

Report of the Supervisory Board (condensed)

The Supervisory Board performed all of the tasks incumbent on it in the 2014 financial year as required by law and the Articles of Association. It regularly advised the Board of Management on its management of the company and accompanied and monitored all important management measures. In the process, the Supervisory Board was involved in all decisions of fundamental importance to the company and the Group. The Board of Management regularly, comprehensively and promptly informed the Supervisory Board about all significant aspects of the business development, business policies and economic performance of the company and the Group, as well as the risk situation, corporate strategy and planning, risk management, internal control system and compliance. Any discrepancies between the actual development of business and the set plans and targets were all discussed and explained in detail.

Key topics of the discussions at the plenary meetings of the Supervisory Board

In the past financial year, the Supervisory Board dealt extensively with the reports and proposals for resolutions issued by the Board of Management at its five ordinary meetings on 6 March 2014, 6 June 2014, 9 July 2014, 26 September 2014 and 4 December 2014, two extraordinary meetings on 9 April 2014 and 28 April 2014, as well as through written resolution procedures. In addition, it requested reports and information from the Board of Management on individual topics, which were immediately and comprehensively provided in each case. The discussions and resolutions at the plenary meetings of the Supervisory Board focused on the following issues:

- > Regular and detailed reports by the Board of Management on the development of business and the profitability of the company and the Group, especially on the latest developments relating to revenue and earnings and the net assets and financial position, as well as reports on HR development and significant risks for the Group and individual Group segments
- > In-depth consultations and discussions with the Board of Management about the strategic positioning of the company
- > Examination of the package of measures proposed by the Board of Management for improving the company's operating result, as well as for the ongoing optimisation of the operating processes of the EnBW Group
- > Examination and consideration of the German government's energy policy and its effect on EnBW, including, in particular, the resulting financial burden and deterioration in the general economic conditions in the energy industry
- > Resolution on the issuing of new senior and/or hybrid bonds to secure the financial flexibility of EnBW to the total amount of up to 2 billion euros
- > Regular reports on the status of the divestiture projects
- > Discussion and deliberation on the company's engagement in Turkey (Joint Venture Borusan EnBW Enerji A.S.)
- > Approval of the sale of OSD SCHÄFER GmbH to the KÖTTER Group
- > Approval of the purchase of a further 50 percent of the shares in EnBW Gas Verwaltungsgesellschaft mbH (formerly EnBW Eni Verwaltungsgesellschaft mbH) and thus indirectly a further 50 percent of the shares in both GasVersorgung Süddeutschland GmbH and terranets bw GmbH
- > Approval of the sale of 49.89 percent of the shares in the offshore wind farm EnBW Baltic 2 to the Australian financial investor Macquarie Capital
- > Approval of a binding bid made by EnBW Operations GmbH as a participant in a number of negotiations for the "award of contracts for grid services" and for "shared services grids and agency activities"
- > Regular reporting on major investment projects, particularly the progress of the construction of the RDK 8 hard coal power station in Karlsruhe and the offshore wind farm EnBW Baltic 2 in the German Baltic Sea, as well as other projects that form part of the generation strategy
- > Discussion and deliberation on the decommissioning strategy for the nuclear power plants owned by the EnBW Group, as well as the issues of interim and ultimate storage



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Chairman of the Supervisory Board

- > Resolution on the decommissioning of the hard coal units 5 and 6 at the location in Heilbronn
- > Examination and consideration of the situation regarding the transmission grids, particularly the issues of system security and grid expansion
- > Detailed examination of the topic of concessions in Baden-Württemberg and other cooperation opportunities with municipal partners
- > Extensive consultation and discussions on current sales issues
- > Detailed consultation and resolution on the redesign of the remuneration system for the members of the Board of Management
- > Approval of the budget for the 2015 financial year and acknowledgement of the medium-term planning for the period from 2015 to 2017 consisting of the income statement, balance sheet and cash flow statement

Aside from the meetings, the Supervisory Board was informed in writing by the Board of Management about all business transactions of particular importance for the company or the Group. In addition, there was ongoing communication with the Board of Management, particularly with the Chairman of the Board of Management, in order to discuss issues relating to the strategic positioning, planning, business development, risk situation, risk management, compliance, important individual transactions and pending decisions.

The majority of the members of the Supervisory Board attended all meetings of the Supervisory Board. No member of the Supervisory Board participated in less than half of the meetings.

Work of the committees

In order for the Supervisory Board to optimally perform its functions, the committees it set up once again met regularly in the past financial year. The respective members of the committees are listed on [page 107](#) of this report. Detailed reports on the work of the committees were provided at the beginning of every meeting of the Supervisory Board.

Corporate governance

The Supervisory Board again paid special attention to the various issues relating to corporate governance in the 2014 financial year. These issues are described in detail in the corporate governance report. The corporate governance report is part of the declaration of conformity, which the company has made available to the public on its website in accordance with Section 289a (1) sentence 2 of the German Commercial Code (HGB) on its website at www.enbw.com/corporate-governance-page.

Audit of the annual and consolidated financial statements

Following a thorough examination by the audit committee, the Supervisory Board undertook a detailed review of the annual financial statements and consolidated financial statements as of 31 December 2014 that were audited and issued with an unqualified audit opinion by KPMG AG Wirtschaftsprüfungsgesellschaft, the combined management report for the 2014 financial year and the Board of Management's proposals for the appropriation of retained earnings for the 2014 financial year. The final results of its own reviews did not lead to any reservations on behalf of the Supervisory Board. It approved the audit results of the independent auditor, endorsed the annual financial statements prepared by the Board of Management as of 31 December 2014 – which have thus been ratified – and the consolidated financial statements as of 31 December 2014, as well as the combined management report for the 2014 financial year, and agreed with the Board of Management's proposal for the appropriation of retained earnings for the 2014 financial year.

Reference to the complete version of the report of the Supervisory Board

Further details on the topics "Work of the committees", "Corporate governance", "Audit of the annual and consolidated financial statements" and "Personnel changes at the level of the Board of Management and Supervisory Board" can be found in the full version of the report of the Supervisory Board made available to the public on the company's website at www.enbw.com/corporate-governance-page.

Karlsruhe, 16 March 2015
The Supervisory Board



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Chairman