current tenure of office, the Board of Directors' remuneration system has been streamlined and simplified. In particular, the previous attendance fees and the share-based remuneration (participation in the share participation program) have been abolished. 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 the basic remuneration as per a) above 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 Chair of the Board of Directors	CHF 10,000
Chair FRA	CHF 25,000
Member FRA	CHF 15,000
Chair PVA	CHF 20,000
Member PVA	CHF 12,000
Chair of the Ad Hoc Committee	CHF 15,000
Member of the Ad Hoc Committee	CHF 10,000
Majority shareholder delegate	CHF 10,000

c) Social security contributions (other remuneration)

BKW pays the employer's and employee's social security contributions and, in the case of one member of the Board of Directors, any withholding taxes. 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

Fixed-term or permanent mandate agreements may be concluded with members of the Board of Directors (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 2022

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 2022 and 2021 are given below.

For the period between the start of the year and the 2022 General Meeting, the remuneration was paid in accordance with the remuneration system applicable at that time. The fixed remuneration and the rates for attendance fees remained the same as in the 2021 financial year, so that refer-

ence can be made to the explanations in this regard in the remuneration report 2021.

In summary, the gross basic remuneration for the Chairman of the Board of Directors was CHF 336,000, for the Deputy Chairman CHF 62,400 and for the other members of the Board of Directors CHF 48,000. The chair of a committee also received an additional function allowance of CHF 12,000. For attending Board of Directors and Committee meetings, all Board members received attendance fees of CHF 2,400 per meeting. The Chairman was not paid an attendance fee for ordinary Board meetings, but was paid for participation in committee meetings.

The Board of Directors was able to participate for the last time in the share participation program in spring 2022: Each member of the Board of Directors was given the opportunity to purchase 600 shares (2021: 600 shares) of BKW at a preferential price of CHF 83.80 (2021: CHF 67.45) per share. The share-based payments shown in the table below include the benefit in fair value of the preferential purchase of BKW shares. The underlying market value at the closing price on the value date of the share allocation ((i.e. 16.03.2022) was CHF 113 (2021: CHF 108) per share.

Remuneration of members of the Board of Directors in 2022

CHF thousands		Fixed remuneration ¹	Attendance fee	Share-based remuneration ²	Total remuneration	Social security contributions ³	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 The fixed compensation also includes the function allowances.

2 The share-based compensation 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).

3 Includes social security contributions (employer and employee) as well as withholding taxes. For members of the Board of Directors whose compensation is paid to an employer, social security contributions have been paid to this employer since the beginning of the mandate year 2022/2023.

Remuneration of members of the Board of Directors in 2021

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

1 The share-based compensation is equal to the difference between the taxable fair value (closing price of the first day of the subscription period less 16.038%) and the acquisition price according to the share participation program (average price of Q4 of the previous year less 30% of CHF 67.45).

2 Includes social insurance contributions (employer and employees), as well as withholding taxes.

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

3.3 Compliance with the maximum overall remuneration approved by the General Meeting for the term of office 2021/2022

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 2022).

The 2022 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 2022/2023 term of office. Calculated for the period of eight months to December 31, 2022, the payments to members of the Board of Directors amounted to CHF 690,000. The amounts yet to be paid in 2023 (from January to April 2023), 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 Meeting 2022 to General Meeting 2023) will be provided at the General Meeting 2023.

In respect of the previous term of office 2021/2022, the General Meeting 2021 ratified a maximum overall remuneration of CHF 1,400,000. This amount was complied with the total remuneration actually paid during the mandate year amounting to CHF 1,110,000. 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 credits 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.

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4 Remuneration of the Group Executive Board

4.1 Remuneration elements 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 2022
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 – Development of strategic options for the grids in the future energy system
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 salary 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.

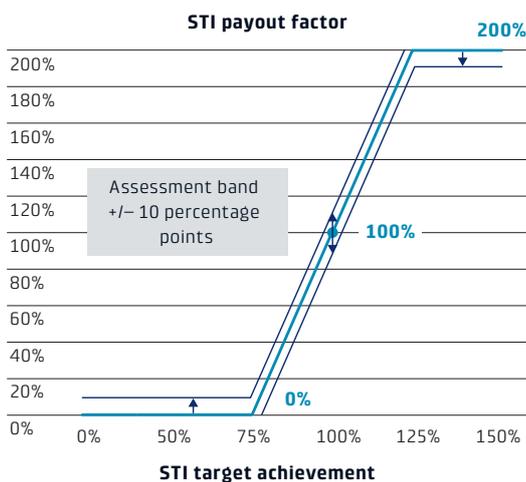
The definition of the STI is set on the basis of the budgeted operating net profit and now also on the basis of the relative return on shares. The net operating profit is calculated excluding the performance of investments in the Decommissioning and Waste Disposal Funds, as these are managed by the Administrative Commission of the funds and are therefore 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 Executive Board. The qualitative goal for the year 2022 was above all to develop and demonstrate strategic courses of action for the grids in the future energy system.



