

BKW GROUP

# Annual Report 2022



We create spaces for life.

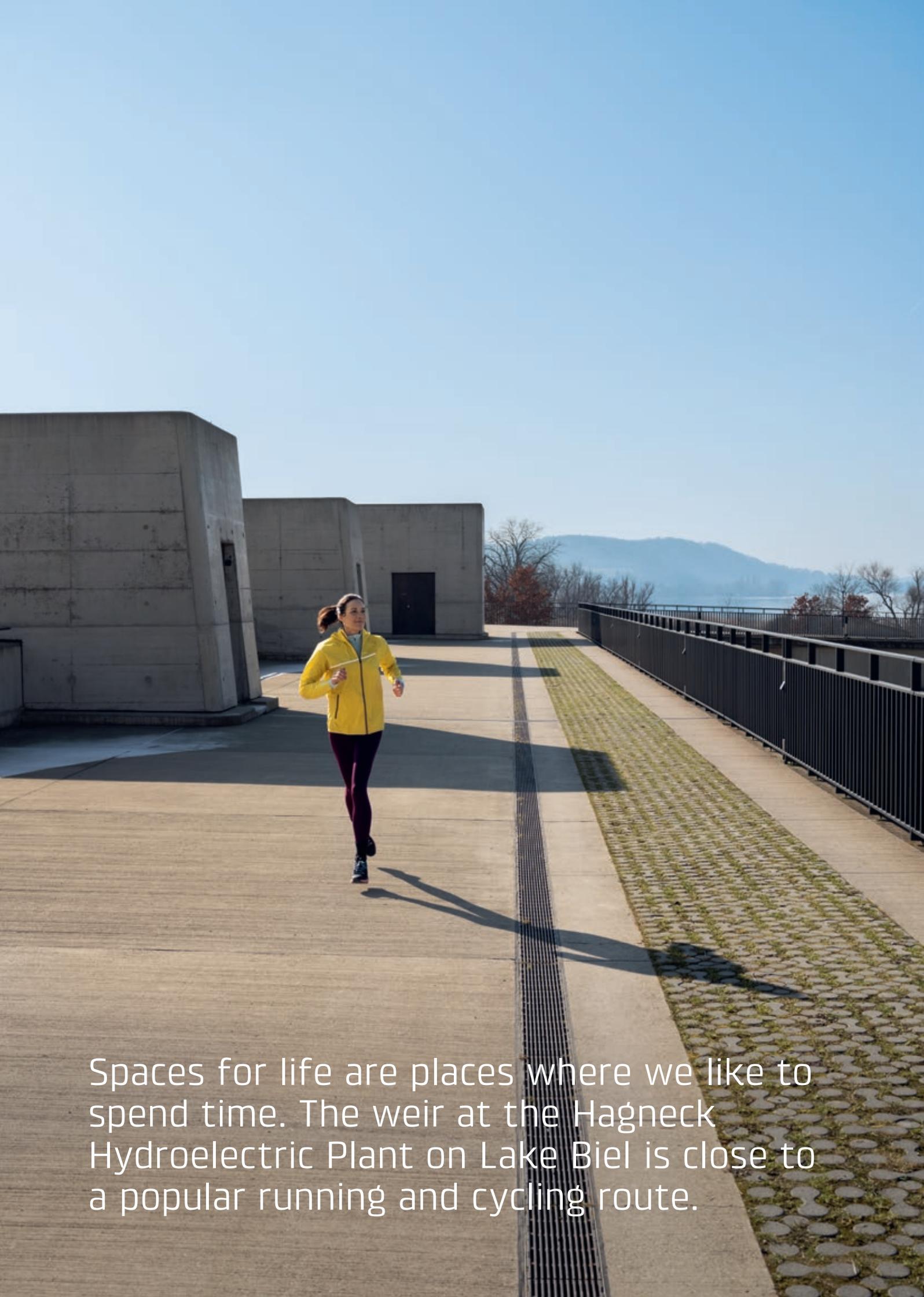


Our contribution

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 Hag-neck 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.



Spaces for life are places where we like to spend time. The weir at the Hagneck Hydroelectric Plant on Lake Biel is close to a popular running and cycling route.

## FACTS &amp; FIGURES

## In a nutshell

BKW is continuing its successful growth and is on track to achieving its strategic objectives for 2026.

## EBIT

CHF **1,039** mio.

BKW increased its EBIT by 163% thanks to an outstanding trading result.

## Investments and acquisitions

CHF **636** mio.

BKW invested some CHF 500 million of this in new renewable energies and expansion of services.

## No. of employees

**11,550**

More than 800 new employees have joined BKW since the beginning of the year.

## Revenue

**+46%**

High electricity prices and further expansion of the Services business increased revenue to around CHF 5.2 billion.

## Operating net profit

CHF **713** mio.

Net profit before tax-adjusted performance from state Decommissioning and Waste Disposal Funds can be increased by 191%.

## Operating cash flow

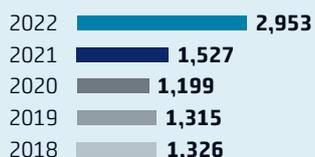
CHF **730** mio.

Operating profit rises to record level.

## Five-year comparison

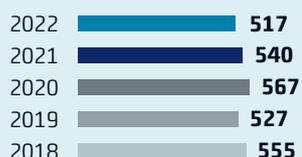
## Sales Energy

CHF millions



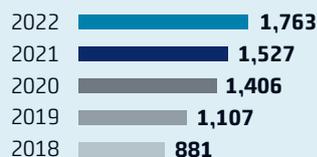
## Sales Grid

CHF millions

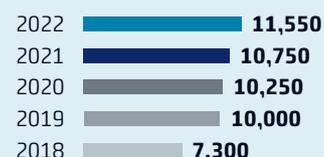


## Sales Services

CHF millions



## Employees



## Key figures per share

CHF	2018	2019	2020	2021	2022
Par value	2.50	2.50	2.50	2.50	2.50
Share price					
– Year-end price	68.70	71.40	99.20	118.60	126.50
– Year high	71.60	75.50	103.20	128.80	136.20
– Year low	53.80	62.20	71.10	94.20	96.70
Earnings per share <sup>1</sup>	3.56	7.42	6.86	5.77	10.43
Equity per share <sup>1</sup>	60.66	65.59	70.05	74.24	77.05
Market capitalization in CHF millions	3,623	3,768	5,234	6,259	6,677

1 Attributable to shareholders of BKW AG

## Sites and company offices

326

company offices

9

countries

109

production sites



ANNIVERSARY

# 125 years of BKW

From an enterprise engaged solely in electricity production to a provider of integrated energy and infrastructure services that takes a holistic approach to the energy transition: since it was founded in 1898, BKW has been at the forefront of cutting-edge developments.

On Mont-Soleil, the eponymous solar power plant supplies electricity for the first time. At the time it was built, it was the largest facility of its type in Europe.



1898

BKW traces its roots back to Hagneck. With the goal of bringing electricity to the Seeland region, Eduard Will founds the "Aktiengesellschaft Elektrizitätswerk Hagneck." The company changes its name to "Bernische Kraftwerke AG" (BKW) in 1909.



1992



2023

The BKW network spans nine countries in Europe, offering solutions through more than 140 subsidiaries at 326 different company offices and 109 production sites. BKW employs over 11,500 people.



1925

BKW founds the subsidiary Kraftwerke Oberhasli AG (KWO). By 1932, it had built the Handeck I Power Plant with the Grimsel and Gelmer reservoirs.



1972

BKW puts the Mühleberg Nuclear Plant into operation. It reliably supplied electricity for 47 years before in 2019 becoming the first nuclear power plant to be decommissioned in Switzerland. Dismantling of the plant is on schedule and will be completed in 2034.



In 2012, BKW launched its new strategy "BKW 2030." In the field of electricity production, the company primarily relies on the renewable energies of hydroelectric and wind – latterly adding photovoltaics to the mix. Today, BKW is successfully diversified in the three business areas of Energy, Grid, and Services – and continues to pursue its ambitious growth targets. Learn more about BKW and its eventful history here.

[www.bkw.ch/125years](http://www.bkw.ch/125years)

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## LETTER TO SHAREHOLDERS

# Successful BKW invests in a sustainable future

In an extraordinary year, the BKW Group<sup>1</sup> 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.

<sup>1</sup> 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

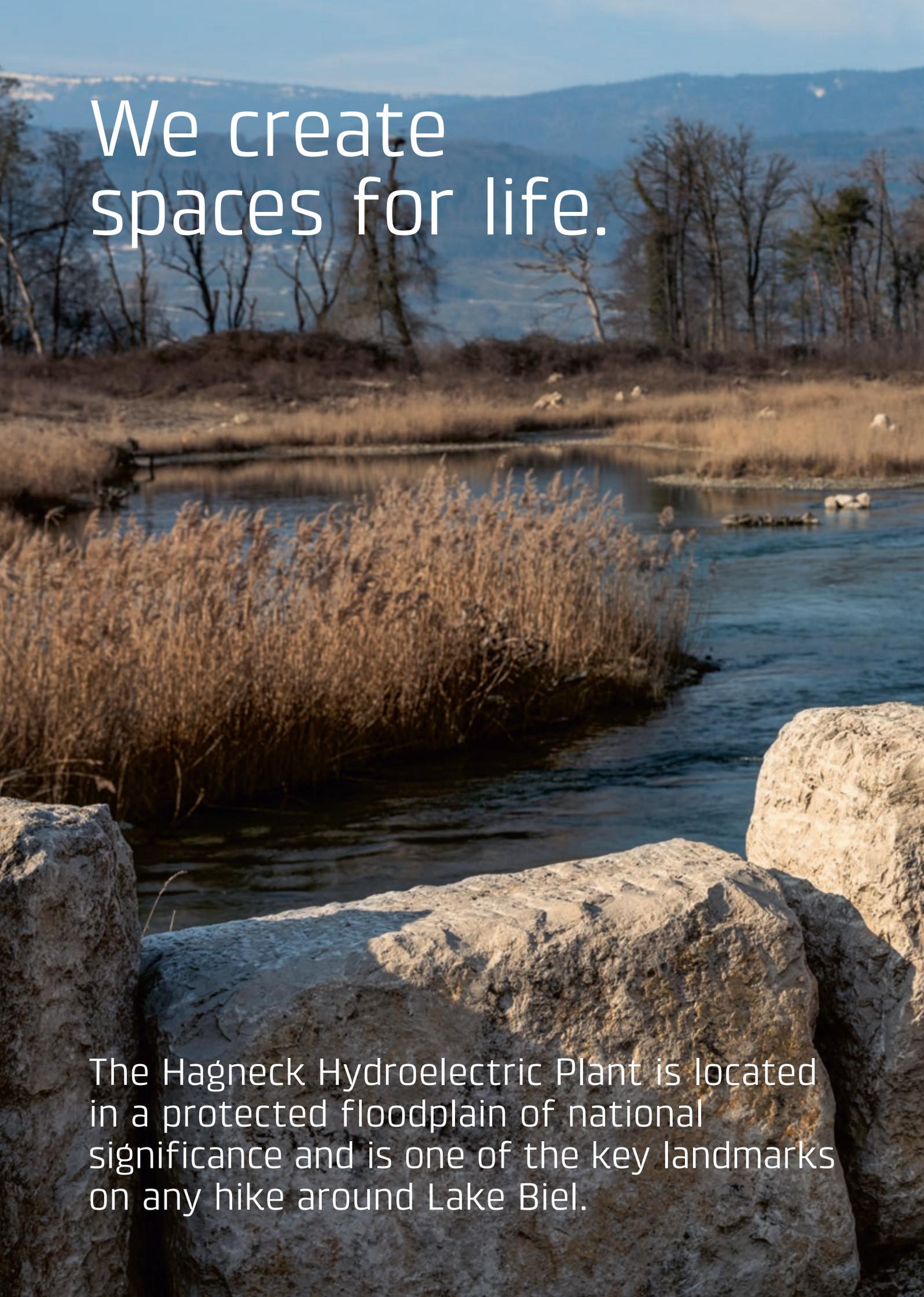
Robert Itschner  
CEO



#### 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.

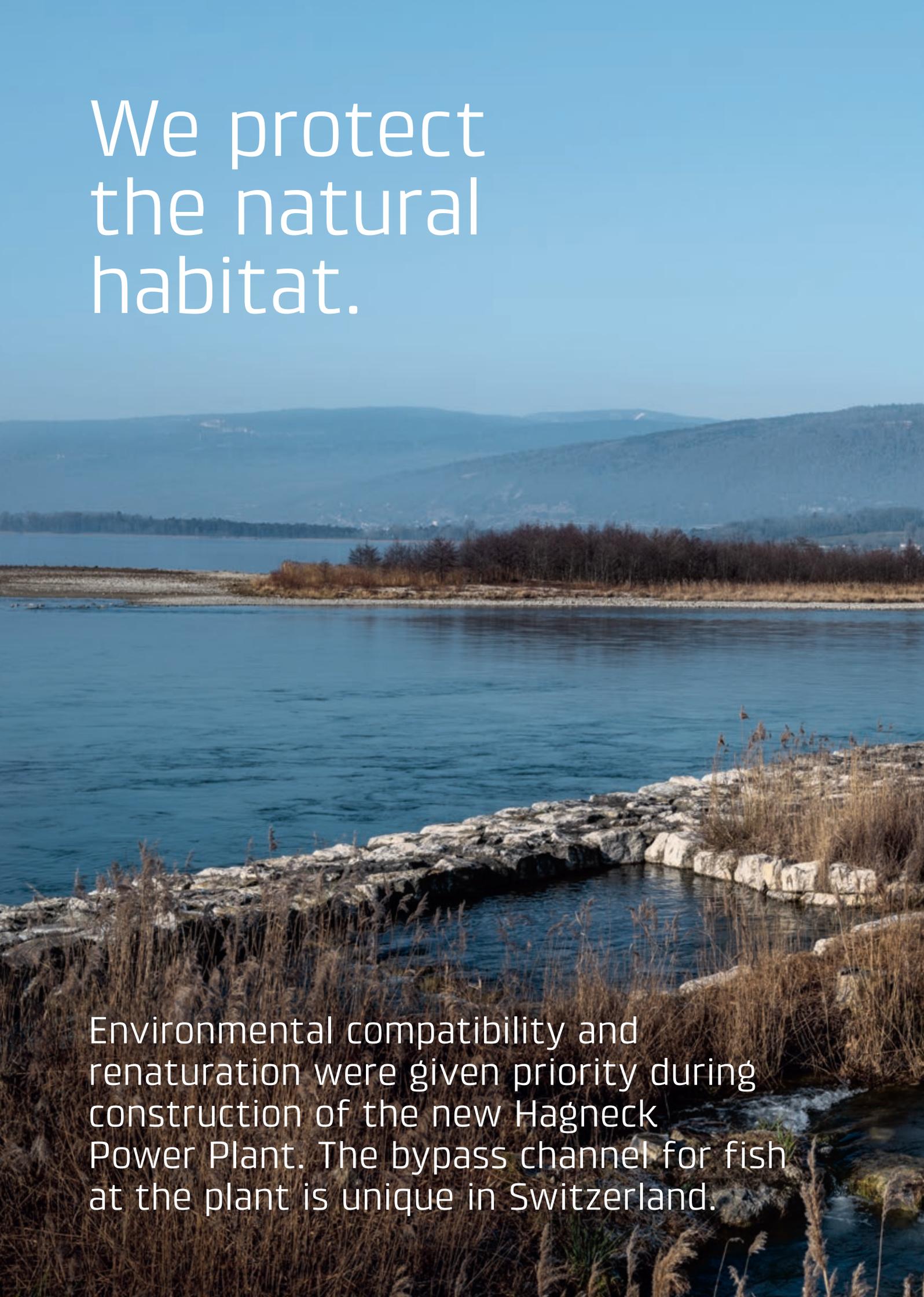
Roger Baillod, Chairman of the Board of Directors of BKW AG



We create  
spaces for life.

The Hagneck Hydroelectric Plant is located in a protected floodplain of national significance and is one of the key landmarks on any hike around Lake Biel.





We protect  
the natural  
habitat.

Environmental compatibility and renaturation were given priority during construction of the new Hagneck Power Plant. The bypass channel for fish at the plant is unique in Switzerland.



CEO INTERVIEW

# “We have even more scope for investment.”

Robert Itschner talks about the BKW's billion-franc profit: “We are using these funds to make a visible contribution to the energy transition in Switzerland,” he says.



**Robert Itschner, when you take a look at the 2022 financial year, the EBIT of CHF 1 billion is a figure that really jumps out at you. How did that come about?**

Great earnings like that are something we can all be proud of. They demonstrate that BKW laid a solid foundation in the past and kept risks and liquidity very much under control over the course of 2022. With this prudence as our starting position, our managers were able to take advantage of the opportunities offered by the electricity market particularly well. We were able to achieve this outstanding EBIT from a position of strength.

**What is your assessment of the result?**

It's an extraordinary result in an extraordinary year. The upheaval seen in the European energy markets was nothing less than historic. Even if the market will not allow us to achieve such a result every year, we can look forward to a bright future thanks to our Strategy 2026 and the expected growth.

**You mentioned that BKW is acting from a “position of strength”. How can the company continue to leverage this position?**

We see the energy transformation as an opportunity – and thanks to the outstanding 2022 result, we now have even more scope for investment. We are using these funds to make a visible and relevant contribution to the energy transition in Switzerland. With our three business areas of Energy, Services, and Grid, we are also helping to ensure that the energy world of tomorrow will function smoothly and that carbon emissions can be reduced. To make this a reality, we are continuing to develop comprehensive solutions for the decarbonization of both industry and private households. We are also investing in the development of smart grids that will be able to cope with the changing energy landscape.

**What is your roadmap for the expansion of renewables?**

Our project pipeline in Switzerland includes the construction of a hydroelectric plant at the Trift Glacier and raising the dam at Lake Grimsel; we intend to implement these two projects jointly with Kraftwerke Oberhasli AG (KWO). Wind farms (at Tramelan and Jeanbrenin) and photovoltaic installations are also being planned. In spring 2023, we announced a joint project with Bern Airport under the name of “BelpmoosSolar”, which will be the largest solar park in Switzerland when completed. We are also examining various other locations throughout Switzerland as potential sites for alpine solar power plants.

**How can BKW make future investments?**

BKW is able to invest for one reason: It operates its business economically, sustainably, and successfully – and we will continue to do so in the future! BKW needs to be economically successful in order to make investments and create benefits – both for ourselves and society as a whole – for example, by adding capacity for renewable electricity. Because it costs a great deal to build such power plants and the ultimate payback is up to 80 years in the future depending on the technology, it is necessary for us to operate profitably every single day.

**How is BKW able to ensure this profitability?**

BKW is extremely well positioned thanks to its three pillars of Energy, Services, and Grid. We have a huge stake in the growing energy market and can realize profits in the coming years as a result of hedged electricity prices. We have already achieved a strong market position in the Services business, and now we are creating the conditions for long-term profitability in this attractive market through growth that is predominantly organic.

**There are other aspects of sustainability. What is important to you when it comes to social issues and corporate governance?**

As CEO, I set high standards for myself and all our 11,550 BKW employees. I expect all of us always to behave in a manner consistent with the BKW Code of Conduct, that is, to live up to our ethical, corporate, social, and environmental responsibilities.

**Does BKW have specific sustainability goals?**

The foundation for our sustainability strategy was laid in 2022 with the Sustainability Report. We set ambitious and measurable goals for ourselves in 2023 – and we will be measured against these goals in the future.

“With our three business areas of Energy, Services, and Grid, we are helping to ensure that the energy world of tomorrow runs smoothly and that carbon emissions are reduced.”

## MEGATRENDS

# Towards a future with renewable energies

Shaping the future is an enormous undertaking. The market and society are demanding new solutions for a CO<sub>2</sub>-neutral world. As a high-performance group of companies with a wide range of expertise, BKW is in an excellent position to make a major contribution to societal transformation. BKW is one of the few companies to consider infrastructure, buildings, and energy in a holistic manner. On this basis, it supports its customers in meeting the challenges posed by the key issues currently facing society: climate change, digital transformation, and urbanization.

The economy and society are closely interconnected across countries and continents. With the UN Global Compact Initiative and Agenda 2030, UN member states are seeking to work with business to advance sustainable development and seize the opportunities offered by it. Solutions to the pressing challenges of our time are needed on both a social and economic level. These solutions include combating the effects of climate change with sustainably built supply infrastructure as

well as the expansion of renewable energy production and increasing sustainability among the building stock.

## Creating spaces for life

BKW has proven expertise in providing solutions to major societal challenges, something that sets it apart in the market. Exhibiting mastery of complex, technical infrastructures in order to foster a sustainable future is the common thread



BKW is employing its solutions to help limit the impact of climate change.

## Climate change

BKW is addressing climate change with sustainable solutions that include wind farms and photovoltaics throughout Europe and hydroelectric plants in Switzerland. As a comprehensive energy and infrastructure service provider, BKW is committed to sustainable energy and efficient use of resources. In the future, electricity and heat will be generated in a carbon-neutral manner. 75 percent of their installed production capacity is renewable. As a pioneer in a new energy universe, BKW is building grids that bring electricity to economic and urban centers with the lowest-possible transmission losses. The company helps its customers to construct and operate their buildings in an energy-efficient manner – including their own in-house production of power through the latest generations of photovoltaic systems and electromobility.

## By 2050

Europe and Switzerland want to be climate neutral

### Digital transformation

Data is the key to economically and environmentally sustainable development. Buildings, bridges, and complex traffic networks are simulated virtually before construction. On this basis, the individual BKW companies minimize risks and sources of error during implementation, optimally integrate the various partners into the planning process, and accelerate implementation. The homes and offices of the future will be largely automated, and energy production and distribution accomplished using digital processes and technology. Trade and production continuously manage and align the available power volumes and demand. State-of-the-art technologies, automation processes, and methods for increasing flexibility are essential drivers on the path to the future.

## +50%

is the increase in the degree of digitalization that can be achieved throughout Europe

running through all of the business activities of the company. This is true whether the enterprise is acting as a consultant, planner, operator for third parties, or owner of the plants and installations in whole or in part. Business activities in the areas of energy, buildings, and infrastructure form the basis of spaces for life:

- Energy and water are basic needs of people and the economy. They are also what makes buildings habitable and usable in the first place. At the same time, supplying these needs on a sustainable basis is one of the keys to curbing global warming.



For the construction of the Luterbach Maintenance Area (SO), BKW relied on Building Information Modeling (BIM).

- Infrastructures link people together and serve as the foundation of a functioning economy. Their design is a key part of the solution for dealing with the local consequences of global warming.
- Sustainable buildings provide safe living spaces in both public and private environments. A modern and energy-efficient building stock is essential for economic efficiency as well as for reducing resource consumption.

With trailblazing solutions in the areas of energy, buildings, and infrastructure, BKW ensures that prosperity and the environment remain in harmony.

### Urbanization

According to the UN, 9.7 billion people will be living on earth in 2050, with two-thirds of them inhabiting urban areas. Intelligent, creative, and environmentally friendly approaches are needed to cope with this densification of human settlement. The individual BKW companies reliably supply cities with energy and water while also modernizing buildings and entire neighborhoods and the associated infrastructure so that cities remain spaces for life for future generations. These accomplishments are underpinned by the company's engineering expertise. On this basis, BKW creates lasting added value for society and assumes responsibility for a sustainable future.



With 2,800 cubic meters of wood from sustainably managed forests installed, HAUT in Amsterdam is one of the tallest wooden buildings in the world.

## >9 billion

people will live on earth by 2050,  
two-thirds of them in urban areas

### Solutions for meeting urgent challenges

Europe and Switzerland aim to be climate neutral by 2050. For BKW, the megatrends of climate change, digital transformation, and urbanization are creating numerous opportunities that go hand in hand with the assumption of social and corporate responsibility. In terms of infrastructure and building systems, BKW is active in important areas – both as an investor and as an owner. The company operates facilities itself or commissions partner companies to carry out services in socially relevant areas:

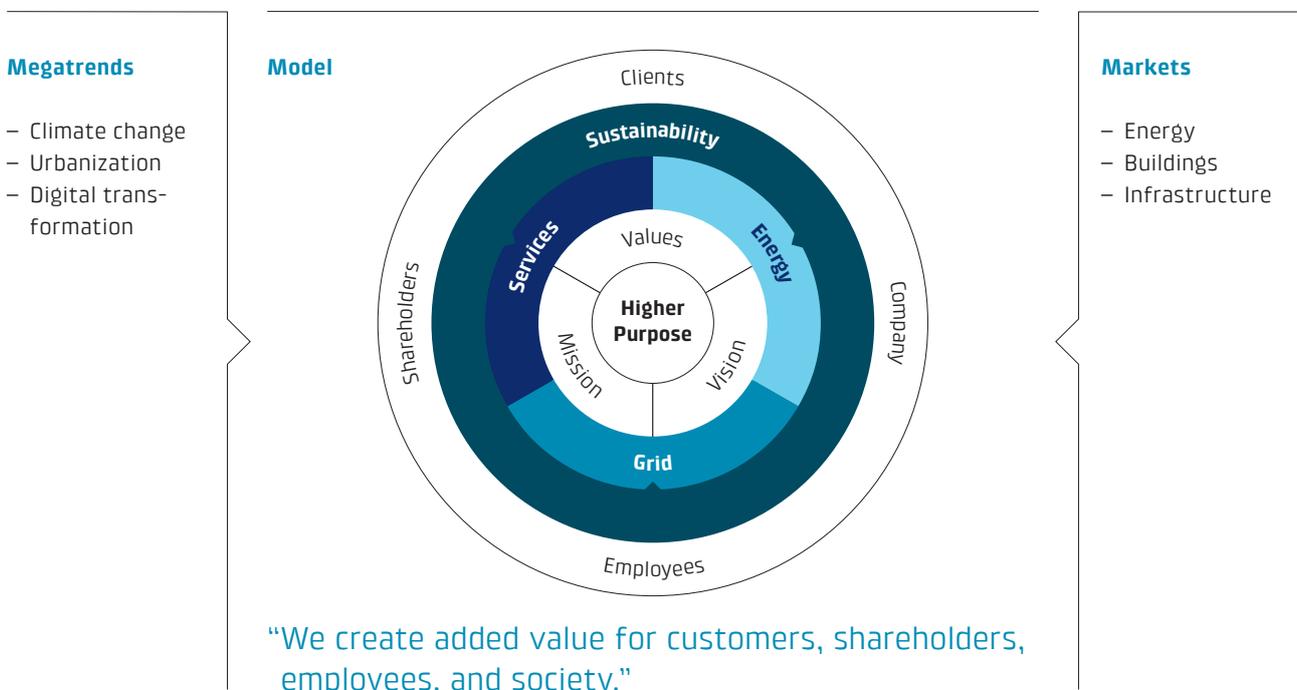
- Production and distribution infrastructures that improve resource efficiency and limit the negative impacts of climate change. These include wind turbines and hydroelectric plants, flood protection systems, and technologies for early detection of leaks in freshwater supply lines.
- Integrated systems in the area of building technology and automation for private individuals and companies. The goals are greater comfort and lower costs through optimized energy efficiency.
- Transportation infrastructure systems for urban and rural areas, ranging from comprehensive urban planning and design of roads, bridges, and other infrastructure through to surveying services.
- Design and construction of technical building equipment for commercial and industrial installations, including production plants and public sector facilities such as rail stations, airports, and hospitals.

“BKW companies provide cities with a reliable supply of energy and water so that they remain intact for future generations.”

## STRATEGY

# BKW's success is based on three strategic pillars

BKW is helping to shape social change by supporting customers in meeting the challenges arising from climate change, digital transformation, and urbanization. The company's success is based on the three strategic areas of business: Energy, Grid, and Services. This three-pillar strategy enables BKW's growth and ensures that the company remains robust and resilient in times of crisis.



## A higher purpose

BKW makes a major contribution to maintaining the balance between prosperity and the environment by offering solutions in the areas of energy, buildings, and infrastructure for a future worth living.

The company puts its focus on development and growth in line with market opportunities and customer needs. BKW supports its customers in coping with climate change through sustainable solutions. In addition, the individual BKW companies are committed to using their resources sparingly and to assuming responsibility as employers and business partners. As an ambi-

tious group of companies with a strong economic foundation, BKW's companies are united by a common approach based on three core values: entrepreneurial, collaborative, and trailblazing. Together, the companies of the BKW Group create spaces for life – in order to preserve them for future generations.

**BKW's three-pillar strategy**

The three business areas – Energy, Grid, and Services – form the basis of BKW's strategy: The goals in a nutshell:

1. Gearing the energy business towards the future
2. Developing grids
3. Expanding services

BKW has anticipated the development of the energy market well in recent years. The transfor-

mation of the energy business is in full swing with the expansion of renewables and the growing importance of flexible production in electricity trading. Grids are the backbone of the new energy universe, reconciling consumption and generation in power production that is increasingly decentralized and volatile. Another key factor in BKW's formula for success is the expansion of its Services business, which is opening up additional attractive growth markets. Thanks to its diversified positioning, BKW is resilient to crises and upheavals in the markets.

**ENERGY****Growth drivers**

- Rising electricity demand and price
- Expansion of smart energy solutions
- Strong growth in renewable energies
- Increasing flexibility in trading

**Ready for the energy future**

BKW is continuing to develop its Energy division in line with the needs of society. This division is growing in the area of renewable energies and doing pioneering work by keeping its finger on the pulse of the times and by embracing the trailblazing spirit in both thought and action. BKW designs its production facilities to be robust and to exhibit recoverable value. The Mühleberg Nuclear Plant is being decommissioned as planned – in a manner that is safe, cost-efficient, and according to schedule.

When it comes to energy, we think outside the box.

**GRID****Guarantee of stability**

- Reliable revenue generation with regulated return on capital employed (WACC 3.8%, from 2024 4.13%)
- Efficient operation
- Complex grid management

**Systematically digital**

BKW operates the grids reliably and efficiently so that they perform well. As the operator of Switzerland's largest distribution grid, BKW ensures that electricity continues to flow reliably to customers in the new energy world, but also takes delivery of the electricity they produce themselves. Knowledge and many years of experience are combined with the opportunities of the digital transformation. As an infrastructure operator, BKW is also developing into an integral data expert in order to master the complexity of the future of energy.

We are building the distribution system of the future.

**SERVICES****Growth drivers**

- Need for renovation and construction of modern infrastructures
- Increasing complexity of projects in the building sector
- Network of competencies

**Stronger together**

BKW is expanding its range of services on an ongoing basis and designing them to be data based. The company relies on centers of expertise for the latest technologies and makes use of synergies in the network. On this basis, BKW creates decisive added value for its customers. The company drives innovation and plays a pioneering role in digital design and construction as well as in the energy efficiency of buildings and infrastructure.

We are successful as a network.

**BKW entering the next growth phase**

BKW entered a new growth phase in the reporting year. The company will achieve growth in both its Energy and Services businesses. BKW is getting a boost from higher electricity prices and increasing demand for flexibility as well as renewable energy, resource-efficient buildings, and efficient infrastructures. Due to its risk framework and strong financial position, the company is well positioned to deal with these risks.

## MARKETS

# Active in three key growth markets

BKW is ready for a comprehensive energy transition. The BKW Group brings together leading companies and groups of companies across many disciplines, operates internationally, and is rooted in the region. As a successful energy and infrastructure service provider, BKW offers end-to-end solutions in the areas of energy, buildings, and infrastructure to business and private customers as well as the public sector.



## Energy

With its roadmap for growth, BKW is assuming responsibility in tackling the energy and climate crisis. In the years to come, massive investments will be made in renewable energies in Switzerland and Europe. The production and consumption of energy are becoming even more closely intertwined. Photovoltaic systems on rooftops are providing power for heat pumps and electric vehicles. At the same time, energy needs are growing because heat and transport are becoming more and more electrified. The Energy business needs to be considered in an integrated manner, with renewable production, smart distribution grids, efficient trading and sales, and digitally transformed customer solutions.



## Buildings

The latest technologies and automatic controls increase the quality of buildings and reduce their energy consumption. The heating sector alone accounts for around 50 percent of energy consumption in Switzerland today and is the source of more than 35 percent of carbon emissions. The buildings of the future are intelligent and energy efficient, and function as small power plants. They use renewable energy instead of fossil fuels, thus making a significant contribution to climate protection. Whether new construction, conversion, or refurbishment is involved, IT is a key technology of our economy, especially when it comes to resource-efficient buildings. With its broad expertise, BKW is a competent partner that supports its customers from the drafting of a concept to automation of processes through to implementation and ongoing support.



## Infrastructure

Modern and properly functioning infrastructure is of central importance for the sustainable development of society and the economy. It ensures water and energy supplies as well as secure transport and communication networks to homes, neighborhoods, cities, industrial facilities, and public buildings such as train stations and airports. In the construction of grids and plants, BKW provides support to customers in the energy, transport, telecommunications, and water sectors. The company's services are supplemented by environmentally friendly lighting solutions. With its interdisciplinary team of experts, the BKW Group makes available to its customers a unique pool of knowledge for planning and implementing construction projects in the public realm.



## We create spaces for life

This is the defined aspiration to which all business areas of the BKW Group strive, and the common goal to which each company in the network contributes. The companies do this with customer solutions and projects that have a direct influence on the speed and success of Europe's energy transition. This is exemplified by numerous cases in point that illustrate BKW's business model in its integrated form.

## INTEGRATED BUSINESS MODEL

# Sustainable use of energy for a future worth living

We need energy to live, and it is also the key to economic success. For both people and the environment, sustainable energy use is indispensable for a future worth living. With its comprehensive business model, BKW makes a significant contribution to this ideal. The company invests heavily in renewable energies, safely and securely sells and transports electricity via its smart grids, and designs and constructs energy-efficient buildings and infrastructure.

Even in these turbulent times, BKW's three-pillar strategy is successful and has proven its worth. The three business areas of Energy, Grid, and Services make BKW a robust company with outstanding prospects for growth. While Grid will continue to generate stable earnings in the coming years, BKW will be able to make gains in both the Energy and Services businesses.

The three business areas are also internally coherent. They all have to do with energy and are essential to the success of the transition to a sustainable and climate-friendly future. With renewable production, efficient distribution, and economically minded consumption of energy, BKW is ready for the comprehensive energy transition. The following examples show the contributions that BKW made in the 2022 financial year.

## Grids form backbone of modern society

As Switzerland's largest distribution grid operator, BKW is constantly adapting its grids to the new needs of an increasingly decentralized and volatile energy universe. In 2022, the company connected 3,624 PV systems, 1,375 e-charging stations, and 2,282 heat pumps to its distribution grid. In this way, BKW supports its customers on the road to a sustainable future and makes a significant contribution to achieving the goals of the energy strategy in Switzerland while helping to ensure supply security.

As an example of how BKW is helping its customers to reduce their footprint, the following from the 2022 financial year is a world first: Together with Emmental-based Jost AG, BKW Power Grid developed a hybrid replacement power system. This system, which is used among other things for maintenance work on the power grid, can reduce diesel consumption and carbon emissions by 80 percent.

## Taking a cross-border view of supply security

In the interconnected European power system, security of supply is increasingly becoming a cross-border issue. The nodes of the power grid are therefore of great importance in border regions. BKW Anlagentechnik of the BKW Infra Services network makes an important contribution to bolstering these nodes: With the expansion of a substation in Kühmoos in southern Germany, the company is ensuring that the power grid in the border triangle region of Germany, France, and Switzerland meets the growing demands of a modern energy-based society. The higher capacity of the grid node means that the German and Swiss transmission grids in particular are being more closely integrated.



A world's first for 2022 is the hybrid emergency power system near Rüderswil (BE), which massively reduces diesel consumption and carbon emissions.

With the expansion of the substation in Kühmoos, southern Germany, BKW Anlagentechnik is making a significant contribution to bolstering the power grid in view of the energy transition.



Work on the substation began in October 2022 and will continue until 2025. BKW Anlagentechnik renders various services in the area of primary and secondary technology. This contract is very demanding in that it is necessary for the conversion to take place during ongoing operations, resulting in short construction time windows.

#### **Expansion of renewable production**

BKW consistently puts its focus on the expansion of renewable energies and has also reached certain milestones in this regard in the 2022 financial year. For example, the company acquired six wind farms in France with an installed capacity of more than 100 megawatts (MW) in March 2022. On this basis, BKW's production farm of new renewables (wind, PV) has increased to over 800 MW of installed capacity. The company is seeking to expand this portfolio to more than 1000 MW by 2026.

BKW also implemented its "Capital Light" strategy during the financial year, enabling two Swiss pension funds to acquire a 49 percent stake in nine existing wind farms in France, Italy, and Norway. These long-term institutional investors are getting direct impact investing alongside a strong industrial partner. Operation and energy management of the wind farms remain in the hands of BKW. The company can also accelerate the expansion of renewable energies to an even greater extent. This expansion is the purpose of the CHF 100 million Green Bond that BKW issued in April 2022.

The company is also investing heavily in the expansion of renewable energies in Switzerland. Four small hydroelectric plants (Arvigo, Augand, Saas-Grund and Sousbach) are already under construction and will come on line between 2023 and 2025, after which they will produce roughly 55 gigawatt hours (GWh) of electricity annually. With the Trift project and the raising of the Lake Grim-

sel Dam, BKW is pushing ahead with two major water storage hydroelectric projects that it would like to become a reality as quickly as possible. The two projects together contain a storage volume of 455 GWh per year and can thus make a significant contribution to Switzerland's security of supply in the winter months. The new reservoir at Trift will also provide Switzerland with an additional 145 GWh of electricity production.

Together with Bern Airport, BKW is planning what is currently Switzerland's largest ground-mounted solar power plant. Covering some 25 hectares, the plant is expected to produce around 35 GWh of electricity annually from 2026. By the end of 2023, BKW also aims to have iden-

tified up to ten sites for alpine solar power plants with a total installed capacity of around 200 MW.

#### **Solar Prize for Solstis SA**

However, BKW doesn't just build its own PV plants. In 2022, the company's service companies will have installed some 1,000 such systems in private homes and SMEs, thus accompanying these customers into a sustainable future. Solstis SA from the BKW network won a solar industry prize for a solar installation on the roof of a Geneva public transport depot. With some 3,000 individual solar panels, the plant is able to generate the power needed to meet one-third of the electricity requirements of this depot.



The Lake Grimsel water storage hydroelectric project is one of the projects that BKW intends to press ahead with in order to ensure Switzerland's energy supply in the winter months.



The award-winning solar power plant on the roof of a Geneva public transport depot is one of around 1,000 PV systems installed in BKW's service network in 2022.

### Sustainable buildings and infrastructure

Designing buildings and infrastructures sustainably and networking them intelligently is the way to create living spaces for a better future. Human well-being, design, sustainability, and technology all in harmony are what characterize the example of the EDGE ElbSide office building, which is being built at the eastern entrance to Hamburg's Hafencity and will be inaugurated in May 2023. In the future, the high-rise building with underground parking will offer energy supplier Vattenfall a new home in the Hanseatic city of Hamburg.

The exceptional design of the load-bearing structure of the building was developed by specialists from Assmann Beraten + Planen. The innovative office building is optimized to reduce resource consumption and powered by renewable energies. However, the EDGE ElbSide is more than a sustainable building with state-of-the-art technology; it also ensures the well-being of its users through its perfect interplay with innovative design. Fostering highly focused work is combined with a vibrant sense of community. The integrated installation of infrastructure for e-mobility facilitates environmentally friendly commuting, and smart building technology minimizes the environmental footprint.



At the entrance to Hamburg's Hafencity, state-of-the-art technology reduces the environmental footprint of the EDGE ElbSide office building, which will be inaugurated in May 2023.

### Sustainable technologies for society

To gain a better understanding of the needs of the public, BKW collaborated with the market research institute Sotomo to conduct a study on visions and motivations for shaping a better future. A total of 3,935 residents of German- and French-speaking Switzerland and Germany were surveyed. This representative survey found that society wants intact nature and biodiversity, with a focus on renewable energies primarily from hydroelectric and solar power, smart homes, and electromobility. The respondents associated new technologies to combat

climate change primarily with opportunities and benefits for society.

BKW sees this as confirmation of its commitment to driving forward the development of innovative overall solutions in the fields of energy, buildings, and infrastructure.



The complete study entitled "Lebenswerte Zukunft" ("Future Worth Living") is available at [www.bkw.ch/study](http://www.bkw.ch/study) (in German).

## 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	
<b>EBITDA</b>	<b>585.8</b>	<b>1,246.7</b>	<b>113%</b>
Depreciation, amortization and impairment	-231.3	-249.7	
Income from associates	40.4	41.5	
<b>EBIT</b>	<b>394.9</b>	<b>1,038.5</b>	<b>163%</b>
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	
<b>Operating net profit<sup>1</sup></b>	<b>245.1</b>	<b>712.9</b>	<b>191%</b>
Change in value of state funds net of tax	82.3	-138.4	
<b>Net profit</b>	<b>327.4</b>	<b>574.5</b>	<b>75%</b>

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
<b>Funds from operations before utilization of nuclear provisions<sup>1</sup></b>	<b>500.1</b>	<b>1,090.1</b>	<b>118%</b>
Funds from operations	377.3	983.3	161%
<b>Cash flow from operating activities before utilization of nuclear provisions<sup>1</sup></b>	<b>136.9</b>	<b>836.6</b>	<b>511%</b>
– Payments for decommissioning and disposal	–122.8	–106.8	
Cash flow from operating activities	14.1	729.8	5,076%
<b>Cash flow from investing activities before reimbursement from state funds<sup>1</sup></b>	<b>–279.0</b>	<b>–522.7</b>	
+ Reimbursements from decommissioning and disposal funds	53.7	38.8	
Cash flow from investing activities	–225.3	–483.9	
<b>Cash flow from financing activities</b>	<b>328.2</b>	<b>–362.7</b>	
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%
<b>Balance sheet total</b>	<b>12,080.1</b>	<b>11,885.2</b>	<b>-2%</b>

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
<b>Total operating income</b>	<b>1,526.8</b>	<b>2,952.9</b>	<b>93%</b>
Energy procurement	-1,116.8	-1,754.1	
Operating costs	-217.7	-253.8	
<b>EBITDA</b>	<b>192.3</b>	<b>945.0</b>	<b>391%</b>
Depreciation, amortization and impairment	-60.9	-60.5	
Income from associates	8.3	3.7	
<b>EBIT</b>	<b>139.7</b>	<b>888.2</b>	<b>536%</b>
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 <sup>1</sup>	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 <sup>1</sup>	2022	% change
<b>Sales</b>	<b>1,514.9</b>	<b>1,762.8</b>	<b>16%</b>
Operating costs	-1,360.4	-1,631.2	
<b>EBITDA</b>	<b>154.5</b>	<b>131.6</b>	<b>-15%</b>
Depreciation, amortization and impairment	-62.6	-78.3	
<b>EBIT</b>	<b>91.9</b>	<b>53.3</b>	<b>-42%</b>
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.



# Group Consolidated Financial Statements

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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
<b>Total operating income</b>		<b>3,554.0</b>	<b>5,198.8</b>
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
<b>Total operating expenses</b>		<b>-2,968.2</b>	<b>-3,952.1</b>
<b>EBITDA</b>		<b>585.8</b>	<b>1,246.7</b>
Depreciation, amortization and impairment	11	-231.3	-249.7
Income from associates	20	40.4	41.5
<b>EBIT</b>		<b>394.9</b>	<b>1,038.5</b>
Financial income	12	108.3	19.1
Financial expenses	12	-83.1	-274.0
<b>EBT</b>		<b>420.1</b>	<b>783.6</b>
Income taxes	13	-92.7	-209.1
<b>Net profit</b>		<b>327.4</b>	<b>574.5</b>
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
<b>Net profit</b>		<b>327.4</b>	<b>574.5</b>
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
<b>Total items that will not be reclassified to income statement, net of tax</b>		<b>250.8</b>	<b>–4.1</b>
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
<b>Total items that may be reclassified to income statement, net of tax</b>		<b>–198.5</b>	<b>–265.1</b>
<b>Other comprehensive income</b>		<b>52.3</b>	<b>–269.2</b>
<b>Comprehensive income</b>		<b>379.7</b>	<b>305.3</b>
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
<b>Assets</b>			
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
<b>Total current assets</b>		<b>4,354.5</b>	<b>3,894.6</b>
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
<b>Total non-current assets</b>		<b>7,725.6</b>	<b>7,990.6</b>
<b>Total assets</b>		<b>12,080.1</b>	<b>11,885.2</b>
<b>Shareholders' equity and liabilities</b>			
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
<b>Total current liabilities</b>		<b>4,106.9</b>	<b>3,214.1</b>
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
<b>Total non-current liabilities</b>		<b>3,746.9</b>	<b>4,291.5</b>
<b>Total liabilities</b>		<b>7,853.8</b>	<b>7,505.6</b>
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
<b>Equity attributable to BKW shareholders</b>		<b>3,917.9</b>	<b>4,066.9</b>
Equity attributable to non-controlling interests		308.4	312.7
<b>Total shareholders' equity</b>		<b>4,226.3</b>	<b>4,379.6</b>
<b>Total shareholders' equity and liabilities</b>		<b>12,080.1</b>	<b>11,885.2</b>

## Changes in Consolidated Equity

CHF millions	Share capital	Capital reserves	Retained earnings	Other reserves	Treasury shares	Attributable to BKW shareholders	Attributable to non-controlling interests	Total
<b>Equity at 31.12.2020</b>	<b>132.0</b>	<b>41.3</b>	<b>3,810.1</b>	<b>-284.0</b>	<b>-3.7</b>	<b>3,695.7</b>	<b>293.7</b>	<b>3,989.4</b>
Net profit			304.6			304.6	22.8	327.4
Other comprehensive income				45.1		45.1	7.2	52.3
<b>Comprehensive income</b>			<b>304.6</b>	<b>45.1</b>		<b>349.7</b>	<b>30.0</b>	<b>379.7</b>
Dividend			-126.6			-126.6	-5.3	-131.9
Transactions in treasury shares			-6.1		0.2	-5.9		-5.9
Share-based payments			7.2			7.2		7.2
Acquisition of non-controlling interests			-3.3			-3.3	-10.1	-13.4
Contribution to equity from non-controlling interests						0.0	0.1	0.1
Change in liabilities relating to non-controlling interests			1.1			1.1		1.1
<b>Equity at 31.12.2021</b>	<b>132.0</b>	<b>41.3</b>	<b>3,987.0</b>	<b>-238.9</b>	<b>-3.5</b>	<b>3,917.9</b>	<b>308.4</b>	<b>4,226.3</b>
Net profit			550.2			550.2	24.3	574.5
Other comprehensive income				-267.0		-267.0	-2.2	-269.2
<b>Comprehensive income</b>			<b>550.2</b>	<b>-267.0</b>		<b>283.2</b>	<b>22.1</b>	<b>305.3</b>
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
<b>Equity at 31.12.2022</b>	<b>132.0</b>	<b>41.3</b>	<b>4,401.9</b>	<b>-506.2</b>	<b>-2.1</b>	<b>4,066.9</b>	<b>312.7</b>	<b>4,379.6</b>

# 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
<b>Cash flow from operating activities before utilization of nuclear provisions</b>		<b>136.9</b>	<b>836.6</b>
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
<b>Cash flow from operating activities</b>		<b>14.1</b>	<b>729.8</b>
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
<b>Cash flow from investing activities</b>		<b>-225.3</b>	<b>-483.9</b>
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
<b>Cash flow from financing activities</b>		<b>328.2</b>	<b>-362.7</b>
Translation adjustments on cash and cash equivalents		-11.1	-16.4
<b>Net change in cash and cash equivalents</b>		<b>105.9</b>	<b>-133.2</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>825.1</b>	<b>931.0</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>33</b>	<b>931.0</b>	<b>797.8</b>

# Notes to the financial statements

## 1 Description of business

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

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

## 2 Basis of preparation

### 2.1 General principles

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

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

BKW intends to apply the changes from the date on which they come into force (entry into force for financial years beginning on or after the dates in brackets):

- Amendments to IAS 1 – "Disclosure of accounting policies and valuation" (January 1, 2023)
- Amendments to IAS 8 – "Definition of accounting estimates" (January 1, 2023)
- Amendments to IAS 12 – "Deferred tax relating to assets and liabilities arising from a single transaction" (January 1, 2023)
- Amendment to IFRS 16 – "Lease liability in a sale and leaseback transaction" (January 1, 2024)
- Amendment to IAS 1 – "Classification of liabilities as current or non-current" (January 1, 2024)
- Amendment to IAS 1 – "Presentation of non-current liabilities with ancillary conditions" (January 1, 2024)
- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" (to be determined)

### 2.2 Adoption of new standards and interpretations

Since January 1, 2022, BKW applies various amended standards and interpretations which have no appreciable impact on the financial position, financial performance or cash flows of BKW.

### 2.3 Future adoption of new standards and interpretations

The following new and amended standards had been published by the balance sheet date but will not be applied until subsequent financial years.

No significant effects on the consolidated financial statements of BKW are expected.

**Global minimum tax**

At the global level, various agreements have been concluded to address concerns about the unequal distribution of profits and tax levies of large multinational companies. Among them is an agreement by over 135 countries to introduce a global minimum tax rate of 15%. The Organization for Economic Co-operation and Development (OECD) published a draft legal framework (model rules) in December 2021, followed by detailed guidelines in March 2022, to be used by individual countries that have signed the agreement to amend their local tax laws. On December 12, 2022, EU member states agreed in principle on the 15 percent global minimum tax for corporate groups with a group revenue of at least 750 mil-

lion euros. EU member states are now required to implement the directive nationally by the end of 2023.

With consolidated revenue of over EUR 750 million, BKW will be affected by the OECD tax reform. It is expected that the two-stage model will be adopted in the tax laws of a significant number of countries and come into effect at the beginning of 2024. The Swiss Parliament has decided to put the legal adjustment into effect on January 1, 2024, subject to approval in the 2023 referendum vote. Management is closely monitoring the progress of legislative procedures that will have an impact on future tax burdens and payments.

## 3 Consolidation

### 3.1 Consolidation principles

The consolidation is based on the closing statements of the individual Group companies drawn up according to uniform principles of valuation and presentation. Intra-group balances, transactions, profits and expenses are eliminated in full.

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

### 3.2 Scope of consolidation

**Group companies**

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

**Joint arrangements**

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

### Associates

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

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

### 3.3 Foreign currency translation

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

such transactions and the translation of foreign currency balances on the balance sheet date are charged to the financial result.

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

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

		Closing date 31.12.2021	Closing date 31.12.2022	Average 2021	Average 2022
Eurozone	1 EUR	1.0331	0.9847	1.0810	1.0046
Norway	100 NOK	10.3426	9.3658	10.6400	9.9539

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

## 4 Measurement uncertainties

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

### 4.1 Impairment of non-financial non-current assets

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

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

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

every five years in accordance with the Ordinance on the Decommissioning and Disposal Funds for Nuclear Power Plants (SEFV). These cost calculations are reviewed by independent cost specialists and the Swiss Federal Nuclear Safety Inspectorate (ENSI). The last scheduled estimate of decommissioning and disposal costs (KS21) took place in 2021. The adjustment was carried out at the request of and in accordance with the strict requirements of the Administrative Commission for the Decommissioning Fund for Nuclear Facilities and Waste Disposal Fund for Nuclear Power Plants (AC STENFO) and in collaboration with swissnuclear. The KS21 estimates the overall costs (referred to as overnight costs) in the baseline variant for the Mühleberg Nuclear Plant to be CHF 3.0 billion. BKW considers it most likely that the "combination repository" (cost-reducing) scenario envisaged in KS21 will be implemented. In addition, BKW takes plant-specific costs (cost-increasing) into account. BKW thus assumes overnight costs of CHF 3.0 billion for the calculation of provisions for nuclear waste disposal. The difference between BKW's estimated overnight costs and the provisions of CHF 1.2 billion recorded on the balance sheet as of December 31, 2022 is due to costs of around CHF 1.3 billion that had already been paid by the end of 2022 and to discounting effects of CHF 0.5 billion.

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

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

While BKW is required to make payments to the state funds for decommissioning and waste disposal until 2022, due to KS21 BKW does not expect that further payment will be required for 2022. The final decision on contributions is expected in 2023.

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

with other nuclear power plant operators for the purposes of decommissioning and disposal. A rate of 1% is applied to long-term inflation, based on the Swiss National Bank's target range of 0–2%. Based on historical actual yields on long-term government bonds, an expected real interest rate of 1.75% has been estimated, leading to a nominal discount rate of 2.75%. For the post-operation, based on the short-term time horizon (until 2024), an inflation rate of 1.70% and a discount rate of 1.20% have been applied.

Changes to cost calculations and the statutory requirements for nuclear waste disposal may have a material effect on the Group's results of operations and cash flows. When determining the provisions to be made for decommissioning (expected costs until 2034) and nuclear waste disposal (expected costs until 2126), the parameters for inflation and discount rate are also particularly relevant. In the event of an increase/decrease in the assumptions shown below, provisions as of December 31, 2022 would vary as follows (plus the increase/decrease in provisions):

<b>CHF millions</b>	Inflation +0.5%	Inflation –0.5%	Discount rate +0.5%	Discount rate –0.5%
Decommissioning	18.4	–17.2	–13.3	14.3
Waste disposal	113.8	–92.6	–85.1	104.7
Total	132.2	–109.8	–98.4	119.0

### 4.3 Provision for the onerous Wilhelmshaven energy procurement contract

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

In January 2020, the German government enacted the Coal Phase-Out Act, which set a timetable for phasing out coal by 2038. The Coal Phase-Out Act provides for compensation to lignite and coal-

fired power plant operators. BKW assumes that expected capacity bottlenecks will result in the continued operation of the latest generation of coal-fired power plant, such as Wilhelmshaven, until the end of 2038. The estimation of future income and expenditure depends significantly on the estimation of future energy prices, the estimation of the production costs of the power plants, the assumed discount rates and the estimated amount of compensation payments. These estimations and assumptions constitute uncertainties and may deviate significantly from the actual results. At the end of 2022, the book value of the investment is CHF 349.5 million and the provision CHF 160.5 million.

#### 4.4 Wind park Fosen

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

At the end of 2022, the book value of the entire investment is CHF 74.3 million. In addition, there are long-term electricity purchase agreements with which a portion of the planned production volumes from the plants has been secured.

#### 4.5 Pension plans

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

#### 4.6 ECom proceedings

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

## 5 Business combinations

### Business combinations in 2022

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

BKW made the following acquisitions in the 2022 financial year. The values for the transactions listed are provisional since the purchase price allocations have not yet been finalized.

#### UMB

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

At the time of acquisition, no contingent purchase price liabilities were identified. The goodwill recognized is mainly attributable to the

expected synergies and the acquisition of a qualified workforce. The transaction costs amounted to CHF 0.8 million.

In the course of the final purchase price allocation, the additionally identified intangible assets were decreased in the second half-year by CHF 5.6 million and the goodwill value raised by CHF 4.8 million, as reported in the 2022 half-year report.

Had the company already been acquired as of January 1, 2022, the total operating revenue in the reporting year would have been CHF 12.7 million higher and the net profit CHF 0.3 million higher. Between the point at which the company was fully consolidated and December 31, 2022, the company recorded a total operating income of CHF 172.0 million and a net profit of CHF 11.5 million.

### Wind parks in France

In the Energy segment, in March BKW acquired 100% of 6 wind farms in the Somme, France, with a total of 40 wind turbines and an overall installed capacity of 106 MW.

At the time of acquisition, no contingent purchase price liabilities and no goodwill were identified. The transaction costs amounted to CHF 0.8 million.

Had the company already been acquired as of January 1, 2022, the total operating revenue in the reporting year would have been CHF 6.4 million higher and the net profit CHF 0.3 million higher. Between the point at which the company was fully consolidated and December 31, 2022, the company recorded a total operating income of CHF 14.3 million and a net profit of CHF 1.6 million.

### Miscellaneous

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

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

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

In the Infra Services segment, BKW acquired 100% of the shares in Cteam Anlagentechnik GmbH based in Geisenhausen and Elektroanlagen Dresden-Mitte GmbH based in Dresden (both in Germany).

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

In the course of the final purchase price allocation, the additionally identified intangible assets were reduced in the second half-year by CHF 1.9 million and the goodwill value increased by CHF 1.4 million, as reported in the 2022 half-year report.

Had the companies already been acquired as of January 1, 2022, total operating revenue for 2022 would have been CHF 17.8 million higher and the net profit CHF 0.5 million higher. Between the point at which the companies were fully consolidated and December 31, 2022, the acquired companies recorded total operating revenue of CHF 47.8 million and net profit of CHF 5.5 million.

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

**Business combinations in 2021**

CHF millions	R & P Ruffert	Miscellaneous	Total
Cash and cash equivalents	1.8	25.9	27.7
Trade accounts receivable and other receivables	2.2	11.8	14.0
Other current assets	3.7	14.8	18.5
Financial assets	0.0	2.8	2.8
Property, plant and equipment	2.2	23.8	26.0
Intangible assets	5.6	13.1	18.7
Deferred tax assets	0.0	0.8	0.8
Current liabilities	-5.0	-17.8	-22.8
Financial liabilities	-1.9	-20.7	-22.6
Provisions	0.0	-1.1	-1.1
Deferred tax liabilities	-2.4	-5.1	-7.5
Pension liability	0.0	-9.7	-9.7
<b>Fair value of acquired net assets</b>	<b>6.2</b>	<b>38.6</b>	<b>44.8</b>
Goodwill	33.3	62.9	96.2
<b>Purchase price</b>	<b>39.5</b>	<b>101.5</b>	<b>141.0</b>
Cash and cash equivalents acquired	-1.8	-25.9	-27.7
Contingent consideration	-6.0	-15.4	-21.4
Deferred consideration	-3.8	-11.2	-15.0
<b>Cash outflow</b>	<b>27.9</b>	<b>49.0</b>	<b>76.9</b>

The values for the transactions conducted in the previous year are provisional since the purchase price allocations had not been finalized. The purchase price allocations are now final and resulted in only slightly modified values. In the financial year 2021 BKW made the following acquisitions.

**R & P Ruffert**

In February BKW purchased 100% of the shares in the German R & P Ruffert Group which operates in the field of infrastructure engineering. R & P Ruffert Group comprises five companies based in Limburg, Halle, Erfurt, Düsseldorf and Hamburg and has been assigned to the Services segment. Its range of services comprises civil engineering, structural engineering, structural planning, and constructional testing and expert assessments.

The contingent consideration liabilities recognized on the acquisition date are due depending on the future economic growth of the company. The goodwill recognized is mainly attributable to the expected synergies and the acquisition of a qualified workforce.

The transaction costs amounted to CHF 0.4 million.

Had the company already been acquired as of January 1, 2021, the total operating revenue in the reporting year would have been CHF 1.9 million higher and the net profit CHF 0.1 million lower. Between the point at which the company was fully consolidated and December 31, 2021, the company recorded a total operating income of CHF 17.3 million and a net profit of CHF 4.0 million.

### Miscellaneous

In the financial year 2021, BKW made a number of other acquisitions. Due to the number of acquisitions, their key financial figures and their allocation to the same segment (Services), aggregated figures are shown with no separate presentation of individual businesses.

In the Building Solutions segment, BKW acquired 100% of the shares in each of ngworx AG, Othmar Bürgy AG Schaltanlagenbau, Aerovent Crissier SA, Aerovent Service SA, ws automation AG, ActVisual GmbH, my meeting GmbH and alphaTrust.ch AG.

In the Infra Services segment, BKW acquired 100% of the shares of Duvoisin-Groux Group and Elbatech AG, active in the field of railway technology.

In the Engineering segment in Germany, BKW acquired 100% of the shares of Munich-based Ranner Projektmanagement GmbH, U.T.E. Ingenieur GmbH, Seuß Ingenieure GmbH as well as Arnold und Gladisch Objektplanung Generalplanung GmbH.

### Accounting policies

In the course of acquisitions, non-controlling interests are sometimes provided with put options, with BKW receiving call options under the same conditions. When BKW thereby obtains economic ownership, the transaction is presented as if the corresponding shares had also been

The contingent consideration liabilities recognized on the acquisition date are due depending on the future economic growth of the company.

The transactions resulted in total goodwill of CHF 62.9 million. The goodwill recognized is mainly attributable to expected future synergies and the acquisition of a highly skilled workforce. The transaction costs amounted to CHF 0.4 million.

Had the companies already been acquired as of January 1, 2021, total operating revenue for 2021 would have been CHF 56.3 million higher and the net profit CHF 3.8 million higher. Between the date at which the companies were fully consolidated and December 31, 2021, the acquired companies recorded total operating revenue of CHF 50.0 million and net profit of CHF 5.7 million.

For acquisitions before 2021, conditional purchase price payments of CHF 29.3 million and unconditional purchase price payments of CHF 2.9 million were made.

acquired. Otherwise non-controlling interests are reported.

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

## 6 Segment reporting

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

BKW is divided into the following three mandatory reporting business segments:

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

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

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

Business segment figures are determined in accordance with the same accounting and valuation principles as are applied for the Group-level presentation of consolidated figures. The prices for inter-company transactions (transfer prices) are based on the market price on the transaction date.

### Information by business segment

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

2021 CHF millions	Energy	Grid <sup>1</sup>	Services <sup>1</sup>	Other	Consolidation <sup>1</sup>	Total
External revenue	1,505.0	543.3	1,454.8	30.4	20.5	3,554.0
– Net sales	1,441.2	490.9	1,437.0	10.9	0.0	3,380.0
– Own work capitalized	8.1	44.5	0.8	1.7	20.5	75.6
– Other operating income	55.7	7.9	17.0	17.8	0.0	98.4
Internal revenue	21.8	8.3	60.1	166.1	–256.3	0.0
– Net sales	16.7	0.9	50.1	17.2	–84.9	0.0
– Other operating income	5.1	7.4	10.0	148.9	–171.4	0.0
<b>Total operating income</b>	<b>1,526.8</b>	<b>551.6</b>	<b>1,514.9</b>	<b>196.5</b>	<b>–235.8</b>	<b>3,554.0</b>
Total operating expenses	–1,334.5	–293.3	–1,360.4	–211.1	231.1	–2,968.2
<b>EBITDA</b>	<b>192.3</b>	<b>258.3</b>	<b>154.5</b>	<b>–14.6</b>	<b>–4.7</b>	<b>585.8</b>
Depreciation, amortization and impairment	–60.9	–88.9	–62.6	–22.9	4.0	–231.3
Income from associates	8.3	32.1			0.0	40.4
<b>EBIT</b>	<b>139.7</b>	<b>201.5</b>	<b>91.9</b>	<b>–37.5</b>	<b>–0.7</b>	<b>394.9</b>
Financial result						25.2
<b>EBT</b>						<b>420.1</b>

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

### Information by country

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

CHF millions	Switzerland		Germany		Italy		France		Other countries		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Net sales	2,181.3	2,762.4	848.1	1,450.4	152.0	180.5	0.9	326.1	197.7	345.1	3,380.0	5,064.5
Non-current assets	4,414.0	4,772.6	945.6	892.7	442.0	432.1	117.6	366.9	162.3	155.4	6,081.5	6,619.7

### Information on significant customers

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

## 7 Net sales

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

CHF millions	Switzerland 2021	Abroad 2021	Switzerland 2022	Abroad 2022
Energy	720.2	721.0	1,122.4	1,773.5
Grid	490.9	0.0	462.7	0.0
Services	959.3	477.7	1,166.4	528.6
Other	10.9	0.0	10.9	0.0
<b>Total net sales</b>	<b>2,181.3</b>	<b>1,198.7</b>	<b>2,762.4</b>	<b>2,302.1</b>

Of the net revenue, CHF 4,103.9 million or 81% (previous year: CHF 3,301.4 million or 98%) is attributable to revenue from contracts with cus-

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

### Accounting policies

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

#### Energy

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

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

Energy-trading revenue is based on the purpose of the underlying transaction. Energy transactions are conducted either for the purpose of

actively managing the power plant base, or to ensure physical coverage of the energy supply or purchase contracts. Such management transactions can be broken down into "own-use" and "hedging" transactions. The revenue from own-use transactions falls under the provisions of IFRS 15 and is recorded as gross in revenue at the time of delivery.

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

Energy transactions defined as financial instruments are measured at fair value at the closing date; realized and unrealized gains and losses from these transactions are recorded as net figures in "Income from Energy Hedging" and "Income from Proprietary Energy Trading" (see Note 37.2). The income from such transactions consists of two components: On the one hand, the effectively realized gains or losses of the transactions on settlement are recorded. On the other hand, the unrealized valuation gains and losses of the open contracts at a fair value are taken into account.

**Grid**

The Grid business segment mostly generates income from charging distribution grid usage fees for the distribution grid. Income from the transmission of energy must be recognized over the duration of the agreed performance. When energy is transmitted, there is immediate entitlement to remuneration, which corresponds directly to the value for the energy transmitted. This performance falls under the exemption for revenue recognition in IFRS 15. BKW applies this exemption and books revenue in the amount that may be invoiced. This income is considered to be realized and recognized as revenue once delivery has taken place.

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

against the corresponding energy procurement/transport costs.

**Services**

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

## 8 Energy procurement/transport

CHF millions	2021	2022
Cost of energy procurement from third parties and associates	1,202.3	1,765.5
Provision for onerous energy procurement contracts		
– Provisions used	–36.8	–21.9
– Provisions added (+) / released (-)	–49.7	10.5
Total energy procurement expenses	1,115.8	1,754.1
Energy transport expenses	98.6	108.1
<b>Total</b>	<b>1,214.4</b>	<b>1,862.2</b>

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

## 9 Personnel expenses

CHF millions	2021	2022
Salaries and wages	746.4	857.1
Social security contributions and other personnel expenses	191.1	202.9
<b>Total</b>	<b>937.5</b>	<b>1,060.0</b>

## 10 Miscellaneous operating expenses

CHF millions	2021	2022
Charges, levies and other taxes	20.4	24.4
Rent and maintenance of real estate and other property, plant and equipment	23.5	28.1
Miscellaneous operating expenses	173.4	213.2
<b>Total</b>	<b>217.3</b>	<b>265.7</b>

## 11 Depreciation, amortization, and impairment

CHF millions	2021	2022
Depreciation		
– Property, plant and equipment	210.9	228.7
– Intangible assets	36.3	42.6
Impairment		
– Property, plant and equipment	1.1	11.2
– Intangible assets	0.7	0.0
Reversal of impairments		
– Property, plant and equipment	–17.7	–32.8
<b>Total</b>	<b>231.3</b>	<b>249.7</b>

The formation of write-downs relates to a hydro-electric power plant in the Energy business segment. Due to the generally higher interest rate levels, the relative WACC had to be increased, leading to an increase in the value adjustment.

The reversal of impairments relates to wind-energy power plants, which may benefit disproportionately from the high prices in subsequent years.

## 12 Financial result

CHF millions	2021	2022
Interest income	1.8	5.6
Dividend income	0.1	0.1
Value adjustment on state funds	105.0	0.0
Gains from the disposal of financial assets	0.1	0.0
Reversal of impairment of financial assets	0.1	0.0
Value adjustment on financial instruments held for trading	0.4	11.6
Other financial income	0.8	1.8
<b>Financial income</b>	<b>108.3</b>	<b>19.1</b>
Interest expenses	-36.0	-37.5
Interest on provisions	-40.0	-36.4
Value adjustment on state funds	0.0	-173.0
Losses from the disposal of financial assets	-0.8	0.0
Impairment of financial assets	0.0	-0.2
Currency translations	-3.0	-15.2
Other financial expenses	-3.3	-11.7
<b>Financial expenses</b>	<b>-83.1</b>	<b>-274.0</b>
<b>Financial result</b>	<b>25.2</b>	<b>-254.9</b>

## 13 Income taxes

CHF millions	2021	2022
Current income taxes	99.8	203.6
Deferred taxes	-7.1	5.5
<b>Total</b>	<b>92.7</b>	<b>209.1</b>

### Reconciliation with reported income taxes

CHF millions	2021	2022
Profit/loss before income taxes	420.1	783.6
Tax expenses at anticipated rate of 21.9% (2021: 22.6%)	94.9	171.6
Effects of changes in tax rate	-0.6	-0.9
Participation reduction and non-taxable income	-13.2	-3.0
Use/capitalization of uncanceled tax losses	-1.4	-1.5
Non-tax-deductible expenses	6.8	3.8
Uncanceled or partially capitalized tax losses	0.6	2.5
Taxes in respect of previous years	3.9	-3.3
Write-down/reversal of write-down of participations	1.8	0.0
Other items	-0.1	39.9
<b>Total income taxes</b>	<b>92.7</b>	<b>209.1</b>
Effective tax rate	22.1%	26.7%

The anticipated tax rate is determined annually as a weighted average (based on the pre-tax earnings of individual Group companies and the

applicable local tax rate). The other items include the so-called windfall tax in Italy. Excluding this additional tax, the effective tax rate is 21.8%.

### Changes in deferred tax assets/liabilities

CHF millions	2021	2022
<b>Net deferred tax liabilities at 01.01.</b>	<b>-392.5</b>	<b>-446.9</b>
Changes in the scope of consolidation	-6.9	-23.5
Addition/release in the income statement	7.1	-5.5
Taxes on actuarial gains/losses	-58.5	-3.5
Currency translations	3.9	4.6
<b>Net deferred tax liabilities at 31.12.</b>	<b>-446.9</b>	<b>-474.8</b>

### Deferred tax assets/liabilities by origin of temporary difference

CHF millions	31.12.2021		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
Current assets	0.9	-43.4	1.7	-49.5
Financial assets and holdings	2.2	-60.2	1.8	-51.9
Property, plant and equipment	12.4	-287.1	14.0	-332.4
Intangible assets	1.1	-34.8	1.7	-40.3
Current liabilities	9.8	-0.5	10.3	-7.1
Provisions	0.9	-114.5	1.5	-116.3
Other non-current liabilities	44.0	-8.6	45.2	-6.7
Capitalized loss carry-forwards	31.0	0.0	53.2	0.0
<b>Credit/liability for gross deferred taxes</b>	<b>102.3</b>	<b>-549.2</b>	<b>129.4</b>	<b>-604.2</b>
Netting of assets and liabilities	-61.7	61.7	-82.2	82.2
<b>Assets/Liabilities for deferred taxes according to balance sheet</b>	<b>40.6</b>	<b>-487.5</b>	<b>47.2</b>	<b>-522.0</b>

The change in temporary differences resulted in a deferred tax expense of CHF 27.7 million (previous year: CHF 4.1 million)

As of December 31, 2022, deferred tax liabilities on temporary differences related to associates of CHF 1.0 million were recognized (previous year: CHF 1.0 million). No deferred taxes are recognized for Group companies, joint arrangements or partner plants at which a dividend payment is contractually agreed, since BKW is able to monitor the reversal of the temporary difference and such a difference is not probable in the foreseeable future. The temporary differences for which

no deferred tax liabilities have been recognized in this respect amount to a total of CHF 3,046.2 million (previous year: CHF 2,824.6 million).

#### Tax loss carry-forwards

As of December 31, 2022, there were tax loss carry-forwards to the amount of CHF 7.1 million (previous year: CHF 6.5 million), for which no deferred taxes were activated. These were not capitalized since their charging against future taxable earnings is not regarded as probable within the permissible tax period. The average applicable tax rate on tax loss carry-forwards will be 16.2% (previous year: 23.7%).

These loss carry-forwards fall due in the following periods:

in CHF millions	31.12.2021	31.12.2022
Expiry within 1 year	0.1	0.0
Expiry within 2 to 5 years	0.5	0.9
Expiry after 5 years	3.6	2.9
Valid indefinitely	2.3	3.3
<b>Total</b>	<b>6.5</b>	<b>7.1</b>

## 14 Earnings per share

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

### Earnings per share

	2021	2022
<b>Net profit attributable to BKW shareholders, in CHF millions</b>	<b>304.6</b>	<b>550.2</b>
Number of shares issued (weighted average)	52,800,000	52,800,000
Less treasury shares (weighted average)	-41,494	-37,004
<b>Number of outstanding shares (weighted average)</b>	<b>52,758,506</b>	<b>52,762,996</b>
<b>Earnings per share in CHF</b>	<b>5.77</b>	<b>10.43</b>

## 15 Trade accounts receivable and other receivables

<b>CHF millions</b>	31.12.2021	31.12.2022
Trade accounts receivable <sup>1</sup>	808.0	934.0
Other financial receivables	423.8	450.8
Other receivables	37.9	38.7
<b>Total</b>	<b>1,269.7</b>	<b>1,423.5</b>

1 Of which, CHF 549.8 million (previous year: CHF 604.9 million) stems from contracts with customers pursuant to IFRS 15.

The business combinations in the reporting year increased trade account receivables by CHF 18.7 million.

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

The following table shows the age structure of trade account receivables:

<b>CHF millions</b>	31.12.2021			31.12.2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Trade accounts receivable	829.8	-21.8	808.0	956.6	-22.6	934.0
of which:						
– not past due	712.0	-1.7	710.3	854.4	-2.9	851.5
– 1–30 days past due	65.4	-0.6	64.8	54.0	-0.4	53.6
– 31–360 days past due	29.3	-4.4	24.9	25.6	-4.6	21.0
– over 360 days past due	23.1	-15.1	8.0	22.6	-14.7	7.9

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

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

<b>CHF millions</b>	Trade receivables	Other financial receivables	Loans
<b>Loss allowances at 31.12.2020</b>	<b>24.2</b>	<b>2.3</b>	<b>8.3</b>
Addition/release	2.0		
Derecognition of uncollectable receivables	-4.1		
Currency translations	-0.3		
<b>Loss allowances at 31.12.2021</b>	<b>21.8</b>	<b>2.3</b>	<b>8.3</b>
Addition/release	8.7	0.4	
Derecognition of uncollectable receivables	-7.5		
Currency translations	-0.3	-0.1	
Removal from scope of consolidation	-0.1		
<b>Loss allowances at 31.12.2022</b>	<b>22.6</b>	<b>2.6</b>	<b>8.3</b>

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

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

### Accounting policies

Depending on the amount, trade accounts receivable are subjected to an individual impairment assessment and, if necessary, individual write-downs are made. In the case of energy trading, trade accounts receivable, probabilities of default are calculated on the basis of externally or internally calculated counterparty ratings and corresponding impairments are recognized for

expected losses occurring within the next 12 months. The simplified impairment model is applied to the remaining trade receivables. Assets are assessed here on the basis of being in arrears and grouped into various categories. Different impairment rates for the expected losses over the entire remaining term are allocated to these groups based on historical values.

## 16 Contract assets and contract liabilities

Contract assets and contract liabilities as of December 31, 2022 included a write-down of CHF 0.1 million for expected defaults on receivables in accordance with the provisions of IFRS 9 (previous year: CHF 0.1 million).

Recognized revenue from contract liabilities included at the start of the reporting period amounted to CHF 80.4 million (previous year: CHF 75.1 million).

CHF millions	2021	2022
<b>Expected future income from existing contracts</b>	<b>1,193.3</b>	<b>1,582.6</b>
thereof:		
– expected within the next 12 months	848.6	1,064.3
– expected after 12 months	344.7	518.3

### Accounting policies

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

received before goods or services are transferred to the customer, a contract liability is recognized.

BKW evaluates the extent of performance for the purposes of valuing customer orders. The extent of performance is measured using the cost-to-cost method. Customer orders are assessed for credit risk and valued using the simplified impairment model under IFRS 9. Anticipated losses are immediately recorded in their entirety.

## 17 Inventories

CHF millions	31.12.2021	31.12.2022
Goods and materials	42.4	115.1
Valuation adjustment on goods and materials	-1.1	-2.4
Certificates (proprietary trading)	22.0	19.6
Certificates (own use)	29.7	79.2
Valuation adjustment on certificates (own use)	0.0	-0.3
<b>Total</b>	<b>93.0</b>	<b>211.2</b>

### Accounting policies

#### Stock material and gas inventories

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

#### Emission rights and green certificates

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

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

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

## 18 Accruals & Deferrals

CHF millions	31.12.2021	31.12.2022
Financial accruals	108.8	117.4
Other prepaid expenses and accrued income	38.7	33.7
<b>Total prepaid expenses and accrued income</b>	<b>147.5</b>	<b>151.1</b>
Financial accruals	228.5	321.3
Other deferred income and accrued expenses	51.0	94.2
<b>Total deferred income and accrued expenses</b>	<b>279.5</b>	<b>415.5</b>

In the case of financial accruals and deferrals, a general impairment is recognized in accordance with the simplified impairment model pursuant to IFRS 9.

## 19 Financial assets

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

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

In November 2016, BKW sold a Swissgrid convertible loan totaling CHF 97.2 million to Credit Suisse. The loan was sold without the associated conversion right. When certain conditions are met, Swissgrid can or must convert the loan into equity, and BKW is obliged to acquire the resulting share of Swissgrid's equity. Thus, although

BKW sold the loan, it entered into a directly linked obligation at the same time. The loan could therefore not be derecognized. The loan was fully paid off by the end of financial year 2022. In the previous year CHF 77.7 million were paid off. Thus there are no more effects from this transaction under "Other receivables" (previous year: CHF 19.5 million). Similarly, there are no more current liabilities (previous year: CHF 19.5 million) to be reported (see note 23).

CHF millions	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Loans	Term deposits	Interest in state funds	Other non-current assets	Total
At 31.12.2020	7.5	50.4	45.0	91.7	1,287.0	23.5	1,505.1
Changes in the scope of consolidation	0.1		2.2			0.5	2.8
Additions	0.2	84.8	28.9	95.0	36.5	32.9	278.3
Disposals	-0.5	-135.3	-26.0	-135.0	-53.7	-19.6	-370.1
Currency translations			-0.8	-0.2		-0.4	-1.4
Value adjustment in the income statement		0.2	0.2		105.0	1.9	107.3
Value adjustment in other comprehensive income				0.1			0.1
At 31.12.2021	7.3	0.1	49.5	51.6	1,374.8	38.8	1,522.1
of which:							
– Current financial assets		0.1	26.3	50.9	38.7		116.0
– Non-current financial assets	7.3		23.2	0.7	1,336.1	38.8	1,406.1
of which:							
– Financial assets according to IAS 32 and IFRS 9	7.3	0.1	49.5	51.6		30.5	139.0
– Other assets					1,374.8	8.3	1,383.1

### Accounting policies

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

Financial assets are recorded and derecognized on the trade date.

Stock exchange-listed securities that constitute part of a portfolio of financial instruments, that are jointly managed and that are regularly purchased and sold are categorized as “Assets at fair value through profit or loss” and recorded under current assets. Other holdings and securities are allocated to the “Financial assets at fair value through other comprehensive income” category

and reported under non-current assets. Term deposits, loans and other financial assets are valued at amortized cost. Pursuant to IFRS 9, probabilities of default are calculated for time deposits and loans based on externally or internally determined counterparty ratings, and corresponding write-downs are recognized for losses expected to occur within the next 12 months.

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

## 20 Shareholdings in associates

CHF millions	Total
<b>At 31.12.2020</b>	<b>1,409.1</b>
Additions	24.3
Disposals	- 21.0
Dividends	- 22.1
Pro rata income	40.4
Currency translations	- 8.4
Actuarial gains/losses	36.0
Hedging transactions	3.4
<b>At 31.12.2021</b>	<b>1,461.7</b>
Additions	7.6
Disposals	- 18.9
Dividends	- 27.3
Pro rata income	41.5
Currency translations	- 34.0
Actuarial gains/losses	- 15.2
Hedging transactions	9.8
<b>At 31.12.2022</b>	<b>1,425.2</b>

The additions in the 2022 financial year relate to acquisitions of additional shares in Swissgrid AG amounting to CHF 7.6 million.

The disposals relate to a reduction in capital in Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG of CHF 18.9 million (previous year: CHF 18.0 million).

The additions in the previous year relate to a non-cash allocation of Swissgrid shares amounting to CHF 9.7 million due to additional compensation for the expropriation of the transmission grid in 2013, recognized as profit or loss in the financial year 2020.

**Pro rata key figures for associates at 31.12.2022**

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

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

All associates are evaluated using the equity method.

Of the overall identifiable assets and liabilities, CHF 1,429.5 million (previous year: CHF 1,478.5 million) are attributable to net financial debt (financial liabilities less medium and short-term financial assets).