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 perfor-

mance. Based on the extremely positive development of the share price in recent years, it has become a central element of the total remuneration of the Executive Board. 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% 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 the plan participants 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 to be distributed, 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.

d) Social security contributions, pension benefits and additional benefits

Members of the Group Executive Board 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. Since 2019, the BKW pension fund has operated a defined-benefit 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 half 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. 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 Ordinance Against Excessive Compensation in Listed Stock Corporations. During the reporting period, all Group Executive Board members had unlimited employment contracts with a notice period of six months. Members of the Group Executive Committee are not entitled to any contractual severance payments, special change-of-control provisions or non-competition payments.

f) Special compensation arrangements for the retiring CEO

For former CEO Suzanne Thoma, who left BKW in mid-2022, a special agreement was made in 2020 for a transitional period, which was also valid for 2021 and pro rata for 2022. According to this agreement, she was paid a fixed remuneration as well as a short-term variable remuneration. In contrast, a share allocation was waived in connection with her departure, so that the entire remuneration was paid in cash. The remuneration of Robert Itschner, as new CEO since October 1, 2022, is based on the regular remuneration system.

During the period between the resignation of Suzanne Thoma as of June 30, 2022 and the arrival of Robert Itschner as CEO on October 1, 2022, the position of CEO was held on an interim basis by the Chairman of the Board of Directors, Roger Baillod. For the interim assumption of role of CEO and induction of the new CEO, remuneration of CHF 223,334 was agreed. This payment was in addition to the remuneration fee as Chair-

man of the Board of Directors during the above mentioned period.

4.2 Remuneration paid in 2022

The remuneration paid to the Group Executive Board is reported in the financial year in which it is recognized in the financial statements. Compared to the 2021 financial year, the total remuneration of the Executive Board increased by 7.9%. Due to the change of CEO in the year under review, CFO Ronald Trächsel received the highest remuneration on the Executive Committee. As Deputy CEO, he played a key role in supporting the Chairman as interim CEO and in familiarizing the new CEO with the company. This is due to the following changes in the individual remuneration elements:

Basic remuneration

In 2022, the basic remuneration for one member of the Group Executive Committee was adjusted to the market level. For the other members, the basic remuneration remained unchanged.

Short-term variable remuneration

With the reported net operating profit of CHF 711 million, the target was exceeded by more than 150 percent. This leads to a payout factor of 200 percent for this component. With regard to the return on shares between January 1, 2021 and December 31, 2022, the underlying SMCI developed negatively with a performance of -6.9 percent, while BKW was able to gain 29.4 percent. This also results in a payout factor of 200 percent for this component. The calculated payout factor for the total short-term variable remuneration was therefore 200 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 target for 2022 consisted of the development of the strategic options for action of the networks in the future energy system. The Group Executive Board has drawn up the consequences for the further development of the networks resulting from future developments and the resulting options for action for the attention of the Board of Directors. It now forms the basis for BKW's further development in the area of grids, and the Personnel and Remuneration Committee considers the qualitative objective to have been fully

achieved. As a further increase in the payout factor above 200 percent is not possible, the Personnel and Remuneration Committee has decided not to make any adjustment.

These results led to a payout of the short-term variable remuneration of 200% of the target value.

As the CEO only joined BKW at the beginning of October 2022, and therefore only held operational responsibility for three months, the above assessment of targets to be achieved could not be applied to him unseen. With regard to the quantitative targets, therefore, the Personnel and Remuneration Committee assumed that these were fully achieved but not exceeded, with the result that the relevant payout factor is 100 percent. Due to his rapid and successful induction as CEO at BKW, based on the achievement of the qualitative targets, the Committee decided to increase the factor by a further 10 percent, bringing the total payout factor for the CEO to

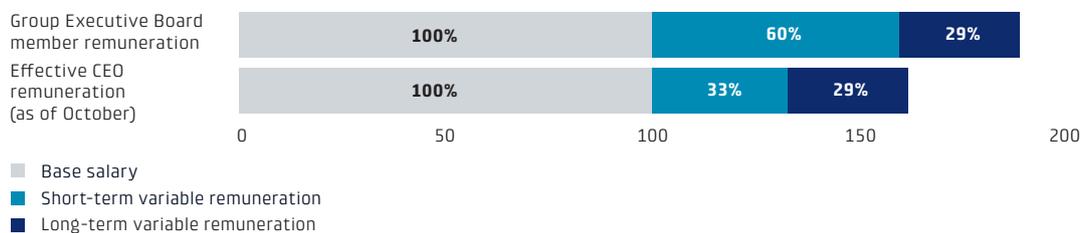
110 percent (calculated on his basic salary pro rata temporis for three months).