Associates in the Energy segment are, in particular, partner plants. For these, BKW is obliged to pay the annual costs due on its share (including interest and repayment of borrowed funds). Energy produced by partner plants is billed to shareholders on the basis of existing agreements – irrespective of the current market prices – at the cost of production. Provisions for onerous energy procurement contracts are formed if the cost of production is above the future expected

market price due to the contractual obligation to pay energy production costs. Based on the obligation of the shareholders to pay production costs, the recoverability of the holdings in partner plants measured at the proportional equity value is taken as a given.

The pro rata annual costs to BKW for the purchase of energy in 2022 amounted to CHF 810.5 million (previous year: CHF 474.4 million). These are included in the energy procurement costs. The operating costs charged by nuclear storage facilities in 2022 amount to CHF 14.0 million (previous year: CHF 16.8 million) and are reported under cost of materials and services. Of the total share of assets and liabilities of partner plants CHF 758.3 million (previous year: CHF 776.9 million) relate to net financial debt.

**Pro rata key figures for associates at 31.12.2021**

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

<b>BKW share CHF millions</b>	Hydro	Nuclear	Fossil-fuel	New renewable energy	Other	Total Energy	Grid	Total
Current assets	31.5	49.1	75.9	19.4	6.9	182.8	237.4	420.2
Non-current assets	991.0	833.0	425.7	196.9	28.8	2,475.4	1,041.2	3,516.6
Current liabilities	-153.4	-79.1	-53.6	-18.3	-3.5	-307.9	-173.6	-481.5
Non-current liabilities	-570.9	-654.3	-9.6	-107.5	-16.8	-1,359.1	-634.5	-1,993.6
Shareholders' equity	298.2	148.7	438.4	90.5	15.4	991.2	470.5	1,461.7
Income	154.5	152.8	201.4	30.9	10.4	550.0	275.8	825.8
Expenses	-148.0	-150.4	-202.3	-30.8	-10.2	-541.7	-243.7	-785.4
Net profit/loss	6.5	2.4	-0.9	0.1	0.2	8.3	32.1	40.4
Other comprehensive income	11.4	10.6	0.0	3.4	0.0	25.4	14.0	39.4
Comprehensive income	17.9	13.0	-0.9	3.5	0.2	33.7	46.1	79.8

### Key figures for major associates

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

100% key figures CHF millions	Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG		Kraftwerke Oberhasli AG		Swissgrid AG	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Current assets	51.9	222.7	21.4	20.1	647.4	621.4
Non-current assets	1,221.3	1,096.0	778.5	777.0	2,837.9	3,008.1
Current liabilities	-46.2	-219.3	-77.8	-87.6	-475.0	-490.4
Non-current liabilities	-23.0	-40.2	-500.5	-480.3	-1,740.6	-1,831.9
Shareholders' equity	1,204.0	1,059.2	221.6	229.2	1,269.7	1,307.2
Shareholding in % as at 31.12.	33.0%	33.0%	50.0%	50.0%	36.4%	37.0%
Goodwill	0.0	0.0	0.0	0.0	5.6	5.6
Reported carrying amount of the investment	397.3	349.5	110.8	114.6	468.2	489.5
Income	128.2	255.8	143.0	145.3	755.4	1,030.1
Expenses	-136.1	-287.7	-136.8	-138.7	-653.3	-927.3
Net profit/loss	-7.9	-31.9	6.2	6.6	102.1	102.8
Other comprehensive income	0.0	0.0	11.4	1.0	40.6	-12.2
Comprehensive income	-7.9	-31.9	17.6	7.6	142.7	90.6
Recognized proportionate result from associates	-2.6	-10.5	3.1	3.3	31.9	37.5
Dividend received	0.0	0.0	0.0	0.0	13.9	19.4

The reported figures are provisional and come from the respective companies, with the exception of Swissgrid which, is listed with bonds on the SIX Swiss Exchange. BKW has no final figures for Swissgrid. The key figures as of 31.12. and the income statement including the net profit are estimated by BKW on the basis of Swissgrid's business reports from the previous year, as well as relevant press releases issued in the current financial year and transferred to IFRS. Deviations

from Swissgrid's actual figures will be taken into account in the profit and loss figure of the following year.

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

## 21 Property, plant and equipment

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

The change in the scope of consolidation relates to business combinations amounting to CHF 311.1 million (see Note 5) and disposals of companies amounting to CHF -12.2 million.

The additions of rights of use from leases amounting to CHF 16.5 million are not cash relevant.

In the reporting year, borrowing costs of CHF 0.1 million were activated (previous year: none). In the year under review, compensation of CHF 1.0 million for property, plant and equipment which

was written-down, lost or decommissioned was recorded the income statement (previous year: CHF 0.4 million).

The property, plant and equipment of the Mühleberg Nuclear Plant which is being dismantled and was fully written-down at the end of 2019, will no longer be reported separately but under the power plant facilities. As of 31.12.2022, the gross value of these assets is still CHF 492.9 million (previous year: CHF 697.2 million), the net value CHF 0 (previous year: CHF 0).

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

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

<b>CHF millions</b>	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Construction in progress	Right-of-Use Assets	Total
<b>Gross values at 31.12.2020</b>	<b>3,458.1</b>	<b>3,398.7</b>	<b>259.8</b>	<b>317.8</b>	<b>179.5</b>	<b>345.2</b>	<b>7,959.1</b>
Changes in the scope of consolidation			0.2	5.6	0.9	20.2	26.9
Additions	1.2	4.6		18.9	205.2	23.1	253.0
Disposals	-617.3	-14.3	-0.4	-15.6	-0.3	-6.7	-654.6
Reclassifications	14.1	114.0	2.7	19.1	-150.3	0.4	-0.0
Contract adjustments						22.7	22.7
Currency translations	-42.9		-0.5	-2.4	-0.2	-10.8	-56.8
<b>Gross values at 31.12.2021</b>	<b>2,813.2</b>	<b>3,503.0</b>	<b>261.8</b>	<b>343.4</b>	<b>234.8</b>	<b>394.1</b>	<b>7,550.3</b>
<b>Accumulated depreciation and impairments at 31.12.2020</b>	<b>2,375.9</b>	<b>1,670.4</b>	<b>126.9</b>	<b>204.4</b>	<b>0.7</b>	<b>123.3</b>	<b>4,501.6</b>
Depreciation	58.3	74.9	6.8	28.7		42.2	210.9
Impairment	0.7				0.4		1.1
Disposals	-610.8	-12.1	-0.2	-15.3	-0.4	-5.8	-644.6
Reversal of impairment	-17.7						-17.7
Currency translations	-18.5			-1.0		-4.8	-24.3
<b>Accumulated depreciation and impairments at 31.12.2021</b>	<b>1,787.9</b>	<b>1,733.2</b>	<b>133.5</b>	<b>216.8</b>	<b>0.7</b>	<b>154.9</b>	<b>4,027.0</b>
<b>Net values at 31.12.2021</b>	<b>1,025.3</b>	<b>1,769.8</b>	<b>128.3</b>	<b>126.6</b>	<b>234.1</b>	<b>239.2</b>	<b>3,523.3</b>
– thereof pledged for liabilities	15.3		3.1				18.4

The change in the scope of consolidation in the previous year included CHF 26.0 million of additions from business combinations (see Note 5). The additions of rights of use from leases amounting to CHF 23.1 million are not cash relevant.

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

CHF millions	Power plants	Distribution grid	Buildings and land	Other property, plant and equipment	Total
<b>Gross values at 31.12.2020</b>	<b>121.4</b>	<b>6.7</b>	<b>195.4</b>	<b>21.7</b>	<b>345.2</b>
Changes in the scope of consolidation			13.4	6.8	20.2
Additions			14.9	8.2	23.1
Disposals			-4.4	-2.3	-6.7
Reclassifications			0.4		0.4
Contract adjustments		1.7	21.0		22.7
Currency translations	-5.3		-4.8	-0.7	-10.8
<b>Gross values at 31.12.2021</b>	<b>116.1</b>	<b>8.4</b>	<b>235.9</b>	<b>33.7</b>	<b>394.1</b>
<b>Accumulated depreciation and impairments at 31.12.2020</b>	<b>69.8</b>	<b>3.3</b>	<b>44.1</b>	<b>6.1</b>	<b>123.3</b>
Depreciation	4.4	1.2	29.9	6.7	42.2
Disposals			-3.5	-2.3	-5.8
Reclassifications					0.0
Currency translations	-3.2		-1.3	-0.3	-4.8
<b>Accumulated depreciation and impairments at 31.12.2021</b>	<b>71.0</b>	<b>4.5</b>	<b>69.2</b>	<b>10.2</b>	<b>154.9</b>
<b>Net values at 31.12.2021</b>	<b>45.1</b>	<b>3.9</b>	<b>166.7</b>	<b>23.5</b>	<b>239.2</b>
– of which land lease for wind parks			35.0		

### Accounting policies

Property, plant and equipment are recorded at acquisition or manufacturing cost less accumulated depreciation and recognized write-down losses. Depreciation is calculated on a linear basis over the expected useful life of the assets. Property, plant and equipment dependent on concessions that are revertible without compensation are written down at most over the expected term of the concession.

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

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

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

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

## 22 Intangible assets

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

The change in the scope of consolidation amounting to CHF 327.4 million relates to business combinations (previous year: CHF 114.9 million) and CHF -8.3 million to company disposals

Other intangible assets include brands with an indefinite life from acquisitions amounting to CHF 67.8 million (previous year: CHF 30.3 million). The reason for the increase is the purchase price allocation of newly acquired companies. For the

impairment test of the recognized brands (Impairment Test) the book value was compared with the fair value of the brands. The calculations were based on estimated cash flows, long-term growth rates of 1–2% and WACC (before tax) of 9.4–11.7%.

The impairment test on goodwill disclosed in the balance sheet did not identify any need for impairment.

CHF millions	Rights of use	Goodwill	Other	Total
<b>Gross values at 31.12.2020</b>	<b>173.6</b>	<b>887.9</b>	<b>369.5</b>	<b>1,431.0</b>
Changes in the scope of consolidation		96.2	18.7	114.9
Additions from acquisitions	0.5		6.0	6.5
Additions from internally generated intangible assets			8.0	8.0
Disposals			-16.8	-16.8
Currency translations	-3.7	-16.4	-4.2	-24.3
<b>Gross values at 31.12.2021</b>	<b>170.4</b>	<b>967.7</b>	<b>381.2</b>	<b>1,519.3</b>
<b>Accumulated depreciation and impairments at 31.12.2020</b>	<b>132.5</b>	<b>93.6</b>	<b>181.7</b>	<b>407.8</b>
Depreciation	2.4		33.9	36.3
Impairment			0.7	0.7
Disposals			-16.7	-16.7
Currency translations	-3.6		-1.7	-5.3
<b>Accumulated depreciation and impairments at 31.12.2021</b>	<b>131.3</b>	<b>93.6</b>	<b>197.9</b>	<b>422.8</b>
<b>Net values at 31.12.2021</b>	<b>39.1</b>	<b>874.1</b>	<b>183.3</b>	<b>1,096.5</b>

On the balance sheet date, goodwill was distributed among the following cash-generating units:

CHF millions	31.12.2021	31.12.2022
Energy	162.6	159.3
Services	711.5	931.9
<b>Total</b>	<b>874.1</b>	<b>1,091.2</b>

The goodwill carried in the balance sheet was tested for impairment by comparing the book value with the realizable value of the cash-generating units. The realizable value corresponds to the value in use. The calculations were made on the basis of estimated cash flows from business

projections approved by management over a period of four years. Cash flows beyond this period were extrapolated using an estimated growth rate. The impairment test on goodwill disclosed in the balance sheet did not identify any need for impairment.

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

%	WACC (before tax)		WACC (after tax)		Long-term growth rate
	31.12.2021	31.12.2022	31.12.2021	31.12.2022	
Energy	6.4	7.8	5.0	6.1	1.0
Services	8.2	9.8	6.4	7.7	1.0

Based on the findings of a sensitivity analysis, realistic changes in the material assumptions do

not suggest that the recoverable amount could fall below the book value.

### Accounting policies

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

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

#### Brands with an indefinite life

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

#### Rights of use

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

Intangible assets are amortized over the period of use, or at most the contract period, using the straight-line method. Goodwill is not written down but assigned to the relevant cash-generating unit and subjected to annual impairment tests, or ad hoc tests whenever impairment is indicated.

#### Rights of use

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

#### Other

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

## 23 Trade accounts payable and other liabilities

CHF millions	31.12.2021	31.12.2022
Trade accounts payable	535.0	491.1
Other financial liabilities	284.5	295.5
Other liabilities	65.4	65.5
Pension plans	12.5	6.8
<b>Total</b>	<b>897.4</b>	<b>858.9</b>

The other financial liabilities do not include any effects (previous year: CHF 19.5 million) from the sale of the Swissgrid convertible loan (see Note 19).

## 24 Financial liabilities

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

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

CHF millions	31.12.2021	31.12.2022
Bonds	893.0	1,187.9
Registered bonds	272.3	250.6
Lease liabilities	207.7	207.1
Bank liabilities	502.4	346.0
Other financial liabilities	202.7	80.3
<b>Total</b>	<b>2,078.1</b>	<b>2,071.9</b>
of which:		
– Current financial liabilities	862.2	264.1
– Non-current financial liabilities	1,215.9	1,807.8

CHF millions	31.12.2021	Financing cash flows	Currency translations	Changes in fair values	Other	31.12.2022
<b>Current financial liabilities</b>	<b>862.2</b>	<b>-486.9</b>	<b>-2.4</b>	<b>0.0</b>	<b>-108.8</b>	<b>264.1</b>
– Bonds	199.9				-199.9	0.0
– Lease liabilities	43.2	-52.5	-0.9		59.9	49.7
– Bank liabilities	453.9	-304.2	-0.4		30.8	180.1
– Other financial liabilities	165.2	-130.2	-1.1		0.4	34.3
<b>Non-current financial liabilities</b>	<b>1,215.9</b>	<b>302.2</b>	<b>-19.7</b>	<b>-5.7</b>	<b>315.1</b>	<b>1,807.8</b>
– Bonds	693.1	299.9		-5.7	200.6	1,187.9
– Registered bonds	272.3	-10.4	-12.3		0.9	250.5
– Lease liabilities	164.5	0.0	-4.1		-3.0	157.4
– Bank liabilities	48.5	4.4	-3.3		116.4	166.0
– Other financial liabilities	37.5	8.3	0.0		0.2	46.0
<b>Other non-current liabilities</b>	<b>349.2</b>	<b>22.9</b>	<b>-0.8</b>		<b>-20.5</b>	<b>350.8</b>
<b>Total liabilities from financing activities</b>	<b>2,427.3</b>	<b>-161.8</b>	<b>-22.9</b>	<b>-5.7</b>	<b>185.8</b>	<b>2,422.7</b>

Due to changes in the scope of consolidation, liabilities from financing activities increased by CHF 189.8 million in the reporting year (previous year: CHF 22.6 million).

CHF millions	31.12.2020	Financing cash flows	Currency translations	Changes in fair values	Other	31.12.2021
<b>Current financial liabilities</b>	<b>108.0</b>	<b>496.6</b>	<b>-2.0</b>	<b>0.0</b>	<b>259.6</b>	<b>862.2</b>
– Bonds					199.9	199.9
– Lease liabilities	38.3	-43.5	-0.9		49.3	43.2
– Bank liabilities	25.8	426.2	-0.1		2.0	453.9
– Other financial liabilities	43.9	113.9	-1.0		8.4	165.2
<b>Non-current financial liabilities</b>	<b>1,430.1</b>	<b>-3.1</b>	<b>-17.1</b>	<b>-2.0</b>	<b>-192.0</b>	<b>1,215.9</b>
– Bonds	894.0			-2.0	-198.9	693.1
– Registered bonds	283.9		-12.5		0.9	272.3
– Lease liabilities	153.2		-3.7		15.0	164.5
– Bank liabilities	54.8	-2.5	-0.9		-2.9	48.5
– Other financial liabilities	44.2	-0.6	0.0		-6.1	37.5
<b>Other non-current liabilities</b>	<b>354.4</b>	<b>18.6</b>	<b>-0.8</b>		<b>-23.0</b>	<b>349.2</b>
<b>Total liabilities from financing activities</b>	<b>1,892.5</b>	<b>512.1</b>	<b>-19.9</b>	<b>-2.0</b>	<b>44.6</b>	<b>2,427.3</b>

## 25 Provisions

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

CHF millions	Nuclear waste disposal	Onerous contracts	Other provisions	Total
<b>At 31.12.2020</b>	<b>1,423.3</b>	<b>272.8</b>	<b>62.8</b>	<b>1,758.9</b>
Changes in the scope of consolidation			1.1	1.1
Provisions added		4.5	8.2	12.7
Interest	32.4	6.8	0.8	40.0
Provisions used	-122.8	-36.8	-8.5	-168.1
Provisions released		-54.9	-6.8	-61.7
Change in estimate for nuclear disposal	-29.7			-29.7
Currency translations			-1.5	-1.5
<b>At 31.12.2021</b>	<b>1,303.2</b>	<b>192.4</b>	<b>56.1</b>	<b>1,551.7</b>
of which:				
– Current provisions	120.7	22.7	8.8	152.2
– Non-current provisions	1,182.5	169.7	47.3	1,399.5

### Nuclear waste disposal

At December 31, 2022 the provision for nuclear waste disposal was comprised as follows:

- CHF 549.8 million (previous year: CHF 621.0 million) set aside for decommissioning of the nuclear power plant. This covers the costs of the post-operational phase after shutdown, as well as the costs of dismantling and disposing of the plant and rehabilitation of the surrounding area. Payments are anticipated to continue

until conclusion of the decommissioning activities, provisionally in 2034. The costs for disposal of decommissioning waste due will continue to fall until all of this waste has been put into the storage facility for weak to medium-active nuclear waste, scheduled for 2061.

In the reporting year, provisions amounting to CHF 84.5 million were used for decommissioning and post-operation (previous year: CHF 92.4 million). Of this amount, CHF 19.0 million (pre-

vious year: CHF 23.2 million) related to costs with a reimbursement claim to the state funds.

- A further CHF 678.6 million (previous year: CHF 682.2 million) is set aside for the disposal of spent fuel elements and radioactive waste outside the power plant site. These payments will continue until the final repository for high-level waste is closed, probably in 2126. In the reporting year, provisions were used for waste disposal amounting to CHF 22.4 million (previous year: CHF 30.4 million). Of this amount, CHF 22.4 million (previous year: CHF 30.4 million) related to costs with a reimbursement claim to the state funds..

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

Based on the results of KS21 in the previous year, provisions were released amounting to CHF 29.7 million.

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

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

For the post-operational phase (until 2024), an adjustment has to be made for interest rates and inflation due to the changed interest rate environment in 2022 and inflation outlook:

- An average inflation rate of 1.7% is assumed (previous year: 0.5%).
- An interest rate of 1.2% has been taken into account (previous year: 0.5%).

Since 2019, the assumptions made are not based on the parameters defined in the Decommissioning and Waste Disposal Fund Ordinance (SEFV), as BKW does not consider them to be relevant. Instead, BKW applies its own estimates (see Note 4.2 for an explanation).

In principle, BKW has to make payments to the state funds for decommissioning and waste disposal until 2022, although, based on KS21, BKW does not expect that further payment will be necessary for 2022. The final determination of contributions is expected in 2023. The funds reimburse operators for decommissioning and waste disposal payments after plants have been decommissioned. In the year under review, BKW received reimbursements from the funds amounting to CHF 38.8 million (previous year: CHF 53.7 million). Shares in governmental funds are included in the financial assets (see Note 19).

#### Onerous contracts

Provisions for onerous contracts relate mainly to energy procurement contracts and cover future energy purchases from partner plants at production costs that are expected to exceed the achievable sales prices. The provisions are related to energy procurement contracts from the fossil-thermal power plants at Wilhelmshaven in Germany and Livorno Ferraris in Italy. In the reporting year, provisions were increased by a net CHF 19.1 million based on updated expectations of future production volumes and electricity price developments (previous year: reduction of net CHF 39.1 million).

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

### Other provisions

Other provisions include warranty obligations, personnel-related obligations, payments arising from legal disputes that are considered likely as well as various smaller operating obligations. The outflow of funds from these provisions is mainly expected over the next three years. In addition, provisions are made for the dismantling and demolition of power plant facilities and for restoration of the surrounding area. These costs will be incurred at the end of the useful life of the respective power plants; the cash outflow is expected within the next 20 to 25 years.

### Accounting policies

BKW has non-controlling interests in power generation companies where it has an obligation to purchase the energy produced at production cost. Provisions are made for energy purchasing obligations at production cost exceeding the expected sales prices that can be realized in the future. The calculations are made using the discounted cash flow method.

Provisions recognized at present value are compounded by financial expense.

## 26 Pension plans

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

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

### BKW Pension Fund

A large proportion of the BKW Group employees working in Switzerland are insured with the Pension Fund of the Bernische Kraftwerke (BKW Pension Fund). The BKW Pension Fund is set up as a foundation under private law whose pension plan corresponds to a defined contribution plan in accordance with Swiss law. The governing body of the BKW Pension Fund Foundation is the Board of

Trustees which is composed of an equal number of employee and employer representatives. The benefits payable by the BKW Pension Fund are set out in pension fund regulations. These are determined by the Board of Trustees. The Board of Trustees delegates the management of the Foundation's business to a management team. The Foundation is subject to the supervisory authority of the Canton of Bern.

The pension assets are invested in a broadly diversified manner in Switzerland and abroad within the framework of the legal provisions and the guidelines issued by the Board of Trustees. The assets are invested in such a way as to ensure the security and appropriate return on investments, a balanced distribution of risks and the coverage of foreseeable cash requirements. The occupational pension plan auditor prepares the annual actuarial balance sheet and reviews the financial and actuarial situation of the BKW Pension Fund. The unaudited actuarial funding ratio of the BKW Pension Fund in accordance with the BVG as of December 31, 2022 is 106.5% (previous year: 120%) based on a technical interest rate of 1.50% (previous year: 1.50%). In the event of a shortfall in cover under the BVG, suitable restructuring measures (for example, increasing the ordinary contributions or levying restructuring contributions) must be taken by the Board of Trustees in consultation with the occupational benefits expert. The employer's contribution must be at least equal to the sum of the employees' contributions.

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

### 26.1 Pension liabilities recognized in the balance sheet

CHF millions	31.12.2021	31.12.2022
Present value of defined benefit obligations	-2,420.4	-2,078.0
Fair value of plan assets	2,411.3	2,226.9
Adjustment to the asset ceiling	0.0	-173.3
<b>Net pension liability recorded in the balance sheet</b>	<b>-9.1</b>	<b>-24.4</b>
of which amount disclosed as credit	0.0	36.2
of which amount disclosed as liability	-9.1	-60.6

### 26.2 Pension costs according to IAS 19

CHF millions	2021	2022
Current service cost (employer)	50.7	50.8
Past service cost (employer)	1.4	-0.0
Interest expenses on defined benefit obligation	3.4	6.8
Interest income from plan assets	-3.1	-6.8
Administration costs excluding costs for management of plan assets	1.1	1.2
<b>Pension plan expenses</b>	<b>53.5</b>	<b>52.0</b>

### 26.3 Revaluation of pension liabilities

CHF millions	2021	2022
Actuarial gains/losses		
– Change in financial assumptions	-50.6	-440.5
– Change in demographic assumptions	-93.4	0.0
– Adjustments based on experience	34.3	29.5
Return on plan assets (excluding interest based on discount rate)	-163.7	223.1
Effect of the unrecognized amount		
Change in impact of asset ceiling excluding interest expense (+) / income (-)	0.00	173.30
<b>Total revaluation reported in other comprehensive income</b>	<b>-273.4</b>	<b>-14.6</b>

## 26.4 Change in the present value of employee benefit obligations

CHF millions	2021	2022
<b>Present value of defined benefit obligation at 01.01.</b>	<b>2,507.2</b>	<b>2,420.4</b>
Interest expenses on defined benefit obligation	3.4	6.8
Current service cost (employer)	50.7	50.8
Contributions paid/benefits paid out	-96.7	-114.7
Employee contributions	29.6	32.3
Past service cost (employer)	1.4	-0.0
Business combination	33.4	92.8
Administration costs (excluding asset management costs)	1.1	1.3
Actuarial gains/losses	-109.7	-411.6
<b>Present value of defined benefit obligations at 31.12.</b>	<b>2,420.4</b>	<b>2,078.0</b>

At the balance sheet date the share of the active employees in the benefit obligations amounted to CHF 1,266 million (previous year: CHF 1,439.7 mil-

lion). At the balance sheet date the share of pensioners in the benefit obligations amounted to CHF 812.1 million (previous year: CHF 980.7 million).

## 26.5 Development of fair value of plan assets

CHF millions	2021	2022
<b>Fair value of plan assets at 01.01.</b>	<b>2,249.4</b>	<b>2,411.3</b>
Interest income from plan assets	3.1	6.8
Employer contributions	38.1	41.0
Employee contributions	29.6	32.6
Contributions paid/benefits paid out	-96.3	-114.8
Business combination	23.7	73.0
Return on plan assets (excluding interest based on discount rate)	163.7	-223.1
<b>Fair value of plan assets at 31.12.</b>	<b>2,411.3</b>	<b>2,226.9</b>

## 26.6 Development of the effects of the asset ceiling

CHF millions	2021	2022
Adjustment to the asset ceiling as of 1.01.	0.0	0.0
Change in effect of asset ceiling excl. interest expense / income	0.0	-173.3
<b>Adjustment to the asset ceiling as of 31.12.</b>	<b>0.0</b>	<b>-173.3</b>

## 26.7 Investment structure of plan assets

CHF millions	31.12.2021	%	31.12.2022	%
Cash and cash equivalents	120.8	5.0	35.8	1.6
Equity instruments	873.2	36.2	752.2	33.8
Debt instruments	749.2	31.1	700.3	31.4
Other instruments	187.4	7.8	242.1	10.9
Properties	480.7	19.9	496.5	22.3
<b>Total plan assets</b>	<b>2,411.3</b>	<b>100.0</b>	<b>2,226.9</b>	<b>100.0</b>
– thereof own transferrable financial instruments	5.6		6.0	
– thereof properties used by BKW	18.6		13.6	

The equity instruments include investments in shares and are generally quoted in an active market at their market price. In terms of total assets, the proportion of Swiss equities at the end of the reporting period is 15.5% (previous year: 16.4%) and that of foreign equities 19.9% (previous year: 20.9%). In Switzerland and abroad, equity investments are made through direct investments (using external asset managers) as well as investment foundations and funds.

As of December 31, 2022, the outside capital instruments in relation to total assets consisted of Swiss bonds 18.4% (previous year: 18.3%), foreign bonds with foreign currency hedging 9.0% (previous year: 8.9%) and mortgage loans and mortgage bonds 5.1% (previous year: 3.6%). The obligations and mortgage bonds are quoted in an

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

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

As of December 31, 2022, the real estate in relation to the total assets is divided into 14.8% (previous year: 12.0%) in properties (direct investments in Switzerland) and 8.9% (previous year: 8.3%) in real estate funds listed on an active market (of which almost half in foreign properties).

The effective return on plan assets in the reporting year was –9.0% (previous year: 7.4%).

## 26.8 Actuarial assumptions

	Switzerland 2021	Germany 2021	Switzerland 2022	Germany 2022
Discount rate	0.30%	1.18%	2.20%	3.68%
Expected rate of future salary increases	0.50%	2.75%	1.00%	2.75%
Expected rate of future pension increases	0.00%	1.75%	0.00%	1.75%
Mortality table	BVG 2020 GT	Heubeck 2018 G	BVG 2020 GT	Heubeck 2018 G

The weighted average duration of the employee benefit obligation was 11.7 years (previous year: 14.2 years). The change in the demographic expectations in the previous year (Note 26.3) relates to

the updating of the withdrawal probabilities based on the experience of the BKW Pension Fund and the adjustment of technical parameters.

### Sensitivity of the key actuarial assumptions

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

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

31.12.2021 CHF millions	Defined benefit obligation	
	Increase	Decrease
Discount rate (0.25% change)	-79.4	84.5
Salary increase (0.25% change)	5.6	-5.8
Changes in pensions (+0.25% change)	66.0	-
Life expectancy (1 year change)	80.2	-80.7

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

### 26.9 Estimate of contributions for the subsequent period

CHF millions	2021	2022
Expected employer contributions	37.5	50.9
Expected employee contributions	29.6	40.6

## 27 Other non-current liabilities

CHF millions	31.12.2021	31.12.2022
Assigned rights of use	311.9	320.5
Other non-current financial liabilities	37.1	30.1
Other non-current liabilities	0.2	0.2
<b>Total</b>	<b>349.2</b>	<b>350.8</b>

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

## 28 Share capital and reserves

### 28.1 Share capital

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

#### Major shareholders

As of December 31, 2022, to the best knowledge of BKW, more than 3% of the shares were held by the following shareholders:

	31.12.2021	31.12.2022
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	n/a	> 3%

#### Transactions with treasury stock

	Number	Carrying amount CHF millions	Cash-relevant proportion CHF millions
<b>31.12.2020</b>	<b>39,074</b>	<b>3.7</b>	
Purchases	397,986	42.3	42.3
Sales	-408,825	-42.5	-33.5
<b>31.12.2021</b>	<b>28,235</b>	<b>3.5</b>	<b>8.8</b>
Purchases	337,898	38.5	38.5
Sales	-349,569	-39.9	-33.4
<b>31.12.2022</b>	<b>16,564</b>	<b>2.1</b>	<b>5.1</b>

### 28.2 Reserves

#### Capital reserves

Capital reserves include reserves paid in by shareholders.

#### Retained earnings

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

#### Treasury stock

BKW shares held by BKW or its Group companies are deducted from equity at cost. As of December 31, 2022, 16,564 shares (previous year: 28,235) were held by BKW AG and its Group companies.

**Other reserves (allocatable to BKW shareholders)**

CHF millions	Currency translations	Valuation reserve of financial assets measured at fair value	Cash Flow Hedging	Actuarial gains/losses	Total
<b>At 31.12.2020</b>	<b>-362.4</b>	<b>-0.1</b>	<b>-6.1</b>	<b>84.6</b>	<b>-284.0</b>
Currency translations					
– Currency translations	-35.7				-35.7
Hedging transactions (Group companies)					
– Value adjustments			-210.9		-210.9
– Reclassification to the income statement			0.2		0.2
Hedging transactions (Associates)					
– Value adjustments			3.4		3.4
Actuarial gains/losses					
– of Group companies				273.2	273.2
– of associates				30.8	30.8
Income taxes			44.3	-60.2	-15.9
<b>At 31.12.2021</b>	<b>-398.1</b>	<b>-0.1</b>	<b>-169.1</b>	<b>328.4</b>	<b>-238.9</b>
Currency translations					
– Currency translations	-61.5				-61.5
– Reclassification to the income statement	2.8				2.8
– Acquisition of non-controlling interests	-0.3				-0.3
Hedging transactions (Group companies)					
– Value adjustments			-345.9		-345.9
– Reclassification to the income statement			75.8		75.8
Hedging transactions (Associates)					
– Value adjustments			9.8		9.8
Actuarial gains/losses					
– of Group companies				14.6	14.6
– of associates				-14.0	-14.0
Income taxes	-2.6		56.5	-2.5	51.4
<b>At 31.12.2022</b>	<b>-459.7</b>	<b>-0.1</b>	<b>-372.9</b>	<b>326.5</b>	<b>-506.2</b>

**Currency conversion**

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

It also includes the unrealized changes in the value of financial instruments used to hedge net investments in a foreign operation (net investment hedge) to the amount of the effective portion of the hedge as well as their realized gains and losses from completed hedging operations, provided that the hedged item concerned was not yet recognized in profit or loss.

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

Changes in the value of financial assets measured at fair value through other comprehensive income are recognized in this valuation reserve until the time of their realization. At the time of disposal of these financial assets, the valuation reserve is reclassified to retained earnings.

**Cash flow hedging**

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

**Actuarial gains / losses**

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

**28.3 Capital management**

BKW aims to increase and secure the value of the company on a sustainable basis. BKW's capital

management aim is to ensure the Group's long-term capital market and financing capability by maintaining a balance sheet structure compatible with the respective target rating, and to control the potential impact of changes in the value of the overall financial and risk portfolio within narrow limits. BKW aims to pay a consistent dividend based on a payout ratio of 40 to 50% of net profit adjusted for special effects. BKW's financial resources primarily serve the core business and secure the entrepreneurial scope of action in accordance with the requirements of the Group strategy. There were no changes in capital management during the 2022 financial year.

**29 Derivatives**

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

CHF millions	Positive replacement value		Negative replacement value		Contract volume	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Energy derivatives	1,703.8	1,068.8	1,777.1	967.8	3,344.8	3,801.6
Interest rate swaps		8.3	4.4	0.8	15.0	25.0
Currency forward contracts	8.5	3.1		0.4	426.7	1,130.9
Hedge accounting						
– Energy derivatives	70.5	10.0	272.3	489.9	319.7	1,035.8
– Interest rate swaps			1.7	10.1	100.0	0.0
– Currency forward contracts				1.0		47.6
<b>Total</b>	<b>1,782.8</b>	<b>1,090.1</b>	<b>2,055.5</b>	<b>1,469.9</b>	<b>4,206.2</b>	<b>6,040.8</b>
of which:						
– Current derivatives	1,585.4	992.4	1,769.8	1,247.1		
– Non-current derivatives	197.4	97.7	285.7	222.8		

## Accounting policies

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

### Energy derivatives

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

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

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

Realized and unrealized gains and losses on energy derivatives are reported as income from proprietary energy trading and income from energy hedging, respectively, within net sales.

## 30 Hedge accounting

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

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

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

As of December 31, 2022, the following open hedging transactions existed:

### 30.1 Energy price risk

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

and hedging transaction is based on the fact that the key parameters of the underlying and hedging transaction, such as maturity, contract value and currency, are identical. A hedging ratio of 1:1 is applied. This hedging relationship resulted in ineffectiveness in the reporting year of CHF 1.5 million (previous year: 0), which had to be taken into account in the income statement.

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

CHF millions	31.12.2021	31.12.2022
<b>Hedged item</b>		
Nominal amount, net	128.7	27.3
Change in value used for calculating hedge effectiveness	212.3	382.1
<b>Hedging instrument</b>		
Contract volume, net	128.7	-27.3
Carrying amount asset	70.5	10.0
Carrying amount liability	-272.3	-489.9
Line item in the balance sheet	Derivatives	Derivatives
Change in fair value for calculating hedge effectiveness	-210.9	-343.4
Change in the value of the hedging instrument recognized in equity	-210.9	-344.9
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Net sales	Net sales
Amount reclassified from the hedge reserve to profit or loss due to the realization of the hedged item	0.0	75.8
Line item in profit or loss affected by the reclassification of the hedge reserve	Net sales	Net sales
Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied	28.1	213.6

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

	Maturity		
	2023	2024	2025
<b>Commodity contracts – purchases</b>			
Contract volume in CHF million	314.7	125.6	91.3
Average price in CHF			
– Power	155.7	98.0	165.4
– Coal	62.8	63.2	
– Emission allowances	41.0	53.8	
<b>Commodity contracts – sales</b>			
Contract volume in CHF million	142.4	93.7	268.2
Average price in CHF			
– Power	52.9	54.5	108.5
	Maturity		
	2022	2023	2024
<b>Commodity contracts – purchases</b>			
Contract volume in CHF million	16.4	43.5	35.6
Average price in CHF			
– Coal	55.9	62.0	62.5
– Emission allowances	24.1	43.0	56.5
<b>Commodity contracts – sales</b>			
Contract volume in CHF million	24.9	110.0	89.3
Average price in CHF			
– Power	44.1	55.3	56.5

## 30.2 Currency risk

### Fair Value Hedge

There is an interest rate swap with a contract volume of CHF 100 million which serves to convert fixed interest rates into variable interest rates, or to hedge fluctuations in the fair value of 50% of the issued Green Bond (nominal value CHF 200 million, maturity 29.07.2027, interest rate 0.25% p.a.). This hedging relationship, classified as highly effective, qualifies as a fair value hedge. The Green Bond shows a change in fair value of CHF +5.8 million for the reporting year

(previous year: CHF +2.0 million). Neither in the reporting year nor in the previous year did this hedging relationship result in an ineffective portion that had to be taken into account in the financial result.

In the previous year, due to the replacement of CHF LIBOR by the new reference interest rate (SARON), the CHF LIBOR interest rate swap was replaced with an equivalent interest rate swap referenced to SARON.

### 30.3 Currency risk

#### Cash Flow hedge

As at the reporting date, there is a hedging transaction to hedge exchange rate fluctuations on coal procurement to the amount of USD 50 million. All hedging instruments in EUR expired in the 2022 financial year. The hedging relationships qualified as cash flow hedges in the financial year. This did not result in any ineffective amount to be accounted for in the financial result in the reporting year. Unrealized losses to the amount of CHF 1.0 million (previous year: CHF 0.0 million) were taken into account in other comprehensive income (OCI).

#### Net investment hedge

In 2012 and 2013, BKW placed three registered bonds with a total nominal amount of EUR 275.0 million. In May 2022, EUR 10 million of the registered bonds were repurchased, reducing the nominal amount to a total of EUR 265.0 million. The registered bonds were placed in Germany and secure part of the net investments there. The registered bonds were designated as net investment hedges.

Foreign currency gains or losses on the registered bonds are recognized in other comprehensive income and offset the gains or losses from the currency conversion of the designated net investments to the corresponding extent. Neither in the reporting year nor in the previous year did the hedging relationships result in an ineffective portion that had to be taken into account in the financial result.

## 31 Relationships with related parties

In the periods under review, BKW had the following financial relationships with related parties. Unless otherwise stated below, all transactions were conducted on the same terms as with independent third parties.

CHF millions	2021	Parent 2022	2021	Associates 2022	2021	Pension funds 2022
<b>Income</b>						
– Energy sales	2.6	2.1	109.8	281.7		
– Other sales and services	4.4	3.9	28.9	27.0	3.1	2.2
– Financial income	0.1	0.1	0.8	0.9		
<b>Expenses</b>						
– Energy purchases			271.8	423.6		
– Water charges	15.7	15.7				
– Other purchases and services	0.4	0.7	101.3	110.6	35.7	35.5
– Taxes and charges	1.7	2.3				
– Financial expenses	0.1	0.1				
– Income taxes	5.9	28.3				
<b>Dividends</b>						
– Dividends received			22.1	27.3		
– Dividends paid	66.6	72.1			0.1	0.1
<b>Assets</b>						
– Cash and cash equivalents	22.0	14.8				
– Receivables and accruals	2.3	1.7	52.5	70.0	0.2	0.1
– Current financial assets			24.8	6.4		
– Non-current financial assets			39.3	12.8		
– Rights of use			9.3	10.4		
<b>Liabilities</b>						
– Liabilities and accruals	9.4	26.3	39.7	89.7	12.4	6.7
– Loans	2.6	2.4				
– Rights of use			0.6	0.6		
– Non-current provisions	1.0	0.0				

### Transactions with the owner

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

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

### Transactions with associates

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

In financial year 2022, associates borrowed CHF 2.7 million in loans from BKW (previous year: CHF 27.6 million). In the reporting year, loans decreased by CHF 25.7 million due to repayments (previous year: CHF 23.4 million). In the reporting year, BKW capitalized services and materials from associates worth CHF 3.1 million (previous year: CHF 0.4 million).

### Transactions with pension funds

Transactions with pension funds are conducted as part of the occupational pension plan and consist of employer contributions, administrative charges

(personnel, operational and administrative costs), real estate services (management of properties) and financial transactions (liquidity management).

### Transactions with the Board of Directors and Group Executive Board

#### Remuneration

CHF millions	2021	2022
Short-term benefits	5.8	6.4
Contributions to pension plans	0.9	1.0
Share-based payments	1.1	1.0
<b>Total</b>	<b>7.8</b>	<b>8.4</b>

## 32 Leasing

The lessee arrangements relate to wind farms, leases for land and distribution facilities, easements on land, building rentals, vehicles and other movable property, plant and equipment.

CHF millions	2021	2022
<b>Leases in the consolidated income statement</b>		
Income from operating leases	0.8	0.7
Expense relating to short-term leases	0.4	0.3
Expense relating to low-value assets	0.6	0.5
Expense relating to variable lease payments not included in the measurement of lease liabilities	0.6	0.6
Interest expense on lease liabilities	2.0	2.1
<b>Leases in the consolidated cash flow statement</b>		
Total cash outflows from lessee arrangements	47.0	56.2

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

CHF millions	31.12.2021	31.12.2022
Up to 1 year	0.8	0.9
Later than 1 year and not later than 2 years	0.7	0.6
Later than 2 years and not later than 3 years	0.6	0.5
Later than 3 years and not later than 4 years	0.5	0.5
Later than 4 years and not later than 5 years	0.5	0.5
More than 5 years	4.4	4.1
<b>Total</b>	<b>7.5</b>	<b>7.1</b>

### Accounting policies

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

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

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

### 33 Additional disclosures on the cash flow statement

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

CHF millions	31.12.2021	31.12.2022
Bank and cash balances	916.0	672.9
Term deposits	15.0	124.9
<b>Total cash and cash equivalents</b>	<b>931.0</b>	<b>797.8</b>

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

CHF millions	2021	2022
Depreciation, amortization and impairment	231.3	249.7
Income from associates	-40.4	-41.5
Gains/losses from sale of non-current assets	-6.0	-9.5
Change in non-current provisions (excl. interest and excl. utilization of nuclear provisions)	-87.6	13.8
Change in assigned rights of use	-13.5	-14.3
Change from the valuation of energy derivatives	1.8	-165.2
Other non-cash positions	19.6	18.6
<b>Total adjustment for non-cash transactions</b>	<b>105.2</b>	<b>51.6</b>

The cash outflow for the acquisition of Group companies of CHF 403.6 million (previous year: CHF 107.3 million) corresponds to the cash outflow

- for business combinations in the reporting year of CHF 368.8 million (previous year: CHF 76.9 million, for details see Note 5),
- plus payments made in 2022 in connection with deferred and contingent purchase price payments of CHF 34.8 million (previous year: CHF 29.6 million).

In the previous year, this item included payments of CHF 0.8 million for acquisitions of companies that do not qualify as business combinations (reporting year: none).

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

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

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

Most of the costs for nuclear decommissioning and waste disposal are borne by the state-administered decommissioning and waste disposal funds. BKW is thus entitled to a refund of the costs incurred, although the costs incurred and the refund do not coincide chronologically. Both payments into and refunds from the state funds are classified in the cash-flow statement as part of the “cash flow from investing activities”. There

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

## 34 Share-based payments

BKW employees have the opportunity to purchase BKW AG share capital on preferential terms. Full-time employees of BKW and members of the Board of Directors (except the Group Executive Board and senior management) are offered a limited number of BKW shares every year at a fixed preferential price set for that year, subject to a blocking period. In the reporting year, employees had the opportunity to acquire up to 697,325 shares in BKW (previous year: 509,225 shares) at a preferential price. In the 2022 financial year, 142,930 shares (previous year: 131,204 shares) at a price per share of CHF 83.80 (previous year: CHF 67.45) were allocated. The underlying present value per share was CHF 113.00 (previous year: CHF 108.00). The personnel expense for this sharebased payment was CHF 4.2 million (previous year: CHF 5.3 million). No purchase rights remained open on the balance sheet date.

As part of the performance management process, BKW shares are allocated to senior management in March of the following year. In the 2022 financial year, 10,774 shares (previous year: 17,560 shares) at a price per share of CHF 112.80 (previous year: CHF 106.00) were allocated. The shares are subject to a blocking period.

In addition, members of the Group Executive Board are allocated a performance-related bonus in the form of BKW shares, as part of their fixed annual base salary. The shares are allocated annually in the first quarter of the calendar year following the assessment year. In the 2022 financial year, 10,881 shares were allocated at a fair value of CHF 116.00 per share for the assessment year 2021. No allocation was made in the calendar year 2021 as the assessment year 2020 was set for the last time in the fourth quarter of the current year. The shares are also subject to a blocking period.

The total personnel expense booked for profit-sharing to the Group Executive Board and senior management amounted to CHF 2.5 million (previous year: CHF 1.9 million). No purchase rights remained open on the balance sheet date.

Allocation of shares to employees is not subject to any other conditions in either of the aforementioned cases, hence there is no blocking period and the compensation is recorded on the grant date. Fair value is measured on the basis of the share price. The corresponding expense is recognized in personnel expenses at the time of the grant being made. In relation to the share purchase program, the personnel expense corresponds to the difference between the fair value and the preferential price paid by employees.

## 35 Group companies with material non-controlling interests

With BKW Netzbeteiligung Ltd. which is headquartered in Switzerland, BKW holds a Group company with material non-controlling interests. BKW Netzbeteiligung Ltd. holds interests in Swissgrid Ltd.

The financial information of BKW Netzbeteiligung Ltd. is disclosed separately in the table below. The breakdown is before the elimination of inter-company transactions.

CHF millions	BKW Netzbeteiligung Ltd.	
	31.12.2021	31.12.2022
Non-controlling interests in %	49.9%	49.9%
Carrying amount of non-controlling interests	187.2	186.8
Net income allocated to non-controlling interests	6.6	9.4
Dividends on non-controlling interests	0.0	9.8
<b>Balance sheet</b>		
Non-current assets	374.2	374.2
Current assets	1.0	0.1
Non-current liabilities	0.0	0.0
Current liabilities	0.0	0.0
<b>Income statement</b>		
Financial income	13.5	18.9
Net profit	13.3	18.8
<b>Cash flow statement</b>		
Cash flow from operating activities	12.5	19.6
Cash flow from investing activities	-12.5	0.0
Cash flow from financing activities	0.0	-19.6

## 36 Assets and liabilities measured at fair value

Assets and liabilities measured at fair value are classified according to the following hierarchy:

- Level 1: Valuations based exclusively on listed prices in active markets for identical assets or liabilities. BKW currently classifies listed securities and energy trading futures under this level.
- Level 2: Valuations, the inputs to which are based on directly or indirectly observable market data. The inputs have a material impact on the recognized fair value. At this hierarchy level, BKW includes over-the-counter derivatives (all forward energy trading contracts, interest rate swaps and forward currency contracts) as well as the proportional share of net assets of the state funds (federal decommissioning and disposal funds). The assets of the state funds are managed by the federal government; BKW has no access to the managed assets. These assets are invested in accordance with the defined investment strategy, generally in products that have listed prices on active markets. To a limited extent, investments may also be made in assets for which there are no listed prices on active markets. Such investments are valued by the global custodian. BKW has no influence on the valuation method used. The annual statement of the funds is audited by external auditors each year and published by the federal office responsible.
- Level 3: Valuations which apply inputs with a material impact on fair value that are not based on observable market data. BKW mainly classifies illiquid equity instruments, contingent purchase price payments and liabilities relating to non-controlling interests under this level. The illiquid energy derivatives include contracts with physical delivery in 2023, which have optionalities with regard to quantities and variabilities with regard to prices. The value of these derivatives is determined using a Monte Carlo simulation. Key input factors are the expected commodity prices and volatilities. The contingent purchase price payments and liabilities relating to non-controlling interests result from business combinations. Valuation of such assets requires management estimates of non-observable input factors and deferred purchase price payments. The fair values take into account expected cash flows, sales forecasts and other performance criteria. The effect of a change of 10% in the most important non-observable input factors would have no material impact on the comprehensive income and equity of BKW.

There were no transfers between the different levels during the year under review or during the previous year.

CHF millions	Carrying amount at 31.12.2022	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Financial assets (current and non-current)				
– Interest in state funds	1,163.0		1,163.0	
– Debt instruments	0.1		0.1	
Derivatives (current and non-current)	1,080.2		1,080.2	
Inventories				
– Certificates (proprietary trading)	19.6	19.6		
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	10.0		10.0	
Non-current financial assets				
– Equity instruments	7.1			7.1
<b>Financial liabilities at fair value through profit or loss</b>				
Other financial liabilities (current and non-current)				
– Contingent purchase price liabilities in relation to business combinations	44.2			44.2
– Liabilities relating to non-controlling interests	0.9			0.9
Derivatives (current and non-current)	980.0		980.0	
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	489.9		489.9	

CHF millions	Carrying amount at 31.12.2021	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Financial assets (current and non-current)				
– Interest in state funds	1,374.8		1,374.8	
– Debt instruments	0.1		0.1	
Derivatives (current and non-current)	1,712.3		1,657.7	54.6
Inventories				
– Certificates (proprietary trading)	22.0	22.0		
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	70.5		70.5	
Non-current financial assets				
– Equity instruments	7.3			7.3
<b>Financial liabilities at fair value through profit or loss</b>				
Other financial liabilities (current and non-current)				
– Contingent purchase price liabilities in relation to business combinations	55.2			55.2
– Liabilities relating to non-controlling interests	5.7			5.7
Derivatives (current and non-current)	1,783.2		1,677.9	105.3
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	272.3		272.3	

In addition, the liabilities on December 31, 2022 include the following at fair value:

- In bonds, an amount of CHF 92.5 million (previous year: CHF 98.2 million) as part of a fair value hedge (Level 2).

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

CHF millions	2021	Assets 2022	2021	Liabilities 2022
At 01.01.	29.3	61.9	77.3	166.2
Additions	0.4	0.3	21.6	15.3
Disposals	-0.6	-0.3	-30.4	-31.8
Changes in value included in profit or loss	32.8	-54.6	98.9	-103.4
Changes in value included in other comprehensive income	0.0	-0.1	-1.2	-1.2
At 31.12.	61.9	7.2	166.2	45.1

The changes in value recognized in the income statement include:

- for assets CHF –54.6 million (previous year CHF 32.8 million) from derivatives
- for liabilities CHF –105.3 million (previous year: CHF 91.4 million) from derivatives and CHF 0.8 million (previous year: CHF –7.2 million) from contingent purchase price liabilities.

#### Recognition of day-one gains and losses

Since the current reporting year, BKW has been offering long-term power purchase agreements (PPAs), particularly for renewable energy sources, in order to counteract the increasing volatility in the energy markets. The classification as a Level 1, Level 2 or Level 3 instrument is based on the total

term of the contract (one unit of account approach) and the underlying valuation parameters.

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

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

CHF millions	2021	Day-one gains 2022	2021	Day-one losses 2022
At 01.01.	2.1	1.7	0.0	0.0
Deferred gain or loss from new transactions	1.0	17.3	0.0	0.0
Changes in gains and losses included in profit or loss	-1.4	-1.7	0.0	0.0
At 31.12.	1.7	17.3	0.0	0.0

## 37 Disclosure of financial assets and liabilities

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

#### Financial assets

CHF millions	Note	Financial assets at amortized cost		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		2021	2022	Total 2022
		2021	2022	2021	2022	2021	2022			
Cash and cash equivalents	33	931.0	797.8					931.0	797.8	797.8
Trade accounts receivable	15	808.0	934.0					808.0	934.0	934.0
Other current financial receivables	15	423.8	450.8					423.8	450.8	450.8
Current financial assets	19	77.2	10.6	0.1	0.1			77.3	10.7	10.7
Derivatives (current and non-current)	29			1,712.3	1,080.2	70.5	10.0	1,782.8	1,090.1	1,090.1
Financial accruals	18	108.8	117.4					108.8	117.4	117.4
Non-current financial assets	19	54.4	58.8			7.3	7.2	61.7	66.0	66.0
<b>Total</b>		<b>2,403.2</b>	<b>2,369.4</b>	<b>1,712.4</b>	<b>1,080.3</b>	<b>77.8</b>	<b>17.2</b>	<b>4,193.4</b>	<b>3,466.8</b>	<b>3,466.8</b>

#### Financial liabilities

CHF millions	Note	Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Financial liabilities at fair value through other comprehensive income		Lease liabilities		2021	2022	Total 2022
		2021	2022	2021	2022	2021	2022	2021	2022			
Trade accounts payable	23	535.0	491.1							535.0	491.1	491.1
Other current financial liabilities	23	252.4	277.1	32.1	18.4					284.5	295.5	295.5
Current financial liabilities	24	819.1	214.5					43.1	49.6	862.2	264.1	264.1
Derivatives (current and non-current)	29			1,783.2	980.0	272.3	489.9			2,055.5	1,469.9	1,469.9
Financial accruals	18	228.5	321.3							228.5	321.3	321.3
Non-current financial liabilities	24	953.1	1,557.8	98.2	92.5			164.6	157.5	1,215.9	1,807.8	1,807.8
Other non-current financial liabilities	27	8.3	3.4	28.8	26.7					37.1	30.1	30.1
<b>Total</b>		<b>2,796.4</b>	<b>2,865.2</b>	<b>1,942.3</b>	<b>1,117.6</b>	<b>272.3</b>	<b>489.9</b>	<b>207.7</b>	<b>207.1</b>	<b>5,218.7</b>	<b>4,679.8</b>	<b>4,679.8</b>

Due to short residual terms to maturity, the carrying amount of loans and receivables and financial liabilities at amortized cost correspond approximately to the fair value. On December 31, 2022, a discrepancy existed between these values in respect of the debenture bonds, which are

included under non-current financial liabilities. The market price of the bonds (fair value Level 1) as at the reporting date was CHF 1,132.2 million (previous year: CHF 963.4 million), the net value was CHF 1,187.9 (previous year: CHF 893.0 million).

### 37.2 Net results of financial assets and liabilities measured in accordance with IFRS 9

#### Net result

CHF millions	Financial assets at amortized cost		Financial assets and liabilities at fair value through profit or loss		Financial assets and liabilities at fair value through other comprehensive income		Financial liabilities at amortized cost		2021	Total 2022
	2021	2022	2021	2022	2021	2022	2021	2022		
Included in net sales:										
– Income from energy trading			20.2	547.2					20.2	547.2
– Income from energy hedging			58.4	413.4					58.4	413.4
Included in other operating revenue			2.7	2.5			2.6	1.4	5.3	3.9
Included in operating expenses	-2.0	-8.7	-10.1	-4.4				0.2	-12.1	-12.9
Included in financial result	-12.1	-4.5	8.1	5.6	0.1	0.1	-34.8	-37.8	-38.7	-36.6
Included in other comprehensive income			1.2	1.2	-210.9	-345.9	12.9	12.9	-196.8	-331.8
<b>Total</b>	<b>-14.1</b>	<b>-13.2</b>	<b>80.5</b>	<b>965.5</b>	<b>-210.8</b>	<b>-345.8</b>	<b>-19.3</b>	<b>-23.3</b>	<b>-163.7</b>	<b>583.2</b>

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

### 37.3 Netting arrangements

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

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

The following amounts are netted off in the balance sheet on the balance sheet date:

CHF millions	Gross values	2021		Gross values	2022	
		Netting off	Net values		Netting off	Net values
Trade accounts receivable	1,554.2	-746.2	808.0	1,653.8	-719.8	934.0
Trade accounts payable	-1,281.2	746.2	-535.0	-1,210.9	719.8	-491.1
Positive replacement values	8,349.7	-6,575.4	1,774.3	3,856.5	-2,777.8	1,078.7
Negative replacement values	-8,624.8	6,575.4	-2,049.4	-4,235.5	2,777.8	-1,457.7

## 38 Financial risk management

### 38.1 Principles of risk management

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

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

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

The Risk Management team reports directly to the Head of Finance and Controlling. It prepares the specifications and tools that allow a systematic

approach to the topic of risk, coordinates the risk management process across the Group and supports the company management in assessing and controlling the risk situation. The Board of Directors last assessed the risks related to operating activities at its meeting on November 30, 2022.

### 38.2 Credit risks

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

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

The following table indicates the credit risk related to trade receivables, to derivatives with a positive replacement value, and to current accounts and term deposits with credit institutes on the balance sheet, broken down by credit rating. The standardized rating process covers trading, bank and sales counterparties, as well as other counterparties above a certain credit risk threshold. The monitoring of other counterparties is decentralized and based on individual approaches.

CHF millions	31.12.2021	31.12.2022
Rating AAA to AA-	392.6	204.3
Rating A+ to BBB-	2,821.0	2,354.9
Rating BB+ and lower	303.1	173.5
Other counterparties	479.8	540.6
<b>Total</b>	<b>3,996.5</b>	<b>3,273.3</b>
Included under:		
– Trade accounts receivable	808.0	934.0
– Other financial receivables	423.8	450.8
– Derivatives (current and non-current)	1,782.8	1,090.1
– Current financial assets (term deposits only)	50.9	0.6
– Cash and cash equivalents	931.0	797.8

The maximum credit risk (excluding guarantees granted) corresponds to the amount of outstanding monetary financial assets at the balance sheet date. As of December 31, 2022, BKW's maximum credit risk amounted to CHF 3,459.7 million (previous year: CHF 4,186.0 million) corresponding to the carrying amount of all financial assets as per Note 37.1, with the exception of the equity instruments contained therein. The maximum loss presented is based on the assumption that all counterparties simultaneously become unable to discharge their payment obligations and that existing collateral and netting arrangements cannot be utilized.

As at balance sheet date, there were guarantees granted to the amount of CHF 44.3 million (previous year: CHF 43.1 million), which increase the maximum credit risk accordingly.

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

itworthiness of the collateral issuer is assessed and rated. Customers may be granted a higher limit than defined for the assigned credit category if collateral is provided. The collateral can cover both invoiced and non-invoiced positions. Collateral amounting to CHF 672.0 million was held for trade receivables and derivatives recognized on the balance sheet as of December 31, 2022 (previous year: CHF 505.7 million).

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

On the balance sheet date, counterparties in Switzerland accounted for 64% of the credit risk (previous year: 38%).

### 38.3 Liquidity risks

Liquidity is defined as the ability to cover cash outflow requirements at any time without restrictions.

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

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

### Residual terms to maturity of financial liabilities

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

CHF millions	Note	Carrying amount at 31.12.2022	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years
<b>Non-derivative financial liabilities</b>							
Trade accounts payable	23	491.1	491.1				
Other current financial liabilities	23	295.5	295.5				
Financial accruals	18	321.3	321.3				
Financial liabilities	24	2,071.9	268.3	291.2	295.3	564.1	918.0
– of which lease liabilities	24	207.1	47.0	40.3	34.7	30.0	66.5
Other non-current financial liabilities	27	30.1	0.0	19.0	11.0	0.0	0.0
<b>Total non-derivative liabilities</b>		<b>3,209.9</b>	<b>1,376.2</b>	<b>310.2</b>	<b>306.3</b>	<b>564.1</b>	<b>918.0</b>
<b>Derivative financial assets and liabilities</b>							
Energy derivatives							
– Positive replacement values	29	1,078.7	986.8	201.8	17.3	1.8	0.0
– Negative replacement values	29	-1,457.7	-1,245.7	-313.3	-27.4	-0.2	0.0
<b>Net replacement values</b>		<b>-378.9</b>	<b>-259.0</b>	<b>-111.5</b>	<b>-10.1</b>	<b>1.6</b>	<b>0.0</b>
Forward exchange contracts and interest rate swaps							
– Positive replacement values	29	11.4	0.0	0.0	0.0	0.0	8.4
– Negative replacement values	29	-12.2	0.0	0.0	0.0	-10.1	0.0
<b>Net replacement values</b>		<b>-0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-10.1</b>	<b>8.4</b>
Gross cash flows related to derivatives							
– Gross outflow			-29,859.9	-2,283.7	-930.1	-46.5	-3.4
– Gross inflow			30,494.3	1,856.2	1,216.7	34.3	0.0

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

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

CHF millions	Note	Carrying amount at 31.12.2021	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 5 years	Due after 5 years
<b>Non-derivative financial liabilities</b>							
Trade accounts payable	23	535.0	535.0				
Other current financial liabilities	23	284.5	284.5				
Financial accruals	18	228.5	228.5				
Financial liabilities	24	2,078.1	873.6	76.1	79.2	307.5	982.2
– of which lease liabilities	24	207.7	46.2	43.1	36.2	43.5	52.4
Other non-current financial liabilities	27	37.1	0.0	14.2	14.8	7.6	0.5
<b>Total non-derivative liabilities</b>		<b>3,163.2</b>	<b>1,921.6</b>	<b>90.3</b>	<b>94.0</b>	<b>315.1</b>	<b>982.7</b>
<b>Derivative financial assets and liabilities</b>							
Energy derivatives							
– Positive replacement values	29	1,774.3	1,576.8	368.7	22.9	0.9	0.1
– Negative replacement values	29	–2,049.4	–1,769.8	–427.4	–47.7	–0.2	0.0
<b>Net replacement values</b>		<b>–275.1</b>	<b>–193.0</b>	<b>–58.7</b>	<b>–24.8</b>	<b>0.7</b>	<b>0.1</b>
Forward exchange contracts and interest rate swaps							
– Positive replacement values	29	8.5	8.5	0.0	0.0	0.0	0.0
– Negative replacement values	29	–6.1	0.0	0.0	0.0	–1.7	–4.4
<b>Net replacement values</b>		<b>2.4</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>	<b>–1.7</b>	<b>–4.4</b>
Gross cash flows related to derivatives							
– Gross outflow			–47,190.3	–1,755.3	–400.4	–12.7	–101.3
– Gross inflow			47,262.2	1,729.9	368.3	8.0	100.0

### 38.4 Market risks

Market risks arise from price and exchange rate fluctuations on unsecured positions in the energy and financial business. In accordance with BKW's risk policy, the procedure for measuring, managing and monitoring risk positions has been defined. Energy and certificate price risks are managed centrally in Trading. When placing effect limits on overall risk, market correlations and market liquidity are considered using the value-at-risk-based market risk capital (MRC) ratio. BKW's interest rate, share price risk and exchange rate risk are aggregated in a Group-level risk portfolio. The MRC, VaR and position

limits required for management purposes are approved by the Group Executive Board. Risk management ensures risks are continuously monitored and reported.

#### 38.4.1 Share price risk

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

**38.4.2 Interest rate risks**

The production of power and operation of transmission and distribution networks are capital-intensive. They are financed over the long term with phased due dates. This minimizes the impact of interest rate changes on the cash flow situation. In addition, interest rate hedging instruments are used where necessary. Cash is invested over the short to medium term, primarily in variable-interest positions.

**38.4.3 Currency risks**

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

**38.4.4 Energy price risks / CO<sub>2</sub> certificate price risks**

Energy and certificate positions are taken in asset management and proprietary trading. Non-hedged material energy and CO<sub>2</sub> positions are permitted in the current year and in up to six subsequent years.

**38.4.5 Risk measurement**

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

**Value at Risk**

CHF millions	31.12.2021	31.12.2022
Interest	0.0	0.0
Share price <sup>1</sup>	2.5	2.6
Currencies	2.4	4.4

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

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

In the absence of any impairments, fluctuations in the value of assets at fair value through other comprehensive income not affecting results have no influence on the annual results but are recorded directly in Other comprehensive income.

The risk of unfavorable price movements for unhedged positions in electricity, gas, CO<sub>2</sub>, coal and oil is determined using the market risk capital ratio (MRC) method. As a supplement to the VaR approach, the MRC ratio indicates the minimum risk capital that should be available to ensure trading losses arising from adverse market developments do not cause a liquidity bottleneck. The calculations are based on a Monte Carlo method, which takes into account both market correlations and market liquidity. The model parameters are estimated based on a rolling 260 day observation period. Risk management is based on MRC, VaR and position limits. Proprietary trading is additionally subject to loss limits. As of December 31, 2022, the MRC for proprietary trading amounted to CHF 106.8 million (previous year: CHF 44.7 million).

### 38.5 Climate risks

Risks associated with climate change may have a negative impact on BKW's business activity and thus its financial result. For this reason, the BKW Group Executive Board carries out systematic monitoring of climate risks, which it classifies in two categories. The first category comprises the physical risks. These include, for example, extreme weather events that may result in the unavailability of grids or power plants, or in the interruption of supply chains or failure of suppli-

ers owing to extreme weather events at the place of production. BKW also monitors transition risks. More stringent regulatory frameworks and the associated risk of stranded assets, changes to the market environment, new technologies, negative feedback from the capital market owing to carbon footprint or changes in consumer behavior are all examples of risks in this category. BKW's monitoring allows it to make timely, proactive operational and strategic preparations for the risks associated with climate change.

## 39 Contingent liabilities and investment obligations

CHF millions	31.12.2021	31.12.2022
Guarantees		
– in favor of associates	6.2	7.0
– in favor of third parties	36.9	37.3
Investment obligations	4.6	4.4
<b>Total</b>	<b>47.7</b>	<b>48.7</b>

### Contingent Liabilities

Of the guarantees provided, CHF 3.8 million (previous year: CHF 14.8 million) have a term of up to twelve months. Unlimited guarantees provided amounted to CHF 13.5 million (previous year: CHF 12.5 million).

Nuclear power plant operators are under a limited obligation to make supplementary contributions to the decommissioning fund in the event that an individual contributor is unable to pay.

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

## 40 Events after the balance sheet date

### **Capital Light**

As part of the Capital Light project, BKW merged wind farms in France, Italy and Norway under BKW Renewables Partners AG as of January 1, 2023 and sold a minority share of 49% to institutional investors (pension funds) in Switzerland. The price of the sale amounted to CHF 141.4 million.

### **Approval of the consolidated financial statements**

The Board of Directors of BKW approved the release of these consolidated financial statements on March 9, 2023.

# Group companies and Associates

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
<b>Group companies</b>									
<b>Switzerland</b>									
A. Dietrich Kälte Klima Lüftung AG			•		Beringen	0.2	CHF	100.0	31.12.
A1 Elektro AG			•		Urdorf	0.1	CHF	100.0	31.12.
Abonax AG	•				St. Gallen	1.0	CHF	56.1	31.12.
ActVisual GmbH			•		Kloten	0.02	CHF	100.0	31.12.
AEK AG			•		Solothurn	0.1	CHF	100.0	31.12.
AEK Elektro AG			•		Solothurn	0.5	CHF	100.0	31.12.
AEK Pellet AG	•				Balsthal	9.0	CHF	100.0	31.12.
AEP Planung und Beratung AG			•		Widnau	0.1	CHF	100.0	31.12.
Aerovent Crissier SA			•		Crissier	0.1	CHF	100.0	31.12.
Aerovent Service SA			•		Villars-Ste-Croix	0.1	CHF	100.0	31.12.
ahochn AG			•		Dübendorf	0.3	CHF	100.0	31.12.
Aicher, De Martin, Zweng AG			•		Lucerne	0.1	CHF	100.0	31.12.
Arnold AG			•		Wangen an der Aare	0.5	CHF	100.0	31.12.
Arpe AG			•		Buckten	0.1	CHF	100.0	31.12.
ASAG Air System AG			•		Langenthal	0.1	CHF	100.0	31.12.
b+s Elektro Telematik AG			•		Ormalingen	0.1	CHF	100.0	31.12.
Balzer Ingenieure AG			•		Chur	0.1	CHF	100.0	31.12.
Baumeler Leitungsbau AG			•		Buchrain	0.1	CHF	100.0	31.12.
Biomassekraftwerk Otelfingen AG	•				Otelfingen	0.5	CHF	50.0	31.12.
BKW AEK Contracting AG	•				Solothurn	0.2	CHF	100.0	31.12.
BKW Building Solutions AG			•		Ostermundigen	0.2	CHF	100.0	31.12.
BKW Energie AG	•	•	•	•	Bern	132.0	CHF	100.0	31.12.
BKW Engineering AG			•		Bern	0.1	CHF	100.0	31.12.
BKW Infra Services AG			•		Wangen an der Aare	0.1	CHF	100.0	31.12.
BKW Management AG				•	Bern	0.1	CHF	100.0	31.12.
BKW Netzbeteiligung Ltd.		•			Bern	25.2	CHF	50.1	31.12.
BKW Renewables Partners AG	•				Bern	0.1	CHF	100.0	31.12.
BKW Smart Energy & Mobility AG	•				Solothurn	0.3	CHF	100.0	31.12.
BPU Ingenieurunternehmung AG			•		Burgdorf	0.1	CHF	100.0	31.12.
cc energie sa				•	Murten	1.0	CHF	66.7	31.12.
ceed Ltd.			•		Solothurn	0.1	CHF	100.0	31.12.
Curea Elektro AG			•		Landquart	0.2	CHF	100.0	31.12.
Darnuzer Ingenieure AG			•		Davos	0.4	CHF	100.0	31.12.
DG Rail SA			•		Bussigny	0.1	CHF	100.0	31.12.
Duvoisin-Groux SA			•		Bussigny	0.1	CHF	100.0	31.12.
E3 HLK AG			•		Kriens	0.1	CHF	100.0	31.12.
ELBATECH AG			•		Ibach	0.1	CHF	100.0	31.12.
Elektrizitätswerke Wynau AG, Langenthal	•				Langenthal	3.0	CHF	100.0	31.12.
Elektro Feuz AG			•		Grindelwald	0.1	CHF	100.0	31.12.
Elektro Naegelin AG			•		Frenkendorf	0.1	CHF	100.0	31.12.
Elektro Winter AG			•		Rapperswil-Jona	0.3	CHF	100.0	31.12.
enerpeak ag			•		Dübendorf	0.1	CHF	100.0	31.12.
Equinox Holding SA			•		Sullens	0.1	CHF	100.0	31.12.
Flotron AG			•		Meiringen	0.3	CHF	100.0	31.12.
Frey + Gnehm Ingenieure AG			•		Olten	0.1	CHF	100.0	31.12.
Gebr. Bräm AG			•		Zurich	0.2	CHF	100.0	31.12.
Gesellschaft Mont-Soleil	•				Bern	-	CHF	85.0	31.12.

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

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

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

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
<b>Group companies (continued)</b>									
osd GmbH			●		Frankfurt am Main	0.03	EUR	100.0	31.12.
PALATIA Ingenieur- und Städtebau GmbH			●		Rockenhausen	0.04	EUR	100.0	31.12.
Podufal & Wiehofscky Generalplanung GmbH			●		Löhne	0.03	EUR	100.0	31.12.
QSB Holding GmbH			●		Lübbecke	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Limburg a.d. Lahn	0.1	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Halle	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Erfurt	0.03	EUR	100.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Düsseldorf	0.03	EUR	95.0	31.12.
R & P Ruffert Ingenieurgesellschaft mbH			●		Hamburg	0.03	EUR	100.0	31.12.
Ranner Projektmanagement GmbH			●		München	0.03	EUR	100.0	31.12.
Reeder & Raum Happurg Ingenieurgesellschaft mbH			●		Happurg	0.03	EUR	100.0	31.12.
Seuss Ingenieure GmbH			●		Amberg	0.03	EUR	100.0	31.12.
Solar-Log GmbH	●				Geislingen	0.03	EUR	100.0	31.12.
STKW Energie Dörpen Verwaltungs-GmbH	●				Berlin	0.03	EUR	100.0	31.12.
U.T.E. Ingenieur GmbH			●		Regensburg	0.03	EUR	100.0	31.12.
WALD + CORBE Consulting GmbH			●		Hügelsheim	0.03	EUR	100.0	31.12.
<b>Italy</b>									
BKW Hydro Italia S.r.l.	●				Milan	25.4	EUR	100.0	31.12.
BKW Italia S.p.A.	●		●		Milan	13.4	EUR	100.0	31.12.
Genzano Solar S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Green Castellaneta S.p.A.	●				Milan	0.1	EUR	100.0	31.12.
Luminosa Energia S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Pantalla Solar S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Proxima S.r.l.	●				Milan	0.01	EUR	100.0	31.12.
Tamarete Energia S.r.l.	●				Ortona	3.6	EUR	60.0	31.12.
Volturno Wind S.r.l.	●				Milan	0.03	EUR	100.0	31.12.
Wind Farm Buglia S.r.l.	●				Milan	0.03	EUR	100.0	31.12.
Wind Farm S.r.l.	●				Milan	0.02	EUR	100.0	31.12.
Wind International Italy S.r.l.	●				Milan	52.2	EUR	100.0	31.12.
<b>Norway</b>									
BKW Norway NWP AS	●				Oslo	0.1	CHF	100.0	31.12.
Marker Vindpark AS	●				Oslo	0.003	EUR	100.0	31.12.
Proxima Scandinavia AS	●				Oslo	0.1	NOK	100.0	31.12.
<b>Singapore</b>									
ingenhoven LLP			●		Singapore	-	SGD	100.0	31.12.
<b>Spain</b>									
UMB Spanien SL			●		Madrid	0.003	EUR	100.0	31.12.
<b>Joint operations</b>									
<b>Switzerland</b>									
Bielensee Kraftwerke AG BIK	●				Biel	20.0	CHF	50.0	31.12.
Kraftwerk Sanetsch AG (KWS)	●				Gsteig	3.2	CHF	50.0	31.12.
Wärme Mittelland AG	●				Solothurn	1.0	CHF	50.0	31.12.
<b>Germany</b>									
Lindschulte Ingenieurgesellschaft mbH, Emsland			●		Meppen	0.03	EUR	50.0	31.12.

	Energy	Grid	Services	Other	Domicile	Share/basic capital in millions	Currency	% direct holding	Company law closing date
<b>Associates</b>									
<b>Switzerland</b>									
EDJ, Energie du Jura SA	●				Delémont	7.4	CHF	41.0	30.09.
Electra-Massa AG	●				Naters	20.0	CHF	16.1	31.12.
Electricité de la Liénne SA	●				Sion	6.0	CHF	33.3	30.09.
Erdgas Thunersee AG	●				Interlaken	6.9	CHF	33.3	31.12.
ETRANS Ltd.		●			Baden	7.5	CHF	11.5	31.12.
EVTL Energieversorgung Talschaft Lötschen AG	●				Wiler (Lötschen)	1.3	CHF	49.0	31.12.
Externes Lager der Kernkraftwerke Schweiz	●				Baden	–	CHF	25.0	31.12.
Forces Motrices de Mauvoisin SA	●				Sion	100.0	CHF	19.5	30.09.
GEBNET AG	●				Buchegg	7.4	CHF	38.5	31.12.
Grande Dixence SA	●				Sion	300.0	CHF	13.3	31.12.
Kernkraftwerk Leibstadt AG	●				Leibstadt	450.0	CHF	14.5	31.12.
Kernkraftwerk-Beteiligungsgesellschaft AG (KBG)	●				Bern	150.0	CHF	33.3	31.12.
Kraftwerk Berschnerbach AG	●				Walenstadt	4.5	CHF	49.0	31.12.
Kraftwerk Wannenhfluh AG	●				Rüderswil	0.3	CHF	31.9	31.12.
Kraftwerke Hinterrhein AG	●				Thusis	100.0	CHF	7.7	30.09.
Kraftwerke Mattmark AG	●				Saas-Grund	90.0	CHF	11.1	30.09.
Kraftwerke Oberhasli AG	●				Innertkirchen	120.0	CHF	50.0	31.12.
Kraftwerke Wiler-Kippel AG	●				Kippel	6.0	CHF	34.0	31.12.
Metanord SA	●				Bellinzona	18.0	CHF	33.3	31.12.
Nagra, National Cooperative for the Disposal of Radioactive Waste	●				Wettingen	–	CHF	14.3	31.12.
NIS AG		●			Sursee	1.0	CHF	25.0	31.12.
Oberland Energie AG	●				Thun	9.1	CHF	49.0	31.12.
Officine Elettriche dell'Engadina SA	●				Zernez	140.0	CHF	30.0	30.09.
Officine Idroelettriche della Maggia SA	●				Locarno	100.0	CHF	10.0	30.09.
Officine idroelettriche di Blenio SA	●				Blenio	60.0	CHF	12.0	30.09.
Société des Forces Motrices du Châtelot SA	●				Les Planchettes	6.0	CHF	11.7	31.12.
Swisseldex Ltd.		●			Bern	1.0	CHF	21.4	31.12.
Swissgrid Ltd.		●			Aarau	334.5	CHF	37.0	31.12.
Thermosource AG	●				Biel	2.0	CHF	50.0	31.12.
Trinkwasserkraftwerk Saas-Grund AG	●				Saas-Grund	1.2	CHF	40.0	31.12.
Zwilag Zwischenlager Würenlingen AG	●				Würenlingen	5.0	CHF	10.7	31.12.
<b>France</b>									
Centrale électrique de la Plaine S.à r.l.	●				Drémil-Lafage	0.001	EUR	33.3	31.12.
<b>Germany</b>									
HelveticWind Deutschland GmbH	●				Berlin	0.03	EUR	29.0	31.12.
Onyx Grundstück Wilhelmshaven GmbH & Co. KG	●				Wilhelmshaven	–	EUR	33.0	31.12.
Onyx Kraftwerk Wilhelmshaven GmbH & Co. KG	●				Wilhelmshaven	–	EUR	33.0	31.12.
<b>Italy</b>									
EP Produzione Centrale Livorno Ferraris S.p.A.	●				Rome	10.0	EUR	25.0	31.12.
HelveticWind Italia S.r.l.	●				Milan	0.01	EUR	29.0	31.12.
<b>Norway</b>									
Nordic Wind Power DA	●				Oslo	–	EUR	28.1	31.12.

# 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

# Financial Statements of BKW AG

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# Income statement

<b>CHF millions</b>	2021	2022
Dividend income	137.9	422.4
Financial income	29.0	32.8
Other operating income	1.3	1.3
<b>Total earnings</b>	<b>168.2</b>	<b>456.5</b>
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
<b>Total expenses</b>	<b>-36.5</b>	<b>-44.6</b>
<b>Net profit</b>	<b>131.7</b>	<b>411.9</b>

# Balance sheet

CHF millions	31.12.2021	31.12.2022
<b>Assets</b>		
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
<b>Total current assets</b>	<b>766.6</b>	<b>168.2</b>
Loans		
	1,456.7	2,010.9
Other financial assets		
– from third parties	5.6	4.9
Investments	1,675.1	1,894.4
<b>Total non-current assets</b>	<b>3,137.4</b>	<b>3,910.2</b>
<b>Total assets</b>	<b>3,904.0</b>	<b>4,078.5</b>
<b>Liabilities</b>		
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
<b>Total current liabilities</b>	<b>1,230.7</b>	<b>647.7</b>
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
<b>Total non-current liabilities</b>	<b>972.3</b>	<b>1,453.3</b>
<b>Total liabilities</b>	<b>2,203.0</b>	<b>2,101.0</b>
Share capital	132.0	132.0
Statutory capital reserves		
– Reserves from capital contributions	26.1	26.1
Statutory retained earnings		
– Statutory retained earnings	1,155.0	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
<b>Total shareholders' equity</b>	<b>1,701.0</b>	<b>1,977.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,904.0</b>	<b>4,078.5</b>

# Notes to the financial statements

## Accounting policies and valuation

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

## Accounts receivable

Receivables are stated at their nominal value minus operationally necessary impairments. The receivables stated in the balance sheet are mainly current account receivables from BKW Energie AG.

## Fixed assets

The holdings retained by BKW AG have been valued individually at acquisition cost minus any necessary value adjustments.

Financial loans are valued at nominal value.

## Short-term liabilities

Liabilities are stated at nominal value. The liabilities stated in the balance sheet are mainly current account liabilities from BKW Energie AG.

## Long-term liabilities

Non-current liabilities are valued at nominal value. Loans on the liabilities side include the existing registered bonds.

## Subsidiaries

Company name, legal form, headquarters	Purpose	Share capital CHF	Capital share	Capital share
			31.12.2021 %	31.12.2022 %
BKW Energie AG, Bern	Energy, Grid, Services	132,000,000	100.0	100.0
BKW Building Solutions AG, Ostermundigen	Services	200,000	100.0	100.0
BKW Engineering AG, Bern	Services	100,000	100.0	100.0
BKW Infra Services AG, Wangen an der Aare	Services	100,000	100.0	100.0
BKW Management AG, Bern (formerly BKW Grid Switzerland Ltd., Bern)	Other	100,000	100.0	100.0

In all cases the holding corresponds to the percentage of shares and voting rights. The compa-

nies in which BKW AG holds indirect interests are listed on pages 112 to 117.

## Bonds

CHF millions	31.12.2021	31.12.2022
3% debenture bond, 2007–2022	200.0	–
0.00% debenture bond, 2022–2024	–	200.0
0.75% debenture bond, 2018–2025	200.0	200.0
0.875% debenture bond, 2022–2026	–	200.0
0.25% Green Bond, 2019–2027	200.0	200.0
1.125% Green Bond, 2022–2029	–	100.0
2.5% debenture bond, 2010–2030	300.0	300.0
<b>Total</b>	<b>900.0</b>	<b>1,200.0</b>

## Share capital

The BKW AG share capital at December 31, 2022 amounts to CHF 132 million and is divided into 52,800,000 registered shares at a par value of CHF 2.50 each.