Long-term variable remuneration

The whole Group Management (including the CEO) was allocated 7,597 shares (2020: 10,881). The reduction in the total number of shares allocated is due to the fact that the share value on which the calculation of the number of allocated shares is based has increased significantly. In addition, the former CEO Suzanne Thoma, who left the company, no longer received any share participation for 2022, while the newly appointed CEO Robert Itschner was only allocated shares pro rata temporis.

Ratio of fixed to variable remuneration

In 2022, the newly appointed CEO received 62 percent of the basic remuneration paid. For the other members of the Group Executive Committee, this was 89 percent.



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 payments) ²	211	824
Pension and insurance benefits in kind ³	197	879
Total	1,555	7,263

1 The Group Executive Committee 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.

2 The share-based remuneration is stated at the tax value of the closing price on the allocation date.

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

Remuneration (gross) of members of the Group Executive Board and the highest-earning member in 2021		
CHF thousands	Dr. Suzanne Thoma CEO 2021	Group Executive Board ¹ (including CEO) 2021
Fixed base salaries	919	3,463
Short-term variable remuneration	491	1,389
Long-term profit sharing (share-based payments) ²	273	1,065
Pension and insurance benefits in kind ³	200	813
Total	1,883	6,730

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

2 The share-based remuneration is reported at the closing price on the allocation date.

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

4.3 Compliance with the maximum total remuneration for the 2022 financial year

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 Committee for the 2022 financial year approved by the 2021 Annual General Meeting.

4.4 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.

4.5 Loans and credits 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.

5 Shareholdings

The shares held by members of the Board of Directors and the Group Executive Board of BKW, or related parties, as of December 31, 2022 and 2021 are shown in the notes to the financial statements on page 128.

As of December 31, 2022, the company's equity consumption (burn rate) amounted to 0.297% (2021: 0.282%). This is defined as the number of shares allocated by BKW participation programs in 2022 divided by the total number of shares outstanding. In 2022, 156,604 shares were allocated (2021: 148,764).

Report of the statutory auditor on the remuneration report



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To the General Meeting of
BKW AG, Berne

Berne, 9 March 2023

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 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked “audited” on pages 229 to 230 and pages 234 to 235 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report complies with Swiss law and Art. 14–16 VegüV.



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. The Board of Directors 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 on remuneration, loans and advances pursuant to Art. 14–16 VegÜV 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 scepticism 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.

Ernst & Young AG

Rico Fehr
Licensed audit expert
(Auditor in charge)

Philippe Wenger
Licensed audit expert

Profiles of Candidates to the Board of Directors

Profiles of Candidates to the Board of Directors

Roger Baillod (1958, CH)

Business economist FH, certified accountant

Professional background, career

Since 2017 Professional board member and management consultant

1996–2016 Chief Financial Officer (until 9.2016) and Member of the Group Executive Board of Bucher Industries AG in Niederweningen, Zurich (until 12.2016)

Operational management function at BKW

- Interim CEO of BKW AG for 3 months from 01.07.2022 to 30.09.2022 (until Robert Itschner took over as CEO)

Significant positions

- Deputy Chairman of the Board of Directors of Rieter Holding AG, Winterthur
- Member of the Board of Klingelberg AG, Zurich
- Deputy Chairman of the Board of Directors of Ed. Geistlich Söhne AG for the chemical industry, Schlieren, and Member of the Board of Directors of its subsidiary Geistlich Pharma AG, Wolhusen

Carole Ackermann (1970, CH, A)

Dr. oec. HSG

Professional background, career

Since 2007 CEO and Co-founder of Diamondscull AG, Zug

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

1999–2004 Director of Saurer Group AG, Arbon

Significant positions

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

Petra Denk (1972, D)

Professor of Energy and Business Administration, Prof. Dr.