## Major shareholders

As of December 31, 2022, to the best knowledge of BKW, more than 3% of the shares were held by the following shareholders:

	31.12.2021	31.12.2022
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	n/a	> 3%

## Treasury stock

	CHF millions	BKW AG Number	CHF millions	Group companies Number	CHF millions	Total Number
At 31.12.2020	2.4	24,000	1.3	15,074	3.7	39,074.0
Additions	24.2	232,446	18.0	165,540	42.2	397,986
Transfer	0.8	6,130	-0.8	-6,130	0.0	0
Disposals	-24.0	-234,341	-18.5	-174,484	-42.5	-408,825
At 31.12.2021	3.4	28,235	0.0	0	3.4	28,235
Additions	38.5	337,733	0.0	165	38.5	337,898
Transfer	-18.1	-160,010	18.1	160,010	0.0	0
Disposals	-22.2	-193,703	-17.6	-155,866	-39.9	-349,569
At 31.12.2022	1.6	12,255	0.5	4,309	2.0	16,564

## Contingent liabilities

CHF millions	31.12.2021	31.12.2022
Guarantees for consolidated companies in favor of third parties	526.2	692.7

## Shares held by members of the Board of Directors and Group Executive Board

### Members of the Board of Directors

Number of shares		31.12.2021	31.12.2022
Roger Baillod	Chairman	5,775	6,375
Andreas Rickenbacher	Deputy Chairman (since 16.05.2022)	775	1,375
Hartmut Geldmacher	Deputy Chairman (until 16.05.2022)	6,695	n/a
Dr. Carole Ackermann	Member	1,775	2,375
Prof. Dr. Petra Denk	Member	0	600
Rebecca Guntern	Member	1,775	2,375
Martin à Porta	Member (since 16.05.2022)	n/a	3,000
Kurt Schär	Member	2,375	2,975
<b>Total</b>		<b>19,170</b>	<b>19,075</b>

In 2022, the members of the Board of Directors acquired a total of 4,200 shares under the BKW share purchase program (previous year: 4,025 shares). The share-based payments from the sub-

scription amount to TCHF 49 (previous year: 94 TCHF) corresponding to the monetary benefit of the discounted purchase of BKW shares based on their market value.

### Members of the Group Executive Board

Number of shares		31.12.2021	31.12.2022
Robert Itschner	CEO (since 01.10.2022)	n/a	0
Dr. Suzanne Thoma	CEO (until 30.06.2022)	44,181	n/a
Ronald Trächsel	CFO	24,870	27,080
Dr. Philipp Hänggi	Head of Production	7,928	9,753
Dr. Roland Küpfer	Head of Power Grid	10,041	12,048
Dr. Corinne Montandon	Head of Group Markets & Services	2,323	3,864
<b>Total</b>		<b>89,343</b>	<b>52,745</b>

Individual shares held by members of the Board of Directors and Group Executive Board are subject to a blocking period of up to three years.

## APPROPRIATION OF AVAILABLE EARNINGS

# Proposal to the General Meeting

CHF	
Profit carried forward	254,109,204
Net profit	411,887,631
<b>Unappropriated retained earnings</b>	<b>665,996,835</b>

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

CHF	
Dividend of CHF 2.80 per share entitled to a dividend <sup>1</sup>	147,793,621
125-year dividend of CHF 1.25 per share <sup>1</sup>	65,979,295
Balance carried forward	452,223,919
<b>Total</b>	<b>665,996,835</b>

1 No dividend is paid on treasury shares held by BKW AG. Consequently, the number of shares entitled to dividends at the time the financial statements were prepared was 52,783,436. The last trading day entitling the holder to receive the dividend is May 16, 2023. From May 17, 2023, the shares will be traded ex dividend. If all shares were entitled to dividends, the dividend payment would amount to CHF 213,840,000 and the carry forward to the new account would amount to CHF 452,156,835.

**Subject to approval by the General Meeting, the following will be paid out:**

CHF	
Dividend per share	2.80
125-year dividend	1.25
Minus 35% withholding tax	1.42
<b>Net dividend</b>	<b>2.63</b>

Bern, March 9, 2023

On behalf of the Board of Directors  
Chairman  
Roger Baillod

# 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)

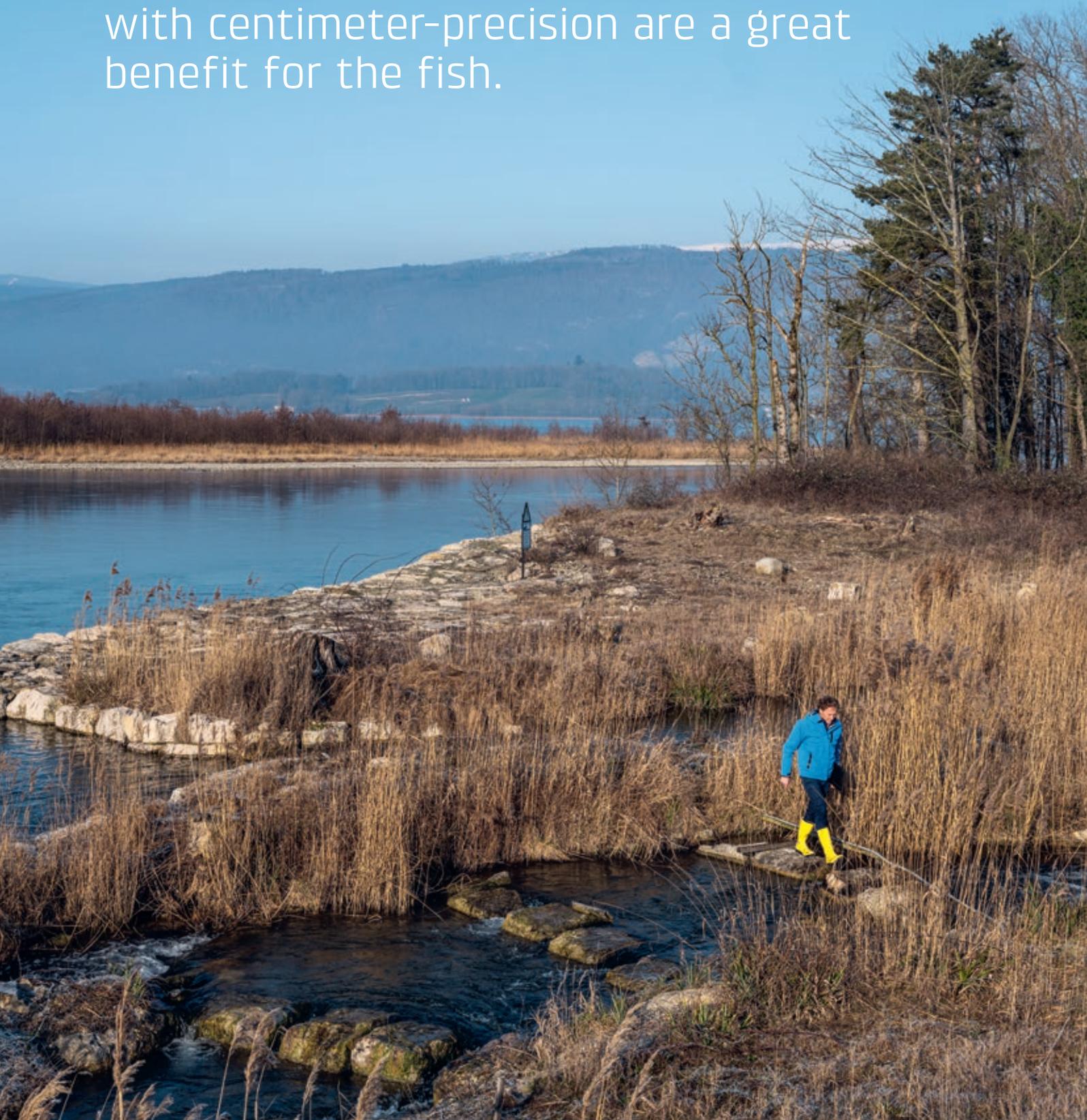
Philippe Wenger  
Licensed audit expert



# Sustainability Report

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The reconstruction of the Hagneck hydroelectric power plant has increased the generating capacity by 40% without any adverse effects on the environment. The boulders of the bypass channel placed with centimeter-precision are a great benefit for the fish.



## INTRODUCTION

# Efficient and climate-neutral into the future

We take our social responsibility seriously and we are committed to sustainable corporate governance. With trailblazing solutions in the fields of energy, buildings, and infrastructure, we ensure that prosperity and the environment remain in harmony. To meet this challenge, in 2022 BKW launched a comprehensive, company-wide sustainability program.

Ladies and Gentlemen,

As a company we are strongly committed to driving forward the transition to a more sustainable economy and society. We understand sustainability management holistically and as an integral part of our corporate governance.

Through our projects, we demonstrate how energy and transport infrastructures can coexist in an environmental, social and economically sustainable way and make an important contribution to an emission-free economy. Therefore, ever since it was founded, BKW has invested in the expansion of renewable electricity production, in the development of smart electricity grids and in the energy efficiency of buildings and infrastructure.

We were able to further reinforce our commitment to renewable energy production in 2022. For example, BKW acquired six wind farms in northern France and is moving forward in Switzerland with four small hydroelectric plants that will be commissioned between 2023 and 2025. Thanks to these investments in 2022, we achieved an important objective – one year earlier than planned – namely that 75 percent of our installed production capacity is now renewable.

We will further expand the production of renewable electricity over the next few years, also with further projects in Switzerland. For example,

together with Bern Airport, BKW is planning the largest ground-mounted solar power installation in Switzerland. A solar farm that will produce electricity for 15,000 households is to be built on a 25-hectare site. We are also forging ahead with storage power plants on the Trift and the Grimsel.

#### Group-wide sustainability program launched

In order to lead our company into a sustainable future, in 2022 we launched a company-wide sustainability program. This identifies sustainability as a key success factor for our company and further defines our sustainability strategy through seven areas in which specific action will be taken. Within this program, we are driving our comprehensive sustainability activities from an environmental/social and corporate governance perspective. Thus we are making an important contribution to achieving the United Nations Sustainable Development Goals (SDGs).

We create spaces for life through the commitment of our approximately 11,500 highly qualified employees. Please join us on this journey.

Kind regards,



Robert Itschner  
CEO

#### WE SUPPORT



#### More information at:

[globalcompact.ch](https://globalcompact.ch)

#### International reporting standards

BKW reporting is based on national and international guidelines and standards, specifically on the Swiss Code of Obligations, the Corporate Sustainability Reporting Directive (CSRD) of the European Union, and the Standards (2021) of the Global Reporting Initiative (GRI). Unless specified otherwise in an individual case, all information and figures relate to the entire BKW Group. As a participant in the UN Global Compact, BKW publishes its annual progress report on the website of the Initiative.

BUSINESS MODEL

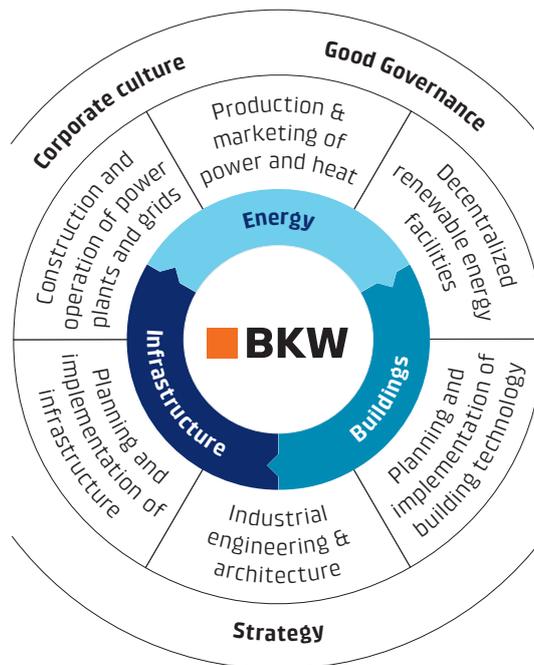
# Integrated solutions for today and tomorrow

With its comprehensive solutions for energy, buildings and infrastructure, BKW is committed to a seamless energy sector that will ensure a future worth living.

### Inputs

- Financials: Investments in renewable energy and in modern electricity grids, investments in services, investments in innovations, patents
- Environment: Raw materials and natural resources for energy production, products and services
- Employees: Diversity and experience, competencies, technological expertise and capacity to innovate, education and training, core values of the company
- Relationships: Customer and supplier relationships, dialogue with investors, associations and NGOs
- Infrastructure and systems: Energy generation and distribution systems, IT systems, decentralized energy solutions (such as heating networks, PV installations, e-mobility charging stations)

### Business activities and markets



### Outputs

- Production facilities for electricity
- Expansion of renewable energy
- Grid infrastructure (electricity, telecom, transport, water)
- Innovations
- Engineering services (planning and construction of technical facilities)
- Services for energy efficiency in buildings and mobility
- Responsible business relationships
- Storage technologies
- Emissions, waste
- Land use and impact on local populations

### Outcomes

#### Solutions for a future worth living

- Reliable supplies of power and heat
- Solutions that can be adapted to climate change (such as green architecture, flood protection)
- Secure jobs and training opportunities
- Healthy and qualified employees, knowledge transfer in the network
- Taxes and regional value creation
- Financial profit, share value
- Efficient handling of resources

You can find more information about the BKW Business Model on pages 16 to 25 in the Annual Report.

## STRUCTURES

# Governance and organization

Responsibility for the value creation of the entire BKW Group lies with the Board of Directors, which adheres to the principles of sustainable corporate governance and in 2022 it instigated the development of a comprehensive sustainability strategy.

A materiality analysis in accordance with the guidelines of the Corporate Sustainability Reporting Directive (CSRD) of the EU was carried out to define the environmental, social and governance (ESG) issues relevant to BKW. These were then classified into seven logical action areas which can now be further developed and rolled out. Each of the action areas forms part of BKW's sustainability strategy, which has been given the name "SUCCESS" (see further details on pages 142).

The Group Executive Board is responsible for the implementation of the sustainability strategy. Operational responsibility is assumed by Compliance & Sustainability Management, which reports directly to the management of the Energy Markets & Group Services Division. The specifications of the ambitions, along with the progress achieved, are presented to the CEO and the Group Executive Board. The Board of Directors receives a regular status report.

## Collaborative interactions with internal and external stakeholders

BKW fosters long-term partnerships. With its internal and external stakeholders, the company builds respectful, appreciative relationships based on mutual trust.

Internal stakeholders include all BKW employees and control bodies. Over and above the meeting days held at the prescribed intervals, the Group Executive Board maintains contact with the control bodies throughout the year. Exchange with employees is ensured in a variety of different ways. These include digital communications channels, employee appraisals, brochures and employee magazines, and opportunities for dialogue, including events and themed roadshows. Important external stakeholders are customers, suppliers, investors, shareholders, associations, policymakers, authorities, non-governmental organizations, municipalities and the general public. BKW communicates with these groups in various ways as shown in the following table.

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## More information at:

[www.bkw.ch/sustainability](http://www.bkw.ch/sustainability)

“With its broad portfolio, BKW is ready for a holistic energy transition – from renewable production through intelligent distribution grids to efficient use of electricity in buildings, industry, and mobility.”

## BKW stakeholders

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### Customers

Customer surveys, (B2C), in-person discussions (B2B), various newsletters (half-yearly customer newsletter "Flash," corporate newsletter several times yearly), 14-day webinars on the subject of energy market development with B2B customers, website

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### Suppliers

Regular supplier meetings

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### Investors, shareholders

General meeting, informational events (such as Capital Markets Day), financial position press conferences, investor conferences, in-person discussions

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### Associations

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

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### Politics and authorities

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

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### Non-governmental organizations

Issue-focused information exchange, such as for project proposals

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### Local environment (such as municipalities)

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

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### General public, media

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

## RISKS AND IMPACTS

# Management of sustainability risks and impacts

Risk management at BKW encompasses both external risks and the impacts of its business activities on the environment and society.

BKW's business activities as well as its products and services must prove themselves in a dynamic market environment and always meet higher requirements. This is why BKW operates intensive risk management by monitoring financial, regulatory, technological, social, environmental and climate-related risks that could have a significant impact on the company.

The company's activities have both direct and indirect as well as current and potential impacts on the environment and society. Under the guidance of BKW Compliance and Sustainability Management in 2022, a comprehensive analysis based

on the principle of double materiality<sup>1</sup> ("Double Materiality") was carried out. The relevant sustainability issues identified were prioritized.

Risks were assigned to the responsible functional and business divisions. Everyone involved engages in issue-focused information exchange. Risks with high relevance are integrated into Group risk management and are taken into account in strategic decision-making. BKW's objectives are a comprehensive risk cockpit with a systematic survey and quantification of risks together with specified procedures.

## External risks

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**These include:**

- Supplier failures (such as due to political tensions or the pandemic) and resource bottlenecks in the supply chain
- Skilled labor shortages
- Stakeholder opposition to projects (such as due to potential human rights violations or adverse environmental effects)
- Reputational damage (such as due to system outages, lack of integrity in business conduct or human rights violations)
- Cyber attacks and outages of systems or plants
- Customer dissatisfaction (such as due to defective products)
- New regulatory and legal requirements

<sup>1</sup> Circumstances are material if they are either high risk for business success or (may) have major impacts on the environment or society

## Climate-related risks

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- Acute physical risks**
- Extreme flooding or low water levels affect the performance of run-of-river power plants and can endanger electricity production and the revenues based on this
  - Severe storms could damage the distribution grid or wind turbines in wind farms and lead to a production outage or supply restrictions
  - Landslides on reservoirs or grids in mountainous areas can cause damage and require additional investments in safety or removal
- 

- Chronic physical risks**
- Long-term glacier melting is changing the water levels in reservoirs, which may lead to more electricity production in the short term yet less in the long term
  - Climate-related and other natural disasters may cause supply bottlenecks in production countries or in supply routes
  - Severe or persistent heat waves can cause health risks for people who supply services outside which in turn can lead to a reduction in productivity
- 

- Transition risks**
- The rising price of CO<sub>2</sub> emissions for gas and coal-fired power plants affects their profitability
  - The regulation of technologies, such as heating system types, reduces business activities
  - New customer requirements
  - Technological advances (disruptive technologies) and innovations can call existing business activities into question

## Opportunities for the business success of BKW

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### These include:

- Increasing demand for renewable power and heat production and for solutions that deliver more energy efficiency in both the B2B and B2C segments
- A need for planning and concepts for storm water protection and flood protection
- Making cities and municipalities more resilient through technological, organizational and architectural solutions
- Increasing requirements for integrated energy and building solutions for efficient and needs-based provision of power, heat and cooling
- Increasing requirements for storage solutions in order to make optimal use of renewable energy

## Current, potential, direct and indirect impacts of BKW business activities on the environment and society

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### These include:

- Employee absenteeism due to industrial accidents and work-related illnesses
- High turnover (such as departure of key personnel and/or knowhow)
- Injury to the health of employees due to hazardous work
- Human rights violations, critical working conditions, discrimination among our own employees
- Corruption risk internally in the company and in the supply chain
- Thermal power plant emissions that contribute to climate change
- Impact on species and ecosystems through power plants, new plant construction, office buildings
- Environmental pollution through operational activities (such as oil loss in plants, gas leaks in substations, light or noise emissions)
- Waste, particularly the impact of radioactive waste
- Violation of the rights of indigenous people through energy projects abroad
- Risks to society due to failure of critical infrastructure in the Swiss energy system (see climate-related risks)

## SUCCESS FRAMEWORK

# Consistent focus on seven action areas

BKW's sustainability strategy lays out the comprehensive sustainability commitment of the Group and covers all issues of relevance to the company – from social aspects to climate-change-induced transformation through to secure products and data.

The seven action areas of the SUCCESS sustainability strategy represent a 360-degree approach that covers the key sustainability issues for BKW. BKW is reaching out to all its stakeholders – customers, suppliers, investors, employees and society. The company has thus laid the foundation for

the definition of ambitious sustainability objectives. The demands of each action area are high and will be expanded on an ongoing basis, which will enable BKW to respond to key aspects regarding the environment, social affairs and responsible corporate governance.



## Sustainability strategy approaches

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**Society** We assume corporate responsibility for the sustainable development of society.

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**Use of Resources** We use resources respectfully and in harmony with nature.

---

**Climate Neutrality** We are decarbonizing BKW and our value chain.

---

**Corporate Governance** We are committed to responsible business conduct and transparent corporate governance.

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**Employees** We promote a safe working environment for satisfied, healthy and committed employees.

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**Secure Products** We meet the highest standards for the security, quality and availability of our products and services.

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**Secure Data** We use and protect data responsibly.

The seven action areas were developed in an interdisciplinary program team and adopted by the Group Executive Board and Board of Directors. All the assigned areas have been taken from the materiality analysis undertaken by BKW in 2022. The ensuing materiality matrix (see Figure p. 144) considers both the sustainability risks for the business success of BKW and the impacts of its corporate activity on its surroundings (people, society, environment).

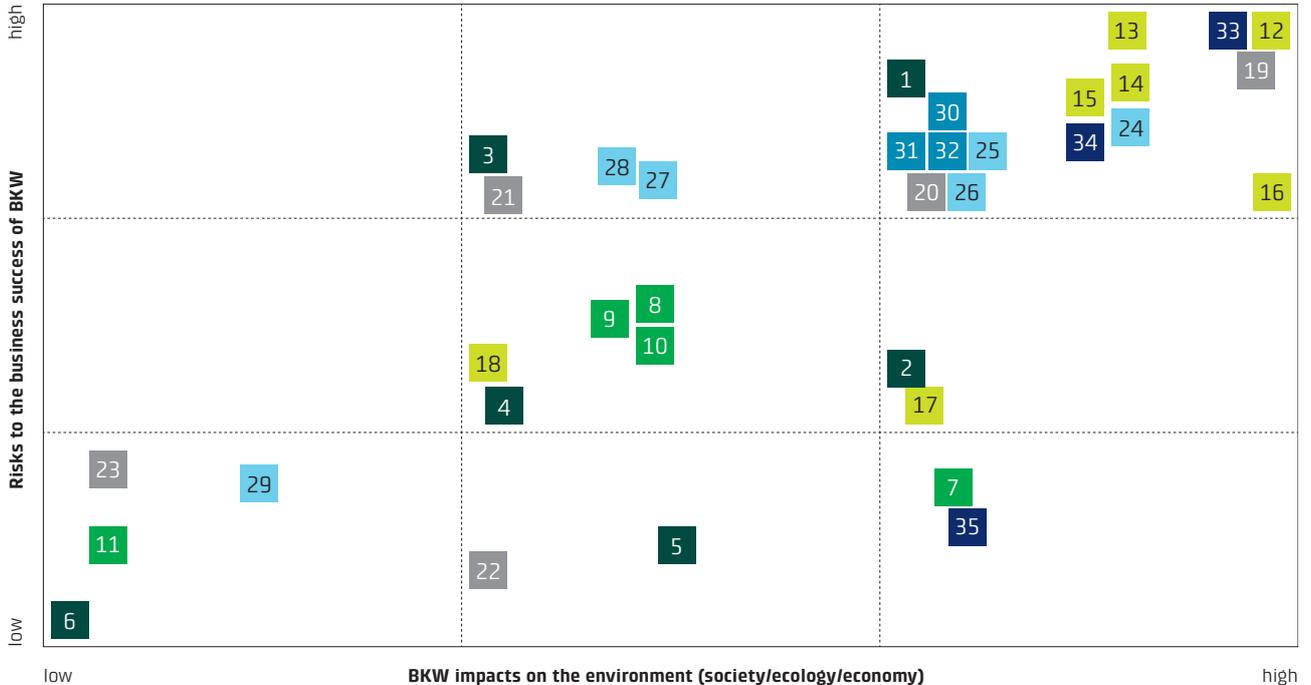
In order to implement and further develop its sustainability strategy consistently, BKW has drawn up specific projects in each of the action areas. These include sustainable finances, climate objectives, supply chains and fostering occupational health and safety.

The instigated measures follow a clear plan: by 2023, BKW will have defined strategic key performance indicators (KPIs) for each action area, which it can then use to develop quantitative targets.

### Combined reporting

The Sustainability Report has formed part of BKW's annual reporting since 2021, reflecting increased transparency for stakeholders in relation to the strategic approaches, services and challenges of BKW. The 2021 report focused on the sustainable development goals of the UN Agenda 2030. This report is structured according to the seven action areas of BKW's sustainability strategy. The following sections explain the action areas and their associated ambitions in more detail. At the end of each section, the relationship between the sustainability activities of BKW in the 2022 reporting year and the contribution to achieving the sustainable development goals of the Agenda 2030 will be established.

**BKW materiality matrix 2022**



**Society**

- 1 Responsible and sustainable investments
- 2 Human rights
- 3 Involvement of local communities/local presence
- 4 Lobbying and political involvement
- 5 Forced and child labor
- 6 Social Citizenship

**Use of Resources**

- 7 Biodiversity protection
- 8 Waste reduction
- 9 Resource consumption
- 10 Circular economy support
- 11 Water consumption/efficiency at BKW

**Climate Neutrality**

- 12 Greenhouse gas reduction in trade and sales
- 13 Customer energy consumption/efficiency
- 14 Increase in renewable electricity generation
- 15 Expansion in storage solutions
- 16 In-house greenhouse gas reduction
- 17 Greenhouse gas reduction in the supply chain
- 18 Energy consumption/efficiency in business activities

**Corporate Governance**

- 19 Responsible business practices
- 20 Transparent reporting
- 21 Corporate Governance Organization
- 22 Responsible tax practices
- 23 Remuneration Policy

**Employees**

- 24 Occupational safety and health
- 25 Diversity and inclusion
- 26 Employee development/promotion
- 27 Employment/working conditions
- 28 Cultural change sustainable action
- 29 Freedom of association, participation and collective bargaining

**Secure Products**

- 30 Safe operation of power plants and grids
- 31 Quality of supply
- 32 Product safety and quality

**Secure Data**

- 33 Information and cyber security
- 34 Responsible use of data
- 35 Protection of privacy and data protection



## Society

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

BKW fosters long-term partnerships and requires compliance with recognized environmental and social standards.



---

### Ambitions

- We will assume social responsibility in our supply chains, partnerships, projects and relevant business processes.
- We will increase our sustainable investments.
- We will increase our sustainable revenue (according to the EU taxonomy).



BKW regularly gathers information on sustainability at its suppliers via the EcoVadis platform or through direct contact with them.

As a company operating in society with a regional base and an international reach, BKW is a committed business partner, customer, supplier and investor. The company is fully aware of its responsibilities in each of these roles. Ensuring human rights along the entire value chain is a very high priority at BKW. One way in which this is reflected is in measures to reduce risks regarding human rights violations all along the supply chain.

Furthermore, when it comes to its investments, BKW demonstrates a corresponding commitment to the promotion of sustainable development. This means that investment decisions are not solely made on the basis of security and profitability but also with a view to the positive impact on the environment and social responsibility.

### Sustainable supply chains

The BKW Group comprises several purchasing organizations in its various business divisions. The parties responsible in each case agree quarterly in the Purchasing Board on the development of standardized measurement methods to ensure sustainable supply chains and to appropriately shape and further develop Group-wide supplier management. Joint purchasing strategies are being defined to leverage synergies within the Group. In procurement processes all relevant national and international regulatory requirements are complied with and recognized environmental, social and governance standards are also taken into account.



### Activities in 2022

#### **New procurement management instruction:**

In July 2022, BKW issued a new Group-wide procurement management instruction. This instruction specifies the details of the new public procurement law and commits procurement units to conducting all tender procedures in accordance with business, ethical, and environmental principles as well as the rules of fair competition.

**Supplier Code of Conduct becomes an integral component of all contracts:** BKW expects its suppliers to be both legally compliant and sustainable in their conduct. The Group enforces this through its Supplier Code of Conduct, which has now

become an integral component of supplier contracts across the entire BKW Group. The Supplier Code of Conduct covers ethics, legal compliance, environmental requirements, employment law, and human rights. BKW's overarching objective here is to collaborate with its suppliers to reinforce responsible environmental and social action.

**KPIs for procurement activities:** The Purchasing Board jointly developed and introduced a scorecard in 2022. This scorecard measures the performance of the purchasing organizations as a whole and meets the needs of the various business activities of the BKW Group. The scorecard creates transparency in financial KPIs and develop-

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



ment issues such as sustainability-related targets. It also measures customer satisfaction and uses a standard format to illustrate further developments in the various purchasing organizations.

**Partnership with EcoVadis expanded:** BKW has expanded its partnership with EcoVadis in order to reliably assess the sustainability of the supply chain and to further increase it. EcoVadis is one of the world's largest providers of sustainability ratings for companies. Regular training sessions are held to ensure the appropriate use of this platform. Some 140 suppliers currently share their rating with BKW. In 2022, 350 new suppliers were invited to obtain an EcoVadis rating. The main focus was on strategic suppliers. Suppliers who decide not to disclose their sustainability commitment on the EcoVadis platform are under the obligation to provide BKW with a sustainability report or to report on their sustainability efforts at regular supplier meetings.

**Check for due diligence obligations:** In accordance with the new Swiss Code of Obligations, BKW evaluates whether it must observe due diligence in relation to child labor as well as conflict minerals and metals. Its 2022 orders were analyzed in accordance with the legally specified criteria. In relation to minerals or metals from high-risk or conflict zones, it was established that BKW neither imports these into Switzerland nor processes them. Based on this, it is assumed that BKW is not active in the upstream raw material supply chain, does not operate as a processor or importer, and therefore does not have to carry out any due diligence. The legally prescribed risk classification in relation to child labor stipulates that companies offering products that originate from countries ("Made in") that are classified as "Basic" in the UNICEF Children's Rights Index do not have to fulfill any due diligence obligations. BKW was previously unable to perform this check in full because the indication of the origin of the products offered was unknown. The stipulated review upon suspicion was carried out. This means that BKW has verified whether any specific information and indications could substantiate a suspicion of child labor among its strategically relevant suppliers. Based on currently available information there are no indications of the use of child labor in the first tier in the supply chain. Nevertheless, BKW cannot definitively

attest to the non-existence of specific information or indications of potential human rights violations. BKW will carry out an in-depth analysis on the issue of child labor in order to ensure a comprehensive risk classification.



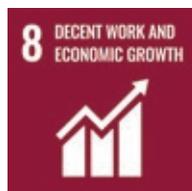
#### Outlook

Based on the results of all procurement activities that can be rated via the scorecard, the 2023 Purchasing Board has defined new development sustainability objectives for the entire BKW Group. Furthermore, collaboration between the purchasing organizations of the various business divisions is to be intensified. As the issue of sustainability in the supply chain is becoming increasingly important, the procurement organization is being reinforced with additional specialists.

The partnership with EcoVadis is being continued and further expanded, the objective here is to establish this platform in the purchasing organizations of all business divisions. Risk assessments are also to be further developed in the coming year, both specifically in relation to transparency and due diligence obligations and generally in relation to sustainability risks all along the supply chain.

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**With its ambitions and activities in the Society action area, BKW is making a contribution to the following SDG:**





## Use of Resources

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

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



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### Ambitions

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

The BKW business model is very dependent on natural resources. Impacts on ecosystems and landscapes cannot be entirely avoided, especially during the construction and operation of power plants. This makes BKW all the more demanding when it comes to the durability and environmental compatibility of its products. Protection and efficient use of resources are just as important as measures to avoid and reduce the negative impact on water, soil, air and ecosystems.

### Natural resources

BKW has set itself an ambitious goal with its promotion of the circular economy. The company has introduced a waste disposal plan which governs important sustainability aspects for waste products, residual and recyclable materials, and hazardous waste. This plan covers waste avoidance and reduction, recycling and the reuse of materials. Environmental compatibility is paramount for sorting, material separation, interim storage, pro-

fessional recycling and disposal. Alongside profitability criteria, the waste disposal plan also focuses on ensuring disposal security and minimization of environmental risks and damage (such as pollutant emissions).



### Activities in 2022

#### Implementation of the waste disposal plan:

All business divisions are implementing the principles of the waste management plan at an operational level. Reuse, subsequent use and recycling are the main focal points here. BKW is in the process of further expanding its material flow monitoring. Due to the company's decentralized structure and strong growth, it is a major challenge to collect comparable data on material consumption and waste across the entire Group. Initial estimates show that the overwhelming majority of waste created is recycled.

**Automated target grid planning:** BKW Power Grid is optimizing the necessary expansion of the electricity grid for the energy transition. Existing routes and clearings will be used as far as possible for this purpose. Automated target grid planning is used to determine the most resource-efficient expansion scenario. The hybrid emergency power system (HEPS) developed as a collaboration between BKW and Jost AG clearly shows that innovations can also contribute to environmentally-friendly and resource-conserving operations. Emergency power systems are indispensable for hospitals and data centers because they maintain the power supply even during maintenance work. Conventional plants often run under partial load, cause continuous noise and consume large amounts of diesel. In comparison, the new and innovative HEPS has achieved an 80 percent reduction in diesel consumption and CO<sub>2</sub> emissions. Noise pollution for humans and animals has also been significantly reduced. The system can be combined with a decentralized photovoltaic power supply.

# 80%

less diesel consumption thanks to the innovative hybrid emergency power system.



With its hybrid emergency power system, BKW maintains the power supply in an environmental and resource-conserving manner even during maintenance work.

The Hagneck Hydroelectric Plant is located in a protected wetland landscape. The emphasis is on environmental reclamation of the area surrounding the power plant.



### Outlook

**Resources monitoring:** In the coming year, conditions will be established so that Group-wide quantitative statements on resource consumption and waste volumes at BKW can be issued. The objective is to increase transparency about existing initiatives and innovations in the company along with their contributions to the circular economy. The focus here is on developing a common understanding of the circular economy at BKW.

### Biodiversity

Healthy ecosystems, together with a high level of biodiversity, are the basis of life for all societies – and not least due to climate change, these find themselves under increasing pressure. That is why BKW is now devoting ever more attention to this issue. The expansion and operation of power plants and grids are not possible without any impact on nature. For a long time, BKW has worked hard to ensure these are kept as low as possible by continuously implementing appropriate measures in its operations and within the scope of its eco-fund. The goal is to promote the protection of individual species and local habitats, but also entire ecosystems.

**Activities in 2022**

**Bird protection:** Since mid-2021, BKW has worked with a specialist to put various bird protection measures in place along the flight route of storks in Jura. Perches have been mounted at suitable locations alongside the line cabling. These provide the storks with a safe place on the mast and minimize the risk of death by electric shock. BKW Power Grid works closely with local authorities, specialists and interested ornithologists to ensure optimum bird protection along the lines. Nesting aids for swifts and storks have been installed at several locations on transformer towers and old poles. BKW Power Grid has also supported species protection and biodiversity with nesting aids for wild bees at more than 20 locations.

**Fish routes at hydroelectric power plants:** BKW has been refurbishing its hydroelectric power plants for many years to align them more closely with nature. The fish lift at the Mühleberg Hydroelectric Plant is an impressive example of this. Migrating fish have been accessing it to get from the Aare River into Lake Wohlten since summer 2021. Corresponding refurbishment activities also continued in 2022.

**Outlook**

**Species protection:** At BKW Power Grid the previous bird protection measures are being continued in the context of reconstruction and refurbishment. Existing partnerships and collaborations with external experts will be continued. With a view to all run-of-river power plants, BKW is expected to ensure free fish migration by 2030. This also improves the impairments due to hydro-peaking and the sediment regime below the power plants. These challenges are being met through around 40 projects. Two of them, the Bannwil and Brugg Hydroelectric Plants, will enter the construction phase in 2023.

**Biodiversity:** Biodiversity will be systematically addressed at Group level in the future. To this end, an analysis of the largest impacts of BKW's business activities on biodiversity will be carried out and specific measures for improvement will be defined.

**More information at:**

[www.bkw.ch/refurbishment](http://www.bkw.ch/refurbishment)



A lake trout in the water in the Grimsel area.

With its ambitions and activities in the "Use of Resources" action area, BKW is making a contribution to the following SDGs:





## Climate Neutrality

“We are decarbonizing BKW and our value chain.”

Two BKW Building Solutions employees installing a solar panel at the Marin Center on Lake Neuchâtel.



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### Ambitions

- We will implement the decarbonization strategy to achieve Net Zero by 2050 at the latest.
- We will reduce energy consumption and increase energy efficiency for ourselves and our customers.
- We will increase renewable power production.

Climate protection is one of the most important issues facing society. BKW's broad energy and infrastructure portfolio offers trailblazing solutions for combating climate change and adapting to its consequences. BKW is committed to internationally agreed climate targets and has the clear ambition to accelerate decarbonization in its own value chain. It also offers its customers renewable and efficient products and services for reducing emissions, enabling them also to make their own contributions to decarbonization.

### BKW's energy and greenhouse gas footprint

BKW has the ambition to make its operations climate-friendly and to contribute to the achievement of the Paris Climate Agreement. Various measures have again been implemented to make this a reality, including powering down lighting at off-peak times and optimizing heating controls for efficient energy handling. The creation of a greenhouse gas footprint is an important step towards reducing greenhouse gas emissions within the company and in the value chain.



#### Activities in 2022

As in 2021, a standardized greenhouse gas footprint was also drawn up in 2022, again in cooperation with Swiss Climate. As part of this process, BKW's energy consumption was systematically recorded. The greenhouse gas footprint is calculated in accordance with the methods and accounting principles of the Greenhouse Gas Protocol and the requirements of the ISO 14064-1 standard. The carbon indicators cover all Kyoto greenhouse gases<sup>2</sup>. To calculate Scope 2 emis-

sions, emission factors according to the market-based method were used.

The greenhouse gas footprint covers the entire BKW Group and is divided into the categories of companies and power plants. For the companies category and the proportion related to BKW's Energy, Grid and Services business areas, data were collected from the 57 largest Group companies, where almost 90 percent of all Group employees work. The missing data were extrapolated based on the number of employees.

#### Energy consumption of BKW business areas

The following table shows a slight decrease in total energy consumption compared to the previous year. Following an organizational adjustment, some locations which belonged to the Grid business area in 2021, were newly added to the Energy business area. This is reflected in higher power and heat consumption in the Energy business area. The proportion of renewable energy sources in total energy consumption increased compared to 2021. This is due both to more accurate data collection and to measures that specifically relate to renewable electricity taken by individual companies. The uncertainty surrounding a possible power shortage has also led to an increased awareness of electricity consumption.

The collection of current data on heating energy consumption continues to be associated with challenges, and as a consequence, inaccuracies. Flat-rate leases, unknown heating types and consumption settlements that were only available late resulted in conservative calculations under the

### Overview of business areas

Energy consumption in GWh	Energy 2021	Energy 2022	Grid 2021	Grid 2022	Services 2021	Services 2022	Total 2021	Total 2022
Electricity consumption	2.54	3.90	4.33	2.91	7.37	5.48	14.24	12.29
– of which renewable	0.03	0.01	0.10	0.18	1.03	1.72	1.16	1.91
Heating energy consumption	6.04 <sup>3</sup>	7.07	3.00	3.19	11.94	12.93	20.98	23.19
– of which renewable	0.00	0.04	0.17	0.56	0.83	1.24	1.00	1.84
Fuel	3.87	2.14	5.42	5.03	60.77	58.19	70.06	65.36
<b>Total energy consumption</b>	<b>12.45</b>	<b>13.11</b>	<b>12.75</b>	<b>11.13</b>	<b>80.08</b>	<b>76.60</b>	<b>105.28</b>	<b>100.84</b>

<sup>3</sup> The 2021 value (2.29 GWh) was corrected retrospectively (improvement of data quality)

<sup>2</sup> Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), halogenated hydrofluorocarbons (PFCs), hydrofluorocarbons (HFCs) sulfur hexafluoride (SF<sub>6</sub>)

assumption of fossil fuel sources and based on the energy supply area. In terms of fuel consumption, a slight decline has been recorded compared to 2021. This is based on the growing proportion of hybrid vehicles in the company as well as higher fuel prices and corresponding awareness.

Greenhouse gas emissions in the company  
The decrease in energy consumption is also linked to a slight reduction in Scope 1 and Scope 2 emissions, as shown in the following table.

#### Overview of Scope 1 and Scope 2 emissions in the business areas

Emissions in t CO <sub>2</sub> e	Scope 1		Scope 2	
	2021	2022	2021	2022
Energy	2,483 <sup>4</sup>	2,146	299	412
Grid	2,493	2,160	654	289
Services	18,552	17,643	2,393	1,708
<b>Total</b>	<b>23,528</b>	<b>21,949</b>	<b>3,346</b>	<b>2,409</b>

<sup>4</sup> The 2021 value (1,480 t CO<sub>2</sub>e) was subsequently corrected (based on the change in energy consumption).

Five Scope 3 categories are now in focus for 2022. The categories were selected by internal experts together with Swiss Climate, based on company relevance and in accordance with the requirements of the Greenhouse Gas Protocol. The following Scope 3 categories are considered in the 2022 footprint:

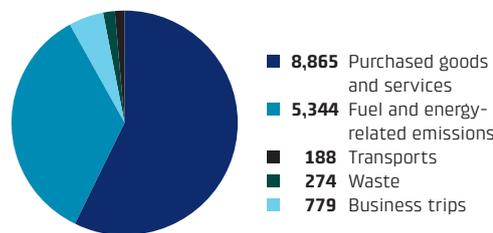
- 3.1 Purchased goods and services
- 3.3 Fuel and energy-related emissions
- 3.4 Upstream transport and distribution
- 3.5 Waste
- 3.6 Business travel

Fuel and energy-related emissions as well as emissions from business travel can be assigned to the business areas. Emissions from the remaining categories were recorded centrally and are therefore reported as a whole (see Table 156).

#### Overview of Scope 3 emissions of the business areas

	Emissions in t CO <sub>2</sub> e
Energy	835
Grid	684
Services	4,604
Centrally recorded	9,327
<b>Total</b>	<b>15,450</b>

#### Distribution of emissions in t CO<sub>2</sub>e



Despite gaps in the availability and completeness of the data, the first reliable statements on the proportion of Scope 3 emissions in the company's overall footprint can be made. Purchased goods and services already account for half of the Scope 3 emissions in the business areas, followed by fuel and energy-related emissions. This means that the levers to reduce emissions are in the procurement and consumption of goods. However, emissions can also be reduced if energy consumption, in particular heating energy and fuels are reduced and converted to renewable energy sources.

Greenhouse gas emissions from power plants  
BKW's entire power plant portfolio was considered in the calculation of greenhouse gas emissions. This calculation includes all plants owned by BKW as well as proportional investments in power plants according to the equity share approach as per the Greenhouse Gas Protocol. Emissions for 2021 were corrected retrospectively, as last year an inadequate emission factor for the calculation of Scope 3 emissions had led to too high a value.

The decrease in emissions is due to the fact that gas-fired power plants produced significantly less electricity, and the Leibstadt Nuclear Power Plant produced proportionately more.

## Overview of power plant emissions

Emissions in t CO <sub>2</sub> e	Scope 1		Scope 3 <sup>5</sup>	
	2021	2022	2021 <sup>6</sup>	2022
Own power plants	67,889	33,663	21,816	14,077
Holdings and purchasing rights	1,065,116	874,061	319,547	304,428
<b>Total</b>	<b>1,133,005</b>	<b>910,724</b>	<b>341,363</b>	<b>318,505</b>

<sup>5</sup> Includes emissions associated with energy supply for Scope 1 (e.g. production and transport fuels) and, as from 2022, additional electricity sold to end customers not already included in Scope 1.

<sup>6</sup> The 2021 values (43,170 and 490,504 t CO<sub>2</sub>e) were corrected retrospectively (improvement of data quality)..



### Outlook

The decentralized structure of BKW along with the previously inconsistent collection of information on heat consumption and business travel pose considerable challenges due to the availability and completeness of source data. Based on these experiences, BKW is striving to continuously improve data quality. That is why it is important to share information with the procurement organizations, as purchased goods and services represent the largest source of Scope 3 emissions in the companies. The evaluation and introduction of a software tool for systematic data collection and emission calculation is also planned. This will enable BKW to collect data with greater efficiency, accuracy and completeness and carry out targeted assessments, such as for individual companies. Process improvements and further awareness-raising of those responsible for energy and emissions-related issues are also intended and these will be attuned to the formulation and implementation of the decarbonization strategy.

Along with improvement of data quality, the focus continues to be on saving energy, the second most important lever for reducing emissions. For example, as part of an energy refurbishment project, the windows are to be replaced at the head office. In Ostermundigen, BKW is undertaking a full refurbishment of the office building. The implementation there in the Minergie-P-Eco standard with ice storage heating (previously electric heating) and a photovoltaic system is on track. Completion is expected in the first half of 2025.

## Decarbonization strategy

The societal impacts of the war in Ukraine and the upheavals in the energy markets in 2022 have accentuated the need to move away from fossil fuels. These external factors are encouraging BKW to incrementally strive for zero-emission business activities.



### Activities in 2022

**Greenhouse gas footprint analysis:** In 2022, an interdisciplinary team was assembled to identify emission "hot spots" based on the existing greenhouse gas footprint and develop ideas for reduction measures. In addition to the clear focus on power plant emissions from fossil power generation, vehicle fleet emissions and emissions from thermal energy are the biggest factors in the business areas. To address these issues, workshops and interviews with various specialist functions were conducted and possible measures were discussed in the strategic and commercial context of the company.

**CDP:** For greater transparency towards its stakeholders, in 2022 BKW completed the full version of the Climate Change Questionnaire from CDP<sup>7</sup>. The assessment received confirms BKW's solid starting position and also points out some improvement actions required. These findings have been incorporated into the formulation of the decarbonization strategy.



### Outlook

**Decarbonization strategy:** The requirements of CDP and the results of the workshops on reduction measures are to be recorded in the Decarbonization Strategy in 2023. This strategy

<sup>7</sup> International non-profit organization that encourages companies and governments to reduce their greenhouse gas emissions, conserve water resources, and protect forests.

also incorporates clear targets for emission reductions and the subsequent relevant measures to be implemented in the business areas. In a first step, these will target Scope 1 and Scope 2 emissions and then the focus will be expanded to Scope 3 emissions in the future.

**Power plant emissions:** BKW recognizes its responsibility with regard to power plant emissions and their reduction, especially as these account for most of its total emissions. It will also actively address this challenge while ensuring grid stability and a secure power supply, as well as measures to mitigate climate change.

### Renewable energy production

BKW is increasing its portfolio of new renewable energy sources to more than one gigawatt (GW) of installed capacity by 2026 and is therefore making a valuable contribution to the sustainable energy future. It announced this goal at Capital Markets Day at the end of October 2021. Furthermore, within the context of its growth and sustainability strategy, BKW aims to enable long-term oriented institutional investors to make direct impact investments through investments in wind and solar power plants.

Wind turbines on a wind farm in the Hauts-de-France region of northern France purchased by BKW in 2022.



**Activities in 2022**

**Renewable electricity:** During the year BKW produced around 5,000 GWh of CO<sub>2</sub>-neutral power from its own production portfolio and from investments in renewable facilities. Through the acquisition of six wind farms in northern France with a total installed capacity of 105.7 megawatts (MW), BKW has moved one major step closer to its goal of 1 GW of installed capacity of new renewable energy. At the end of 2022, this figure stood at around 800 MW.

**Expansion of solar power capacities:** In February 2022 BKW concluded a photovoltaic contracting agreement for a roof system at Bern Belp Airport. With a planned installed capacity of 360 kWp this installation is scheduled to be brought online in the first quarter of 2023. In August 2022, BKW invested in the project development of photovoltaic systems in Italy with a planned installed capacity of 22 MW. Commercial commissioning is planned for 2024.

**The Capital Light strategy implementation:** In December 2022, BKW enabled the City of Zurich Pension Fund (Pensionskasse Stadt Zürich) and the pension fund Medpension vsao Pensionskasse to acquire a 49 percent stake in nine existing wind farms in France, Italy and Norway. This step is an example of BKW's successful Capital Light strategy, which gives it space for additional investments in renewable energies.

**Outlook**

**Solar power expansion:** The expansion of renewable energy sources is being driven forward with various projects. In a jointly sponsored program, Bern Airport and BKW are planning the largest ground-mounted solar power installation in Switzerland. In addition to the planned roof system on the Bern Airport site, a solar farm that will produce up to 35 GWh of electricity per year is to be built on a 25-hectare site. Connection to the grid is expected in 2026. The photovoltaic contracting model for roof systems for BKW customers in Switzerland is attracting a great deal of interest and is expected to lead to numerous other systems being installed.

**Wind power expansion:** BKW is pursuing two projects in Bernese Jura for the expansion of wind power in Switzerland. The planned wind farm on the Montagne de Tramelan has an installed capacity of 12 MW. The second wind farm in the municipalities of Cortébert and Corgémont has an installed capacity of 10 MW. Both projects are currently blocked due to objections.

**Hydroelectric power expansion:** However, three hydroelectric power plants currently under construction – Arvigo, Augand and Saas Grund – are to be commissioned in 2023. Furthermore, BKW continues to examine further attractive investment opportunities in renewable energy both in Switzerland and internationally.

**5,000**

GWh of renewable power was produced by BKW in 2022.

With its ambitions and activities in the "Climate Neutrality" action area, BKW is making a contribution to the following SDGs:





## Corporate Governance

“We are committed to responsible business conduct and transparent corporate governance.”

The new Code of Conduct applies to all employees and to persons who work for BKW externally.



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### Ambitions

- We will increase the sense of responsibility for compliance throughout the company.
- We will continuously develop our governance and processes.
- We will communicate all relevant ESG information transparently.



BKW systematically investigates reports of possible compliance violations and protects whistleblowers.

In its new Code of Conduct, BKW explicitly commits itself to ethical business practices, integrity, environmental concerns, and adherence to human rights. The Code of Conduct forms the basis for BKW's business activities. Failure to comply with these principles can lead to violations of laws, internal regulations, and ethical principles, which may also lead to negative legal and financial consequences for BKW, its employees and its partners, and may jeopardize its good corporate reputation. Therefore, BKW investigates every indication of possible irregularities or violations.

By participating in the United Nations Global Compact, BKW fully affirms its commitment to acting responsibly and in accordance with the ten principles. The publication of our progress report

on the website of the UN Global Compact is a means of informing the general public how committed BKW is in this regard.

The corporate culture at BKW is also underpinned by transparent reporting and corporate governance focused on the interests of all stakeholders, the trusting collaboration between the Board of Directors, the Group Executive Board and employees as well as compliance with applicable law.

In addition to transparent reporting, BKW's Compliance Management System (CMS) serves as an effective mechanism for adherence to and fostering of responsible business conduct.

## Compliance Management System

With its CMS, BKW ensures its business conduct is integrity-focused, that is, the company holds itself to a much higher standard than just complying with applicable law and the company's internal rules. The system defines specific measures for prevention, monitoring, control, and effectiveness. It has been designed for the specific risk situation of the BKW Group and covers all relevant compliance topics. These include, in particular, fraud, antitrust laws, corruption, human rights and data protection, but sustainability risks are also taken into account. An effective and efficient compliance organization is a prerequisite for effectively reducing sanctions and liability risks as well as other non-financial risks such as loss of reputation. Other CMS measures include the preparation of Group instructions and guidelines, providing advice to and supporting employees, introducing and implementing internal controls and training and providing information to employees and managers.

All customers, employees, suppliers, business partners and other external persons can use a central system to record indications of possible rule violations, whether against applicable law, internal guidelines or ethical principles. The reports are transmitted directly to the Compliance department and processed by it. The BKW Group protects whistleblowers in two ways: firstly, reports can be submitted anonymously, and secondly, the principle that whistleblowers must not be placed at a disadvantage because of their report applies.

In regard to the status of the CMS, the Group Executive Board and the Board of Directors are informed annually as well as immediately where required.



### Activities in 2022

**Code of Conduct training sessions:** Training courses, both general in nature and targeted at individuals, were also conducted and/or arranged in 2022. Employees were trained on the Code of Conduct, governance in general, antitrust law and procurement law. The increasingly stringent national legislation on the protection of personal information and the associated increased risks has shaped compliance measures in the area of

data protection. This has created a legal basis for data exchange within the entire Group. Building on the Code of Conduct and making comparisons with international standards, Group instructions and Group guidelines have been checked for their validity, and adjusted where required; additional new instructions have been adopted.



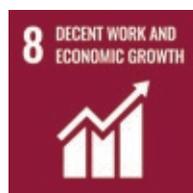
### Outlook 2023

**CMS expansion:** In 2023, the Compliance Management System is to be further improved by a range of measures. Its office personnel will be increased and digital solutions will be deployed to optimize and automate compliance processes and systems. Collaboration with Group companies on compliance issues is to be stepped up and training resources are to be further expanded.

### More information at:

[www.bkw.ch/codeofconduct](http://www.bkw.ch/codeofconduct)

With its ambitions and activities in the "Corporate Governance" action area, BKW is making a contribution to the following SDGs:





## Employees

“We promote a safe working environment for satisfied, healthy and committed employees.”



Occupational safety is always a top priority: two technicians on a wind turbine.

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### Ambitions

- We will improve the satisfaction and development opportunities of employees.
- We will foster occupational safety and health as well as health awareness.
- We will promote employee diversity.
- We will encourage a cultural change with regard to ESG responsibility.

As an employer of over 11,500 people in eight European countries, BKW has a huge responsibility. The company uses its size to advance important personnel issues through exemplary action, such as training and development, equal pay, diversity and inclusion and occupational health and safety. All of these are central pillars of the personnel policy of the 140 companies that form the BKW Group. The Group is also paying more attention to the working conditions of people operating in its supply chain (see action area Society, p. 145). Conversely, BKW expects its employees to demonstrate commitment within the company and exemplify high-quality standards as well as mutual respect.

In the international competition for highly qualified specialists and managers, BKW sets itself apart as an attractive employer, which increases its competitiveness. The shortage of skilled workers is clearly apparent in the energy, building technology and infrastructure sectors, which are also undergoing major changes due to digital transformation and the increasing requirements for sustainable management. All strategic ambitions are underpinned by specific measures, even if not at the same time. For example, the activities to implement the desired cultural change in the direction of sustainable action still need to be developed.

### Training and development

Lifelong learning is the basis of successful corporate activity. BKW offers its employees development opportunities on an ongoing basis. This fosters satisfaction and encourages loyalty to the employer while also increasing the attractiveness of the company to potential colleagues. With regard to training and continuing education resources, BKW prioritizes skills for which there is, or will be, the greatest demand in the company (learning on demand). Digital resources play an important role here.



#### Activities in 2022

**LinkedIn Learning:** Since early 2022, BKW has been offering its employees a digital learning library with more than 16,000 courses as part of LinkedIn Learning. In 2022, 805 employees used this new resource and spent a total of 2,077 hours on learning programs. Particularly popular with BKW employees were courses on

collaboration, communication and Microsoft Office 365.

**Company-wide learning week:** In October 2022, the second annual BKW Learning Week for all employees took place. This consisted of 28 primarily digital workshops and lectures. The focus of Learning Week was issues of sustainability and mental health. The average number of attendees per course more than doubled in comparison to 2021.

**Core values embedded:** BKW's core values of "entrepreneurial", "collaborative", and "trailblazing" are very familiar to most employees, as illustrated by the Transformation Brand Monitoring carried out in February 2022. In the survey of around 1,100 employees, two-thirds spontaneously stated all the core values correctly. In 2022, BKW offered an e-learning course on "entrepreneurial" value. The objective was for employees to identify with the core values, to experience them in everyday life, and to consolidate their key competency on this basis. It was initially aimed at employees at BKW Energy, BKW Power Grid and BKW Management AG. 83.5 percent of them completed the e-learning course.

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## 800

employees joined the BKW Group in 2022.

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#### More information at:

[www.bkw.ch/perspectives](http://www.bkw.ch/perspectives)



The solar power sector has huge development potential in Switzerland. Female solar technicians are thus in high demand – also at BKW.



BKW offers its employees development opportunities on an ongoing basis. Digital learning opportunities are important here.

**Leadership programs:** As part of its management development program in 2022, BKW rolled out the Leadership Coaching Program for BKW Energy, BKW Power Grid and BKW Management AG in Switzerland. This had been tested successfully in 2021 at BKW in Germany. 48 managers and project managers from both countries participated. They reflected on and expanded their leadership skills while cultivating their personal networks.

**Training:** In addition to further education and training opportunities, BKW also focuses on vocational training. There were 657 apprentices in vocational apprenticeships Group-wide in 2022. They are being trained in 29 different pro-

fessional areas. In the last apprenticeship year (2022), 90 percent of the 209 apprentices successfully completed their apprenticeship program (2021: 80 percent). BKW continued to employ 61 percent of them in the Group, which is 12 percent more than in the previous year. Due to the shortage of skilled workers, the professions of grid electrician, electrical installer and computer scientist are of strategic importance. A total of 45 grid electricians, 43 computer scientists and 200 electrical installers participated in training programs in 2022. In these three professions, BKW also offers lateral entry as a second training opportunity, in addition to regular vocational training.

**Special courses at the Energy Education Center:** In-depth vocational training and continuing education are absolutely essential for safe handling of high-voltage power systems. BKW trains and offers continuing education to its grid electricians at the BKW Energy Education Center. The Center uses innovative methods such as virtual reality glasses as well as checklists and work instructions, that are available online at any time, to assist with practical work situations. This improves the quality of training, enables continuing education as an organization and ensures that it can be verified. Since 2022, the training level of individual employees has been tracked and employees are automatically offered repeat courses. As a leading training center in Switzerland, BKW also makes this resource available to many professional colleagues.

**Trainee program launched:** In order to attract university graduates, BKW resumed the BKW Trainee Program in 2021. In 2022, six trainees started energy industry, electrical engineering, planning, communications and HR marketing internships in the business divisions of BKW Energy, BKW Power Grid, BKW Management AG, and BKW Engineering Schweiz.

**New hires and departures of employees:** BKW makes great efforts to attract good employees and retain them in the company for as long as possible. In 2022, BKW acquired 2,073 new employees either through hiring or from companies acquired by BKW. The gross turnover rate was 15.3 percent in 2022 (1,241 people). This number includes both voluntary and involuntary

departures, retirements and the termination of fixed-term contracts. Net turnover (termination by employees) was 10.8 percent (882 people).



#### Outlook

**Group-wide learning strategy:** BKW will develop a Group-wide learning strategy next year. The aim is to foster lifelong learning for employees in order to improve their employability. Over the next few years, the current resources for further employee development will be systematically and gradually expanded.

**Focus on core values:** One objective is that more employees will be using LinkedIn Learning in 2023. To further embed BKW's core values, an e-learning course on the second value of "collaborative" will be rolled out. BKW Learning Week 2023 will focus on the third core value of "trailblazing". The BKW Leadership Coaching Program

is being raised to an international level in order to reach additional leaders. The BKW Trainee Program will be extended to include BKW Infra Services in 2023.

**Occupations of the future:** In 2023, the BKW Group will also be offering apprenticeships for EFZ solar installers and EBA solar fitters for the first time, and it will also advertise these as intensively to lateral entrants as it does for grid electricians.

#### Occupational health and safety, health protection and occupational health management

A safe work environment that fosters employee health is a top priority at BKW and this issue is on the agenda at every Group Executive Board meeting. The aim of occupational health and safety management is to create the best possible

# 657

apprentices were trained at BKW in 2022.

In order to bolster the employability of its employees, BKW will continue to promote lifelong learning in the future.



framework conditions for protecting the health of all employees, thereby also ensuring a motivating work environment.



### Activities in 2022

Occupational health and safety

**Occupational health and safety office:** The occupational health and safety office has been established for many years, and it has been headed up by a new safety engineer since June 2022. She promotes and coordinates occupational health and safety, leads prevention campaigns and conducts audits. She is the contact person for the occupational health and safety office, as well as for the Board and managers. She also acts as a liaison to the authorities.

**Standards and certifications:** The BKW Group uses various safety and management systems (such as industry solutions from VSE, suissetec, Batisec) and certifications (according to ISO 9001, ISO 14001, ISO 45001 and Safety Culture Ladder). In Switzerland the ten points of the ASA System<sup>8</sup> of the Federal Coordination Committee for Occupational Safety and Health (EKAS) are also implemented.

**Accident data:** Compared to 2021, accident numbers in 2022 fell by 2 percent and the number of lost hours in relation to the annual target working time of occupational accidents decreased by 18 percent. This demonstrates that the severity of occupational accidents and the resulting absence from work has been reduced. The number of minor accidents (less than 3 days of absence from work) decreased by 4 percent over the same period.

**Fatal accidents:** To the great regret of the entire Group, two fatal accidents occurred in 2022 despite active prevention. The cause of these tragic events lies in a concatenation of unfortunate circumstances during work carried out at

height. Investigations into the two incidents are ongoing. As an immediate measure, BKW reviewed its training and safety measures, in particular for all teams working on scaffolding, ladders, roofs or otherwise at heights, and, where necessary, strengthening to create greater safety.

**Group-wide awareness program:** To further increase awareness of occupational safety, in 2022 BKW expanded the Occupational Health and Safety intranet site with new topics such as rights and obligations, working at height, and safe apprenticeship times for apprentices. The intranet provides employees with initial information and a good overview as well as in-depth information in general and subject-specific training courses. In 2022, some 5,800 employees completed at least one training course on occupational health and safety and health protection.

### Occupational Health & Safety Management (OHSM)

**OHSM current status:** In 2022, an as-is analysis based on the Friendly Workspace criteria of Health Promotion Switzerland was carried out for BKW Infra Services, BKW Energy, and BKW Management AG. The analysis shows that BKW already has a comprehensive OHSM with very good resources for its employees. Another finding was the need to define and collect key figures in order to identify even more specific action areas, to implement effective measures and to evaluate their effectiveness.

**Absenteeism management:** In 2022, BKW Building Solutions introduced an absenteeism and case management tool. BKW Energy and BKW Infra Services are also looking at whether to roll it out. This tool helps occupational health & safety management identify absenteeism patterns and trends, support sick and injured employees in a timely manner, evaluate the effectiveness of measures and prevent or reduce absenteeism and the associated costs.

**Collaboration with Movis:** BKW has a partnership with the occupational employee consultancy firm Movis. Employees can take advantage of free advice and support when it comes to personal,

### More information at:

[www.bkw.ch/security](http://www.bkw.ch/security)

<sup>8</sup> ASA is the German acronym for occupational doctors and other occupational health and safety specialists

Coordinating vocational college, work, and leisure: In a project with apprentices, BKW addressed the transition from school to the world of work.



social and health challenges. In 2022, more than 8,200 employees from various business divisions in Switzerland had access to this resource and a pilot project for apprentices on “Healthy Apprenticeships” was also introduced together with Movis. This project covered the transition from school to the world of work, the coordination of vocational school, work, and leisure and possible challenges such as stressful situations or conflicts.

**Mental health:** Mental health is an important aspect of BKW’s health management. This is also reflected in employee queries to the internal care4you advisory center and to the external Movis advisory center. Learning Week 2022 was thus

dedicated to this issue. A total of 380 employees attended the six mental health modules covering issues such as “Early Warning Signs of Mental Stress” and “Dealing with Critical Events”.

**Physical health:** Physical health is another important pillar in prevention, as musculoskeletal disorders are one of the primary causes of long-term absenteeism. That is why BKW offers its employees appropriate benefits and additional resources. As well as the established online fitness courses, since 2022 employees in Switzerland, Germany and Austria have also benefited from discounted rates at local fitness centers.

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**30%**

fewer accidents within the next five years are the goal.

**Professional reintegration:** BKW has been doing work in the area of professional reintegration for 14 years. In the event of illness and accident, case management is available to employees. BKW offers reintegration positions to employees who are no longer able to return to their original work. Suva awarded this commitment with the “Incentives for Vocational Reintegration” certificate.



#### Outlook

Occupational health and safety

**Reduction in accident numbers:** The overarching goal in the field of occupational health and safety is to reduce accident numbers by 30 percent over the next five years. In 2023, an internal reporting tool to collect key figures will be implemented. Based on the data obtained through this, the health and safety standards or procedures will be

continuously improved. Internal communication campaigns designed to give a boost to the BKW safety culture are to be rolled out.

#### Operational health management

**Health of apprentices:** Occupational health management and vocational training will continue to provide assistance with the health of apprentices in 2023 because studies show that young people are particularly at risk. All young women and men who start their apprenticeship at BKW in 2023 will benefit from the new Movis introductory module. The proven collaboration with Movis will also be taken to the next level with various other resources in 2023. The objective is for all employees to have free access to the company advisory service.



Occupational health management supports employees in staying motivated, healthy, and efficient.

**Absenteeism management:** The plan with regard to absenteeism and case management is to define measurable goals and corresponding key figures supported by data monitoring. In the area of professional reintegration, a sheltered workplace will be set up in 2023 with financial support from Suva of CHF 20,000. It is to be made available to employees who are temporarily unable to return to their original workplace after an accident.

### Diversity and inclusion

Teams where different skill sets, social or ethnic origin, age groups, gender perspectives, religions, physical and mental abilities, and ways of thinking are combined often achieve better solutions and enrich everyday working life. BKW fosters this diversity and also promotes an inclusive culture of equal opportunity. This idea was also stipulated in the new Code of Conduct (see page 14). In order to make this a reality, BKW created the necessary infrastructure and implemented the first concrete measures in 2022.



#### Activities in 2022

##### Diversity, Inclusion and Sustainability

**Office:** In 2022 a new "Diversity, Inclusion, and Sustainability" office with Group-wide responsibility for these issues was created within Human Resources. The team created a common understanding of these issues in 2022 and will embed them in the corporate culture. Employee diversity is also to be made more visible, exchange platforms are to be established and additional framework conditions are to be developed.

**Partnership with Swiss Diversity:** In 2022 BKW agreed a partnership with the Swiss Diversity Association, which is committed to greater diversity and inclusion as well as equality of opportunity in business and society. In a study commissioned by Swiss Diversity and supported by BKW, Zurich University of Applied Sciences (ZHAW) investigated the impact of diversity and inclusion on the Swiss economy.

**Raising awareness in construction:** In March 2022, BKW Building Solutions launched a diversity and inclusion awareness campaign for its 4,000 employees with workshops for managers and supporting materials for employees.

**Diversity Communities launched:** In late 2022, BKW Diversity Communities were launched with the aim of connecting employees, sharing experiences, benefiting from news and events and helping to make BKW more diverse. The "Pride Community" is committed to the concerns of the LGBTQ+ community. In the "Generation 50Plus Community" older employees develop ideas on how to use their special skills in the years of work still ahead of them and the "Community for Gender Equality" is committed to making equality of opportunity a reality.

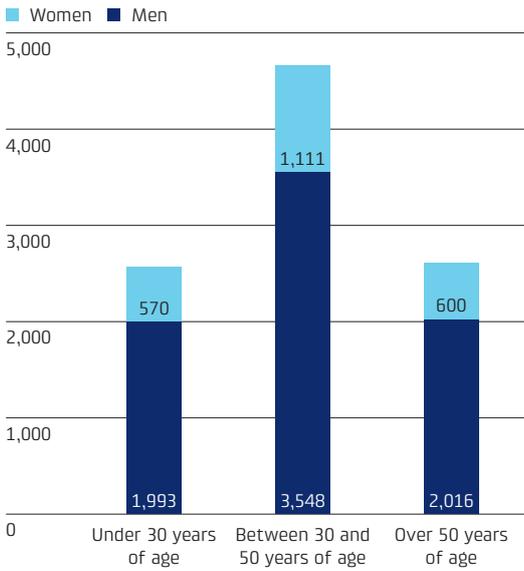
**Support for part-time work:** Part-time work is an important parameter for fostering diversity and inclusion. Currently, 82 percent of employees work full-time (corresponding to a workload of 90 to 100 percent). In 2022, 999 women (44 percent of all women) and 787 men (10 percent of all men) worked part-time. The aim is to offer more part-time positions in the future – for both men and women – in order to improve compatibility of work with various personal life situations. As an initial measure proposed in autumn 2022, it was recommended to the entire Group that all full-time positions be advertised with a part-time option (such as 80 to 100 percent).

**Equality:** Equal pay has an important role to play when it comes to the issue of gender equality. Salaries of all BKW employees are determined regardless of gender, nationality, age or other demographic characteristics. Since 2022, an internal working group commissioned by the HR Board and composed of representatives from all business divisions has been looking at the various issues relating to equal pay. In accordance with the legal requirements, an equal pay analysis was carried out in Switzerland in 2021 and 2022. All BKW Swiss companies with more than 100 employees meet the legal requirements and adhere to equal pay between men and women.

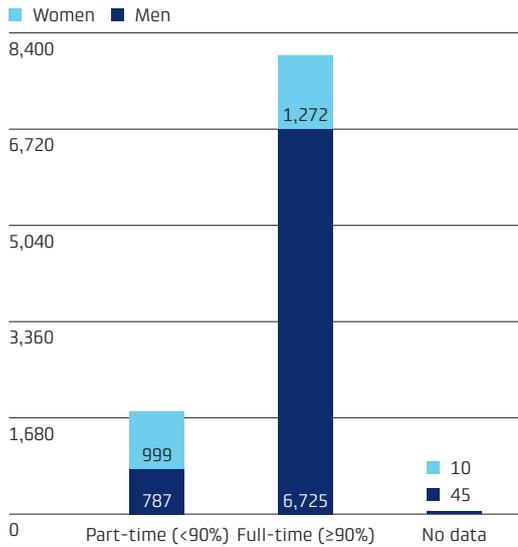
**Diversity measured:** In 2022 for the first time the company collected data relating to around 10,000 of its employees which reflect employee diversity at BKW. The corresponding monitoring does not yet cover the entire BKW Group. Employees of the companies swisspro and UMB are not included.

**Key figures (excl. swisspro and UMB)**

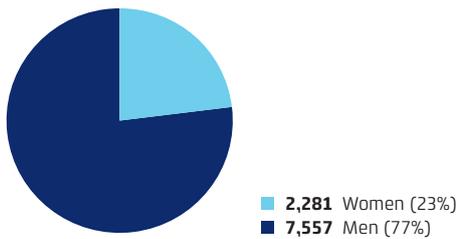
**Employees by age**



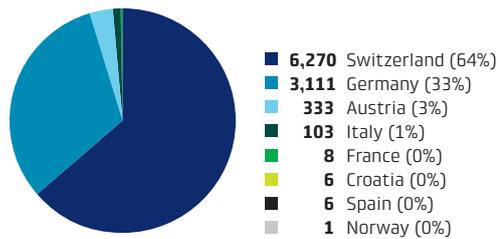
**Employees by employment level**



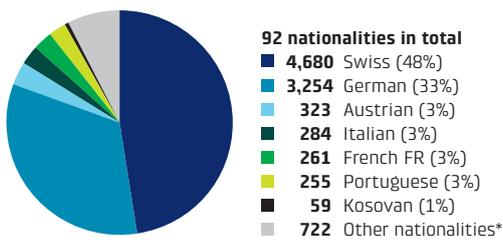
**Employees by gender**



**Employees by country**



**Employees by nationality**



\* 85 remaining nationalities (with less than 50 people per nationality, 7% in total)



**Outlook**

**Defining key figures:** At the strategic level, specific diversity and inclusion objectives will be defined in the 2023 financial year and recorded with corresponding key figures. Key figures are to be collected from the entire BKW Group. BKW will also support a new Swiss Diversity Study on the question of age in daily working life, and sign the Advance Charter for the Promotion of Equality. With the latter, the Group is committed to a

working environment that supports a fair and balanced approach to hiring, remuneration, promotion and retention of female talent. With regard to fair remuneration, a standardized minimum wage for interns in Switzerland will be introduced in 2023. Group-wide guidelines for the collection of wage data will also be published, so that salaries of employees in similar positions can be compared.

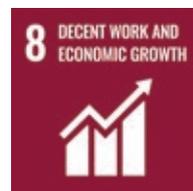
**82%**

of employees work full-time.

**4,000**

employees received awareness training on diversity and inclusion in 2022.

With its ambitions and activities in the Employees action area, BKW is making a contribution to the following SDGs:





## Secure Products

“We meet the highest demands for the security, quality and availability of our products and services.”



Two grid electricians working on a power line on the Hahnenmoos Pass near Adelboden.

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### Ambitions

- We will operate our power plants and grids safely and reliably.
- We will increase product and service quality as well as safety and availability.

Through its various products and services, BKW shapes society's spaces for life in many different ways. The quality and safety of the solutions offered therefore play an important role. BKW makes every effort to guarantee the safety and health of its customers in the use of its products and services. A secure supply of electricity in particular is a highly relevant topic for BKW. The company reliably supplies over a million people with electricity and operates a diverse range of power plants for this purpose. The consistently high availability of these power plants and grids, which are part of Switzerland's critical infrastructure, is a top priority. BKW also plays a pioneering role in Switzerland as the first operator to move ahead with the decommissioning of the Mühleberg Nuclear Plant.

### Safe grid operation

The power grid is the backbone of modern society. Here the energy transition is primarily a performance transition, which means that there must be more investment in grid expansion and conservation of the existing infrastructure.

BKW's grid of 22,000 kilometers runs largely through rural areas, which poses challenges for construction and maintenance. Employees install masts on rocky outcrops and route lines through forests, over mountains and under streams. In all their activities, the top priority for BKW Power Grid is employee safety. Since work often has to be carried out in the face of specific hazards, BKW Power Grid consistently relies on a preventive and targeted occupational safety and health management system. This system has been certified according to OHSAS 18001 and ISO 45001 since 2011. Like quality and environmental management, it also forms part of the integrated management system. BKW Power Grid has been ISO 9001 and ISO 14001 certified for more than 15 years.

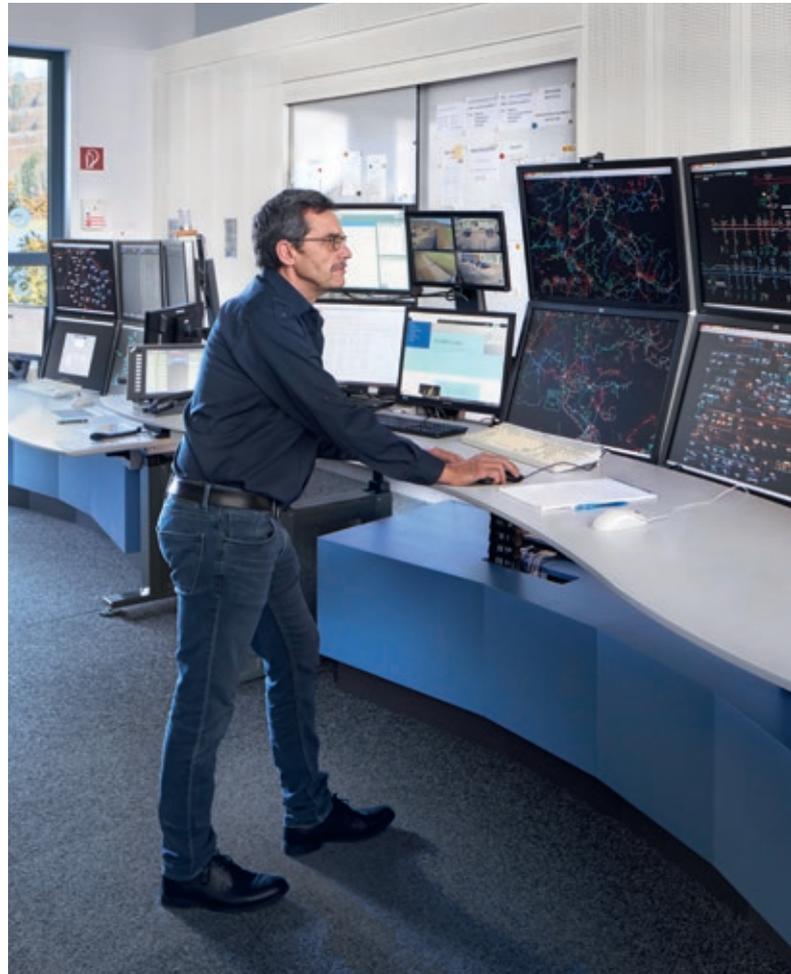


#### Activities 2022

**To repair grid faults quickly:** The power grid is monitored from the Central Control Room (ZLS/CCR) in Mühleberg. The heart of the CCR is the central control system for the BKW distribution grid. CCR employees are trained to respond very quickly and in a structured manner to

faults and incidents that lead or could lead to a power failure. Thanks to the know-how and wide-ranging experience of the CCR employees as well as the well-coordinated collaboration with the grid electricians, such faults can be repaired quickly.

**Low outage rate:** BKW has an outage rate that is consistently very low. This means that power failures are rare. The Swiss benchmark (2016–2021) is an average of 21 minutes of outage time (System Average Interruption Duration Index, SAIDI) across all end consumers in Switzerland. Over the same period, BKW's outage time was an average



An employee at the Mühleberg Control Center monitors BKW's distribution grid on several monitors.

#### More information at:

[www.bkw.ch/powernetwork](http://www.bkw.ch/powernetwork)



The Oberaar Dam in the Grimsel region.

of 16 minutes<sup>9</sup> (SAIDI). In the period under review, the differences are marginally less than one minute. This consistency in outage times at BKW is due to factors including continuous investments in personnel, training and facilities.



#### Outlook 2023

**Reliable power distribution:** In 2023, the safe and reliable distribution of electricity to over one million customers will continue to be at the heart of BKW's activities. Outage times should continue to remain low. This has been achieved through continuous investments in infrastructure, employees and training.

#### Availability of BKW hydroelectric power plants

Availability is an important indicator for reliable electricity production and allows conclusions to be drawn about the quality and quantity of main-

tenance and operational measures and/or investments. In the case of storage power plants, technical availability is key, that is, the maximum availability minus the outage hours of the machines<sup>10</sup>. Run-of-river power plants usually have several machines and planned maintenance work can be carried out in a period when the inflow is low. This means there are very few production outages. This is why the indicator of commercial availability of run-of-river power plants is recorded. Commercial availability of 100 percent is the amount of energy that could be produced with technical machine availability of 100 percent.



#### Activities in 2022

**Availabilities:** In general, the larger BKW run-of-river power plants achieve a commercial availability of more than 97 percent. This value is slightly lower for small hydroelectric power plants as they mostly only have one machine. According to BKW's 2017 maintenance strategy, an internal minimum availability requirement of 95 to 98 percent applies, differentiated by the yield potential of the power plants. The high availability makes a specific contribution to the security of supply.

**Trade exchanges:** Asset Management Hydro is responsible for compliance with this requirement. Due to the high electricity prices during the last year, there has been more of a focus on machine availability. Unplanned outages not only result in high opportunity costs and replacement procurements; they can also limit availability and thus security of supply. Regular exchange with the trade helps to adapt planned machine outages to the expected power requirements.



#### Outlook

**Optimization of outages:** In line with the current tense situation in energy markets, optimization of planned outages remains a high priority. In the case of planned replacement investments in the medium-term horizon (four years), it is systematically checked whether a postpone-

<sup>9</sup> Calculation based on the "old SAIDI method", regardless of the voltage level. Standard method within Switzerland until the end of 2021

<sup>10</sup> Machines of a storage power plant can be operational for a maximum of 8,760 hours per year, which corresponds to 100%. Any deviation from this is referred to as an unavailability time. In the event of an outage, this may arise due to a planned project (major overhaul, partial overhaul, inspection, maintenance) or an unplanned one (malfunction, repair). Maximum availability minus unavailability yields the "technical availability."

ment or temporal compression is technically possible and of commercial interest. In future, all major replacement investments will be managed by the "Project Management Hydro" organizational unit, commissioned by Asset Management, in order to ensure rapid and efficient implementation. And finally, it is planned to provide the relevant partner plants with a tool so they can stipulate their planned shutdowns in time windows with sufficient amounts of electricity forecast on the market.

### Decommissioning of the Mühleberg Power Plant

As in power operation, protection of the general population, employees and the environment remains a top priority, even during the decommissioning of the Mühleberg Nuclear Plant (KKM). With the increasing time interval to the final

decommissioning and with the progress of the dismantling work, both the decay heat to be dissipated and the activity inventory in the plant are reducing continuously. These factors are easing the burden on monitoring systems and increasing the time windows for potential interventions. To put it simply, this means greater safety.