Professional background, career

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

Since 2009 Professorship of Energy and Business Administration

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

Significant positions

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

Rebecca Guntern Flückiger (1972, CH)

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

Professional background, career

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

2018–2019 Head of Cluster Europe, Sandoz Pharmaceuticals AG

2015–2018 Head of Cluster BACH, Sandoz Pharmaceuticals AG

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

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

2008–2011 Country Head for Switzerland, Sandoz Pharmaceuticals AG

Significant positions

- Member of the Board of Directors of various 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**Significant positions**

- Member of the Board of Directors of Stantec Inc, Edmonton (CA)
- Member of the Board of Directors of UPM-Kymmene Corporation, Helsinki (FI)
- Member of the Board of Directors of Wüest Partner AG, Zurich

Kurt Schär (1965, CH)

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

Professional background, career**Since 2014** Owner of Sunnsite Management AG, Directorships, Board of Directors mandates**2001–2014** CEO Biketec AG, Flyer Bikes, Huttwil**Significant positions**

- Member of the Board of IE Engineering Group AG, Zurich

Profile of the Board Member appointed by the Canton of Bern

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

Andreas Rickenbacher (1968, CH)

Lic. rer. pol., Business Economist

Professional background, career**Since 2016** Board of Directors, Entrepreneur, Management Consultant**2016–2018** Cantonal representative on the Board of Directors of Swissgrid AG**2006–2016** Government Councillor 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; board of directors mandates)**Significant positions**

- Member of the Board of Bernexpo AG, Bern
- Member of the Board of Aebi Schmidt Holding AG, Frauenfeld
- Member of the Board of HRS Holding AG and various subsidiaries (Group structure), Frauenfeld
- President of the foundation Switzerland Innovation, Bern
- Vice President of the Intern. Lauberhorn Races Wengen, Lauterbrunnen

BKW GROUP

Independent Proxy and Auditor

Independent Proxy and Auditor

Independent proxy

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

The independent proxy shall be elected annually by the General Meeting for a term of office that will run until the end of the next General Meeting. The Board of Directors proposes that the General Meeting elects Mr. Andreas Byland, Notary, as the independent proxy until the General Meeting 2024; Mr. Byland is already acting as independent proxy at the current General Meeting. Mr. Andreas Byland has been working as a patented notary in a law firm in Bern since 1981. He meets the statutory requirements for independence in accordance with Article 8 of the Ordinance against Excessive Compensation (VegüV).

Auditors

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

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

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

Organizational Matters

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Organizational Information

Attendance and voting rights

Shareholders entered in the company share register by 5 p.m. CEST on April 28, 2023 are authorized to attend and vote at the General Meeting (cf. Article 4 of the Statutes). The share register will remain closed for any transfer of company shares from 5 p.m. on April 28, up to and including May 15, 2023.

Registration and admission to the General Meeting

Shareholders entered in the share register may request admission passes to the General Meeting using the registration form enclosed with this invitation before May 11, 2023. A stamped addressed envelope is enclosed.

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

Admission passes will be sent out between May 2, and May 13, 2023 only to shareholders who have registered for the General Meeting. Any admission passes that have already been issued shall become invalid if the associated shares are sold before the General Meeting and the sale of these shares is recorded in the share register.

Representation

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

Proxy instructions may be issued in one of two ways:

- **In writing:** Please complete and sign the enclosed registration form to assign your instructions to one of the aforementioned proxy holders. Proxy instructions received by May 11, 2023 are guaranteed to be dealt with in sufficient time. A prepaid return envelope is enclosed.

- **Electronically:** Shareholders may also award their proxy to one of the aforementioned representatives before 11.59 p.m. on May 11, 2023. In addition, when awarding your proxy to the independent proxy (Notary Andreas Byland, Bundesgasse 26, 3001 Bern) you may also issue voting instructions (see Shareholders' portal).

Shareholders' portal

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

Please see below for instructions: Visit the website www.bkw.ch/gvmanager

- Log in to the electronic portal "GVMANAGER-Live by DEVIGUS" using your access code. The code can be found in the top section of the enclosed registration form (please be aware that the code is case sensitive).
- The following options are available: Order an admission pass OR issue a proxy and/or voting instructions.
- Your code is only valid for one login: It will expire automatically when you click the "Submit" button to order an admission pass or issue voting instructions. While you remain logged in to the portal, you may change your voting instructions as required. If you order an admission pass, you no longer have the option of issuing voting instructions.
- The portal will close at 11.59 p.m. on May 11, 2023.

BKW Annual Report

The BKW Annual Report consists of:

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

The BKW Annual Report 2022 is available online at www.bkw.ch/annualreport22.

Language

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

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

Information on proceedings at the General Meeting

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

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

Arrival

Kursaal Bern, Kornhausstrasse 3, 3013 Bern

Arriving by public transport

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

Tickets

This invitation will entitle the bearer to travel on Monday, May 15, 2023 in the Libero zones 100 and 101 (return ticket, 2nd class)

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

Arriving by car

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

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

Map to General Meeting