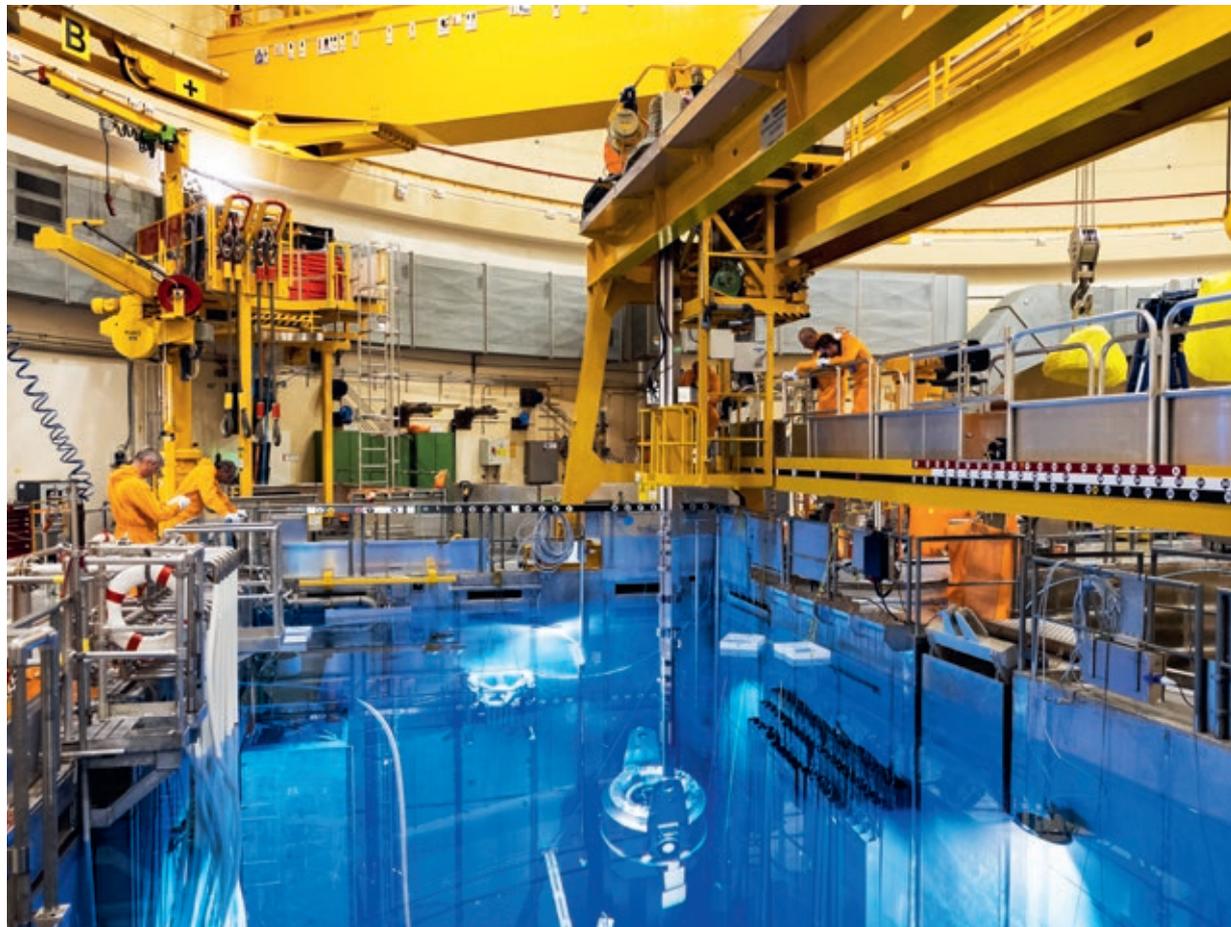
A threat to the population from the release of radioactivity is now practically excluded. Current safety analyses for decommissioning show that impacts outside the plant are only possible in hypothetical and extremely rare scenarios.

However, the risks in handling radioactive substances still exist for employees working in the decommissioning process. This is why it is important to implement the appropriate safety measures. In addition to the above-mentioned

### More information at:

[www.bkw.ch/decommissioning](http://www.bkw.ch/decommissioning)

Fuel elements are loaded under water into the special container with which they are transported to the interim storage facility.



radiological risks, the hazards of conventional pollutants and the requirements of customary occupational health and safety protection must also be taken into account when decommissioning a nuclear power plant. The importance of these requirements has increased significantly in the project-oriented decommissioning operation on the construction site when compared to the highly regulated power operation.



#### Activities in 2022

**Increasing occupational safety:** The Mühleberg Nuclear Power Plant (KKM) has taken the increased requirements into account by acceding to the Suva Safety Charter. The area of occupational health and safety protection was significantly strengthened by its organizational independence and staff structure. In all decommissioning processes, occupational safety issues are explicitly addressed and managers are professionally supported by Suva. Thanks to these measures, serious accidents have been avoided and accident numbers have been kept at a low level.

**Dismantling and disposal routes:** During dismantling, only those materials that cannot be disposed of in any other way are treated as radioactive waste. As far as possible, materials are decontaminated and then measured and released, that is, released from nuclear supervision. The released material can easily be returned to the material cycle. For material that cannot be released, but does not have to be disposed of as radioactive waste, the disposal routes of direct landfill or decay storage are now available. These disposal routes prevent the future deep geological repository from being burdened with unnecessary amounts of waste. In 2022, around 340 tonnes of material were released and around 13 tonnes were moved to the decay storage facility for the first time.

**Transport of radioactive material:** In 2022, BKW continued clearing the plant's interim storage facility. Here the radioactive waste is transferred to the central interim storage facility for radioactive waste (Zwilag) in Würenlingen, where it is to remain until it is later transported to a deep geological repository. Of particular importance was the removal of the fuel elements, which began in 2022. A total of 203 fuel elements have now been

transported to Zwilag. Two more defective fuel rods arrived for interim storage in the Leibstadt Nuclear Plant (KKL). They are first stored together with defective fuel rods from KKL, then brought into the geological interim storage.



#### Outlook

**Removal of fuel elements:** The removal of spent fuel elements will continue in 2023. As soon as all fuel elements have been removed from the KKM, decommissioning phase 2 begins, in which all measures for securing and ensuring fuel safety are discontinued. This means there are no longer any nuclear risks, so only conventional and radiological occupational safety measures (eye and radiation protection) are required.

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With its ambitions and activities in the "Secure Product" action area, BKW is making a contribution to the following SDG:





## Secure Data

“We use data responsibly and we protect them.”

Data-based business models are becoming increasingly important for BKW. At the same time cybersecurity and data protection requirements are also increasing.



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### Ambitions

- We will increase cybersecurity.
- We will develop and establish data governance.

The digital transformation is opening up numerous opportunities for BKW to increase the efficiency and quality of its infrastructure, products and services. At the same time, the risks for BKW are increasing due to its digital connectivity in the areas of cybersecurity, privacy and data protection. The responsibility is particularly great because BKW production facilities and the supply grid are part of Switzerland's critical infrastructure. In addition, large amounts of sensitive data are generated in all business areas. BKW is addressing these risks with the implementation of an ambitious cybersecurity strategy and the establishment of Group-wide data governance.

### Cybersecurity

The cybersecurity strategy sets out the objectives for maintaining availability, confidentiality and integrity in the technology, processes and organization, taking into account the business strategy and the current threat situation. The primary focus is on preventing, detecting, and resisting cyber attacks in order to protect the business activities as well as the reputation of the BKW Group. BKW has cybersecurity insurance cover of around CHF 20 million.

At BKW, cybersecurity is operated according to the internationally recognized security standards NIST CSF<sup>11</sup> and ISO/IEC 27001/27002:2013, IEC

62443 and VSE industry standards. NIST CSF is applied for the analysis and assessment of BKW's security level; annual stress tests, as well as internal and external audits, are also carried out. The management system includes interrelated processes for determining the security level, implementing the required measures and performing the audit, optimization and reporting on the implemented measures. BKW also works closely with authorities and bodies in the context of the national cybersecurity strategy and is instrumental in formulating security requirements and recommendations in the Swiss energy sector.

The Chief Information Security Officer (CISO) has personnel and functional responsibility for central cybersecurity management and defines the cybersecurity strategy. He provides the requirements for information security, secure operation of IT (Information Technology) and OT (Operational Technology) in technology, processes and the organization and regularly evaluates their compliance. The CISO reports regularly on cybersecurity issues to the Group Executive Board.

All employees at all levels and companies are responsible for implementing the cybersecurity instruction. The primary measures of the instruction are illustrated below:

11 NIST CSF = National Institute of Standards & Technology, CyberSecurity Framework

Cybersecurity Framework



**Activities in 2022**

**Building resilience:** The central cybersecurity initiatives contribute directly to the implementation of the overarching strategic goals. In turn, the business divisions implement sector-specific, local cybersecurity programs to increase cybersecurity resilience.

**Key services:** In 2022, four central Security Services were created. These have enabled all BKW Group companies to bring about a simple and secure digital transformation and implementation of the security strategy. Operational cyber risks are made transparent.

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**1. Continuous security testing**

The internally operated penetration test platform enables BKW to mimic hacker attacks in its IT infrastructure and interrupt the attack chains at the most effective point. This enables BKW to test products and solutions in realistic situations against hacker attacks and increase its resilience in order to be one step ahead of cybercriminals.

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**2. Bug Bounty Program**

Since 2021, BKW has been operating a Bug Bounty Program that enables cooperation with ethical hackers to find vulnerabilities more quickly and be better equipped in the fight against ever-emerging security vulnerabilities.

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**3. Assessing the security level**

The security assessment of the BKW Group companies helps to identify any deviations from security requirements and vulnerabilities of the company and to implement corresponding countermeasures. A rating is created using publicly available and reliable data.

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**4. Securing the supply chain**

An automated software solution checks the infrastructure and processes of suppliers and partners in the supply chain with regard to cybersecurity maturity and helps identify risks. A benchmark is used to assess whether the cybersecurity risks in the supply chain can be controlled and managed (supply chain & vendor risk management).

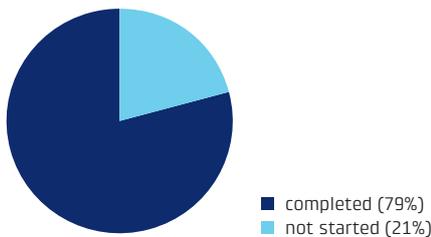
All elements connected to the BKW infrastructure are monitored by means of a central SIEM (Security Incident and Event Management System). To handle security incidents, BKW procures external services as a SOCaaS (Security Operation Center as a Service). In 2022, BKW was exposed to over 100 billion security incidents. In 387 of these, effective security incidents involving intervention were detected. Compared to the previous year, BKW recorded an increase in these incidents of 41.1 percent (+159). This is due to the fact that the company can use technologies more broadly and better, making it possible for it to detect more incidents. It can also be explained by the circumstance that cyberat-

tacks have increased internationally by a factor of three since the beginning of the COVID-19 crisis. All incidents were checked, categorized, assessed and handled within the plausible process cycle time.

Last year BKW conducted a cybersecurity training course in the form of six German-language webinars. Of 907 registered employees, 690 (76 percent) attended the webinar.

New employees in BKW Energy, BKW Power Grid and BKW Management AG (without external employees) must complete the mandatory cyber-

security e-training. The participation and completion rate is shown below.



### Outlook 2023

As part of the revision of the Information Security Act (ISG), and according to the Federal Council decision of December 2022 and to be introduced in 2023, operators of critical infrastructure shall be subject to a reporting obligation regarding cyberattacks. This new reporting obligation is intended to detect attack patterns at an early stage and warn potential victims. The central cybersecurity measures and projects contribute directly to the implementation of this reporting obligation as well as the overarching strategic objectives. In turn, the business divisions implement sector-specific, local cybersecurity programs to increase cybersecurity resilience. The key projects for 2023 are:

- Cybersecurity Awareness Program 2023
- Increase in detection and response capabilities
- Increase in application and data security
- Increase in security in the supply chain
- Certification according to ISO/IEC27001:2023 and IEC 62443
- Various audits and stress tests

### Data governance & data protection

In order to ensure a uniform level of data protection throughout the Group, BKW has developed additional guidelines and is currently implementing a data protection management system. The security of the personal data of customers, business partners and employees is a top priority. BKW guidelines on responsible handling of personal data provide a framework for legally-compliant processing of personal data. All employees are obliged to maintain confidentiality when handling these data. The objective is to implement data protection requirements, to protect personal data from misuse, and as a result, increase trust among the aforementioned stakeholders.

BKW Group Data Protection works closely with Group Security. The data security measures are implemented according to the state-of-the-art in order to achieve data protection objectives such as confidentiality, integrity, and availability of data. Group Data Protection is also further developing the Group-wide data protection management system to ensure a consistent understanding of data protection at BKW throughout Europe.

Together with the data protection coordination offices and the data protection contact persons in the specialist departments, Group Data Protection raises the awareness of employees and managers of data protection requirements. Particular attention is paid to measures that increase awareness of the problem, to the legally compliant treatment of data subject rights and to the handling of data protection breaches. Group Data Protection ensures appropriate management of relevant data protection events with clear responsibilities. BKW management receives regular updates on data protection issues from the Data Protection Officer.

### Activities in 2022

In the reporting year, there are no justified complaints regarding violations of customer data protection, nor are there any identified cases of data theft and data loss.

During the reporting year BKW appointed a new Data Protection Officer who will further develop the data protection management system. In order to ensure compliance with the legal provisions and a high standard of personal data handling, BKW follows the ongoing changes in data protection law and carries out regular checks.

BKW ensures compliance with the data protection rights of data subjects and responds to customer inquiries in accordance with the law by taking appropriate measures and raising awareness among employees.

With the General Data Processing Agreement (GDPA), in 2022 BKW created binding contractual regulations for a data protection-compliant exchange of data within the BKW Group. The exchange of data within BKW primarily concerns Group-wide services provided by BKW Management AG to BKW Group companies. The GDPA pri-

marily ensures that the technical and organizational measures specified Group-wide for the handling of personal data are complied with.

The processing activities recorded in all the BKW Group companies and competence areas provide, among other things, an overview of the data categories processed within BKW and of the processing of personal data in Switzerland or abroad. The consolidated processing directory also defines roles and responsibilities.



#### Outlook

With the Group Data Governance initiative, BKW is establishing a Group-wide specialist unit and implementing the Data Governance concept to ensure that data are handled correctly.

One of the overarching goals of the future Data Governance organization is to implement data processing principles Group-wide and further develop the data utilization strategy. The focus is on the following tasks of defining criteria and processes for data quality, developing a system for data portfolio management, establishing a data community, and implementing a deletion and archiving plan along with a cloud strategy.

BKW's Data Protection Officer will implement the revised Swiss data protection legislation by building up the resources and competencies of the data protection organization and implementing the new data protection control framework.



Concentrated work in a server room.

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With its ambitions and activities in the action area, BKW is making a contribution to the following SDGs:



# BKW Green Bond

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BKW GREEN BOND

# Reporting on allocation and impact

With the launch of the second Green Bond and the successful implementation of the Capital Light approach, BKW created two attractive opportunities for sustainable impact investments in the 2022 financial year.



Dear Investors,  
Ladies and Gentlemen,

As the first listed company in Switzerland, BKW launched a Green Bond for trading on the stock exchange in 2019. At the beginning of 2021, BKW and KWO succeeded in issuing Switzerland's first Green Bond for storage and large-scale hydro-electric power. At the beginning of 2022 BKW issued its second Green Bond, this time to finance the purchase of French wind farms.

With the purchase of the French wind farms, we achieved our goal of having 75% of our production capacity consist of renewable energy technologies by 2023. Increasing the capacity of new renewables to more than 1 GW by 2026 is now our new target.

At the Capital Markets Day 2021, we announced our Capital Light approach for investment in renewable energies. In this way, BKW is creating the opportunity for investors, such as Swiss pen-

sion funds, to make impacting investments in sustainable energy. This approach was used successfully for the first time in the acquisition of the French wind farms.

The “Roan” project was affected by the decision of the Norwegian Supreme Court regarding the operating license in 2021. The operation of the turbines is not directly affected by the ruling and the “Roan” project has continued to feed electricity into the grid. The Norwegian ministry responsible has confirmed that a new administrative procedure is required, aimed at finding compensatory measures to ensure that the rights of the Sami reindeer herders are guaranteed. The scientific studies required for the administrative procedure are being prepared but are expected to take several years, in order to be able to take seasonal factors into account as well.

The 494.5 GWh of electricity produced in 2022 attributable to the Green Bond is equivalent to the annual consumption of 110,000 households<sup>1</sup> in Switzerland. The CO<sub>2</sub>e emissions saved amount to 8,458 tonnes in the same period, or 23,081 tonnes since the launch of the Green Bond. We are pleased to provide you with details below about the allocation of the net proceeds and the impact we have achieved through the projects financed by the Green Bond in 2022.

Kind regards,



Ronald Trächsel  
CFO

“Green Bonds and impact investing via our Capital Light strategy are the right way for BKW to drive the expansion of wind and PV.”

<sup>1</sup> The calculation is based on the consumption of a household with a 5-room home and totals 4,500 kWh/year according to <https://www.strompreis.elcom.admin.ch/>

## Reporting on allocation and impact

To ensure the transparency and quality of the Green Bonds issued, BKW reports annually on the allocation of net proceeds and impact. The fol-

lowing reporting principles have been defined for quality assurance purposes:

### BKW Green Bond reporting principles

#### Installed capacity (MW)

For projects in operation, the installed capacity in megawatts (MW) shows the installed capacity attributable to the Green Bond based on the commissioning documentation. In the case of projects under construction, the capacity shows the planned capacity attributable to the Green Bond based on the manufacturer's type certificate or the hydroelectric concession.

The figures are given in CO<sub>2</sub> equivalent (CO<sub>2</sub>e), since the IEA also includes the greenhouse gases CH<sub>4</sub> (methane) and N<sub>2</sub>O (laughing gas). The following values are used for the calculations:

- Switzerland: 24.8 g CO<sub>2</sub>e/kWh CO<sub>2</sub>
- France: 51.4 g CO<sub>2</sub>e/kWh CO<sub>2</sub>
- Norway: 6.5 g CO<sub>2</sub>e/kWh CO<sub>2</sub>

#### Production (GWh)

Production in Gigawatt hours (GWh) indicates production based on production data (energy statistics) for 2022 attributable to the Green Bond.

For the projects, the direct emissions according to treeze<sup>2</sup> are used. For the small hydroelectric power and onshore wind technologies these are 0 g CO<sub>2</sub>e/kWh each.

#### Avoided greenhouse gas emissions in CO<sub>2</sub>e (t)

The Green Bond projects generate renewable electricity in Norway, France and Switzerland. When calculating the emissions avoided, we assume that the electricity generated by the Green Bond projects would otherwise have been generated using the country's typical production mix.

The CO<sub>2</sub>e in tonnes (t) avoided is calculated by multiplying the production volume of a project attributable to the Green Bond by the CO<sub>2</sub>e emission factor of the production mix of the country in which the project is located.

The emission factors for these production mixes thus form the baseline for our calculation. For all countries, we use the latest information from the International Energy Agency (IEA)<sup>1</sup>

#### Allocation (CHF million)

The allocation in millions of Swiss francs (CHF million) corresponds to the amount from the net proceeds of the Green Bond allocated to the respective technology.

#### Allocation (%)

The allocation in % corresponds to the share of the net proceeds from the Green Bond allocated to the respective technology.

1 IEA Statistics Data Service: Emissions Factors, 2022 edition, released September 16, 2022

2 treeze Ltd. (Messmer A., Frischknecht R.) (2021): Umweltbilanz Strommix Schweiz 2018

## Reporting on allocation and impact

Technology	Project	Country	Status	Year	Attributable to the Green Bond			Allocation <sup>1</sup>	
					Comission- ing	Installed production	Production 2022	CO <sub>2</sub> e avoided 2022 t	CHF mil- lions
Small hydro	Ragn d'Err <sup>2</sup>	Switzerland	Operation	2016	2.3	5.7	142.2	25.0	8.3%
	Schattenhalb			2017	1.3	3.8	94.7		
	Spiggebach			2017	0.8	2.3	57.8		
	Sousbach			2025	1.0	0.0	0.0		
<b>Subtotal small hydro</b>					<b>5.4</b>	<b>11.9</b>	<b>294.7</b>		
Wind	Saint Germier	France	Operation	2017	7.1	20.3	1,043.6	275.0	91.7%
	St. Julien du Terroux			2017	6.1	9.7	496.8		
	RAZ Energie 3			2017	13.4	24.0	1,234.5		
	Julie <sup>2,3</sup>			2018	4.2	5.0	259.0		
	Coquelicot <sup>2,3</sup>			2018	7.7	9.6	491.2		
	Camomille <sup>2,3</sup>			2018	1.7	1.7	89.6		
	Nordex LII <sup>2,3</sup>			2019	9.1	14.4	738.2		
	Nordex LIII <sup>3</sup>			2019	13.7	22.7	1,167.0		
	Deillets <sup>3</sup>			2021	3.1	4.5	233.7		
	Roan <sup>4</sup>			2018	25.0	78.0	507.0		
	Marker			2019	43.8	145.3	944.6		
Hitra II	Norway	Operation	2019	7.9	24.2	157.1			
Harbaks-/ Kvenndalsfjellet			2020	22.4	70.3	456.9			
Geitfjellet			2021	17.1	52.9	343.9			
<b>Subtotal wind</b>					<b>182.2</b>	<b>482.6</b>	<b>8,163.2</b>		
Solar	Genzano <sup>5</sup>	Italy	Planning	2023	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal solar</b>					<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Not allocated</b>								<b>0.0</b>	<b>0.0%</b>
<b>Total</b>					<b>187.6</b>	<b>494.5</b>	<b>8,457.9</b>	<b>300.0</b>	<b>100.0%</b>
<b>Total since issuance</b>						<b>1,410.5</b>	<b>23,080.8</b>		

1 The allocation includes the financing of the Sousbach project in the amount of CHF 5 million and the financing of the French wind farms purchased in 2022 in the amount of CHF100 million. The remaining CHF 195 million were used for refinancing.

2 For these plants, the look-back period of 36 months was exceeded (highest overrun 9 months). According to the Green Bond Framework, the look-back period can be exceeded if the excess is transparently disclosed.

3 These wind farms were purchased as of the end of March. Only the production since purchase has been considered and not that for the whole year.

4 Roan: Court ruling has necessitated a new operating permit application, for details see CFO foreword.

5 Photovoltaic plant in planning. No Green Bond funds were allocated.

# Independent auditor's report on allocation and impact



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To the management of  
BKW AG, Berne

Berne, 9 March 2023

## Independent assurance report

We have been engaged to perform a limited assurance engagement on the metrics disclosed in BKW AG's Annual Report 2022 in the chapter "BKW Green Bond" for the reporting period from 1 January 2022 to 31 December 2022:

- Allocation of proceeds and impact metrics as disclosed in the table "Reporting on allocation and impact" on page 187 (hereafter "the KPIs")

Our engagement was limited to the KPIs listed above. We have not assessed the following KPIs or information disclosed in the Annual Report:

- Information other than the KPIs indicated above
- KPIs related to previous reporting periods
- Qualitative statements



### Applicable criteria

BKW AG defined as applicable criteria (hereafter "applicable criteria"):

- "Green Bond reporting principles" presented on page 186
- BKW Green Bond Framework (accessible online on BKW's homepage [www.bkw.ch](http://www.bkw.ch))

We believe that these criteria are a suitable basis for our limited assurance engagement.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.



### Responsibility of BKW AG's management

The management of BKW AG is responsible for the selection of the applicable criteria and for the preparation and presentation of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.



### Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the Annual Report are free from material misstatement, whether due to fraud or error.

In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of BKW AG.

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.



### Summary of work performed

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of company's representatives responsible for collecting, consolidating, and calculating the KPIs in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the KPIs
- Analytical procedures of the Annual Report 2022 regarding plausibility and consistency with the KPIs

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



### Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young AG

Mathias Zeller  
Partner  
(Auditor in charge)

Claude-Aline Dubi  
Manager



# Information for Investors

## 191 Information for Investors

192 Important Information on the Share, Bonds and Financial Calendar

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# Key facts about the BKW share, bonds and financial calendar

## Performance of the BKW share

31.12.2021 – 31.12.2022



At the beginning of the year, the BKW share price was unable to escape the general price trends and initially lost value. Following the outbreak of the war in Ukraine, the share price stabilized in a band between CHF 110.00 and CHF 120.00. Shortly before the middle of the year the stock decreased to CHF 100.00, before rising sharply in the second half of the year to reach a high of CHF 136.20. The strong 2nd half-year result for 2022 had a positive impact on the share price before profit-taking set in and uncertainties in

the energy supply for winter 22/23 put the share price under pressure in the short term. In November, the BKW share was listed on the MSCI Switzerland Index, which had a positive impact on daily volumes. The share price closed the year at CHF 126.50, recording a strong performance of 9.09% for 2022 under difficult conditions. The cumulative total shareholder return for the period from 2014 to December 31, 2022 amounts to 481%.

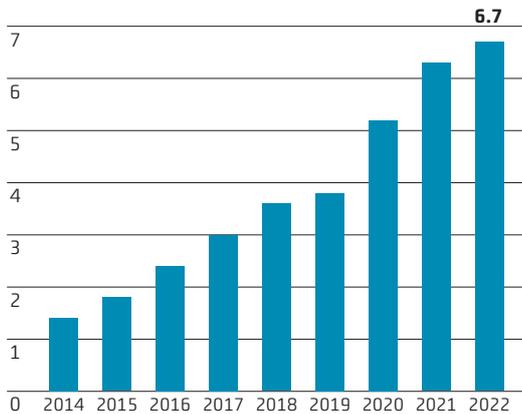
The shares of BKW AG are listed on the main segment of the SIX Swiss Exchange.

Ticker symbol on SIX	BKW
Securities number	13.029.366
ISIN code	CH0130293662

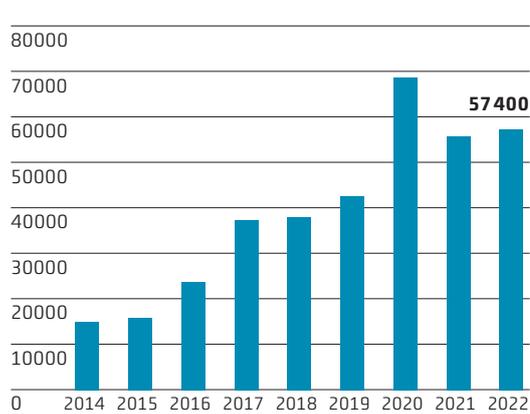
The BKW share is included in the following indices: SPI, SPI Extra, SPI ex SLI, Swiss All Share Index, UBS 100, MSCI Switzerland.

**Market capitalization**

in CHF billion (as of 31.12.)

**Average daily trading volume SIX**

in units

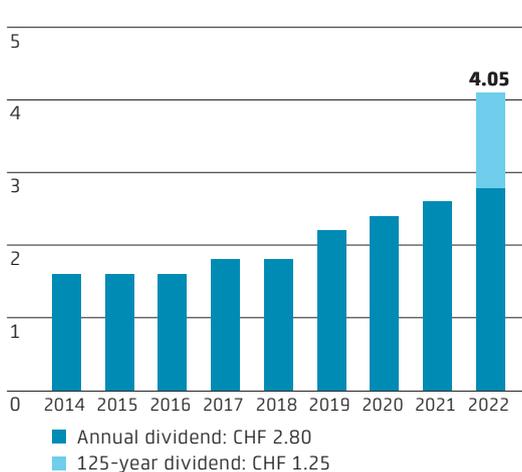
**Dividend policy and share yield**

BKW is committed to a consistent dividend payout based on a ratio of 40 to 50% of adjusted net profit.

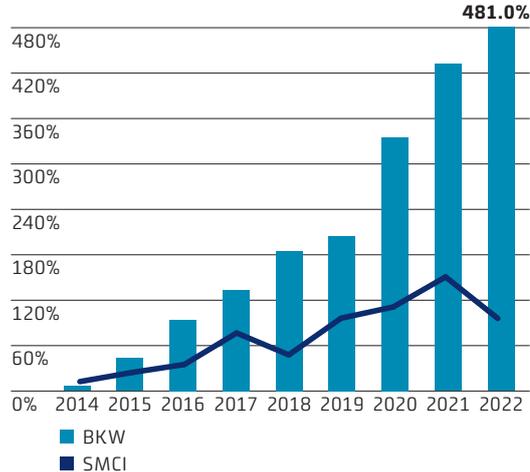
For the 2022 financial year, the Board of Directors proposes to the Annual General Meeting an ordinary dividend of CHF 2.80 plus a 125-year dividend of CHF 1.25 per share. The dividend will be paid out on May 22, 2023.

**Dividend**

in CHF

**Total shareholder return**

since 2014, as of December 31

**Restrictions on share transferability**

The Company may refuse to register an acquirer of shares in the register of voting shareholders for the following reasons:

a) If the acquisition results in a natural 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 ownerships that are bound by capital or voting rights, shared management or other-

wise linked. Moreover, it applies to all natural or legal persons or partnerships that act in concert to acquire shares;

b) if the acquirer has not expressly declared that he has acquired the shares in his own name and on his own behalf.

### Major shareholders

As of December 31, 2022, to the best knowledge of BKW, more than 3% of the shares were held by the following shareholders:

	31.12.2021	31.12.2022
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	n/a	> 3%

The free float amounts to 37.4%.

### Key figures per share

CHF	31.12.2021	31.12.2022
Result	5.77	10.43
Equity	74.24	77.05
Dividend	2.60	2.80
125-year dividend	–	1.25
Dividend yield (in %) <sup>1</sup>	2.2%	3.2%
Price/earnings ratio <sup>1</sup>	20.6	12.1
Year-end	118.60	126.50
Year high	128.80	136.20
Year low	94.20	96.70

<sup>1</sup> Based on year-end price

### Bonds

At December 31, 2022, BKW had the following bonds outstanding:

	Nominal amount	Term	Due	ISIN code
0.00% debenture bond	CHF 200 million	2022–2024	18.10.2024	CH116068141
0.75% debenture bond	CHF 200 million	2018–2025	25.10.2025	CH0435590358
0.875% debenture bond	CHF 200 million	2022–2026	27.04.2026	CH01179184390
0.25% Green Bond	CHF 200 million	2019–2027	29.07.2027	CH0487087295
1.125% Green Bond	CHF 100 million	2022–2029	27.04.2029	CH1179184408
2.5% debenture bond	CHF 300 million	2010–2030	15.10.2030	CH0117843745

BKW issued a fixed-rate senior bond of CHF 200 million on January 27, 2022. The bond has a coupon of 0% and a term of 2 years and 8 months. The bond was placed at advantageous conditions in view of the continued favorable conditions on the capital market and the financing of the growth strategy. The bond was listed on the SIX Swiss Exchange. The bond was issued on February 18, 2022.

On April 27, 2022, BKW refinanced its maturing 3% bond for CHF 200 million with a 4-year, fixed-interest bond with a coupon of 0.875% for CHF 200 million. At the same time, a further CHF 100 million was raised in the form of a 1.125% Green Bond with a term of 7 years to finance the growth strategy.

### Financial Calendar

General Meeting	May 15, 2023
Ex-dividend date	May 17, 2023
Dividend payment	May 22, 2023
Publication of 2023 half-year results	September 5, 2023

Contact: investor.relations@bkw.ch

# Production Facts and Figures

	2021 Installed production, BKW portion MW	2021 BKW purchases GWh	2022 Installed production, BKW portion MW	2022 BKW purchases GWh
<b>Hydroelectric plants</b>	<b>1,695.5</b>	<b>3,890.4</b>	<b>1,695.7</b>	<b>3,293.7</b>
Switzerland	1,636.1	3,711.1	1,636.3	3,212.2
Italy	59.4	179.3	59.4	81.6
<b>Wind</b>	<b>513.7</b>	<b>1,038.1</b>	<b>619.4</b>	<b>1,185.7</b>
Switzerland	37.2	77.6	37.2	79.7
Germany	135.5	247.2	135.5	256.8
Italy	224.5	404.5	224.5	386.2
France	62.5	132.8	168.2	283.9
Norway	54.0	176.0	54.0	179.1
<b>Photovoltaic and biomass</b>	<b>14.0</b>	<b>30.1</b>	<b>14.5</b>	<b>29.3</b>
Switzerland	14.0	30.1	14.5	29.3
<b>Nuclear power plants</b>	<b>332.5</b>	<b>1,626.1</b>	<b>332.5</b>	<b>2,124.7</b>
Switzerland	177.5	698.3	177.5	1,420.4
France	155.0	927.7	155.0	704.4
<b>Fossil-fuel power plants</b>	<b>489.4</b>	<b>2,437.8</b>	<b>489.4</b>	<b>2,098.2</b>
Germany	235.0	1,140.4	235.0	1,014.7
Italy	254.4	1,297.4	254.4	1,083.5
<b>Total own power plants, holdings and purchase rights</b>	<b>3,045.2</b>	<b>9,022.4</b>	<b>3,151.5</b>	<b>8,731.7</b>
Non-managed energy from financial interests	137.4	384.6	137.4	409.1
<b>Total production including purchases and financial interests</b>	<b>3,182.6</b>	<b>9,407.0</b>	<b>3,288.9</b>	<b>9,140.8</b>
<b>Contracted production (incl. KEV, feed-in)</b>	<b>391.0</b>	<b>826.0</b>	<b>497.0</b>	<b>951.1</b>
Switzerland	74.5	191.0	74.8	181.6
Germany	120.5	232.3	120.5	240.1
Italy	133.5	269.9	133.5	245.5
France	62.5	132.8	168.2	283.9



# Corporate Governance

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# Corporate Governance

BKW's Board of Directors and the Group Executive Board attach great importance to good corporate governance in the interests of its shareholders and other stakeholders such as customers, public corporations and employees. BKW guarantees transparency and enables its shareholders and other stakeholders to make their investment decisions objectively.

BKW bases its corporate management on recognized corporate governance principles. It thus ensures a balanced relationship between management and control and thus a rule-based, value-oriented and sustainable development of the company. In this way it aims to ensure a long-term growth in the value of the company. To this end, BKW has also integrated aspects of material sustainability into its corporate strategy. This is based on regional and global challenges and involves various stakeholder groups in dialogue processes.

In addition to legal provisions, the basic rules relating to corporate governance at BKW are embodied in BKW's articles of incorporation, organizational regulations, Code of Conduct and regulations governing the committees of the Board of Directors.

BKW's management structure is designed so that responsibilities are clearly assigned and unilateral concentration of powers and conflicts of interest are avoided. At BKW, for example, the functions of Chairman of the Board of Directors and CEO are largely separate, with the exception that the Chairman of the Board Roger Baillod held the office of CEO on an interim basis for three months, between the departure of Suzanne Thoma and the arrival of Robert Itschner. Fur-

thermore, no member of the Board of Directors has an executive function. All members of the Board of Directors, with the exception of Andreas Rickenbacher who was delegated by the Canton of Bern, were nominated for election individually at the General Meeting in May 2022. In the composition of the governing bodies, the Board of Directors pays particular attention to professional experience and diversity.

The information below is presented in accordance with the current requirements of the corporate governance guidelines of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance 2016 produced by *economiesuisse*. Remuneration of the top level management of the company is detailed in the Remuneration Report pages 222 to 235. The information disclosed in this report reflects the situation as of December 31, 2022.

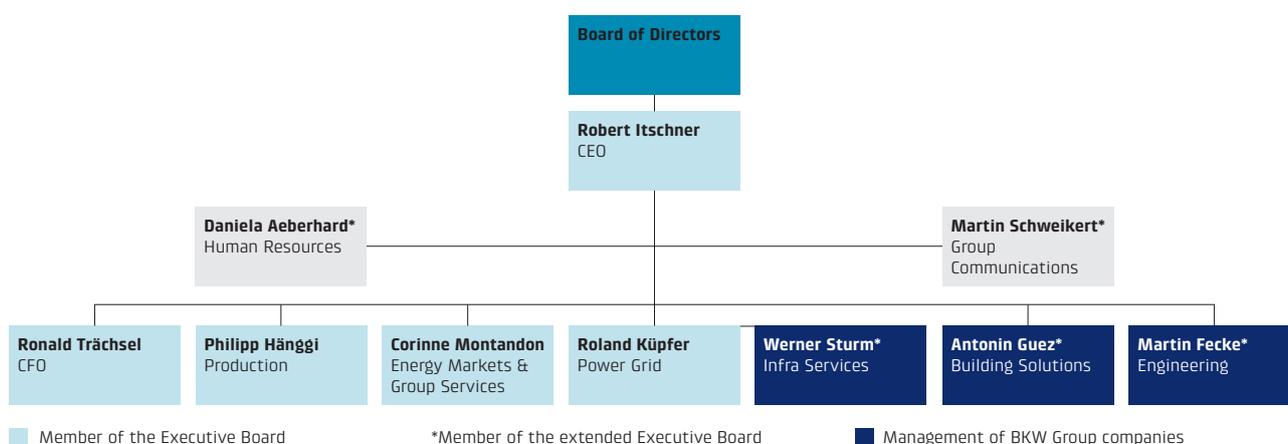
On the BKW website you can find the BKW AG Articles of Incorporation at [www.bkw.ch/statutes](http://www.bkw.ch/statutes), information on the Group Executive Board and Board of Directors at [www.bkw.ch/organization](http://www.bkw.ch/organization), the Code of Conduct at [www.bkw.ch/codeof-conduct](http://www.bkw.ch/codeof-conduct) and much more. The Sustainability Report can be found here on pages 133 to 182 and at [www.bkw.ch/sustainability](http://www.bkw.ch/sustainability).

## 1 Group structure and shareholders

### 1.1 Group structure

The operational Group structure of BKW can be derived from the following illustration and the segment reporting under item 6 on pages 53 to 54

of the BKW Group's consolidated financial statements. The current organization can be viewed on the BKW website at [www.bkw.ch/organization](http://www.bkw.ch/organization).



#### Listed Group companies

Shares in BKW AG have been listed on the SIX Swiss Exchange and the BX Bern eXchange since December 12, 2011. On December 31, 2022, BKW's stock market capitalization amounted to CHF 6,677.1 million.

#### About the BKW share

Securities code	BKW
Securities number	13.029.366
ISIN	CH0130293662
Trading currency	CHF
Type of security	Registered share

#### BKW group of consolidated companies

With the exception of BKW itself, BKW's consolidation group includes only companies that are not listed separately on the stock exchange. The individual holdings of BKW in companies that are fully consolidated in the consolidated financial statements are listed on pages 112 to 117 of the consolidated financial statements. In all cases the holding corresponds to the percentage of shares and voting rights.

## 1.2 Major shareholders

in %	Holding at 31.12.2021	Holding at 31.12.2022
Canton of Bern	52.54	52.54
Groupe E Ltd.	10.00	10.00
BlackRock Inc.	n/a	> 3%
BKW AG and Group companies	0.05	0.03

No other shareholders registered more than 3% of the voting rights of BKW during the reporting year in accordance with Article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinfraG).

Disclosure notifications by BKW pursuant to Art. 120 of FinfraG during the 2022 financial year

can be viewed via the SIX Exchange Regulation platform at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

## 1.3 Cross shareholdings

BKW has no cross shareholdings of more than 5% in a company outside of the BKW Group.

# 2 Capital Structure

## 2.1 Capital

The share capital of BKW as of December 31, 2022 amounted to CHF 132,000,000, divided into 52,800,000 fully paid-up registered shares, each with a par value of CHF 2.50.

## 2.2 Authorized and conditional share capital

As of December 31, 2022, BKW had no authorized share capital or conditional share capital.

## 2.3 Changes in equity for the last three years

The share capital of BKW remained unchanged from 2020 to 2022.

## 2.4 Shares and participation certificates

All 52,800,000 registered shares in BKW with a par value of CHF 2.50 each are fully paid up. All shares have equal voting rights. Every share represented at the General Meeting is entitled to one vote. Company does not print or issue certificates in respect of the registered shares. However, any shareholder may request that certification of their shareholding be issued free of charge.

BKW has not issued any participation certificates.

## 2.5 Dividend rights certificates

BKW has not issued any dividend rights certificates.

## 2.6 Restrictions on transferability and nominee registration

Registered BKW shares can only be transferred by assignment or in accordance with the provisions of the Swiss Intermediated Securities Act. Notification of assignment must be given to BKW. The Board of Directors may refuse to register an acquirer in the share register as a shareholder with voting rights if he/she

- would, as a result of the entry, directly or indirectly hold more than 5% of the total share capital, or
- has not acquired the shares in his own name and for his own account.

For details of the limitation on registration see Art. 5 of the Articles of Incorporation: [www.bkw.ch/statutes](http://www.bkw.ch/statutes).

Nominal entries, i.e. entries of shareholders who acquire shares in their own name but for the account of a third party are possible but these shares have no voting rights.

See Section 6 of this report for the procedure and conditions for lifting the restriction on transferability.

## 3 Board of Directors

### 3.1 Members

According to the articles of incorporation, the Board of Directors shall consist of between seven and 10 members. There are currently seven members, all of whom are non-executive and independent. The Canton of Bern is entitled to appoint two members to the Board of Directors in accordance with Art. 19 of the Articles of Incorporation and Art. 762 of the Swiss Code of Obligations (CO). Currently the Canton is using this right to appoint one member to the Board of Directors.

### 2.7 Convertible securities and options

The BKW has no outstanding convertible securities and has issued no options.

With regard to the composition of the Board of Directors, the Personnel and Remuneration Committee like the Board of Directors pays attention to appropriate diversity. To ensure that the skills and experience required for the management of the BKW Group are available on the Board of Directors, the Personnel and Remuneration Committee has developed a requirements profile which is taken into account when searching for suitable candidates. Besides specialist technical and industry knowledge, this profile includes expertise in technology, risk management and finance.

Composition	Role	Held office since
Roger Baillod	Chairman of the Board, Chairman of the Personnel and Remuneration Committee	2021 (on the BD since 2013)
Andreas Rickenbacher <sup>1</sup>	Deputy Chairman, Member of the Personnel and Remuneration Committee	2022 (on the BD since 2018)
Dr. Carole Ackermann	Member, Chair of the Audit and Risk Management Committee	2018
Prof. Dr. Petra Denk	Member, Member of the Audit and Risk Management Committee	2021
Rebecca Guntern	Member, Chair of the Audit and Risk Management Committee	2018
Martin à Porta	Member	2022
Kurt Schär	Member, Deputy Chairman of the Audit and Risk Management Committee	2012

<sup>1</sup> Delegate of the Canton of Bern

In the period between the departure of Suzanne Thoma as CEO on June 30, 2022 and Robert Itschner taking over on October 1, 2022, Chairman Roger Baillod held the office of CEO ad interim. In 2022, as was also the case in the three preceding business years, no member of the Board of Directors was a member of the BKW Group Executive Board or of the management board of any Group company. Nor does any member have significant business relationships with BKW or a Group company.

### Resignations during the reporting period

In the year under review, Hartmut Geldmacher, Deputy Chairman of the Board of Directors, stepped down at the end of his term of office following the Annual General Meeting on May 16, 2022. Further information about Mr. Geldmacher can be found in last year's Corporate Governance Report (page 168 of the Annual Report 2021, available online at [www.bkw.ch/annualreport21](http://www.bkw.ch/annualreport21)).

### 3.2 Activities and vested interests

---



#### 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
- 



#### 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



### 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/Intégration 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

### 3.3 Number of permissible activities and independence

Members of the Board of Directors may hold no more than 10 top-level managerial and governance mandates in for-profit companies outside of the BKW Group, no more than five of which may be stock-exchange listed companies, and no more than ten mandates with other legal entities such as foundations and associations which must be entered in the commercial register. Exceptions and further information can be found in Art. 21 of the articles of incorporation at [www.bkw.ch/](http://www.bkw.ch/) statutes. The Board of Directors proposes the amendment of this provision at the General Meeting. For further details, please refer to the invitation to the General Meeting.

The activities and vested interests of the members of the Board of Directors and the Executive Board are reviewed annually and form part of the assessment of the independence of the individual members by the Personnel and Remuneration Committee. The Personnel and Remuneration Committee assesses all members of the Board of Directors for their independence.

### 3.4 Election and term of office

With the exception of the representative appointed by the Canton of Bern, the members of the Board of Directors are elected individually by the General Meeting. Members may be re-elected subject to an age limit of 70 years. The term of office for members appointed by the Canton of Bern in accordance with Art. 762 CO shall be determined by the cantonal government.

The Chairman of the Board of Directors and members of the Personnel and Remuneration Committee are also elected individually by the General Meeting.

### 3.5 Internal organization

#### 3.5.1 Division of roles in the Board of Directors

The Board of Directors is responsible for the strategic and financial management of BKW and for monitoring the management of the company. It takes decisions as the highest authority, except where the General Meeting of Shareholders is

responsible by law. No special functions other than Chairman and Deputy Chairman are defined. The Secretary need not be a member of the Board of Directors.

The duties, responsibilities and mode of operation of the Board of Directors as well as how to act in the event of conflicts of interest are laid down in the organizational regulations.

The Board of Directors may decide to delegate some of its activities and responsibilities to committees from among its own members. The Board of Directors is supported by two standing committees, the Audit and Risk Management Committee and the Personnel and Remuneration Committee. The function, organization and responsibilities of these two committees are defined in detail in the regulations, which have been approved by the Board of Directors.

Furthermore, the Board of Directors may at any time appoint ad hoc committees for important individual matters such as specific nomination processes for successors to the Board of Directors or the Executive Board or major investments, alliances or cooperations. In the case of ad hoc committees, the Board of Directors will elect the members from among its own members.

#### 3.5.2 Board committees

##### Audit and Risk Management Committee

The Audit and Risk Management Committee is composed of three members elected by the Board of Directors. The Chairman of the Audit and Risk Management Committee is also elected by the Board of Directors, while the Deputy Chairman is elected by the Audit and Risk Management Committee.

##### Members of the Audit and Risk Management Committee

Dr. Carole Ackermann	Chair
Kurt Schär	Deputy Chairman
Prof. Dr. Petra Denk	Member

The Audit and Risk Management Committee supports the Board of Directors in supervising the financial management of the company and submits appropriate decision proposals.

### Duties

- Discussion concerning the consolidated financial statements and the half-yearly consolidated financial statements with the internal and external auditors
- Oversight of the subordinate internal auditor and assessment of the activities of the external auditor and its collaboration with the internal auditor
- Preparation for the appointment or discharge of the external auditor and the head of internal audit
- Assessment of the quality of accounting and financial reporting to the Board of Directors based on an assessment by the internal and external auditors
- Assessment of the organization and effectiveness of the internal control system
- Assessment of compliance and the associated organizational structure
- Assessment of the risk situation in the context of the financial statements, the budget and medium-term planning of the Board of Directors
- Regular and timely reporting to the Board of Directors on the Committee's activities and results

### Responsibilities

- Authorizing accounts involving credit approved by the Board of Directors, with the proviso that any extraordinary credit overdrafts are reported to the Board of Directors
- Awarding audit contracts
- Fostering direct contact through the Chairman and members of the Audit and Risk Management Committee with the internal and external auditors and with the CEO and CFO
- Setting the amount of compensation paid to the Head of Internal Audit and the external auditor

### Personnel and Remuneration Committee

The Personnel and Remuneration Committee corresponds to the "Remuneration Committee" according to Art. 24 of the Articles of Incorporation. The Remuneration Committee 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. These members may be re-elected. The Personnel and Remuneration Committee decides itself how to organize all other matters regarding its operation.

### Composition of the Personnel and Remuneration Committee

Rebecca Guntern	Chair
Roger Baillod	Member
Andreas Rickenbacher	Member

The Personnel and Remuneration Committee deals with developing principles for the selection of candidates for the Board of Directors and the Group Executive Board, and, in particular, at top corporate level, with the remuneration strategy and performance targets and criteria of the BKW Group. It assists the Board of Directors in establishing and reviewing the remuneration system and remuneration principles, and in preparing the proposals to the General Meeting in respect of the total amount of remuneration to be paid to the Board of Directors and the Group Executive Board. The Personnel and Remuneration Committee submits motions to the Board of Directors in respect of all transactions negotiated under its responsibility.

The role and responsibilities of the Personnel and Remuneration Committee are described on pages 225 to 228 of the Remuneration Report.

### Ad hoc Nomination Committee

The Nomination Committee is formed on an ad hoc basis to prepare the election of new members of the Board of Directors and the Executive Board as well as the Extended Executive Board, if required.

It is chaired by the Chairman of the Board of Directors. The further composition of the committee is determined on a case-by-case basis.

In the specific case of the search for a successor for the office of CEO, the Board of Directors formed an ad hoc Nomination Committee in 2021 based on Art. 20 para. 3 of the Articles of Incorporation.

### Composition of the Ad hoc Nomination Committee

Roger Baillod	Chairman
Rebecca Guntern	Member
Andreas Rickenbacher	Member

Further ad hoc nomination committees were convened to find successors as heads of the service divisions Engineering and Building Solutions as well as for the CFO. The nomination committees for filling positions on the Executive Board and Extended Executive Board are always supported by the CEO in an advisory capacity.

#### **Composition of the Ad hoc Nomination Committee Engineering and Building Solutions**

Roger Baillod	Chairman
Martin à Porta	Member

#### **Composition of the Ad hoc Nomination Committee CFO**

Roger Baillod	Chairman
Dr. Carole Ackermann	Member
Andreas Rickenbacher	Member

### **3.5.3 The work of the Board of Directors and its committees**

#### **Board of Directors**

The Board of Directors meets at the invitation of the Chairman of the Board or the Deputy Chair acting in place of the Chair, as often as business requires; in general there are six meetings per financial year. In addition, any member may ask the Chairman of the Board to convene a meeting by submitting their reasons in writing. The dates of the ordinary meetings shall be agreed at an early stage so that all members may attend in person. Before the Board of Directors meetings, each member receives documents that they can use to prepare for the items on the agenda. The CEO and other members of the Group Executive Board participate in each meeting of the Board of Directors in an advisory capacity, unless instructed otherwise by the Chairman of the Board of Directors. Senior company management, members of the BKW Audit Department and other experts may also be invited to the meetings in an advisory capacity. The Board of Directors has appointed Stefan Emmenegger, attorney-at-law, as its secretary. He attends the meetings of the Board of Directors.

The Board of Directors adopts its resolutions at meetings and in telephone or video conferences. It is quorate when the majority of its members

are present at the meeting or participating in the telephone or video conference. Resolutions are adopted by a simple majority of members. In the event of parity of votes, the Chairman has a casting vote. Minutes shall be taken of the discussions and resolutions. The minutes shall be approved by the Chairman before being distributed to the other members of the Board, and being accepted at the next meeting of the Board of Directors.

In the 2022 financial year, four ordinary meetings of the Board of Directors took place each meeting lasting four hours on average. The CEO and the other members of the Executive Board are present during the second part of the meeting, while the first part lasting about one hour is held without them being present. After the Annual General Meeting, the Board of Directors held a shortened meeting of one hour without the CEO and the Executive Board. In addition, it held one 2-day strategy meeting with the Executive Board present during the reporting year. No external experts were invited to attend in 2022. All members of the Board of Directors were present at the meetings or were connected via video, with the exception of the Board of Directors meeting in March 2022 (where Mr. Geldmacher was unable to attend) and the Board of Directors meeting in December 2022 (where Ms. Guntern was unable to attend). An extraordinary meeting was held without the Executive Board present on March 28, 2022 concerning the interim period and the remuneration of the CEO.

The Board of Directors conducts an annual self-assessment based on a questionnaire. Here the work, organization and composition of the board, the performance of the chairman as well as the cooperation with the Executive Board are assessed. The questionnaire also covers responsibility towards stakeholders and the setting of strategic priorities. The results of the assessment are discussed at a meeting of the Board of Directors and the goals and measures for the current and following year are determined. The Chairman also holds at least one personal meeting each year with each member, to discuss among other things individual opportunities for further development.

### **Audit and Risk Management Committee**

In accordance with its regulations, the Audit and Risk Management Committee convenes at least four ordinary meetings each year. The Audit and Risk Management Committee is authorized to negotiate and adopt resolutions provided that a majority of its members are present and that resolutions are adopted by simple majority of votes. In the event of parity of votes, the Chairman has a casting vote. Meetings are normally attended by the Chairman of the Board of Directors, the CEO, the CFO, the Head of Accounting and Tax, and the Head of Internal Audit. If required, the Chairman may call upon the external auditor, further members of the Group Executive Board, the extended Group Executive Board, senior management or external experts to attend and provide information.

The Personnel and Remuneration Committee convened three ordinary meetings during the 2022 financial year, with the meetings lasting an average of three hours. The external auditor took part in two meetings. Ms. Dank was unable to attend one meeting. Otherwise, all members attended the meetings of the Audit and Risk Committee.

### **Personnel and Remuneration Committee**

According to its regulations, the Personnel and Remuneration Committee meets as often as business requires, however at least three times a year. The Audit and Risk Management Committee is authorized to negotiate and adopt resolutions provided that a majority of its members are present and that resolutions are adopted by simple majority of votes. In the event of parity of votes, the Chairman has a casting vote. As a rule, CEO participates in the meetings of the Personnel and Remuneration Committee in an advisory capacity and has the right to submit motions. The CEO does not attend meetings during which his/her own remuneration and/or performance are discussed. If required, the Chairman may call upon further members of the Group Executive Board, the extended Group Executive Board or external experts to attend.

The Personnel and Remuneration Committee convened three ordinary meetings during the 2022 financial year, with the meetings lasting an average of three hours. In addition, it held two extraordinary meetings to discuss the appoint-

ment of Hartmut Geldmacher's successor to the Board of Directors and the review of the remuneration system. Mr Geldmacher was unable to attend one of the meetings. Otherwise, attendance at the Personnel and Remuneration Committee meetings was 100 percent.

### **3.6 Competence regulations**

The Board of Directors is responsible according to law for the overall management and supervision of the BKW Group. In accordance with Article 716a para. 1 of the Swiss Code of Obligations (OR), this responsibility is both non-transferable and inalienable. In addition, the Board of Directors is authorized to adopt a resolution on all matters that have not been reserved by law or the articles of incorporation for the General Meeting.

Pursuant to article 20 of the articles of incorporation, the Board of Directors delegates the full operational business management to the CEO and defines the responsibilities of the CEO in the organizational regulations. The CEO is the Chairman of the Group Executive Board and is supported by its members. He is responsible for the operational management of the Group and represents the Group externally.

The Group Executive Board consists of the CEO, the CFO and the heads of the Power Grid, Production and Energy Markets & Group Services divisions. Decisions of the Group Executive are made by the CEO in consultation with the other members of the Group Executive. Other members of the Group Executive have the right of co-determination and may submit motions. The Group Executive Board generally met every two weeks during the 2022 financial year. The meetings lasted an average of three to five hours. The Group Executive Board supports the CEO in his/her responsibility for the operational management of the BKW Group. The business divisions are directly managed by their respective division heads. The Group Executive Board may delegate tasks and authorizations within its remit. It also performs preparatory work on matters that are within the decision-making remit of higher-level bodies.

### **Competencies of the Board of Directors**

In addition to its statutory duties, and the business reserved to it in the articles of incorpora-

tion, the Board of Directors has the following particular roles and competencies:

- Definition of the *raison d'être*
- Definition of the overarching company strategy
- Approval of highly strategic business, based on the *raison d'être* and potential economic consequences, or of individual projects that could foreseeably have significant negative consequences for the public image of BKW
- Approval of business that is not planned for in the budget or medium-term planning, where BKW's investment exceeds an amount of CHF 25 million
- Approval of the expansion of geographical coverage into new countries
- Approval of the legal organization and top-level management structure (Group Executive Board)
- Approval of financial matters such as budgets and planning, financial statements, the BKW Annual Report and accounting standards, and establishing the BKW Group's financing and investment policy
- Approval of the principles for operation of the internal control system and risk management of the BKW Group, and assessment of the significant risks
- Ensuring compliance with applicable standards
- Preparation of the financial plans of the company and responsibility for the overall financial results, in accordance with the targets set by the Board of Directors
- Decision-making on the organizational structure and the roles and competencies of members of the Group Executive Board within the context of the instructions of the Board of Directors
- Appointment of other employees of the BKW Group, particularly the Heads of Business Units for their areas of responsibility, as members of the extended Group Executive Board.
- Management of the Group Executive Board and personnel under the CEO
- Creation of the performance assessment and preparation of the remuneration review and assessment for the members of the Group Executive Board, to be submitted to the Personnel and Remuneration Committee
- Supervision of the Group Executive Board and creation of suitable supervisory bodies to ensure that the company remains on target to reach the defined objectives, meets basic commercial requirements and acts in accordance with the measures adopted by the Board of Directors
- Coordinating between the Group Executive Board and Board of Directors to ensure that the Board of Directors is provided with accurate information at an early stage
- Ensuring compliance with the *raison d'être*, regulations and codes of conduct, and with applicable requirements of legislation and the articles of incorporation
- Representing the company to employees and third parties, in particular ensuring effective communication with shareholders and stakeholders, including representatives of governments, regulators and organizations
- Supporting the Chairman in his role of leading the Board of Directors and preparing for meetings of the Board of Directors
- Implementation of the decisions of the Board of Directors and its committees

### Competencies of the CEO

The CEO has the following particular duties and competencies:

- Integration of company strategy and operational business management by
    - (I) Ensuring economic success within the framework of the overall economic and industry-specific conditions
    - (II) To develop the main directions for the implementation of the overall corporate strategy, including its financing, for the attention of the Board of Directors
    - (III) Ensuring the strategic direction set by the Board of Directors
    - (IV) Directing the operational management of the Company
    - (V) Reporting on the success of operations of high strategic importance which have been approved by the Board of Directors; as a rule about two years after they were approved.
- The CEO has delegated roles and competencies to qualified subordinates and instructs and supervises them accordingly.

### Competencies of the Group Executive Board

The Group Executive Board has the following particular roles and competencies:

- Contributing significantly to the process of ensuring commercial success within the context of the Group strategy and instructions of the CEO
- Actively participating in the leadership, planning and implementation of the company strategy
- Coordinating and harmonizing the activities and business actions of the individual divisions from the perspective of the BKW Group's overarching interests through close cooperation with the other members of the Group Executive Board
- Contributing proposals for strategic planning and its execution, introduction and monitoring
- Defining and implementing the principles for cooperation within the BKW Group
- Determining the central risks and risk management
- Promoting ethical behavior and compliance with internal and external rules and regulations
- Responsibility for leadership of the assigned divisions
- Making decisions on the entry of the purchaser of shares in the register of BKW AG shares with voting rights, unless the decision falls under the remit of the Board of Directors. This authorization may be delegated in full or in part to subordinate organizational units
- Preparation, implementation and creation of the annual plans and budget

The Group Executive Board may resolve to delegate part of its role and competencies or the preparation, execution and monitoring of decisions of the Group Executive Board to committees. The composition, organization, roles and competencies of permanently staffed committees shall be defined in separate regulations. The roles and organization of ad hoc committees shall be determined in the resolution adopted to create them. In respect of the decommissioning of the Mühleberg Nuclear Plant, the Group Executive Board has delegated some of its roles to the Group Executive Board Committee for the KKM Decommissioning Project.

Additional information about the Group Executive Board is provided in Section 4 below, pages 212 to 215.

### 3.7 Information and monitoring instruments in relation to the Group Executive Board

The Board of Directors shall assume responsibility for supervision of its own committees and shall monitor the work of the CEO and the Group Executive Board by means of a range of reporting processes and rights to inspect business processes and business transactions:

At each of its meetings, the Board of Directors is informed by the CEO and the other members of the Group Executive Board about current business and key business issues. The Board of Directors is provided with detailed information regarding the course of business at least half-yearly when the half-year and annual reports are published. The BKW Group has a comprehensive electronic management information system (MIS). The Chairman of the Board of Directors is also informed of current business at regular meetings and discussions outside of the meetings of the Board of Directors. In the case of extraordinary events, the CEO shall inform the Chairman of the Board of Directors without delay. Comprehensive information about risk management is provided in conjunction with the planning and financial statements.

Business that must be dealt with by the Board of Directors is first discussed in a meeting of the Presiding Board. The participants in this meeting are the Chairman of the Board of Directors, the CEO and the other members of the Group Executive Board.

#### Monitoring instruments of the Board of Directors in relation to the Group Executive Board

The Board of Directors is responsible for setting up and monitoring the risk management, compliance and internal audit processes within the BKW Group.

#### Risk Management

The Group Executive Board is responsible for implementing the risk management process as specified by the Board of Directors. The Board of Directors and the Group Executive Board are supported by the Risk Management division, which

reports to the CFO. Risk Management is responsible both for the Group's strategic risk management, credit risk management and for the operational risk management of trading and treasury. The Risk Committee and a professional risk organization support the Group Executive Board and Risk Management in assessing the risk situation. As part of the regular systematic risk management process, risks for the entire BKW Group are identified and assessed on an ongoing basis and risk-reducing measures drawn up. The integrated risk management process is based on the ISO 31000 standard.

In addition to the risks arising from operating activities and strategy, external risks such as cybersecurity and the regulatory environment are also assessed. Climate and environmental issues as well as other non-financial dimensions such as reputation are integral components of this risk assessment and are therefore constantly taken into account.

The year 2022 was dominated by the energy crisis. Extremely high prices for commodities coupled with extreme market volatility pushed traditional risk models to their limits in some cases. A high degree of transparency in terms of risk ratios, complemented by appropriate stress test scenario analyses, permitted active management of risk positions with a strong focus on the portfolios with an impact on liquidity. In the compliance and regulatory field, monitoring and adherence to sanctions came to the fore on the one hand, while experiencing increased regulatory requirements and government intervention in market mechanisms on the other. Risk management is supported on relevant issues by the Compliance and Regulatory Affairs departments.

### Compliance

The Board of Directors is responsible for ensuring compliance with applicable standards through its approval and regular inspection of the governance principles and the Code of Conduct. The CEO is responsible for ensuring that an appropriate organization is set up and that controls of

compliance with applicable standards are implemented in all areas of the BKW Group. He provides the Board of Directors with a report to this effect at least once a year. In addition, he undertakes an annual comprehensive risk assessment and informs the Board of Directors of the results. Compliance risks at BKW are consistently recorded to a high standard, regularly discussed, assessed and monitored. In terms of compliance risks, the focus is on identifying and assessing any breaches of mandatory legal requirements and prohibitions, as well as on compliance with the UN Global Compact Principles, which BKW signed up to when it came into force in 2022. Measures include risk-based training, ad hoc information on new developments, an updated set of rules, support of the whistle-blower system and clear consultations.

The Board of Directors and Group Executive Board are supported by the Compliance team.

### Revision

Internal Audit submits a quarterly report on its auditing activities to the Audit and Risk Management Committee. In particular, the report covers audits of the internal control system of BKW, transaction and business processes for the whole Group. Internal Audit reports once annually on the implementation of the audit plan formulated by the Audit and Risk Management Committee, and on the implementation of the recommendations made to management on the basis of the audits that were conducted. In the event of serious shortcomings such as the detection of criminal acts or serious breaches of fundamental duties of care, the Internal Audit team will also provide the Audit and Risk Management Committee with a report.

BKW's external auditor is Ernst & Young AG, Bern. In its comprehensive report to the Board of Directors each year, it includes information about the audit of the annual financial statements as well as its findings regarding the internal control system.

## 4 Group Executive Board

Since January 1, 2023 the five-person Group Executive Board has consisted of the following members.

### 4.1 Members



From left to right:

**Ronald Trächsel**  
CFO, Deputy to the CEO  
since 2014

**Robert Itschner**  
CEO since October 1, 2022

**Philipp Hänggi**  
Head of Production  
since 2020

**Corinne Montandon**  
Head of Energy Markets &  
Group Services since 2021

**Roland Küpfer**  
Head of Power Grid  
since 2017

Photo taken at the Hagneck  
Hydroelectric Plant

## Group Executive Board

Composition	Role	Since
Robert Itschner	CEO since October 1, 2022	2022
Ronald Trächsel	CFO, Deputy to the CEO	2014
Dr. Philipp Hänggi	Head of Production	2020
Dr. Roland Küpfer	Head of Power Grid	2017
Dr. Corinne Montandon	Head of Energy Markets & Group Services	2021

### Departures / New arrivals

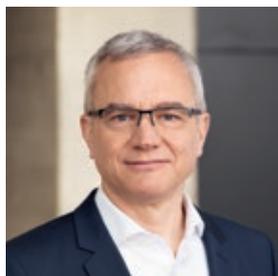
Robert Itschner took over as CEO on October 1, 2022. In the period between his entry and the departure of former CEO Suzanne Thoma on June 30, 2022, the BKW Group was led by Chairman of the Board of Directors, Roger Baillod, as interim CEO.

In October 2022, CFO Ronald Trächsel announced that he would be leaving BKW by June 30, 2023

at the latest. The search for his successor is ongoing.

Further information about the departure of Suzanne Thoma can be found in last year's Corporate Governance Report (page 177 of the Annual Report 2021, available online at [www.bkw.ch/annualreport21](http://www.bkw.ch/annualreport21)).

## 4.2 Activities and vested interests



### Robert Itschner (1966, CH)

Dipl. Electrical engineer, MSc in Electrical Engineering and Computer Sciences

#### Professional background, career

**Since 2022** CEO

**2018–2022** CEO ABB Schweiz AG

**2009–2017** Various local and global management functions at ABB Gruppe

#### Significant positions

– Member of the Supervisory Board of ABB Deutschland AG, Germany

#### Mandates held on the instruction of BKW

– Chairman of the Board of BKW Building Solutions AG, Ostermundigen

– Chairman of the Board of BKW Engineering AG, Bern


**Ronald Trächsel (1959, CH)**

Lic. rer. pol.

**Professional background, career**

**Since 2014** CFO  
**2008–2014** CFO Sika Konzern  
**2000–2008** CEO and CFO Vitra Group

**Significant positions**

- Member of the Board of Directors and Chairman of the Audit Committee at ContourGlobal PLC, London
- Member of the Board of Valiant Holding AG, Lucerne

**Mandates held on the instruction of BKW**

- Member of the Board of Kraftwerke Oberhasli AG, Innertkirchen
- Chairman of the Board of BKW Building Solutions AG, Ostermundigen
- Chairman of the Board of BKW Engineering AG, Bern


**Philipp Hänggi (1968, CH)**

Dr. sc. techn. ETH, exec. MBA HSG

**Professional background, career**

**Since 2020** Head of Production  
**2014–2019** Head of Nuclear and Coal, BKW Energie AG  
**2004–2014** Managing Director of swissnuclear, Alpiq Schweiz AG

**Significant positions**

- None

**Mandates held on the instruction of BKW**

- Member of the Board of Kernkraftwerk Leibstadt AG, Leibstadt
- Member of the Board of Kraftwerke Oberhasli AG, Innertkirchen
- Member of the Board of Grande Dixence SA, Sion
- Member of the Board of Nagra, National Cooperative for the Disposal of Radioactive Waste, Wettingen
- Chairman of the Board of swissnuclear, Olten



**Roland Küpfer (1958, CH)**

PhD in economics, MBA, dipl. El.-Ing. FH, dipl. Ing. FH Computer Science

**Professional background, career**

- Since 2017** Head of the business unit Power Grid
- 2013–2017** CEO technology company Multiple Dimensions
- 2009–2013** CEO Cicor Group
- 2007–2009** Member of the Board of ASCOM Security Communications, Internationalization
- 2001–2007** Head of division Schaffner Components, Member of the Group Executive Board

**Significant positions**

- Member of the Board of Balluff AG, Bellmund

**Mandates held on the instruction of BKW**

- Chairman of the Board of Arnold AG, Wangen an der Aare
- Chairman of the Board of Directors of BKW Infra Services AG, Wangen an der Aare
- Chairman of the Board of Directors of BKW Infra Services Europa SE, Germany



**Corinne Montandon (1976, CH)**

Dr. rer. oec.

**Professional background, career**

- Since 2021** Head of the business unit Energy Markets & Group Services
- 2013–2020** Head of Strategy and Development Networks BKW
- 2012–2013** Head of Regulation Management at BKW

**Significant positions**

- None

**Mandates held on the instruction of BKW**

- Member of the Board of Société des Forces Electriques de la Goule SA, St-Imier

### 4.3 Number of permissible activities

Members of the Board of Directors may hold no more than six top-level managerial and governance mandates in for-profit companies outside of the BKW Group, no more than three of which may be stock-exchange listed companies, and no more than five mandates with other legal entities such as foundations and associations which must be entered in the commercial register. Before accepting such new mandates, the members of the Group Executive Board are obliged to obtain the permission of the Chairman of the Board of

Directors. Exceptions and further information can be found in Art. 21 of the articles of incorporation at [www.bkw.ch/statutes](http://www.bkw.ch/statutes).

The Board of Directors proposes the amendment of this provision at the General Meeting. For further details, please refer to the invitation to the General Meeting.

### 4.4 Management contracts

BKW has delegated no management responsibilities to third parties outside the Group.

## 5 Compensation, shareholdings and loans

All information on remuneration of the members of the Board of Directors and the Group Executive Board can be found in the Remuneration Report on pages 222 to 235. Details on the share-

holdings of the members of the Board of Directors and the Executive Board can be found in the notes to the financial statements on page 128.

## 6 Shareholders' participation rights

The following provisions are taken from the BKW articles of incorporation. These can be accessed at [www.bkw.ch/statutes](http://www.bkw.ch/statutes).

bodies, partners or legal representatives, or by representatives with special written power of attorney.

### 6.1 Voting-right restrictions and representation

Only persons listed in the shareholders' register as a shareholder with voting rights are entitled to exercise shareholders' rights. There are no limitations on voting rights for BKW shareholders attending the Annual General Meeting.

Every share listed in the share register with voting rights is entitled to one vote at the BKW Annual General Meeting. Shareholders who have participated in the management of the company in any form shall not be entitled to vote on the resolution to grant discharge of the Board of Directors.

Every shareholder with voting rights can represent his shares himself in the Annual General Meeting or be represented by another shareholder or the independent voting proxy. Shareholders may also assign their proxy and voting instructions electronically; the Board of Directors shall determine the details by which this is done. The independent proxy is obliged to exercise the assigned voting rights as instructed by the shareholder. If instructions are not provided, the vote must be withheld.

The Chairman shall have full power to determine the procedure for voting and elections. He may, in particular, order that an open vote or election be repeated at any time by means of a written or electronic ballot or election, if he is in doubt about the result, or order a secret ballot.

### 6.2 Statutory quorum

Public corporations, legal entities and trading companies are represented by their corporate

Decisions at the Annual General Meeting require a simple majority of votes unless otherwise provided by law. A simple majority of votes also applies to decisions concerning the relaxation or lifting of the restrictions on transferability of registered shares.

### 6.3 Convening the General Meeting and setting the agenda

Notice of the General Meeting is to be given by the Board of Directors at least 20 days prior to the date of the meeting. A meeting may also be called by one or more shareholders whose combined shareholding represents at least 10 percent of the share capital. This must be requested in writing, stating the agenda items and motions.

Shareholders representing shares with a par value of at least CHF 1 million may ask for an

item to be included on the agenda. This request must be submitted no later than 50 days before the date of the General Meeting.

### 6.4 Entries in the share register

Entitlement to attend or to be represented at the General Meeting is based on the status of entries of shareholders with voting rights in the share register on the fifteenth day before the General Meeting.

## 7 Changes of control and defensive measures

Under the terms of Article 6 of the articles of incorporation, BKW has opted to increase the threshold for a mandatory takeover offer to 49% in accordance with Art. 135 of the Financial Market Infrastructure Act (FinfraG). The Board of Directors proposes the repeal of this provision at

the General Meeting. For further details, please refer to the invitation to the General Meeting.

There are no agreements or plans for the benefit of members of the Board of Directors and/or the Group Executive Board or other members of senior management in the event of changes of control.

## 8 Auditor

### Term of office

BKW's auditors are appointed on an annual basis. The current auditors are Ernst & Young AG; the firm has acted as BKW's auditor since 1990. The auditor in charge changes regularly, at least once every seven years, in accordance with legal requirements. Rico Fehr has been auditor in charge since 2018; for 2017, it was Bernadette Koch and, from 2012 to 2016, Roland Ruprecht.

### Fees

The auditors' fees for expenditures incurred by statutory audits of BKW and its consolidated Group companies amounted to CHF 1,145,000 for the reporting year. The fees for audit-related services (audits on behalf of the auditors and in accordance with special laws and advice on accounting issues) amounted to CHF 216,000; the fees for other services to CHF 251,000.

### External audit information mechanisms

Information instruments of the external auditors Oversight and control of the auditors is a key responsibility of the Audit and Risk Management

Committee (cf. sections 3.5.1 and 3.5.2, on pages 205 to 207, under the Audit and Risk Management Committee responsibilities). The Audit and Risk Management Committee convenes four ordinary meetings per year, in which the auditors sometimes participate. The auditors attended for parts of the agenda at one of these ordinary meetings during the 2022 reporting year.

On behalf of the Audit and Risk Management Committee, the external auditors examine the annual financial statements according to the Swiss Code of Obligations (CO) as well as the consolidated annual financial statements. Towards the end of the year, the external auditors must advise the Committee of the audit priorities they have set for the forthcoming year and the rationale for these priorities. The Committee must approve this audit plan and may commission the external auditors to conduct additional specific audits.

The performance of the external auditors and their independence are assessed annually by the Audit and Risk Management Committee. This

assessment is based on the quality of the reports, implementation of the audit plans approved by the Committee and collaboration with the internal auditors. With regard to inde-

pendence, the Committee examines the relationship between the budgeted audit fee and the fee for other services provided by the auditing company, and what these additional services include.

## 9 Information policy

BKW is committed to the timely dissemination of transparent and comprehensive information to its shareholders and clients as well as its employees and the general public. It regularly informs the media about important events related to its business activities. Information on share prices is published in compliance with the applicable legal requirements for disclosure (ad hoc notifications). The ad hoc announcements can be accessed simultaneously with the notification to the SIX Swiss Exchange and subsequently for a period of three years at [www.bkw.ch/media-relations](http://www.bkw.ch/media-relations).

In addition, it is possible to receive potentially price-relevant information directly from BKW free of charge and in a timely manner by e-mail. This service is available at [www.bkw.ch/pressrelease](http://www.bkw.ch/pressrelease)

BKW provides information on the annual results in the form of an annual report in electronic form. The Annual Report can be downloaded at [www.bkw.ch/annualreport22](http://www.bkw.ch/annualreport22). BKW also presents its annual results at the yearly Annual Report and Financial Analyst Conference, as well as at the General Meeting. You can find the exact dates for the current and following year at [www.bkw.ch/financialcalendar](http://www.bkw.ch/financialcalendar)

Half-Year Report as well as the half-year results from June 30 are available electronically at [www.bkw.ch/halfyearreport22](http://www.bkw.ch/halfyearreport22).

The Investor and Media Relations managers can be contacted via the website, email, telephone or post. Their contact details can be found in the editorial information on page 237, and the address of the headquarters is listed on the back cover of this report.

## 10 Trading restrictions

BKW sets general trading restrictions in connection with its annual and half-year financial statements. These apply to all members of the Board of Directors, the Executive Board and the Extended Executive Board; those taking the minutes at meetings of the Board of Directors, the Board of Directors' committees and the Executive Board; and all employees who assist in the preparation of BKW's annual and half-yearly financial

statements or who receive knowledge thereof in accordance with their duties. The fixed suspension of trading applies on the day following the relevant balance sheet date, i.e. January 1 or July 1 of each year, and lasts until the end of the day on which the annual and half-year results are published. During these trading suspension periods, persons subject to the suspension are prohibited from trading in BKW AG shares.

## 11 Significant changes since December 31, 2022

No significant organizational or personnel changes have occurred. CFO Ronald Trächsel will leave BKW by June 30, 2023 at the latest.



# 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:

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

#### **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](http://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 <sup>1</sup>	S <sup>2</sup>	R <sup>3</sup>	●		
Additional amount for the remuneration of newly appointed members of the Group Executive Board <sup>4</sup>	R <sup>4,5</sup>			n/a	n/a	n/a
BKW remuneration policy and system	PS	R			●	
Remuneration 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 <sup>5</sup>					●
Individual remuneration for the Board of Directors	GM	R <sup>6</sup>		●	●	
Performance assessment and individual remuneration of the CEO	R <sup>5,6</sup>			●		
Performance assessment and individual remuneration of the Members of the Group Executive Board (excl. CEO)	R <sup>4,5,6</sup>			●		
Remuneration Report	GM	R	CV <sup>7</sup>	●		
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.

AUDITED

**Remuneration of members of the Board of Directors in 2022**

CHF thousands		Fixed remuneration <sup>1</sup>	Attendance fee	Share-based remuneration <sup>2</sup>	Total remuneration	Social security contributions <sup>3</sup>	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
<b>Total</b>		<b>835</b>	<b>80</b>	<b>49</b>	<b>964</b>	<b>108</b>	<b>1,072</b>

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.

AUDITED

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

CHF thousands		Fixed remuneration	Attendance fee	Share-based remuneration <sup>1</sup>	Total remuneration	Social security contributions <sup>2</sup>	Total
Roger Bailod	Member/Chairman since 05/2021	252	36	13	301	2	303
Urs Gasche	Chairman until 05/2021	192 <sup>3</sup>	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
<b>Total</b>		<b>738</b>	<b>198</b>	<b>91</b>	<b>1,027</b>	<b>113</b>	<b>1,140</b>

1 The share-based 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 credit to members of the Board of Directors

No loans or credits were granted to members of the Board of Directors or related parties during the financial year. No such loans or credits existed at the end of the reporting year.

## 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
<b>Annual base salary</b>	Monthly cash remuneration	Employee recruitment/retention	Position, market-level remuneration, qualifications and experience	
<b>Short-term variable remuneration</b>	Annual variable remuneration in cash	Performance-related remuneration	Annual performance	<ul style="list-style-type: none"> <li>– Op. net profit</li> <li>– Relative return on equity</li> <li>– Development of strategic options for the grids in the future energy system</li> </ul>
<b>Remuneration in restricted shares</b>	Shares with 3-year blocking period	Long-term employee retention in line with shareholder interest	Share price	
<b>Pension and social security contributions</b>	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.

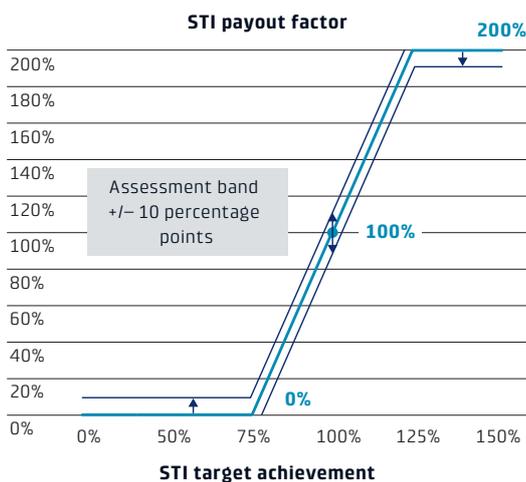
The definition of the STI is set on the basis of the budgeted operating net profit and now also on the basis of the relative return on shares. The net operating profit is calculated excluding the performance of investments in the Decommissioning and Waste Disposal Funds, as these are managed by the Administrative 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

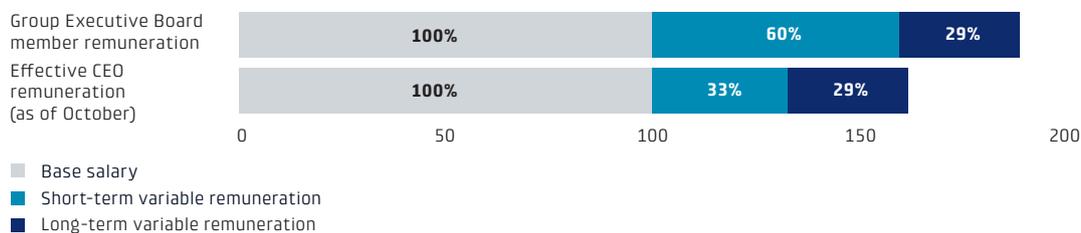
110 percent (calculated on his basic salary pro rata temporis for three months).

#### 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 <sup>1</sup> (including CFO) 2022
Fixed base salaries	717	3,643
Short-term variable remuneration	430	1,917
Long-term profit sharing (share-based payments) <sup>2</sup>	211	824
Pension and insurance benefits in kind <sup>3</sup>	197	879
<b>Total</b>	<b>1,555</b>	<b>7,263</b>

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

AUDITED

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 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 Activities at other companies and 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



# Imprint

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This report contains statements that constitute expectations and forward-looking statements. Because these statements are subject to risks and uncertainties, actual future results may differ materially from those expressed or implied by the expectations and statements. This report is published in German, French, and English. The German text is the authoritative version.

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Keystone-SDA, Peter Klaunzer (p. 175)

